to exceed $125,000,000 to pay the Federal share of the cost of carrying out this section.

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By Ms. MIKULSKI (for herself, Mr. KENNEDY, Mr. BINGAMAN, Mr. LEVIN, Mr. SARBANES, Mrs. MURRAY, Mrs. LINCOLN, Mr. JOHNSON, Mr. KERRY, Mr. DURBIN, Mr. HOLLINGS, Mr. REID, Mr. ROCKEFELLER, Mr. BREAUX, Mr. DORGAN, Mr. TORRICELLI, Mr. BAUCUS, Mr. DODD, Mr. CLELAND, and Mrs. FEINSTEIN):

S. 2229. A bill to provide for digital empowerment, and for other purposes; to the Committee on Finance.

DIGITAL EMPOWERMENT ACT

Ms. MIKULSKI. Today, I introduce the Digital Empowerment Act. The goal of this legislation is to ensure that every child is computer literate by the eighth grade regardless of race, ethnicity, income, gender, geography, or disability.

Yesterday, the Senate's Education Committee voted for my amendment to establish this as our national goal. This vote was taken on a bipartisan basis and was unanimous. Today, I am introducing this legislation to make this goal a reality. This bill has been a team effort. I reached out to the Congressional Hispanic Caucus, the Congressional Black Caucus, to my colleagues, the people throughout Maryland, ministers in Baltimore, business leaders, educators, and political leadership. Why? It is because a digital divide exists in America. Those who have access to technology and know how to use it will be ready for the new digital economy. Those who don't will be left out and left behind.

Low-income urban and rural families are less likely to have access to the Internet and computers. Black and Hispanic families are only two-fifths as likely to have Internet access as their white counterparts. Some schools have 10 computers in every classroom. In other schools, there are 200 students who share one computer. The private sector is doing important and exciting work, such as Power Up from AOL, but technology empowerment can't be limited to a few zip codes. What we need is a national policy and national programs.

Mr. President, I believe the best antipoverty program is an education. If we practice the ABCs, we will ensure that our children have a good education and will cross this digital divide. Crossing the digital divide is about technology and about children having access to technology. It is about teachers knowing how to teach children the tools of technology so they can cross this digital divide.

The ABCs are simply this: Access—each child must have universal access to computers, whether it is in a school, a library, or a community center. Many families cannot afford to buy computers for their homes, but children in America should have access to them through public institutions.

We also need to practice the B—best-trained teachers and, I might add, better-paid teachers.

But C would be computer literacy for all students by the time they finish eighth grade.

My Digital Empowerment Act will, first of all, create a one-stop shop for Federal education technology programs at the Department of Education. Why do we need this? Well, right now, our programs are scattered throughout the Department. School superintendents have to forage to be able to find that information, and when they do, they find the funding is absolutely spartan or skimpy. That is why my legislation also improves our schools in terms of access to technology and teacher training.

Teachers want to help their students cross the digital divide, but they are facing three major problems. One, they need technology. They need hardware and software. They need training to use the technology because without training of the teachers or librarians, it is a hollow opportunity.

In my own home State of Maryland, over 600 teachers from across the State volunteered to participate in a tech-prep academy so they could be ready. But hundreds were turned away. For every one teacher who can sign up for tech-prep training, four or five are standing in line to do so.

My bill addresses these concerns. We are going to double funding for school technology and for teacher training. We now spend less than half a billion dollars on training and technology for our schools. We would double that to $850 million. But we also have to make sure we go where children learn, and that is in the community. Right now, what we find is that the only reliable source of revenue for wiring schools and libraries is the E-rate. But, the E-rate does not go to community centers.

Whether it is an African-American church or a community center in an Appalachian region or rural parts of the South or the upper regions of Alaska, what my legislation would do is help community centers. My legislation would create an E-corps within the AmeriCorps national service program. It would bring AmeriCorps volunteers with special technology training into our schools and into our communities.

I recently had a town hall meeting in an elementary school in Riverdale, MD. The teachers and students told me they need extra pairs of hands to help out in the computer lab to be able to teach the children. Also, we want to create 1,000 community tech centers. Community leaders have told me we need to bring technology to where kids learn, not just where we want them to learn. Our legislation would create 1,000 community-based centers that would be run by community organizations such as the YMCA and YWCA, Urban League, or a faith-based organization, where children could be there for structured afterschool activities, and also adults could be there earlier in the day to develop their job skills.

Government cannot do this alone. We want public-private partnerships. I want to use our Tax Code to encourage public-private partnerships. This bill uses our Tax Code to encourage the donations of technology, technology training, and technology maintenance for schools, libraries and community centers.

Mr. President, that is the core of our program. We are living in exciting times. The opportunities are tremendous to use technology to improve our lives, to use technology to remove the barriers caused by income, race, or ethnicity. Technology could mean the death of distance as a barrier for bringing jobs into the rural areas of our country. We want technology to be the death of discrimination where children have been left out or left aside. Bringing this technology into schools and libraries would enable children to leapfrog into the future.

Technology is the tool, but empowerment is the outcome. We want to be sure each child in the United States of America, by being computer literate by the time they are in the eighth grade, will be ready for the new economy. We hope that by setting that as a national goal we will get children to stay in school and know that the future lies in working in this new economy.

I thank everybody who worked on this bill with me. I thank everyone on my staff who helped me, including Julia Frifield, Jill Shapiro, and Andrea Vernot. This has truly been a team effort. I am pleased that I have 25 cosponsors from the U.S. Senate on this legislation. I hope that kind of bipartisan support will move this legislation forward.

I will conclude by saying this is a tremendous opportunity. This is not about a laundry list of new Government programs. We are here to make the highest and best use of the programs that exist, a wise and prudent use of taxpayer funds, and also to say to each child in America if you want to learn and get ready for the new economy, your Federal Government is on your side.

I give all praise and thanks to the Dear Lord who has inspired me to do this and gives me the opportunity to serve in the Senate. I truly believe one person can make a difference. I am trying to do that with this legislation. If we can work together, I know we will be able to bring about change—change for our children and change for the better.

Mr. LEVIN. Mr. President, it is my pleasure to join Senator MIKULSKI in introducing the National Digital Empowerment Act, which seeks to close the gap between those who have technology available to them and those who do not. I commend Senator MIKULSKI for her commitment to connect every school and community to the Information Superhighway. The legislation we are introducing will help to achieve this goal. It will enable students and teachers in all communities to have access to computers, as well as the training that is necessary to use this technology effectively.

The widening digital divide falls heaviest on those who can least afford to be left behind. Recent studies show that the Digital divide for the poorest Americans has grown by 29 percent since 1997, and that over 50 percent of schools lack the infrastructure needed to support new technology. In addition, approximately 4 out of 10 teachers report that they have had no training in using the Internet; and a mere 10 percent of new teachers reported that they felt prepared to use technology in their classrooms, while only 13 percent of all public schools reported that technology-related training for teachers was mandated by the school, district, or teacher certification agencies. This legislation will provide the necessary tools to reverse this trend.

It will substantially increase funding for teacher training in technology, including the creation of Teacher Technology Preparation Academies—teachers who are trained by the Academies would be encouraged to return to their schools and act as technology instructors for other teachers; increase funding for school technology; extend the current enhanced deduction for computer technology which is currently due to expire in 2001; require HUD to establish e-Villages in all HUD housing programs; authorize and increase funding for the creation of Community Technology Centers and e-corps within the AmeriCorps; create a one stop shop clearinghouse of public and private technology efforts within the U.S. Department of Education to be headed by an Assistant Secretary for Technology Education. In addition, the legislation directs the Secretary to implement an Internet-based, one-to-one pilot project that specifically targets the educational needs of K–12 students in low-income school districts, including hardware, software and ongoing support and professional development; and improve the e-Rate program.

After two funding cycles the total e-Rate funding that went to our nation's schools and libraries was $3.6 billion nationally, including $137.15 million for Michigan. That is a good investment to help prepare our children and citizens for the information age of the 21st century. But it is still not sufficient to provide all qualified schools and libraries with the e-Rate discounts they have requested. This legislation would improve the Universal Service Fund by making the e-Rate application process simpler, and would increase the current cap of $2.25 billion and expand eligibility to include structured after school programs, Head Start centers and programs receiving federal job training funds. The e-Rate has proven itself to be a successful and popular program and its time to make it available to everyone who needs it.

I am especially pleased to be a part of this legislative effort because it supports some model initiatives that I have established in my home state of Michigan, to create ways in which teachers can become more computer literate and able to integrate technology into the curriculum and to bring technology into every classroom.

About 2 years ago, I convened an education technology summit that brought together over 400 business leaders, school administrators, school board members, foundation representatives, deans of Michigan's colleges of education and others to identify ways in which Michigan could excel in the area of Education technology. What I learned was that one of the biggest obstacles to technologically up-do-date classrooms is the lack of training of our teachers in the use of technology. If teachers don't understand how to integrate computers, the Internet, and other technology into the instructional program, students won't get full advantage of these innovations, no matter how much hardware and wiring have been installed.

Despite impressive achievements in the utilization of education technology in a few localities, Michigan as a whole was below the national average in every measure of the use of technology in our schools. It ranked 44 in teacher training in the use of technology; and 10 percent of teachers reported that they had less than 9 hours of technology training. In addition, Michigan ranked 32 among the states in the ratio of students per computer. I have subsequently hosted a number of working sessions which have resulted in a specific plan of action to advance education technology in Michigan.

Some key elements of the plan of action include the formation of a consortium that will establish the nation's highest standards for training new teachers to use technology in the classroom. Beginning with the 1999–2000 academic year, the Consortium for Outstanding Achievement in Teaching with Technology {COATT} will award certificates of recognition to new teachers who have demonstrated an exceptional ability to use information technology as a teaching tool.

COATT membership includes an impressive slate of higher educational institutions from Michigan: Albion College, Andrews University, Eastern Michigan University, Ferris State University, Lake Superior State University, Michigan State University, Oakland University, University of Detroit-Mercy, University of Michigan, University of Michigan-Dearborn, Wayne State University and Western Michigan University. Neither the education nor the certificate is mandatory. However, new teachers with certificates will have an advantage in the job market and school districts will benefit by knowing which applicants are qualified in using technology effectively in their instruction. The letter of agreement signed by each COATT member in committing their institution to provide the resources to achieve the success of the COATT initiative which is included at the end of my remarks.

Michigan is already recognized as a leader in producing new teachers and if we set our minds to it, I'm convinced we can be the best in the nation when it comes to teaching teachers how to integrate technology in the classroom.

Another key element of my plan of action to advance Michigan's standing in education technology is the establishment of the Teach for Tomorrow Project, TFT, an online delivery system for educational technology training and credentialing of in-service teachers. By using technology to teach the technology, lessons can be accessed statewide and at time and location which are convenient to the learners. An added bonus, which results in an expansion of the use of technology in the classroom, is that teachers who complete TFT teach other teachers what they have learned. Central Michigan University has approved the use of TFT materials as a professional development course eligible for 3 graduate credit hours when done in conjunction with local onsite training.

The legislation before us, the National Digital Empowerment Act, will speed the closing of the digital divide not only in my state of Michigan, but nationwide. Time is of the essence. We must act responsibly and we must act now!

Mr. President, I ask unanimous consent to print in the RECORD the COATT member agreement signed by higher education institutions in Michigan.

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

CONSORTIUM FOR OUTSTANDING ACHIEVEMENT IN TEACHING WITH TECHNOLOGY LETTER OF AGREEMENT

We, the undersigned, commit our institutions to be members of the Consortium for Outstanding Achievement in Teaching with Technology (COATT). In doing so our institutions accept the following requirements:

(1) Each institution shall designate a facility liaison to COATT. This person will participate in an annual review of the COATT standards and participate in periodic meetings with other core members of the COATT organization.

(2) Each institution shall designate a person to act as a point of contact within the institution for potential COATT candidates.

(3) Each institution shall promote COATT to potential candidates. This might occur through flyers, regular newsletters, publications, placement files, etc.

(4) Each institution shall provide adequate and relevant learning opportunities in the application of educational technology for students who wish to acquire COATT certification.

(5) Each institution shall provide adequate resources for COATT applicants to produce, maintain, and gain access to their COATT digital portfolios.

(6) Each institution shall be responsible for recommending and pre-certifying COATT applicants.

(7) Each institution shall involve its faculty and other qualified personnel in COATT evaluation teams.

By signing below, we understand that we are committing our institutions to provide the personnel, resources, and opportunities described in the above seven points. We recognize that this level of commitment is crucial to the success of the COATT initiative.

Reuben Rubio, Director of the Ferguson Center for Technology-Aided Teaching,

Albion College; Dr. Niels-Erik Andreasen, President, Andrews University; Dr. Jerry Robbins, Dean of the School of Education, Eastern Michigan University; Dr. Nancy Cooley, Dean of the College of Education, Ferris State University; Dr. David L. Toppen, Executive Vice President and Provost, Lake Superior State University; Dr. Carole Ames, Dean of the College of Education, Michigan State University; Dr. James Clatworthy, Associate Dean of the School of Education and Human Resources, Oakland University; Aloha Van Camp, Acting Dean of the College of Education and Human Services, University of Detroit-Mercy; Dr. Karen Wixson, Dean of the School of Education, University of Michigan; Dr. Robert Simpson, Provost, University of Michigan-Dearborn; Dr. Paula Wood, Dean of the College of Education, Wayne State University; and Dr. Alonzo Hannaford, Associate Dean of the College of Education, Western Michigan University.

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By Mr. GRAMS:

S. 2230. A bill to provide tax relief in relation to, and modify the treatment of, members of a reserve component of the Armed Forces, and for other purposes; to the Committee on Finance.

THE MILITARY GUARD AND RESERVE FAIRNESS ACT OF 2000

Mr. GRAMS. Mr. President, I rise today to introduce legislation addressing a very important issue-fairness for the Guard and Reserve members in our armed forces.

Le me begin with a February 3rd report from the Washington Post titled ''A Tough Goodbye: Guard Members Leave for Nine Months in Bosnia.'' It reads ''Sgt. Deedra Lavoie was alone, after leaving her two young children with her ex-husband. Sgt. Bill Wozniak, hugging his 3-year-old daughter, was worried about not having the same job when he returns in nine months. Staff Sgt. Stephen Smith won't have a home to come back to: Movers have cleared out his Annapolis apartment, which he can't afford to keep while overseas.''

This brings home, Mr. President, the real hardship that thousands of Guards and Reservists, and their families, are facing today.

The traditional duty of the National Guards and reservists was to keep domestic peace or fight in wars. But as the number of our Armed Forces has fallen by more than 1 million personnel since 1988, increasing numbers of our Guards and Reserve members are being pulled out of the private sector and into what amounts to at times to be full-time military service.

They are often called on to carry out overseas peacekeeping, humanitarian and other missions. Their deployment time is longer than ever before in peacetime. Today we rely heavily on our Guardsmen and Reservists to support overseas contingency operations. Since 1990, they have been called to service in Operation RESTORE HOPE in Somalia, Operation UPHOLD DEMOCRACY in Haiti, Operation JOINT ENDEAVOR/JOINT GUARD in Bosnia, Operation STABILIZE in Southeast Asia and Operation TASK FORCE FALCON in Kosovo.

Mr. President, the statistics speak for themselves:

Work days contributed by Guardsmen and Reservists have risen from 1 million days in 1992, to over 13 million days last year. Without the service of these citizen soldiers, we would need an additional force of 35,000 soldiers to do the job.

43,000 Guardsmen and Reservists have served in Bosnia and Kosovo from December 1995 through March 1, 2000. This is 33 percent of the total Armed Forces personnel participating in that region during that period.

Mr. President, Guardsmen and Reservists are willing to do their duty and serve when they are called, but increasingly frequent overseas deployments create tremendous hardship for them, and their families, as well their employers. We need to give our reserve forces fair treatment by improving the quality of life both for them and their dependents. We must help their employers adjust as well.

That's why I am introducing the Military Guard and Reserve Fairness Act of 2000. This bill would do the following:

First, my legislation would exempt federal tax on the base pay for enlisted Guardsmen and Reservists and exempt federal tax on the base pay of Guard and Reserve officers up to the highest level of that if enlisted Guardsmen and Reservists' base pay during their overseas deployment.

The majority of Guardsmen and Reservists take pay cuts when called up for involuntary overseas deployment, and sustain a huge financial loss. Our active duty military personnel enjoy federal tax exemption on their base pay, why not our Guardsmen and Reservists who perform the same duty as full-time military personnel?

Secondly, my legislation would provide a tax credit to employers who employ Guardsmen and Reservists. The tax credit would be equal to 50 percent of the amount of compensation that would have been paid to an employee during the time that the employee participates in contingency operations. However, the credit is capped at $2000 for each individual Reservist employee and a maximum of $30,000 for all employees. This provision would apply to the self-employed as well.

Despite the fact that most businesses are fully supportive of the military obligations of their employees, studies show that the increasingly long overseas deployments have created a new strain on Guard/Reserve-employer relations. One of the reasons is that the unplanned absence of Guard/Reservist-employees creates a variety of problems for employers. Employers have to hire and train temporary employees, budget for overtime, or reschedule work and deadlines. As a result, it increases employer costs, reducing revenue and profits. This is particularly problematic for small business and the self-employed.

The Defense Department acknowledges the increased use of the Guard and Reserve and that unplanned contingency operations do create problems for employers. DOD suggests that a financial incentive may help to correct some of the problems.

The tax credit included in my bill would offset at least some of the expense that Guard and Reserve employers face, and help reduce tension with employees.

Third, the Military Guard and Reserve Fairness Act would provide federal income tax deductions for transportation, meals and lodging expenses incurred in performance of Guard and Reserve military duty.

Mr. President, many Guardsmen and Reservists have to travel to a Reserve center, such as a National Guard Armory, far away from their home areas for drills or training.

Often Guardsmen and Reservists incur expenses for transportation, meals, lodging and other necessities. Before 1986, members of the Guard and Reserve could deduct these costs as business expenses. But the Tax Reform Act of 1986 eliminated this deduction.

This is not fair. This nation requires our Guard and Reserve members to perform their duty but also expects them to bear the expense. Restoring the deductibility would help restore fairness for Reservists.

The Military Guard and Reserve Fairness Act would also include a number of provisions that would give our Guard and Reserve members fair treatment by improving their quality of life.

It would extend space-available travel (''Space-A'') to Reservists and the National Guard, to travel outside of the United States—the same level as retired military, and gives the Guardsmen and Reservists the same priority status as active duty personnel when traveling for their monthly drills.

It would grant so-called ''gray area retirees'' the right to travel Space-A under the same conditions as the retired military receiving retired pay as well.

In addition, my legislation would provide Guardsmen and Reservists, when traveling to attend monthly military drills, the same billeting privileges as active duty personnel.

The bill would also remove the annual Guard and Reserve retirement point maximum—upon which retirement pensions are based—and allow retirement pensions to be based upon the actual number of points earned annually.

Finally, my legislation would extend free legal services to Guardsmen and Reservists by Judge Advocate General officers for a time equal to twice the length of their last period of active duty service.

Mr. President, our Guard and Reserve members are being called upon to perform more overseas active duty assignments to keep pace with the rising

number of U.S. peacekeeping and humanitarian missions. I believe that this increase in overseas active-duty assignments for Guard and Reserve component members merits the extension of military benefits for our Nation's citizen soldiers. It is only fair to close these disparities.

The passage of my Military Guard and Reserve Fairness Act would restore fairness to our Guard and Reserve members, and it would greatly increase morale and the quality of life for our National Guard and Reserves and prevent problems of recruitment and retention in the future. Hence, it would strengthen our national defense and increase our military readiness. I urge my colleagues to join me in support of our military Guard and Reserves.

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By Mr. GRAHAM (for himself, Mr. JEFFORDS, Mr. BINGAMAN, Mr. BRYAN, Mr. L. CHAFEE, Mr. KERRY, Mr. ROCKEFELLER, Mr. MOYNIHAN, Mrs. MURRAY, Mr. LUGAR, and Ms. SNOWE):

S. 2232. A bill to promote primary and secondary health promotion and disease prevention services and activities among the elderly, to amend title XVIII of the Social Security Act to add preventive benefits, and for other purpose; to the Committee on Finance.

MEDICARE WELLNESS ACT OF 2000

• Mr. GRAHAM. Mr. President, today, along with my colleagues, Senator JEFFORDS, Senator BINGAMAN, Senator CHAFEE, Senator BRYAN, Senator ROCKEFELLER, Senator KERRY, Senator MURRAY, Senator MOYNIHAN, Senator LUGAR, and Senator SNOWE, I introduce the Medicare Wellness Act of 2000.

The Medicare Wellness Act represents a concerted effort by myself and my distinguished colleagues to change the fundamental focus of the Medicare program.

it changes the program from one that simply treats illness and disability, to one that is also proactive.

Enhancing the focus on health promotion and disease prevention for Medicare beneficiaries.

Mr. President, despite common misperceptions, declines in health status are not inevitable with age. A healthier lifestyle, even one adopted later in life, can increase active life expectancy and decrease disability.

This fact is a major reason why The Medicare Wellness Act has support from a broad range of groups, including the National Council on Aging, Partnership for Prevention, American Heart Association, and the National Osteoporosis Foundation.

The most significant aspect of this bill is its addition of several new preventative screening and counseling benefits to the Medicare program.

The benefits being added focus on some of the most prominent, underlying risk factors for illness that face all Medicare beneficiaries, including: screening for hypertension, counseling for tobacco cessation, screening for glaucoma, counseling for hormone replacement therapy, screening for vision and hearing loss, nutrition therapy, expanding screening and counseling for osteoporosis, and screening for cholesterol.

The new benefits added by The Medicare Wellness Act represent the highest recommendations for Medicare beneficiaries of the Institute of Medicine and the U.S. Preventative Services Task Force—recognized as the gold standard within the prevention community.

Attaching these prominent risk factors will reduce Medicare beneficiaries' risk for health problems such as stroke, diabetes, and osteoporosis, heart disease, and blindness.

The addition of these new benefits would accelerate the fundamental shift, that began in 1997 under the Balanced Budget Act, in the Medicare program from a sickness program to a wellness program.

Prior to 1997, only three preventive benefits were available to beneficiaries, pneumococcal vaccines, pap smears, and mammography. Other major components of our bill include the establishment of the Healthy Seniors Promoting Program.

This program will be led by an interagency workgroup within the Department of Health and Human Services.

It will being together all the agencies within HHS that address the medical, social and behavioral issues affecting the elderly and instructs them to undertake a series of studies which will increase knowledge about the utilization of prevention services among the elderly.

In addition, The Medicare Wellness Act incorporates an aggressive applied and original research effort that will investigate ways to improve the utilization of current and new preventive benefits and to investigate new methods of improving the health of Medicare beneficiaries.

Mr. President, this latter point is critical. The fact is that there are a number of prevention-related services available to Medicare beneficiaries today, including mammograms and colorectal cancer screening. But those services are seriously underutilized.

In a study published by Dartmouth University this spring (The Dartmouth Atlas of Health Care 1999), it was found that only 28 percent of women age 65–69 receive mammograms and only 12 percent of the beneficiaries were screened for colorectal cancer.

These are disturbing figures and they clearly demonstrate the need to find new and better ways to increase the rates of utilization of proven, demonstrated prevention services.

Our bill would get us the information we need to increase rates of utilization for these services. Further, our bill would establish a health risk appraisal and education program aimed at major behavioral risk factors such as diet, exercise, alcohol and tobacco use, and depression.

This program will target both pre-65 individuals and current Medicare beneficiaries. The main goal of this program is to increase awareness among individuals of major risk factors that impact on health, to change personal health habits, improve health status, and save the Medicare program money. Our bill would require the Medicare Payment Advisory Commission, known as MedPAC, to report to Congress every two years and assess how the program needs to change over time in order to reflect modern benefits and treatment.

Shockingly, this is information that Congress currently does not receive on a routine basis. And this is a contributing factor to why we find ourselves today in a quandary over the outdated nature of the Medicare program. Quite frankly, Medicare hasn't kept up with the rest of the health care world. While a vintage wine from the 1960s may be desirable, a health care system that is vintage 1965 is not. We need to do better.

Our bill would also require the Institute of Medicine (IOM) to conduct a study every five years to assess the scientific validity of the entire preventive benefits package. The study will be presented to Congress in a manner that mirrors The Trade Act of 1974. The IOM's recommendations would be presented to Congress in legislative form. Congress would then have 60 days to review and then either accept or reject the IOM's recommendations for changes to the Medicare program. But Congress could not change the IOM's recommendations.

This ''fast-track'' process is a deliberate effort to get Congress out of the business of micro-managing the Medicare program. While limited to preventive benefits, this will offer a litmus test on a new approach to future Medicare decision making.

In the aggregate, The Medicare Wellness Act represents the most comprehensive legislative proposal in the 106th Congress for the Medicare program focused on health promotion and disease prevention for beneficiaries. It provides new screening and counseling benefits for beneficiaries, it provides critically needed research dollars, and it tests new treatment concepts through demonstration programs.

The Medicare Wellness Act represents sound health policy based on sound science.

Before I conclude, I have a few final thoughts.

There are many here in Congress who argue that at a time when Medicare faces an uncertain financial future, this is the last time to be adding new benefits to a program that can ill afford the benefits it currently offers. Normally I would agree with this assertion. But the issue of prevention is different. The old adage of ''an ounce of prevention is worth a pound of cure'' is very relevant here. Does making preventive benefits available to Medicare beneficiaries ''cost'' money? Sure it does.

But the return on the investment, the avoidance of the pound of cure and

the related improvement in quality of life is unmistakable.

Along these lines, a longstanding problem facing lawmakers and advocates of prevention has been the position taken by the Congressional Budget Office, as it evaluates the budgetary impact of all legislative proposals.

Only costs incurred by the Federal Government over the next 10 years can be considered in weighing the ''cost'' of adding new benefits. From a public health and quality of life standpoint, this premise is unacceptable.

Among the problems with this practice is that ''savings'' incurred by increasing the availability and utilization of preventive benefits often occur over a period of time greater than 10 years.

This problem is best illustrated in an examination of the ''compression of morbidity'' theory developed by Dr. James Fries of Stanford University over 20 years ago.

According to Dr. Fries, by delaying the onset of chronic illness among seniors, there is a resulting decrease in the length of time illness or disability is present in the latter stages of life. This ''compression'' improves quality of life and reduces the rate of growth in health care costs.

But, these changes are gradual and occur over an extended period of time—10, 20, even 30 years.

With the average life expectancy of individuals who reach 65 being nearly 20 years—20 years for women and 18 years for men—it only makes sense to look at services and benefits that improve quality of life and reduce costs to the Federal Government for that 20 year lifespan.

In addition to increased lifespan, a 10 year budget scoring window doesn't factor into consideration the impact of such services on the private sector, such as increased productivity and reduced absenteeism, for the many seniors that continue working beyond age 65.

The bottom line is, the most important reason to cover preventive services is to improve health.

While prevention services in isolation won't reduce costs, they will moderate increases in the utilization and spending on more expensive acute and chronic treatment services.

As Congress considers different ways to reform Medicare, two basic questions regarding preventive services and the elderly must be part of the debate.

(1) Is the value of improved quality of life worth the expenditure? And,

(2) How important is if for the Medicare population to be able to maintain healthy, functional and productive lives?

These are just some of the questions we must answer in the coming debate over Medicare reform.

While improving Medicare's financial outlook for future generations is imperative, we must do it in a way that gives our seniors the ability to live longer, healthier and valued lives.

I believe that by pursuing a prevention strategy that addresses some of the most fundamental risk factors for chronic illness and disability that face seniors, we will make an invaluable contribution to the Medicare reform debate and, more importantly, to our children and grandchildren.

Finally, Mr. President, I would be remiss in pointing out that the Medicare Wellness Act represents the first time in this Congress that Republicans and Democrats have gotten together in support of a major piece of Medicare reform legislation.

This bill represents a health care philosophy that bridges political boundaries. It just makes sense. And you see that common sense approach today from myself and my esteemed colleagues who have joined me in the introduction of this bill.

Mr. President, I encourage my colleagues to join us on this important bill and to work with us to ensure that the provisions of this bill are reflected in any Medicare reform legislation that is debated and voted on this year in the Senate.●

● Mr. JEFFORDS. Mr. President, I am pleased to join Senator GRAHAM today in introducing the Medicare Wellness Act of 2000. Our nation's rapidly growing senior population and the ongoing search for cost-effective health care have led to the development of this important bipartisan legislation. The goal of the Medicare Wellness Act is to increase access to preventive health services, improve the quality of life for America's seniors, and increase the cost-effectiveness of the Medicare program.

Congress created the Medicare program in 1965 to provide health insurance for Americans age 65 and over. From the outset, the program has focused on coverage for hospital services needed for an unexpected or intensive illness. In recent years, however, a great escalation in program expenditures and an increase in knowledge about the value of preventive care have forced policy makers to re-evaluate the current Medicare benefit package.

The Medicare Wellness Act adds to the Medicare program those benefits recommended by the Institute of Medicine and the U.S. Preventive Services Task Force. These include: screening for hypertension, counseling for tobacco cessation, screening for glaucoma, counseling for hormone replacement therapy, screening for vision and hearing loss, cholesterol screening, expanded screening and counseling for osteoporosis, and nutrition therapy counseling. These services address the most prominent risk facing Medicare beneficiaries.

In 1997, Congress added several new preventive benefits to the Medicare program through the Balanced Budget Act. These benefits included annual mammography, diabetes self-management, prostate cancer screening, pelvic examinations, and colorectal cancer screening. Congress's next logical step is to incorporate the nine new screening and counseling benefits in the Medicare Wellness Act. If these symptoms are addressed regularly, beneficiaries will have a head start on fighting the conditions they lead to, such as diabetes, lung cancer, heart disease, blindness, osteoporosis, and many others.

Research suggests that insurance coverage encourages the use of preventive and other health care services. The Medicare Wellness Act also eliminates the cost-sharing requirement for new and current preventive benefits in the program. Because screening services are directed at people without symptoms, this will further encourage the use of services by reducing the cost barrier to care. Increased use of screening services will mean that problems will be caught earlier, which will permit more successful treatment. This will save the Medicare program money because it is cheaper to screen for an illness and treat its early diagnosis than to pay for drastic hospital procedures at a later date.

However, financial access is not the only barrier to the use of preventive care services. Other barriers include low levels of education of information for beneficiaries. That is why the Medicare Wellness Act instructs the Secretary of Health and Human Services to coordinate with the Centers for Disease Control and Prevention and the Health Care Financing Administration to establish a Risk Appraisal and Education Program within Medicare. This program will target both current beneficiaries and individuals with high risk factors below the age of 65. Outreach to these groups will offer questions regarding major behaviorial risk factors, including the lack of proper nutrition, the use of alcohol, the lack of regular exercise, the use of tobacco, and depression. State of the art software, case managers, and nurse hotlines will then identify what conditions beneficiaries are at risk for, based on their individual responses to the questions, then refer them to preventive screening services in their area and inform them of actions they can take to lead a healthier life.

The Medicare Wellness Act also establishes the Healthy Seniors Promotion Program. This program will bring together all the agencies within the Department of Health and Human Services that address the medical, social and behavorial issues affecting the elderly to increase knowledge about and utilization of prevention services among the elderly, and develop better ways to prevent or delay the onset of age-related disease or disability.

Mr. President, now is the time for Medicare to catch up with current health science. We need a Medicare program that will serve the health care needs of America's seniors by utilizing up-to-date knowledge of healthy aging. Effective health care must address the whole health of an individual. A lifestyle that includes proper exercise and

nutrition, and access to regular disease screening ensures attention to the whole individual, not just a solitary body part. It is time we reaffirm our commitment to provide our nation's seniors with quality health care.

It is my hope that my colleagues in Congress will examine this legislation and realize the inadequately of the current package of preventive benefits in the Medicare program. We have the opportunity to transform Medicare from an out-dated sickness program to a modern wellness program. I want to thank Senator BOB GRAHAM and all the other cosponsors of the Medicare Wellness Act who are supporting this bold step towards successful Medicare reform.●

Mr. BINGAMAN. Mr. President, I rise today to join my colleagues, Senator GRAHAM of Florida and Senator JEFFORDS of Vermont, in the introduction of the ''Medicare Wellness Act of 2000.''

This bipartisan, bicameral measure represents a recognition of the role that health promotion and disease prevention should play in the care available to Medicare beneficiaries. The bill adds several new preventative screening and counseling benefits to the Medicare program. Specifically, the act adds screening for hypertension, counseling for tobacco cessation, screening for glaucoma, counseling for hormone replacement therapy, and expanded screening and counseling for osteoporosis.

My colleagues have addressed most of these aspects of the bill so I will focus my remarks on one additional provision that is pivotal in achieving improved health outcomes of beneficiaries with several chronic diseases. Specifically, the Medicare Wellness Act of 2000 provides for coverage under Part B of the Medicare program for medical nutrition therapy services for beneficiaries who have diabetes, cardiovascular disease, or renal disease.

Medical nutrition therapy refers to the comprehensive nutrition services provided by registered dietitians as part of the health care team. Medical nutrition therapy has proven to be a medically necessary and cost effective way of treating and controlling heart disease, stroke, diabetes, high cholesterol, and various renal diseases. Patients who receive this therapy require fewer hospitalizations and medications and have fewer complications.

The treatment of patients with diabetes and cardiovascular disease accounts for a full 60 percent of Medicare expenditures. In my home state of New Mexico, Native Americans are experiencing an epidemic of Type II diabetes. Medical nutrition therapy is integral to their diabetes care and to the prevention of progression of the disease. Information from the Indian Health Service shows that medical nutrition therapy provided by professional dietitians results in significant improvements in medical outcomes in Type II diabetics.

Mr. President, while medical nutrition therapy services are currently covered under Medicare Part A for inpatient services, there is no consistent Part B coverage policy for medical nutrition.

Nutrition counseling is best conducted outside the hospital setting. Today, coverage for nutrition therapy in ambulatory settings is at best inconsistent, but most often, non existent.

Because of the comparatively low treatment costs and the benefits associated with nutrition therapy, expanded coverage will improve the quality of care, outcomes and quality of life for Medicare beneficiaries.

Two years ago, my colleague from Idaho, Senator CRAIG and I requested that the National Academy of Sciences' Institute of Medicine study the issue of medical nutrition therapy as a benefit for Medicare beneficiaries. The Institute of Medicine released this study last December entitled: ''The Role of Nutrition in Maintaining Health in the Nation's Elderly: Evaluating Coverage of Nutrition Services for the Medicare Populations.'' This IOM study reaffirms what I have been working toward the past few years. Namely, it recommended that medical nutrition therapy, ''upon referral by a physician, be a reimbursable benefit for Medicare beneficiaries.'' The study substantiates evidence of improved patient outcomes associated with nutrition care provided by registered dietitians.

Mr. President, I again want to thank my colleagues for including medical nutrition therapy as a key component of the Medicare Wellness Act. I look forward to working with them toward passage of the act this Congress.

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By Mr. FITZGERALD (for himself, Mr. BAYH, Mr. ABRAHAM, Mr. KOHL, Mr. GRASSLEY, Mr. DURBIN, Mr. BROWNBACK, and Mr. GRAMS):

S. 2233. A bill to prohibit the use of, and provide for remediation of water contaminated by, methyl tertiary butyl ether; to the Committee on Environment and Public Works.

MTBE ELIMINATION ACT

Mr. FITZGERALD. Mr. President, I rise to introduce legislation called the ''MTBE Elimination Act of 2000.'' As I so rise, I thank my colleagues who have cosponsored this legislation. They are Senators BAYH, ABRAHAM, KOHL, GRASSLEY, DURBIN, BROWNBACK, and GRAMS. I appreciate their support and I look forward to talking to each of my colleagues about this very important piece of legislation we are introducing today.

Mr. President, the MTBE Elimination Act would ban all across the country, the chemical compound which is termed MTBE for short. Its longer chemical name is methyl tertiary butyl ether.

MTBE is one of the world's most widely used chemicals, and is found anywhere in the United States. In fact, it is added to approximately 30 percent of our Nation's gasoline supplies. Its use in this country dates back at least to about 1979 and was originally added to gasoline to boost the octane. For many years, oil companies had added lead to fuel in order to improve its performance and to boost octane. The Federal Government banned lead in the 1970s, and ultimately it was replaced in many cases by MTBE.

Later on, in 1990, Congress amended the Clean Air Act and President Bush at the time signed those amendments. Those amendments required all the smog filled large cities in this country to have an additive in their gasoline that would make the gasoline approximately 2.7 percent oxygen by weight. This is commonly referred to as the oxygenate requirement in our Nation's Clean Air Act.

The purpose of that oxygenate requirement was to make the oil companies produce, and our cars use, a cleaner burning fuel. The idea was to clean up the smog in some of our Nation's largest and most congested cities. That program has worked very well over the last 10 years in cleaning up the smog all across the country, in cities like New York, Los Angeles, and San Francisco. My home State of Illinois, of course, has a large metropolitan area in Chicago. The reformulated fuel requirements that were implemented by the 1990 amendments to the Clean Air Act have helped greatly in reducing the emissions from our automobiles, in providing cleaner burning fuels, at least as far as our air quality is concerned.

As I said earlier, about 30 percent of the gasoline used in this country is reformulated and has an additive in it, most of which is MTBE. In the parts of this country that are required to use reformulated fuel, over 80 percent of them are using MTBE as their oxygenate. The other areas are using another oxygenate known as ethanol to meet the requirements of the Clean Air Act. In fact, Chicago and Milwaukee both use ethanol as opposed to MTBE.

It turns out now that we have mounting evidence that MTBE, while it works well in cleaning up smog, has a problem we had not anticipated, and one which very regrettably had not been fully investigated before we started down the path that encouraged a dramatic increase in the usage of MTBE. MTBE has, in recent years, been detected in the nation's drinking water all across the country, from the east coast to the west coast. In fact, right now the U.S. Geological Survey is performing an ongoing evaluation of our nation's drinking water, groundwater supplies all across the country. They have not yet completed this survey. If you look at this chart, in the States that are in white, the U.S. Geological Survey analysis has not yet been performed.

But in the States that are in red, those are the States where they have found MTBE in the groundwater. Incidentally, I believe it is somewhere in the neighborhood of 22 States where

they have found methyl tertiary butyl ether in the groundwater.

In my home State of Illinois, we do not use much MTBE; ethanol is the oxygenate of choice. But nonetheless, the Illinois Environmental Protection Agency has been finding MTBE in our groundwater. So far, they have found MTBE in at least 25 different cities all across the State, and many Illinois municipalities have not tested the groundwater. Three of these cities have had to switch their source of drinking water and go to other wells because there was a sufficient amount of MTBE in that water to make it undrinkable.

About a month ago, CBS News, in their program ''60 Minutes,'' did a report on how MTBE has been turning up with greater and greater frequency in our Nation's drinking water supplies. During that report, which seemed to me to be very well researched, it was noticed that this chemical, MTBE, has some very interesting properties.

Unlike most of the other components of gasoline which, when it leaks out accidentally from underground storage tanks or out of pipes which carry fuel—there are leaks now and then; we try to prevent them, but they do occur—most of the components of gasoline are absorbed in the soil and do not make it down to the ground water.

MTBE is a pesky substance, however, that resists microbial degrading in the ground and rapidly seeks out the ground water. It resists degrading as it finds its way to the water. Then once it gets into the water, it rapidly spreads. It has properties that, when it is in drinking water in very minute quantities, between 20 to 40 parts per billion, make the drinking water undrinkable. I say undrinkable because it makes the water smell and taste like turpentine.

There have been studies that have shown that a single cup of MTBE renders 5 million gallons of water undrinkable. I say it makes the water undrinkable. The fact is, we do not know exactly what health effects it has on humans who ingest the water. Very few studies have been done on what happens to humans who consume MTBE. There have been studies of laboratory rats that suggest it is a possible carcinogen, and the EPA has recognized MTBE as a possible cause of cancer.

We need to do more research on MTBE's effects on human health. We simply do not know all that much about this chemical. However, we do know that most people, when they smell the turpentine-like smell or taste of it, it inspires an instant revulsion and they do not want to drink the water. It is almost a moot point as to whether it has ill health effects because it makes the water undrinkable. Most humans will recoil at the thought of drinking that type of water.

In the ''60 Minutes'' segment I referred to earlier, they went to a town in California where literally most of the town has left because their water has this MTBE in it. Many of the businesses have closed up, many of the people have left, and for those remaining in that community, the State of California is trucking in fresh water for them to drink. It is a very serious problem.

There have been a few cities around the country—I believe there is one in the Carolinas, and also Santa Barbara, CA—where they had sued oil companies and won judgments to clean up the ground water in which they detected MTBE.

In order to address this alarming trend of finding this pesky, horrible chemical in our drinking water all across the country with increasing frequency, I, with my colleagues, am introducing the MTBE Elimination Act. This act will do four things: First, it will phase MTBE out gradually over 3 years. The way the bill accomplishes that is it amends the Toxic Substances Control Act to add methyl tertiary butyl ether to the list of proscribed toxic substances in this country.

It will eliminate the MTBE over 3 years because it will be hard to simply switch our Nation's gasoline supply overnight. To be realistic, it will take a period of time. The bill allows discretion for the EPA to establish a timetable and a framework for this MTBE phase-out.

Secondly, the bill will require that gasoline which is dispensed at the pump containing MTBE be labeled so people know when they are filling up their car with gasoline that it contains this additive, and this chemical is being used in their community. In many cases, of course, people are not even aware of this chemical. They have never heard of it. We were very surprised in Illinois. We did not think much MTBE was even used in Illinois. Then we found it in our ground water.

Third, the bill authorizes grants for research on MTBE ground water contamination and remediation. It directs resources to do more research on the health effects of this chemical too. We need to know more about this chemical in order to combat it. Right now we do not fully understand the health risks. Most of the studies that have been done, of which I am aware, are on laboratory mice, and there have been very few studies, if any, on the effects to humans who ingest or inhale this chemical.

We also need research on how we remediate the chemical, how we clean it up because, in addition to all of its other properties, it turns out it is very difficult to eliminate. Our normal processes for eliminating hazardous chemicals from ground water, in many cases, according to the literature, do not seem to work on MTBE. EPA needs to research this issue and help the rest of the country have a body of knowledge, so when they find MTBE contamination, they know how to clean it up or remediate it.

The bill contains a section which expresses the sense of the Senate that the EPA, our national Environmental Protection Agency, should provide technical assistance, information, and matching funds to our local communities that are testing their underground water supplies and also trying to remediate and clean up MTBE that has been detected in those water supplies.

Finally, as an afterthought, some of my colleagues may be asking: What will we do about that portion of the Clean Air Act that requires our fuel in this country, at least in the smog-filled large cities, to have an oxygenate in it to reduce smog emissions? There is an answer. We do have an alternative—a renewable source produced from corn or other biomass products. It is called ethanol.

In my judgment, ethanol will allow us to meet the requirements of the Clean Air Act all across the country, and it will not require us to make that terrible choice between clean air and clean water. I want our country to have clean air and clean water and never one at the expense of the other. Ethanol, in my judgment, provides the answer to that problem.

The USDA recently did a study using ethanol to replace MTBE all across the country. It would mean, on average, about $1 billion in added income to our farmers every year.

Mr. DURBIN. Would my colleague yield for a question?

Mr. FITZGERALD. Yes.

Mr. DURBIN. First, I congratulate my colleague for the introduction of this legislation. I am happy to cosponsor it. It is truly bipartisan legislation which is of benefit not only to the farmers in our State of Illinois but to our Nation.

We understand, as most people do in Washington, the benefits of ethanol when it comes to reducing air pollution. We also understand the dangers of MTBE. Where it is used in other States, it has contaminated water supplies.

We are in the process of working with the Environmental Protection Agency to discuss the future of ethanol and hope it will remain strong.

I ask my colleague from Illinois—and I again congratulate him for his leadership in this area—if he can tell me whether his legislation on the elimination of MTBE is done on a phaseout basis or whether it is done to a date certain?

Mr. FITZGERALD. Yes. I thank the Senator and appreciate his support. I appreciate his cosponsorship of this legislation.

My bill would ban MTBE within 3 years after the enactment of this law. It would leave the exact timetable up to the EPA. They could set parameters within that 3 years. But within 3 years after the bill is signed into law, we would expect MTBE to be gone.

Following up on that, as Senator DURBIN said, we have been working very hard, particularly with Senator GRASSLEY, Senator HARKIN, and Senators from all over the country, in trying to clean up MTBE, and also trying

to promote renewable sources of fuels, such as ethanol. That discussion about the importance of renewable fuels is made much more important now as we see our dependence on foreign oil and the high prices of oil in recent weeks.

But this is an issue that has bipartisan support. Senator DURBIN is a Democrat; I am a Republican. But the ethanol issue has always been bipartisan. I look forward to working with my friends and colleagues on both sides of the aisle so that we can continue to work on improving our Nation's clean air and water and also our farm economy.

Mr. President, I ask unanimous consent to print the bill in the RECORD.

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

S. 2233

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

**SECTION 1. SHORT TITLE.**

This Act may be cited as the ''MTBE Elimination Act''.

**SEC. 2. FINDINGS; SENSE OF THE SENATE.**

(a) FINDINGS.—Congress finds that—

(1) a single cup of MTBE, equal to the quantity found in 1 gallon of gasoline oxygenated with MTBE, renders all of the water in a 5,000,000-gallon well undrinkable;

(2) the physical properties of MTBE allow MTBE to pass easily from gasoline to air to water, or from gasoline directly to water, but MTBE does not—

(A) readily attach to soil particles; or

(B) naturally degrade;

(3) the development of tumors and nervous system disorders in mice and rats has been linked to exposure to MTBE and tertiary butyl alcohol and formaldehyde, which are 2 metabolic byproducts of MTBE;

(4) reproductive and developmental studies of MTBE indicate that exposure of a pregnant female to MTBE through inhalation can—

(A) result in maternal toxicity; and

(B) have possible adverse effects on a developing fetus;

(5) the Health Effects Institute reported in February 1996 that the studies of MTBE support its classification as a neurotoxicant and suggest that its primary effect is likely to be in the form of acute impairment;

(6) people with higher levels of MTBE in the bloodstream are significantly more likely to report more headaches, eye irritation, nausea, dizziness, burning of the nose and throat, coughing, disorientation, and vomiting as compared with those who have lower levels of MTBE in the bloodstream;

(7) available information has shown that MTBE significantly reduces the efficiency of technologies used to remediate water contaminated by petroleum hydrocarbons;

(8) the costs of remediation of MTBE water contamination throughout the United States could run into the billions of dollars;

(9) although several studies are being conducted to assess possible methods to remediate drinking water contaminated by MTBE, there have been no engineering solutions to make such remediation cost-efficient and practicable;

(10) the remediation of drinking water contaminated by MTBE, involving the stripping of millions of gallons of contaminated ground water, can cost millions of dollars per municipality;

(11) the average cost of a single industrial cleanup involving MTBE contamination is approximately $150,000;

(12) the average cost of a single cleanup involving MTBE contamination that is conducted by a small business or a homeowner is approximately $37,000;

(13) the reformulated gasoline program under section 211(k) of the Clean Air Act (42 U.S.C. 7545(k)) has resulted in substantial reductions in the emissions of a number of air pollutants from motor vehicles, including volatile organic compounds, carbon monoxide, and mobile-source toxic air pollutants, including benzene;

(14) in assessing oxygenate alternatives, the Blue Ribbon Panel of the Environmental Protection Agency determined that ethanol, made from domestic grain and potentially from recycled biomass, is an effective fuel-blending component that—

(A) provides carbon monoxide emission benefits and high octane; and

(B) appears to contribute to the reduction of the use of aromatics, providing reductions in emissions of toxic air pollutants and other air quality benefits;

(15) the Department of Agriculture concluded that ethanol production and distribution could be expanded to meet the needs of the reformulated gasoline program in 4 years, with negligible price impacts and no interruptions in supply; and

(16) because the reformulated gasoline program is a source of clean air benefits, and ethanol is a viable alternative that provides air quality and economic benefits, research and development efforts should be directed to assess infrastructure and meet other challenges necessary to allow ethanol use to expand sufficiently to meet the requirements of the reformulated gasoline program as the use of MTBE is phased out.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the Administrator of the Environmental Protection Agency should provide technical assistance, information, and matching funds to help local communities—

(1) test drinking water supplies; and

(2) remediate drinking water contaminated with methyl tertiary butyl ether.

**SEC. 3. DEFINITIONS.**

In this Act:

(1) ADMINISTRATOR.—The term ''Administrator'' means the Administrator of the Environmental Protection Agency.

(2) ELIGIBLE GRANTEE.—The term ''eligible grantee'' means—

(A) a Federal research agency;

(B) a national laboratory;

(C) a college or university or a research foundation maintained by a college or university;

(D) a private research organization with an established and demonstrated capacity to perform research or technology transfer; or

(E) a State environmental research facility.

(3) MTBE.—The term ''MTBE'' means methyl tertiary butyl ether.

**SEC. 4. USE AND LABELING OF MTBE AS A FUEL ADDITIVE.**

Section 6 of the Toxic Substances Control Act (15 U.S.C. 2605) is amended by adding at the end the following:

''(f) USE OF METHYL TERTIARY BUTYL ETHER.—

''(1) PROHIBITION ON USE.—Effective beginning on the date that is 3 years after the date of enactment of this subsection, a person shall not use methyl tertiary butyl ether as a fuel additive.

''(2) LABELING OF FUEL DISPENSING SYSTEMS FOR MTBE.—Any person selling oxygenated gasoline containing methyl tertiary butyl ether at retail shall be required under regulations promulgated by the Administrator to label the fuel dispensing system with a notice that—

''(A) specifies that the gasoline contains methyl tertiary butyl ether; and

''(B) provides such other information concerning methyl tertiary butyl ether as the Administrator determines to be appropriate.

''(3) REGULATIONS.—As soon as practicable after the date of enactment of this subsection, the Administrator shall establish a schedule that provides for an annual phased reduction in the quantity of methyl tertiary butyl ether that may be used as a fuel additive during the 3-year period beginning on the date of enactment of this subsection.''.

**SEC. 5. GRANTS FOR RESEARCH ON MTBE GROUND WATER CONTAMINATION AND REMEDIATION.**

(a) IN GENERAL.—

(1) ESTABLISHMENT.—There is established a MTBE research grants program within the Environmental Protection Agency.

(2) PURPOSE OF GRANTS.—The Administrator may make a grant under this section to an eligible grantee to pay the Federal share of the costs of research on—

(A) the development of more cost-effective and accurate MTBE ground water testing methods;

(B) the development of more efficient and cost-effective remediation procedures for water sources contaminated with MTBE; or

(C) the potential effects of MTBE on human health.

(b) ADMINISTRATION.—

(1) IN GENERAL.—In making grants under this section, the Administrator shall—

(A) seek and accept proposals for grants;

(B) determine the relevance and merit of proposals;

(C) award grants on the basis of merit, quality, and relevance to advancing the purposes for which a grant may be awarded under subsection (a); and

(D) give priority to those proposals the applicants for which demonstrate the availability of matching funds.

(2) COMPETITIVE BASIS.—A grant under this section shall be awarded on a competitive basis.

(3) TERM.—A grant under this section shall have a term that does not exceed 4 years.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 2001 through 2004.

Mr. GRASSLEY. Mr. President, I am pleased to join my Illinois colleague, Senator FITZGERALD, as a cosponsor of his legislation banning MTBE. MTBE contaminates water, and it has been found in water throughout the United States.

With every day that passes, more water is being contaminated. Oddly enough, we have passed a clean air bill to clean up the air, and the oil companies have used a product to meet the requirements of the clean air bill that contaminates the water.

But there is an additive to the gasoline that will clean up the air as well as not contaminate the water. I will talk about that in just a minute.

It is simple: With every day that passes, more water is being contaminated.

Last August, the Senate soundly passed a resolution that I cosponsored with Senator BOXER of California calling for an MTBE ban.

In the face of damaging, irresponsible action by the Clinton administration, it is time we put some force to our Senate position. How long must Americans suffer this dilatory charade by President Clinton's administration, also by

the petroleum industry, and particularly by California officials? I say California officials because they have asked that the Clean Air Act of 1990 be gutted.

I have intentionally held my fire until after the California primary because I would not want anyone to misconstrue my motives in an attempt to undermine Vice President GORE'S political ambitions. But today I think it is time to say it as it really is: President Clinton, Vice President GORE, and the Environmental Protection Agency's Administrator, Carol Browner, have been dragging their feet—and dragging their feet too long.

They gave the oil and the MTBE industry everything they wanted. At the request of big oil, they threw out regulations proposed by President Bush which would have, by some estimates, tripled and even quadrupled ethanol production. This was done on the first day of the Clinton administration.

Instead, when they finally got around to putting some rules out, the administration approved regulations that guaranteed a virtual MTBE monopoly in the reformulated gasoline market.

This decision by the Clinton administration, way back then in the early part of the administration, opened wide the door for petroleum companies to use MTBE and thus contaminate our water.

With egg on its face, with an environmental disaster on its hands, the Clinton administration continues to delay and also duck its leadership responsibilities.

A replacement for MTBE exists today, but most oil companies refuse to use it. The Environmental Protection Agency's Director, Carol Browner, has been told time and time again, in every imaginable way possible, how MTBE can be replaced, and in California totally replaced this very day.

But she, as other Clinton-Gore officials, always seems to come up with some sort of excuse, a reason for delay, some other hurdle.

Last week, as the congressional delegation met with our Governor from Iowa, we were told that Carol Browner asked for more information on this subject about the supply of an alternative to MTBE—which is ethanol—that she needed more information. It happens to be information that the Environmental Protection Agency already has.

The new hurdle she is creating is the question: Is there enough of this alternative, ethanol? You might ask: Enough for what? To replace all MTBE today or tomorrow? That is kind of insulting. It is also incredible.

I want to illustrate how it is insulting and incredible with this point. Imagine the following: You have a brush fire sweeping to the city's edge, devouring home after home. Panicked citizens call 911, but the fire engines remain silent. The home owners scream to the fire department: Why won't you come to our rescue? The fire chief says: We don't have enough water to save the whole city, and until we can save all, we will save none.

It is absurd. Of course it is. Yet an equally absurd and dangerous line has been drawn by most California big oil companies and their political apologists. In the face of the largest environmental crisis of this generation—which is the contamination of water by the petroleum companies' controlled product, MTBE—Californians are being held hostage, forced to buy water-contaminating, MTBE-laced gasoline, even though a superior MTBE replacement is available, and available this very day—not tomorrow, not next year, but today.

California Governor Davis' so-called ''ban'' allows MTBE to be sold ''full bore, business-as-usual'' until the end of the year 2002.

Worse yet, California legislators dropped the deadline altogether. But why the wait? Well, we are told there is not enough of this MTBE alternative and thus the illogical decree imposed: No MTBE will be removed until all MTBE is removed. And with every day that passes, more of our water is contaminated. Think of this: A mere teacup of MTBE renders undrinkable 5 million gallons of water. CBS's ''60 Minutes,'' referred to by my colleague from Illinois, reported California has already identified 10,000 ground water sites contaminated by MTBE and that ''one internal study conducted by Chevron found that MTBE has contaminated ground water at 80 percent of the 400 sites that the company tested.''

Yet big oil holds you hostage, forcing you to buy MTBE-laced gasoline until either the Clinton-Gore administration or Congress guts one of the most successful Clean Air Act programs, the reformulated gasoline oxygenate requirement. So big oil is hoping that gullible bureaucrats and politicians conclude that MTBE is not the real problem but, instead, the real problem happens to be the oxygenate provisions of the 1990 Clean Air Act. Get rid of the oxygenate requirement and, presto, MTBE disappears.

People in my State are not buying that line. Iowa has no oxygenate requirement. Yet MTBE has been found in 29 percent of our water supplies tested. Let it be clear, let there be absolutely no misunderstanding: Iowa's water and the water in every Senator's State was contaminated by a product that big oil added to their gasoline, and it was not contaminated by the Clear Air Act. Big oil did everything it could to persuade Clinton-Gore appointees and judges in our courts to guarantee that MTBE monopolized the Clean Air Act's oxygenate market.

Our colleagues need to understand that nearly 500 million gallons of MTBE are sold every year throughout the United States, not to meet the oxygenate requirements of the Clean Air Act that I have been talking about up to this point, but as an octane enhancer in markets all over the United States where the oxygenate requirements under the Clean Air Act to clean up the smog don't even apply.

So your water is in danger whether you live in a city that has to meet the oxygenate requirements of the 1990 Clean Air Act or not because big oil uses the poison MTBE as an octane enhancer lots of places. So that gets us to a point where they want us to believe that changing the 1990 Clean Air Act is the solution to all the problems. I ask, how will gutting the Clean Air Act's oxygenate requirements protect the rest of America's water, if most gallons of gasoline have MTBE in them for octane enhancement outside the Clean Air Act? Well, that answer is pretty simple. It is not going to clean it up until we get rid of all MTBE. We need to, then, ban MTBE, which this bill we are introducing today does, not ban the Clean Air Act, or at least not gut it by eliminating the oxygenate requirements of it, which big oil says is the solution to our problem.

Then we get to what is the superior MTBE replacement that is available today. My colleagues don't have to wait for me to tell them what my answer is to that, but I will. It is ethanol, which is nothing more than grain alcohol. Let's get that clear. We are talking about MTBE, a poisonous product, poisoning the water in California, where the oxygenate requirements are, but also in the rest of the country where it is used as an octane enhancer, and grain alcohol on the other hand that you can drink. Ethanol can be made from other things as well. It can be made from California rice straw. It can be made from Idaho potato waste. It can be made from Florida sugarcane, North Dakota sugar beets, New York municipal waste, Washington wood and paper waste, and a host of other biodegradable waste products. Ethanol is not only good for your air, but if it did get into your water, your only big decision would be whether to add some ice and tonic before you drink it.

As my colleagues know, I am a teetotaler, so I am not going to pretend to advise you on the proper cocktail mixes. Today there is enough ethanol in storage and from what can be produced from idle ethanol facilities to displace all of the MTBE California uses in a whole year. It is available today not tomorrow, not the year 2002. And more facilities to produce it are in the works.

But big oil proclaims there is not enough ethanol. Translation, as far as I can tell: We, as big oil, don't control ethanol; farmers control it. So we don't want to use it.

They argue that ethanol is too difficult to transport. Translation: We would rather import Middle East MTBE from halfway across the world than transport ethanol from the Midwest of our great country. Big oil whines: Keeping the oxygenate requirement will give ethanol a monopoly. This is a whale of a tale, and it is kind

of hard to translate into sensible English. Since it takes half as much ethanol as MTBE to produce a gallon of reformulated gasoline, big oil will reap a 6.2-percent increase in the amount of plain gasoline used in reformulated gasoline. So how in the world does boosting by a whopping 6.2 percent gasoline's share of the reformulated gasoline market constitute a monopoly for ethanol? That issue has been raised with Senators on the environmental committee.

Currently, MTBE constitutes 3 percent of our total transportation fuel market. Ethanol, if it replaces all MTBE, would, therefore, gain a 1.5-percent share. Think about that. A 1.5-percent market share, if it is ethanol, is defined as a monopoly share. But a 3-percent market share, if it is MTBE, is not a monopoly.

I think it is pretty simple to get it because the translation of this big oil babble is this: Market share, as small as 1.5 percent, if not controlled by big oil, shall henceforth be legally defined as a monopoly. Market share at any level, 3 percent to 100 percent, if it is controlled by big oil, shall never be defined as a monopoly. It is such a bizarre proposition that a mere 1.5 percent of market equals a monopoly.

Big oil claims ethanol is too expensive. Let me translate that for you: We prefer—meaning oil—our cozy relationship with OPEC that allows us to price gouge Americans rather than sell at half the price an oxygenate controlled by American farmers and ethanol producers.

I hope you caught that. If not, you ought to brace yourself, sit down with your cup of coffee, get anything dangerous out of your hands. The March 7, 2000, west coast spot wholesale price for gasoline was $1.27 per gallon. MTBE sold for just over $1.17 per gallon, 10 cents less. But ethanol came right in at the same price, $1.17 a gallon. Now, remember, it takes twice as much MTBE as it does ethanol to meet the Clean Air Act's oxygenate requirement. In other words, at the March 7 prices, oxygenates made from ethanol cost petroleum marketers half as much as the oxygenate made from their product, MTBE.

So even though big oil has at its disposal an oxygenated alternate to MTBE, which costs half as much, and that will protect our water supplies, big oil, with the help of the Clinton administration, continues to hold hostage the people of California and other Americans who are forced to use MTBE.

Last summer, I asked President Clinton to announce that he would deny California's request to waive the oxygenate requirement. I asked him to announce that he would veto any legislation that would provide for such a waiver. I have heard nothing on this subject. No answer to my letter has come from the President. His silence, and that of Vice President Gore and the rest of the administration, is very deafening.

American farmers are suffering the worst prices in about 23 to 25 years. If farmers are allowed to replace MTBE with ethanol, farm income will jump $1 billion per year. But, no, increasing farm income through the marketplace, both domestic and foreign, seems to be of no interest to the Clinton-Gore administration, considering their unwillingness to act and make these public statements that would send a clear signal, as far as this consideration is concerned, that MTBE's days of poisoning the water are over, replacing that with something that is safe, something that will help the farmers, and something that will send a clear signal to OPEC that we are done with our days being dependent upon them for our oil supplies and our energy.

In the process of doing that, they would help clean up our environment as well. But that doesn't seem to be of any concern to this administration either when it comes to MTBE. It seems, unfortunately, that the only thing on the collective mind of this administration is the Vice President running for President, his legacy, his partisan politics; everybody's eyes are on the next election.

So I repeat, MTBE is the problem, not the Clean Air Act, as the big oil companies want us to believe. The answer to all this is so simple and clear:

As our bill does, ban MTBE, but don't gut the Clean Air Act's oxygenate requirement.

Let America's farmers fill this void with ethanol, and let them fill it today.

It will boost farm income by $1 billion per year and help lessen our reliance upon foreign oil, and it will not keep us at the whims of OPEC quite so much.

It will keep our air clean, and it will protect our water supplies.

So all of those things sound good, don't they? Ethanol. It is that simple. It is good, good, good. I might be wasting my breath, but I will make this plea one more time. It is the same plea I made in a letter to the President last June or July, which was: President Clinton, reject the waiver request today and declare that you will veto any legislation that would allow a waiver of the oxygenate requirements of the 1990 Clean Air Act. I assure you, Mr. President, if you do that, the water-polluting MTBE will be replaced as fast as our farmers can deliver the ethanol, and that is pretty darned swift. Do it today, President Clinton. Please do it today.

I yield the floor.

Mr. BAYH. Mr. President, I am pleased to join with my colleagues today in introducing this timely and important legislation to help the nation respond to growing concerns about the threats to public health and the environment caused by methyl tertiary butyl ether, or MTBE.

There is gathering evidence that MTBE, which is added to gasoline to reduce its impact on air quality, poses a threat to human health and the environment. Preliminary testing indicates groundwater has been contaminated in many areas of the country. The MTBE Elimination Act provides for a three-year phase out of the use MTBE. The legislation also provides resources for research, local testing programs, and labeling so that we can identify the size of the problem and move forward with meaningful solutions.

Addressing the health and environmental threats posed by MTBE is only half of the answer. While we move to phase out MTBE, we also need to be making decisions about the future of the reformulated fuels program and the oxygenate requirement in the Clean Air Act. The Reformulated Gasoline Program has significantly reduced emissions of air pollutants from motor vehicles, including volatile organic compounds, carbon monoxide, and mobile-source air toxics, such as benzene. It is important that we evaluate the options available for maintaining and enhancing these benefits.

The first step is evaluating the obvious options, ethanol. In its assessment of oxygenate alternatives, the EPA's Blue Ribbon Panel found that ethanol is ''an effective fuel-bending component, made from domestic grain and potentially from recycled biomass, that provides high octane, carbon monoxide emission benefits, and appears to contribute to the reduction of the use of aromatics with related toxics and other air quality benefits.'

The U.S. Department of Agriculture, in its report ''Economic Analysis of Replacing MTBE with Ethanol in the United States, ''concluded that ethanol production and distribution could be expanded to meet the needs of the Reformulated Gasoline Program by 2004 with no supply interruptions or significant price impacts.

We do not have to choose between clean air and clean water. Evidence that MTBE presents a risk to water quality does not mean that we have to end our efforts for cleaner fuels. Ethanol is a clean, safe alternative that has the potential to serve a larger national market. As a country, we are beginning to recognize the benefits that biofuels can provide to the environment. Recent oil price increases also remind us of how important domestic sources of energy are to our national security. This bill is a necessary step in minimizing the public health and environment damage attributable to MTBE. I believe it can also be the start of a serious discussion on the opportunities that ethanol and other biofuels provide to maximize clean, safe and economically viable energy options for America.

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By Mr. WARNER:

S. 2234. A bill to designate certain facilities of the United States Postal Service; to the Committee on Governmental Affairs.

JOEL T. BROYHILL POSTAL BUILDING AND THE JOSEPH L. FISHER POST OFFICE

Mr. WARNER. Mr. President, I join my colleague in the House of Representatives, Congressman WOLF, in introducing legislation to honor two former Representatives from Virginia's 10th district which designates two postal buildings in Northern Virginia after Joel T. Broyhill and Joseph L. Fisher.

The Honorable Joel Broyhill, was the first member elected to Virginia's newly created 10th district. He served in the House of Representatives for twenty-two years. A native of Hopewell, Virginia, Congressman Broyhill is also a decorated veteran and served as captain in the 106th Infantry Division in WWII. During the war, he was taken prisoner by the Germans and held in a POW camp after fighting in the infamous and costly ''Battle of Bulge.''

Congressman Broyhill currently resides in Arlington, Virginia. I believe renaming the postal building at 8409 Lee Highway in Merrifield, Virginia would be appropriate in recognition of his honorable and extensive political and military careers.

I would also like to honor another former Representative from the 10th District, the late Honorable Joseph L. Fisher. Congressman Fisher had a notable political career in the local, state and federal government.

Congressman Fisher, who held a Ph.D. in Economics from Harvard University, began his career in public service as an economist with the U.S. Department of State. After his service in World War II, he became a member of the Arlington County Board. He began a three-term service in the House of Representatives when he was elected in 1974, defeating the incumbent Republican Joel Broyhill.

Subsequent to his service in the House, among other positions, Congressman Fisher served as secretary of the Virginia Department of Human Resources and was a professor of political economy at George Mason University.

Congressman Fisher's commitment to public service should be recognized with the designation of the post office located at 3118 Washington Boulevard in Arlington, Virginia as the Joseph L. Fisher Post Office.

Joseph Fisher passed away in 1992 at his home in Arlington, Virginia. He is survived by his wife, Margaret, their seven children, sixteen grandchildren, and two great grandchildren.

I seek my colleagues to support legislation to honor these two former members in recognition of their distinguished public service.

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By Ms. COLLINS:

S. 2235. A bill to amend the Public Health Act to revise the performance standards and certification process for organ procurement organizations; to the Committee on Health, Education, Labor, and Pensions.

ORGAN PROCUREMENT ORGANIZATION CERTIFICATION ACT OF 2000

• Ms. COLLINS. Mr. President, I rise today on behalf of myself and my colleagues, Senators MURKOWSKI, DODD, TORRICELLI, and HUTCHINSON to introduce the Organ Procurement Organization Certification Act to improve the performance evaluation and certification process that the Health Care Financing Administration currently uses for organ procurement organizations (OPOs).

Recent advantages in technology have dramatically increased the number of patients who could benefit from organ transplants. Unfortunately, however, while there has been some interest in the number of organ donors, the supply of organs in the United States has not kept pace with the growing number of transplant candidates, and the gap between transplant demand and organ supply continues to widen. According to the United Network for Organ Sharing (UNOS), there are now 68,220 patients in the United States on the waiting list for a transplant.

Our nation's 60 organ procurement organizations (OPOs) play a critical role in procuring and placing organs and are therefore key to our efforts to increase the number and quality of organs available for transplant. They provide all of the services necessary in a particular geographic region for coordinating the identification of potential donors, requests for donation, and recovery and transport of organs. The professionals in the OPOs evaluate potential donors, discuss donation with family members, and arrange for the surgical removal of donated organs. They are also responsible for preserving the organs and making arrangements for their distribution according to national organ sharing policies. Finally, the OPOs provide information and education to medical professionals and the general public to encourage organ and tissue donation to increase the availability of organs for transplantation.

According to a 1999 report of the Institute of Medicine (IOM) entitled ''Organ Procurement and Transplantation: Assessing Current Policies and the Potential Impact of the DHHS Final Rule'', a major impediment to greater accountability and improved performance on the part of OPOs is the current lack of a reliable and valid method for assessing donor potential and OPO performance.

The HCFA's current certification process for OPOs sets an arbitrary, population-based performance standard for certifying OPOs based on donors per million of population in their service areas. It sets a standard for acceptable performance based on five criteria: donors recovered per million, kidneys recovered per million, kidneys transplanted per million, extrarenal organs (heart, liver, pancreas and lungs) recovered per million, and extrarenal organs transplanted per million. The HCFA assesses the OPOs' adherence to these standards every two years. Each OPO must meet at least 75 percent of the national mean for four of these five categories to be recertified as the OPO for a particular area and to receive Medicare and Medicaid payments. Without HCFA certification, an OPO cannot continue to operate.

The GAO, the IOM, the Harvard School of Public Health and others all have criticized HCFA's use of this population-based standard to measure OPO performance. According to the GAO, ''HCFA's current performance standard does not accurately assess OPOs' ability to meet the goal of acquiring all usable organs because it is based on the total population, not the number of potential donors, within the OPOs' service areas.''

OPO service areas vary widely in the distribution of deaths by cause, underlying health conditions, age, and race. These variations can pose significant advantages or disadvantages to an OPO's ability to procure organs, and a major problem with HCFA's current performance assessment is that it does not account for these variations. An extremely effective OPO that is getting a high yield of organs from the potential donors in its service area may appear to be performing poorly because it has a disproportionate share of elderly people or a high rate of people infected with HIV or AIDS, which eliminates them for consideration as an organ donor. At the same time, an ineffective OPO may appear to be performing well because it is operating in a service area with a high proportion of potential donors.

For example, organ donors typically die from head trauma and accidental injuries, and these rates can vary dramatically from region to region. According to the Centers for Disease Control and Prevention (CDC), in 1991, the number of drivers fatally injured in traffic accidents in Maine was 15.54 per 100,000 population. In Alabama, however, it was 29.56, giving the OPO serving that state a tremendous advantage over the New England Organ Bank, which serves Maine, but not for a very good reason!

Use of this population-based method to evaluate OPO performance may well result in the decertification of OPOs that are actually excellent performers. Under HCFA's current regulatory practice, OPOs are decertified if they fail to meet the 75th percentile of the national means on 4 of the 5 performance areas. In this process, which resembles a game of musical chairs, it is a mathematical certainty that some OPOs will fail in each cycle, no matter how much they might individually improve.

Moreover, unlike other HCFA certification programs, the certification process for OPOs lacks any provision for corrective action plans to remedy deficient performance and also lacks a clearly defined due process component for resolving conflicts. The current system therefore forces OPOs to compete on the basis of an imperfect grading system, with no guarantee of an opportunity for fair hearing based on their actual performance. This situation pressures many OPOs to focus on the

certification process itself rather than on activities and methods to increase donation, undermining what should be the overriding goal of the program. Moreover, the current two-year cycle—which is shorter than other certification programs administered by HCFA—provides little opportunity to examine trends and even less incentive for OPOs to mount long-term interventions.

The legislation we are introducing today has three major objectives. First, it imposes a moratorium on the current recertification process for OPOs and the use of population-based performance measurements. Under our bill, the certification of qualified OPOs will remain in place through January 1, 2002, for those OPOs that have been certified as a January 1, 2000, and that meet other qualification requirements apart from the current performance standards. Second, the bill requires the Secretary of Health and Human Services to promulgate new rules governing OPO recertification by January 1, 2002. These new rules are to rely on outcome and process performance measures based on evidence of organ donor potential and other relevant factors, and recertification for OPOs shall not be required until they are promulgated. Finally, the bill provides for the filing and approval of a corrective action plan by an OPO that fails to meet the standards, a grace period to permit corrective action, an opportunity to appeal a decertification to the Secretary on substantive and procedural grounds and a four-year certification cycle.

Mr. President, the bill we are introducing today makes much needed improvements in the flawed process that HCFA currently uses to certify and assess OPO performance, and I urge all of my colleagues to join us as cosponsors.

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. 2235

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

**SECTION 1. SHORT TITLE.**

This Act may be cited as the ''Organ Procurement Organization Certification Act of 2000''.

**SEC. 2. FINDINGS.**

Congress makes the following findings:

(1) Organ procurement organizations play an important role in the effort to increase organ donation in the United States.

(2) The current process for the certification and recertification of organ procurement organizations conducted by the Department of Health and Human Services has created a level of uncertainty that is interfering with the effectiveness of organ procurement organizations in raising the level of organ donation.

(3) The General Accounting Office, the Institute of Medicine, and the Harvard School of Public Health have identified substantial limitations in the organ procurement organization certification and recertification process and have recommended changes in that process.

(4) The limitations in the recertification process include:

(A) An exclusive reliance on population-based measures of performance that do not account for the potential in the population for organ donation and do not permit consideration of other outcome and process standards that would more accurately reflect the relative capability and performance of each organ procurement organization.

(B) An immediate decertification of organ procurement organizations solely on the basis of the performance measures, without an appropriate opportunity to file and a grace period to pursue a corrective action plan.

(C) A lack of due process to appeal to the Secretary of Health and Human Services for recertification on either substantive or procedural grounds.

(5) The Secretary of Health and Human Services has the authority under section 1138(b)(1)(A)(i) of the Social Security Act (42 U.S.C. 1320b-8(b)(1)(A)(i)) to extend the period for recertification of an organ procurement organization from 2 to 4 years on the basis of its past practices in order to avoid the inappropriate disruption of the nation's organ system.

(6) The Secretary of Health and Human Services can use the extended period described in paragraph (5) for recertification of all organ procurement organizations to—

(A) develop improved performance measures that would reflect organ donor potential and interim outcomes, and to test these measures to ensure that they accurately measure performance differences among the organ procurement organizations; and

(B) improve the overall certification process by incorporating process as well as outcome performance measures, and developing equitable processes for corrective action plans and appeals.

**SEC. 3. CERTIFICATION AND RECERTIFICATION OF ORGAN PROCUREMENT ORGANIZATIONS.**

Section 371(b)(1) of the Public Health Service Act (42 U.S.C. 273(b)(1)) is amended:

(1) by redesignating subparagraphs (D) through (G) as subparagraphs (E) through (H), respectively;

(2) by realigning the margin of subparagraph (F) (as so redesignated) so as to align with subparagraph (E) (as so redesignated); and

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

''(D) notwithstanding any other provision of law, has met the other requirements of this section and has been certified or recertified by the Secretary within the previous 4-year period as meeting the performance standards to be a qualified organ procurement organization through a process that either—

''(i) granted certification or recertification within such 4-year period with such certification or recertification in effect as of January 1, 2000, and remaining in effect through the earlier of—

''(I) January 1, 2002; or

''(II) the completion of recertification under the requirements of clause (ii); or

''(ii) is defined through regulations that are promulgated by the Secretary by not later than January 1, 2002, that—

''(I) require recertifications of qualified organ procurement organizations not more frequently than once every 4 years;

''(II) rely on outcome and process performance measures that are based on empirical evidence of organ donor potential and other related factors in each service area of qualified organ procurement organizations;

''(III) use multiple outcome measures as part of the certification process;

''(IV) provide for the filing and approval of a corrective action plan by a qualified organ procurement organization that fails to meet the performance standards and a grace period of not less than 3 years during which such organization can implement the corrective action plan without risk of decertification; and

''(V) provide for a qualified organ procurement organization to appeal a decertification to the Secretary on substantive and procedural grounds;''.●

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By Mr. FRIST (for himself and Mr. DODD):

S. 2236. A bill to establish programs to improve the health and safety of children receiving child care outside the home, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

DAY CARE HEALTH AND SAFETY IMPROVEMENT ACT OF 2000

Mr. FRIST. Mr. President, each day, more than 13 million children under the age of 6 spend some part of their day in child care. In my home state of Tennessee 264,000 children will attend day care, and half of all children younger than three will spend some or all of their day being cared for by someone other than their parents. With these large number of children receiving child care services, there has been some evidence to suggest that we need to work to make these settings safer while improving the health of children in child care settings.

The potential danger in child care settings has been evident in my home state of Tennessee. Tragically, within the span of 2 years, there have been 4 deaths in child care settings in Memphis, Tennessee. Overall, reports of abandoned, mistreated, and unnecessarily endangered children have been reported in the Tennessee press over the last few years. I salute the Memphis Commercial Appeal, for their in-depth reporting on day care health and safety issues which has helped bring this serious matter to public attention.

However, I would caution that this is not just a concern in Memphis or Tennessee; it is nationwide and it needs to be addressed. There is alarming evidence to suggest that more must be done to improve the health and safety of children in child care settings.

For example, a 1998 Consumer Product Safety Commission Study revealed that two-thirds of the 200 licensed child care settings investigated exhibited safety hazards, such as insufficient child safety gates, cribs with soft bedding, and unsafe playgrounds.

In 1997 alone, 31,000 children ages 4 and younger were treated in hospital emergency rooms for injuries sustained in child care or school settings. And, quite tragically, since 1990, more than 56 children have died in child care settings nationwide.

Child care health and safety issues are regulated at the state and local levels, which work diligently to ensure that child care settings are as safe as possible. I have worked closely with the Tennessee Department of Human

Services on how best to address the issue and quickly realized one of the main problems was the lack of resources that the state could draw upon to improve health and safety.

To help address this issue and protect our children, I have joined with Senator DODD, the recognized leader in Congress on child care issues, to introduce the ''Children's Day Care Health and Safety Improvement Act,'' which will establish a state block grant program, authorizing $200 million for states to carry out activities related to the improvement of the health and safety of children in child care settings.

These grants may be used for the following activities:

To train and educate child care providers to prevent injuries and illnesses and to promote health-related practices;

To improve and enforce child care provider licensing, regulation, and registration, by conducting more inspections of day care providers to ensure that they are carrying out state and local guidelines to ensure that our children are safe;

To rehabilitate child care facilities to meet health and safety standards, like the proper placement of fire exits and smoke detectors, the proper disposal of sewage and garbage, and ensuring that play ground equipment is safe;

To employ health consultants to give health and safety advice to child care providers, such as CPR training, first aid training, prevention of sudden infant death syndrome, and how to recognize the signs of child abuse and neglect;

To provide assistance to enhance child care providers' ability to serve children with disabilities;

To conduct criminal background checks on child care providers, to ensure that day care providers are credible and reliable as they care for our children;

To provide information to parents on what factors to consider in choosing a safe and healthy day care setting for their children. Parents must know that the setting they are choosing have a proven safety record; and

To improve the safety of transportation of children in child care.

I am pleased that Tennessee is carrying out many of the activities authorized under the ''Children's Day Care Health and Safety Act.'' Under this bill, Tennessee would receive an estimated $4.2 million to help expand health and safety activities.

Mr. President, as a father, I understand the parental bond. A parent's number one concern is the safety, protection and health of their children. Parents need to be reassured their children are safe when they rely on others to care for their children. I am hopeful that this legislation will give Tennessee, and all states, the needed resources to implement necessary reforms and activities which they determine will improve the health and safety conditions of child care providers as they care for our children.

I want to thank Senator DODD for joining me in this effort and for the work of his staff, Jeanne Ireland. I would also like to thank the American Academy of Pediatrics, the Children's Defense Fund and the National Association for the Education of Young children for their input and letters of support for this bill. I would also like to thank Governor Sundquist and members of the Tennessee Department of Human Services, especially, Ms. Deborah Neill, the Director of Child Care, Adult and Community Programs, for their input on this important and needed legislation. And finally, I would like to thank and acknowledge the assistance of the Mayor of Memphis, the Honorable W. W. Herenton and his staff, who have been of great help in developing this legislation.

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

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

S. 2236

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

**SECTION 1. SHORT TITLE.**

This Act may be cited as the ''Children's Day Care Health and Safety Improvement Act''.

**SEC. 2. FINDINGS.**

Congress finds that—

(1) of the 21,000,000 children under age 6 in the United States, almost 13,000,000 spend some part of their day in child care;

(2) a review of State child care regulations in 47 States found that more than half of the States had inadequate standards or no standards for ⅔ of the safety topics reviewed;

(3) a research study conducted by the Consumer Product Safety Commission in 1998 found that ⅔ of the 200 licensed child care settings investigated in the study exhibited at least 1 of 8 safety hazards investigated, including insufficient child safety gates, cribs with soft bedding, and unsafe playground surfacing;

(4) compliance with recently published voluntary national safety standards developed by public health and pediatric experts was found to vary considerably by State, and the States ranged from a 20 percent to a 99 percent compliance rate;

(5) in 1997, approximately 31,000 children ages 4 and younger were treated in hospital emergency rooms for injuries in child care or school settings;

(6) the Consumer Product Safety Commission reports that at least 56 children have died in child care settings since 1990;

(7) the American Academy of Pediatrics identifies safe facilities, equipment, and transportation as elements of quality child care; and

(8) a research study of 133 child care centers revealed that 85 percent of the child care center directors believe that health consultation is important or very important for child care centers.

**SEC. 3. DEFINITIONS.**

In this Act:

(1) CHILD WITH A DISABILITY; INFANT OR TODDLER WITH A DISABILITY.—The terms ''child with a disability'' and ''infant or toddler with a disability'' have the meanings given the terms in section 602 of the Individuals with Disabilities Education Act (20 U.S.C. 1401).

(2) ELIGIBLE CHILD CARE PROVIDER.—The term ''eligible child care provider'' means a provider of child care services for compensation, including a provider of care for a school-age child during non-school hours, that—

(A) is licensed, regulated, registered, or otherwise legally operating, under State and local law; and

(B) satisfies the State and local requirements,

applicable to the child care services the provider provides.

(3) FAMILY CHILD CARE PROVIDER.—The term ''family child care provider'' means 1 individual who provides child care services for fewer than 24 hours per day, as the sole caregiver, and in a private residence.

(4) SECRETARY.—The term ''Secretary'' means the Secretary of Health and Human Services.

(5) STATE.—The term ''State'' means any of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

**SEC. 4. AUTHORIZATION OF APPROPRIATIONS.**

There are authorized to be appropriated to carry out this Act $200,000,000 for fiscal year 2001 and such sums as may be necessary for each subsequent fiscal year.

**SEC. 5. PROGRAMS.**

The Secretary shall make allotments to eligible States under section 6. The Secretary shall make the allotments to enable the States to establish programs to improve the health and safety of children receiving child care outside the home, by preventing illnesses and injuries associated with that care and promoting the health and well-being of children receiving that care.

**SEC. 6. AMOUNTS RESERVED; ALLOTMENTS.**

(a) AMOUNTS RESERVED.—The Secretary shall reserve not more than ½ of 1 percent of the amount appropriated under section 4 for each fiscal year to make allotments to Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands to be allotted in accordance with their respective needs.

(b) STATE ALLOTMENTS.—

(1) GENERAL RULE.—From the amounts appropriated under section 4 for each fiscal year and remaining after reservations are made under subsection (a), the Secretary shall allot to each State an amount equal to the sum of—

(A) an amount that bears the same ratio to 50 percent of such remainder as the product of the young child factor of the State and the allotment percentage of the State bears to the sum of the corresponding products for all States; and

(B) an amount that bears the same ratio to 50 percent of such remainder as the product of the school lunch factor of the State and the allotment percentage of the State bears to the sum of the corresponding products for all States.

(2) YOUNG CHILD FACTOR.—In this subsection, the term ''young child factor'' means the ratio of the number of children under 5 years of age in a State to the number of such children in all States, as provided by the most recent annual estimates of population in the States by the Census Bureau of the Department of Commerce.

(3) SCHOOL LUNCH FACTOR.—In this subsection, the term ''school lunch factor'' means the ratio of the number of children who are receiving free or reduced price lunches under the school lunch program established under the National School Lunch

Act (42 U.S.C. 1751 et seq.) in the State to the number of such children in all States, as determined annually by the Department of Agriculture.

(4) ALLOTMENT PERCENTAGE.—

(A) IN GENERAL.—For purposes of this subsection, the allotment percentage for a State shall be determined by dividing the per capita income of all individuals in the United States, by the per capita income of all individuals in the State.

(B) LIMITATIONS.—If an allotment percentage determined under subparagraph (A) for a State—

(i) is more than 1.2 percent, the allotment percentage of the State shall be considered to be 1.2 percent; and

(ii) is less than 0.8 percent, the allotment percentage of the State shall be considered to be 0.8 percent.

(C) PER CAPITA INCOME.—For purposes of subparagraph (A), per capita income shall be—

(i) determined at 2-year intervals;

(ii) applied for the 2-year period beginning on October 1 of the first fiscal year beginning after the date such determination is made; and

(iii) equal to the average of the annual per capita incomes for the most recent period of 3 consecutive years for which satisfactory data are available from the Department of Commerce on the date such determination is made.

(c) DATA AND INFORMATION.—The Secretary shall obtain from each appropriate Federal agency, the most recent data and information necessary to determine the allotments provided for in subsection (b).

(d) DEFINITION.—In this section, the term ''State'' includes only the several States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

**SEC. 7. STATE APPLICATIONS.**

To be eligible to receive an allotment under section 6, a State shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require. The application shall contain information assessing the needs of the State with regard to child care health and safety, the goals to be achieved through the program carried out by the State under this Act, and the measures to be used to assess the progress made by the State toward achieving the goals.

**SEC. 8. USE OF FUNDS.**

(a) IN GENERAL.—A State that receives an allotment under section 6 shall use the funds made available through the allotment to carry out 2 or more activities consisting of—

(1) providing training and education to eligible child care providers on preventing injuries and illnesses in children, and promoting health-related practices;

(2) strengthening licensing, regulation, or registration standards for eligible child care providers;

(3) assisting eligible child care providers in meeting licensing, regulation, or registration standards, including rehabilitating the facilities of the providers, in order to bring the facilities into compliance with the standards;

(4) enforcing licensing, regulation, or registration standards for eligible child care providers, including holding increased unannounced inspections of the facilities of those providers;

(5) providing health consultants to provide advice to eligible child care providers;

(6) assisting eligible child care providers in enhancing the ability of the providers to serve children with disabilities and infants and toddlers with disabilities;

(7) conducting criminal background checks for eligible child care providers and other individuals who have contact with children in the facilities of the providers;

(8) providing information to parents on what factors to consider in choosing a safe and healthy child care setting; or

(9) assisting in improving the safety of transportation practices for children enrolled in child care programs with eligible child care providers.

(b) SUPPLEMENT, NOT SUPPLANT.—Funds appropriated pursuant to the authority of this Act shall be used to supplement and not supplant other Federal, State, and local public funds expended to provide services for eligible individuals.

**SEC. 9. REPORTS.**

Each State that receives an allotment under section 6 shall annually prepare and submit to the Secretary a report that describes—

(1) the activities carried out with funds made available through the allotment; and

(2) the progress made by the State toward achieving the goals described in the application submitted by the State under section 7.

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AMERICAN ACADEMY OF PEDIATRICS,
*Washington, DC, March 8, 2000.*

Hon. CHRISTOPHER DODD,
*U.S. Senate, Washington, DC.*
Hon. BILL FRIST,
*U.S. Senate, Washington, DC.*

DEAR SENATORS DODD AND FRIST: On behalf of the 55,000 members of the American Academy of Pediatrics, I would like to applaud you for introducing the ''Children's Day Care Health and Safety Improvement Act.''

The Academy and its members, along with many others, have been working for years attempting to ensure that all children receive high-quality child care and early education. Yet, the statistics about the health and safety of child care setting are very disturbing. Multiple studies have found that many child care arrangements not only fail to give children the type of intellectual stimulation and emotional support they need, but actually compromise the health and safety of the youngsters in their care.

One review of state child care regulations in 47 states found that more than half of the states' safety-related regulations had inadequate or no standards for 24 out of the 36 safety topics examined. Most notable were the inattention to playground safety, choking hazards, and firearms. Studies of child care settings themselves have also been disheartening. One four-state study found that only one in seven child care centers (14%) were rated as good quality. Another study found that 13 percent of regulated and 50 percent of nonregulated family child care providers offer care that is inadequate. The Consumer Product Safety Commission reports that about 31,000 children, 4 years old and younger, were treated in U.S. hospital emergency rooms for injuries at child care/school settings in 1997, and that the agency knows of at least 56 children who have died in child care setting since 1990.

By providing states with funds for activities specifically aimed at improving the health and safety of child care, your bill should help to reduce the incidence of preventable illness, injury, disability, and even death, for the millions of children who spend their days in out-of-home child care.

The ''Children's Day Care Health and Safety Improvement Act'' is much-needed legislation, and we look forward to working with you to support its enactment. Thank you for your continued dedication to improving children's lives.

Sincerely,

DONALD E. COOK,
*President,*

CHILDREN'S DEFENSE FUND,
*Washington, DC, March 8, 2000.*

Hon. BILL FRIST,
*U.S. Senate, Washington, DC.*

DEAR SENATOR FRIST: Given the importance of high quality child care to millions of young children and their families, the Children's Defense Fund welcomes the introduction of the Children's Day Care Health and Safety Improvement Act. The bill recognizes the wide range of activities that must be addressed in order to ensure the health and safety for children in child care. New resources to states targeted on these various activities will make a significant impact on their efforts to move forward.

We look forward to working with you towards the passage of this important bill. Thank you for standing up for children.

Sincerely yours,

MARIAN WRIGHT EDELMAN.

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CHILDREN'S DEFENSE FUND,
*Washington, DC, March 8, 2000.*

Hon. CHRISTOPHER DODD,
*U.S. Senate, Washington, DC.*

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Sincerely yours,

MARIAN WRIGHT EDELMAN.

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NATIONAL ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN,
*Washington, DC, March 9, 2000.*

Hon. CHRISTOPHER DODD,
*U.S. Senate, Washington, DC.*
Hon. WILLIAM FRIST,
*U.S. Senate, Washington, DC.*

DEAR SENATORS DODD AND FRIST: The National Association for the Education of Young Children (NAEYC) is committed to ensuring excellence in early childhood education, and to working with health and other providers to support families and children's well being. We are pleased that you share our concerns, about the need to improve the health and safety of children in a variety of child care settings and support a federal partnership with states, communities, and providers in meeting that goal.

The Child Care Health and Safety Improvement Act that you will be introducing today seeks to strengthen state licensing and other regulatory standards and enforcement, linkages between child care providers and health services providers, and training to child care providers in injury prevention and health promotion. This legislation addresses many of our concerns and reflects NAEYC principles for ensuring that child care settings are healthy and safe learning environments.

As this bill moves forward, we would be happy to work to make further improvements in the legislation.

Sincerely,

ADELE ROBINSON,
*Director of Policy Development.*

Mr. DODD. Mr. President, I am pleased to join Senator FRIST in introducing The Children's Day Care Health and Safety Act, legislation that I believe will have a significant impact on the well-being of the 13 million children who spend some part of every day in child care.

Each morning, millions of parents drop their children off at a child care center, a neighbor's home, or their church's day care center, assuming—or at least hoping—that their children will be safe and well cared for. And, in the vast majority of circumstances that's the case. But, unfortunately, there is alarming evidence to suggest that, far too often, unsafe child care settings are compromising the health of our children.

In 1997 alone, 31,000 children ages 4 and younger were treated in hospital emergency rooms for injuries sustained in child care or school settings. Since 1990, more than 55 children have died while in child care settings.

Perhaps most tragically, many of these deaths and injuries were most likely preventable—if providers were knowledgeable about basic health and safety practices and if states did a better job of developing and enforcing strong health and safety regulations.

Almost all child care providers want to give good care to the children in their charge. Despite the fact that we pay child care providers abysmally—typically below poverty wages with no paid sick leave—individuals join this profession because they love children and want to help them grow and thrive. But, we do far too little to support providers in making sure that the environment they provide to our children is a safe and healthy one.

Many child care providers are unaware of the importance of removing soft bedding from cribs—which presents a suffocation hazard for infants and increases the likelihood of child dying from SIDS. Many child care providers are also unaware of the need to place window-blind cords out of reach. Consequently, one child every month strangles in the loop of a cord.

An investigation by the Consumer Product Safety Commission revealed that two-thirds of licensed child care settings surveyed exhibited these type of safety hazards, as well as other, such as insufficient child safety gates and unsafe playgrounds.

Some states have taken action to improve health and safety practices. For example, Connecticut requires child care centers to receive at least monthly visits from a nurse or pediatrician, who can advise providers on concerns ranging from the basics, like the importance of handwashing after diaper-changing, to more complex issues, such as how to accommodate the special needs of a child with a disability.

But, many states are hard-pressed simply to meet the enormous demand for child care from working families and families transitioning off welfare. With all the pressure to create child care slots and to help families find any kind of care, unfortunately, child care health and safety often becomes an afterthought.

A survey of state child care standards found that only one-third of states had minimally acceptable child care quality regulations. Two-thirds of states had regulations that didn't even address the basics—provider training, safe environments and appropriate ratios. And in many cases, even when there are good standards on the books, enforcement is lax.

Too often we view finding safe, high quality child care as a problem parents should struggle with on their own. It's time we recognize that unsafe child care is a public health crisis, not a personal problem.

That's why I'm so pleased to join Senator FRIST today in introducing legislation that would provide grants to the states to reduce child care health and safety hazards. Grants could be used for a broad range of activities that we know have the greatest impact on health and safety, such as training and educating providers on injury and illness prevention; improving health and safety standards; improving enforcement of standards, including increased surprise inspections; renovating child care centers and family day care homes; helping providers serve children with disabilities; and conducting criminal background checks on child care providers.

I am also pleased that this legislation has been endorsed by the American Academy of Pediatrics, the Children's Defense Fund, and the National Association for the Education of Young Children.

Sadly just as our children grow—the number of child care abuses and hazards has grown over the years, as well. This measure can help ensure that critically important safeguards are provided so that day care is a safe haven, not a hazard.

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By Mr. CRAIG:

S. 2237. A bill to amend the Internal Revenue Code of 1986 to provide for the deductibility of premiums for any medigap insurance policy of Medicare+Choice plan which contains an outpatient prescription drug benefit, and to amend title XVIII of the Social Security Act to provide authority to expand existing medigap insurance policies; to the Committee on Finance.

SENIORS' SECURITY ACT OF 2000

• Mr. CRAIG. Mr. President, I rise today to introduce the ''Seniors' Security Act of 2000—a bill that will address the growing problem of prescription drug coverage for senior citizens.

As we are all aware, seniors' access to prescription drugs is an important issue. Currently, traditional fee-for service Medicare covers few drugs for seniors. At the same time, however, prescription drugs are an increasing component of seniors' health care. For these reasons, I believe that it is time Congress worked to increase American seniors' access to prescription drugs.

The Senior's Security Act of 2000 will increase seniors' access to prescription drugs in two ways. First, it will extend tax equity to seniors by allowing them to deduct the cost of health insurance that contains a qualified prescription drug benefit. We already provide such favorable tax treatment for employer-provided health insurance and are moving toward doing so for the self-employed. If we are truly concerned about seniors' access to prescription drugs, we should do the same for them.

In addition, SSA 2000 will also allow both current and future seniors to deduct the cost of long-term care insurance from their taxes and make long-term care insurance available through employer-provided flexible spending accounts (FSAs).

SSA 2000 also provides for the design by National Association of Insurance Commissioners (NAIC) of additional Medigap policies in order to make prescription drug coverage more accessible and affordable. This process follows that which produced the existing Medigap policies. SSA 2000 also directs the Medicare Payment Advisory Commission (MedPAC) to analyze and report on the salient issues in the design of prescription drug benefit policies. MedPAC is directed to issue their findings in a June 1, 2000 report to Congress and the NAIC in order to aid in designing new Medigap policies.

I believe SSA 2000 will make prescription drug coverage cheaper, both directly and indirectly. More than 18 million seniors have an income tax liability that can be reduced by this reform; by increasing the number of participants and making new Medigap policies a available, the bill will indirectly reduce the cost of coverage, as well. Unlike some other proposed reform measures in this area, it preserves and strengthens the private insurance market—it contains no mandates, no price controls, and preserve all existing Medigap policies—rather than jeopardizing or eliminating it.

This bill does not attempt to address the issue of prescription drug coverage for every senior; instead, it is the answer for a portion of the senior population who have been paying at least part of the costs for their health care and prescription drugs, but still need and deserve to have a reduction in their out-of-pocket expenses. The Seniors' Security Act of 2000 is the best way to provide relief to this group of seniors, while at the same time continuing to work towards solutions for those seniors who aren't as economically secure.

Mr. President, I ask unanimous consent that a copy 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. 2237

*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 ''Seniors' Security Act of 2000''.

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

Sec. 1. Short title; table of contents.

Sec. 2. Deduction for premiums for medigap insurance policies and Medicare+Choice plans containing outpatient prescription drug benefits and for long-term care insurance.
Sec. 3. Determination of annual actuarial value of drug benefits covered under a Medicare+Choice plan and a medigap policy.
Sec. 4. Inclusion of qualified long-term care insurance contracts in cafeteria plans and flexible spending arrangements.
Sec. 5. Authority to provide for additional medigap insurance policies.

**SEC. 2. DEDUCTION FOR PREMIUMS FOR MEDIGAP INSURANCE POLICIES AND MEDICARE+CHOICE PLANS CONTAINING OUTPATIENT PRESCRIPTION DRUG BENEFITS AND FOR LONG-TERM CARE INSURANCE.**

(a) IN GENERAL.—Part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to additional itemized deductions) is amended by redesignating section 222 as section 223 and by inserting after section 221 the following:

**"SEC. 222. PREMIUMS FOR MEDIGAP INSURANCE POLICIES AND MEDICARE+CHOICE PLANS CONTAINING OUTPATIENT PRESCRIPTION DRUG BENEFITS AND FOR LONG-TERM CARE INSURANCE.**

''(a) DEDUCTION.—

''(1) IN GENERAL.—There shall be allowed as a deduction an amount equal to 100 percent of the amount paid during the taxable year for—

''(A) any medicare supplemental policy (as defined in section 1882(g)(1) of the Social Security Act) which contains an outpatient prescription drug benefit with an annual actuarial value that is equal to or greater than $500,

''(B) any Medicare+Choice plan (as defined in section 1859(b)(1) of such Act) which contains an outpatient prescription drug benefit with an annual actuarial value that is equal to or greater than $500, and

''(C) any coverage limited to qualified long-term care services (as defined in section 7702B(c)) or any qualified long-term care insurance contract (as defined in section 7702B(b)).

''(2) INFLATION ADJUSTMENT.—

''(A) IN GENERAL.—In the case of any calendar year beginning after 2000, each of the dollar amounts in subparagraphs (A) and (B) of paragraph (1) shall be increased by an amount equal to—

''(i) such dollar amount, multiplied by

''(ii) an adjustment for changes in per capita expenditures under title XVIII of the Social Security Act for prescription drugs as determined under the most recent Health Care Financing Administration National Health Expenditure projection.

''(B) ROUNDING.—If any dollar amount after being increased under subparagraph (A) is not a multiple of $10, such dollar amount shall be rounded to the nearest multiple of $10.

''(b) LIMITATIONS.—

''(1) DEDUCTION NOT AVAILABLE TO INDIVIDUALS ELIGIBLE FOR EMPLOYER-SUBSIDIZED COVERAGE.—

''(A) IN GENERAL.—In any taxable year—

''(i) subsection (a) shall not apply with respect to any policy or coverage described in paragraph (1)(A) or (1)(B) of such subsection if in such taxable year the taxpayer is eligible to participate in any employer-subsidized plan for individuals age 65 or older which contains an outpatient prescription drug benefit described in such subsection, and

''(ii) subsection (a) shall not apply with respect to any policy or coverage described in paragraph (1)(C) of such subsection if in such taxable year the taxpayer is eligible to participate in any employer-subsidized plan which includes coverage for qualified long-term care services (as so defined) or any qualified long-term care insurance contract (as so defined).

''(B) EMPLOYER-SUBSIDIZED PLAN.—For purposes of subparagraph (A)—

''(i) IN GENERAL.—The term 'employer-subsidized plan' means any plan described in subparagraph (A)—

''(I) which is maintained by any employer (or former employer) of the taxpayer or of the spouse of the taxpayer, and

''(II) 50 percent or more of the cost of the premium of which (determined under section 4980B) is paid or incurred by the employer.

''(ii) EMPLOYER CONTRIBUTIONS TO CAFETERIA PLANS, FLEXIBLE SPENDING ARRANGEMENTS, AND MEDICAL SAVINGS ACCOUNTS.—Employer contributions to a cafeteria plan, a flexible spending or similar arrangement, or a medical savings account which are excluded from gross income under section 106 shall be treated for purposes of this subparagraph as paid by the employer.

''(C) AGGREGATION OF PLANS OF EMPLOYER.—A health plan which is not otherwise described in subparagraph (A) shall be treated as described in such subparagraph if such plan would be so described if all health plans of persons treated as a single employer under subsection (b), (c), (m), or (o) of section 414 were treated as one health plan.

''(D) SEPARATE APPLICATION TO HEALTH INSURANCE AND LONG-TERM CARE INSURANCE.—Subparagraphs (A) and (C) shall be applied separately with respect to—

''(i) plans which include coverage limited to qualified long-term care services or are qualified long-term care insurance contracts, and

''(ii) plans which do not include such coverage and are not such contracts.

''(E) DEDUCTION AVAILABLE WITH RESPECT TO POLICIES AND PLANS CONTAINING OUTPATIENT PRESCRIPTION DRUG COVERAGE IF DISCLOSURE REQUIREMENTS ARE MET.—Subsection (a) shall apply in any taxable year with respect to any policy or plan described in paragraph (1)(A) or (1)(B) of such subsection only if the issuer of such policy or the administrator of such plan discloses to the taxpayer that such policy or plan is intended to be a policy or plan so described.

''(2) DEDUCTION NOT AVAILABLE FOR PAYMENT OF PART B PREMIUMS.—Any amount paid as a premium under part B of title XVIII of the Social Security Act shall not be taken into account under subsection (a).

''(3) LIMITATION ON LONG-TERM CARE PREMIUMS.—In the case of a qualified long-term care insurance contract (as so defined), only eligible long-term care premiums (as defined in section 213(d)(10)) shall be taken into account under subsection (a)(2).

''(c) SPECIAL RULES.—For purposes of this section—

''(1) COORDINATION WITH MEDICAL DEDUCTION, ETC.—Any amount paid by a taxpayer for insurance to which subsection (a) applies shall not be taken into account in computing the amount allowable to the taxpayer as a deduction under section 213(a).

''(2) DEDUCTION NOT ALLOWED FOR SELF-EMPLOYMENT TAX PURPOSES.—The deduction allowable by reason of this section shall not be taken into account in determining an individual's net earnings from self-employment (within the meaning of section 1402(a)) for purposes of chapter 2.''

(b) CONFORMING AMENDMENTS.—

(1) Subsection (a) of section 62 of the Internal Revenue Code of 1986 is amended by inserting after paragraph (17) the following:

''(18) MEDICARE AND LONG-TERM CARE INSURANCE COSTS OF CERTAIN INDIVIDUALS.—The deduction allowed by section 222.''

(2) The table of sections for part VII of subchapter B of chapter 1 of such Code is amended by striking the last item and inserting the following:

''Sec. 222. Premiums for medigap insurance policies and Medicare+Choice plans containing outpatient prescription drug benefits and for long-term care insurance.
''Sec. 223. Cross reference.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

**SEC. 3. DETERMINATION OF ANNUAL ACTUARIAL VALUE OF DRUG BENEFITS COVERED UNDER A MEDICARE+CHOICE PLAN AND A MEDIGAP POLICY.**

(a) IN GENERAL.—For purposes of subparagraphs (A) and (B) of section 222(a)(1) of the Internal Revenue Code of 1986 (as added by section 2), the Secretary of Health and Human Services shall establish procedures for a Medicare+Choice organization offering a Medicare+Choice plan under part C of title XVIII of the Social Security Act (42 U.S.C. 1395w–21 et seq.) or an issuer of a medicare supplemental policy (as defined in section 1882(g)(1) of such Act (42 U.S.C. 1395ss(g)(1))) to demonstrate that the annual actuarial value of the outpatient prescription drug benefit offered under such plan or policy is equal to or greater than the amount described in section 222(a)(1) of the Internal Revenue Code of 1986 that is applicable for the year involved.

(b) REQUIREMENTS.—The procedures established pursuant to subsection (a)—

(1) shall be based on—

(A) a standardized set of utilization and price factors; and

(B) a standardized population that is representative of all medicare enrollees and calculated based on projected utilization if all enrollees have outpatient prescription drug coverage;

(2) shall apply the same principles and factors in comparing the value of the coverage of different outpatient prescription drug benefit packages; and

(3) shall not take into account the method of delivery or means of cost control or utilization used by the organization offering the plan or the issuer of the policy.

(c) CONSULTATION.—In establishing the procedures described in subsection (a), the Secretary of Health and Human Services shall consult with an independent actuary who is a member of the American Academy of Actuaries.

(d) UPDATE.—The Secretary shall periodically update the procedures established under subsection (a).

(e) DEMONSTRATION OF ACTUARIAL VALUE.—The actuarial value of the outpatient prescription drug benefit shall be set forth by the Medicare+Choice organization offering the Medicare+Choice plan or the issuer of the medicare supplemental policy in an actuarial report that has been prepared—

(1) by an individual who is a member of the American Academy of Actuaries;

(2) using generally accepted actuarial principles; and

(3) in conformance with the requirements of subsection (b).

**SEC. 4. INCLUSION OF QUALIFIED LONG-TERM CARE INSURANCE CONTRACTS IN CAFETERIA PLANS AND FLEXIBLE SPENDING ARRANGEMENTS.**

(a) CAFETERIA PLANS.—Section 125(f) of the Internal Revenue Code of 1986 (defining qualified benefits) is amended by inserting before the period at the end ''; except that such term shall include the payment of premiums for any qualified long-term care insurance contract (as defined in section 7702B)

to the extent the amount of such payment does not exceed the eligible long-term care premiums (as defined in section 213(d)(10)) for such contract''.

(b) FLEXIBLE SPENDING ARRANGEMENTS.—Section 106 of the Internal Revenue Code of 1986 (relating to contributions by employer to accident and health plans) is amended by striking subsection (c).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

**SEC. 5. AUTHORITY TO PROVIDE FOR ADDITIONAL MEDIGAP INSURANCE POLICIES.**

(a) IN GENERAL.—

(1) EXPANSION OF NUMBER OF BENEFIT PACKAGES.—Section 1882(p) of the Social Security Act (42 U.S.C. 1395ss(p)) is amended—

(A) in paragraph (2)(B), by striking '', and'' and inserting ''other than the medicare supplemental policies described in subsection (v); and''; and

(B) in paragraph (2)(C), by striking the period and inserting ''and the policies described in subsection (v).''.

(2) AUTHORITY TO PROVIDE FOR ADDITIONAL POLICIES.—Section 1882 of the Social Security Act (42 U.S.C. 1395ss) is amended by adding at the end the following:

''(v) AUTHORITY TO PROVIDE FOR ADDITIONAL POLICIES.—

''(1) IN GENERAL.—The standards under subsection (p) may be modified (in the manner described in paragraph (1)(E) of such subsection (applying paragraph (3)(A) of such subsection as if the reference to 'this subsection' were a reference to 'the Seniors' Security Act of 2000')) to establish additional benefit packages consistent with the succeeding provisions of this subsection.

''(2) REQUIREMENTS FOR NEW PACKAGES THAT INCLUDE PRESCRIPTION DRUG COVERAGE.—In the case of any benefit package added under paragraph (1) that provides coverage for outpatient prescription drugs, such benefit package—

''(A) shall not provide first-dollar coverage of outpatient prescription drugs;

''(B) may provide a stop-loss coverage benefit for outpatient prescription drugs that limits the application of any beneficiary cost-sharing during a year after incurring a certain amount of out-of-pocket covered expenditures;

''(C) shall not include benefits for prescription drugs otherwise available under part A or B; and

''(D) shall be consistent with the requirements of this section and applicable law.

''(3) USE OF FORMULARIES.—In the case of any benefit package added under paragraph (1) that provides coverage for outpatient prescription drugs, the issuer of any policy containing such a benefit package may use formularies.

''(4) SPECIAL OPEN ENROLLMENT.—

''(A) ESTABLISHMENT.—If any benefit package is added under paragraph (1), the Secretary shall establish an applicable period in which any eligible beneficiary may enroll in any medicare supplemental policy containing such benefit package under the terms described in subparagraph (D).

''(B) ELIGIBLE BENEFICIARY DEFINED.—In this paragraph, the term 'eligible beneficiary' means a beneficiary under this title who is enrolled in a medicare supplemental policy as of the first day that any benefit package added under paragraph (1) is available in the State in which such beneficiary resides.

''(C) APPLICABLE PERIOD DEFINED.—In this paragraph, the term 'applicable period' means—

''(i) in the case of an eligible beneficiary who is enrolled in a medicare supplemental policy which has a benefit package classified as 'H', 'I', or 'J' under the standards established under subsection (p)(2), the 180-day period that begins on the day described in subparagraph (B); and

''(ii) in the case of an eligible beneficiary who is enrolled in a medicare supplemental policy which has a benefit package classified as 'A' through 'G' under the standards established under subsection (p)(2), the 63-day period that begins on the day described in subparagraph (B).

''(D) TERMS DESCRIBED.—The terms described under this subparagraph are terms which do not—

''(i) deny or condition the issuance or effectiveness of a medicare supplemental policy described in subparagraph (A) that is offered and is available for issuance to new enrollees by such issuer;

''(ii) discriminate in the pricing of such policy, because of health status, claims experience, receipt of health care, or medical condition; or

''(iii) impose an exclusion of benefits based on a preexisting condition under such policy.

''(5) ABILITY FOR ISSUER TO CANCEL CERTAIN POLICIES.—Notwithstanding subsection (q)(2), an issuer of a policy containing a benefit package added under paragraph (1) that provides coverage for outpatient prescription drugs may terminate such a policy in a market but only if—

''(A) the termination is—

''(i) done in accordance with State law in such market; and

''(ii) applied uniformly to individuals enrolled under such policy;

''(B) the issuer provides notice to each individual enrolled under such policy of such termination at least 90 days prior to the date of the termination of coverage under such policy; and

''(C) the issuer offers to each individual enrolled under such policy, for at least 180 days after providing the notice pursuant to subparagraph (B), the option to purchase all other medicare supplemental policies currently being offered by the issuer under the terms described in paragraph (4)(D).''.

(b) SALE OF NON-DUPLICATIVE MEDIGAP INSURANCE POLICIES AUTHORIZED.—Section 1882(d)(3) of the Social Security Act (42 U.S.C. 1395ss(d)(3)) is amended—

(1) in subparagraph (A), by adding at the end the following:

''(ix) Nothing in this subparagraph shall be construed as preventing the sale of more than 1 medicare supplemental policy to an individual, provided that the sale is of a medicare supplemental policy that does not duplicate any health benefits under a medicare supplemental policy owned by the individual.''; and

(2) in subparagraph (B)—

(A) in clause (ii)(I), by inserting '', unless a second policy is designed to compliment the coverage under the first policy'' before the comma at the end; and

(B) in clause (iii)—

(i) in subclause (I), by striking ''(II) and (III)'' and inserting ''(II), (III), and (IV)'';

(ii) by redesignating subclause (III) as subclause (IV); and

(iii) by inserting after subclause (II) the following:

''(III) If the statement required by clause (i) is obtained and indicates that the individual is enrolled in 1 or more medicare supplemental policies, the sale of another policy is not in violation of clause (i) if such other policy does not duplicate health benefits under any policy in which the individual is enrolled.''.

(c) NAIC TO CONSULT WITH MEDPAC IN REVISING MODEL STANDARDS.—

(1) IN GENERAL.—In revising the model regulation under section 1882(v) of the Social Security Act (42 U.S.C. 1395ss(v)) (as added by subsection (a)), the National Association of Insurance Commissioners (in this section referred to as the ''NAIC'') should—

(A) consult with the Medicare Payment Advisory Commission established under section 1805 of such Act (42 U.S.C. 1395b–6) (in this subsection referred to as ''MedPAC''); and

(B) consider the MedPAC report transmitted to NAIC in accordance with paragraph (2)(B)(ii).

(2) MEDPAC ANALYSIS AND REPORT.—

(A) ANALYSIS.—MedPAC shall conduct an analysis of the following issues:

(i) The conditions necessary to create a well-functioning, voluntary medicare supplemental insurance market that provides coverage for outpatient prescription drugs.

(ii) The scope of outpatient prescription drug coverage for medicare beneficiaries, including individuals enrolled in Medicare+Choice plans.

(iii) The implications of a medicare supplemental policy that would require issuers of medicare supplemental policies to provide outpatient prescription drug coverage and a stop-loss benefit instead of providing coverage for other benefits available through existing medicare supplemental policies.

(iv) The portion of out-of-pocket spending of medicare beneficiaries on health care expenses attributable to outpatient prescription drugs.

(v) The availability of private health insurance policies that cover outpatient prescription drugs to beneficiaries that are not entitled to benefits under the medicare program.

(vi) The scope of outpatient prescription drug coverage provided by employers to medicare beneficiaries.

(vii) The impact of outpatient prescription drugs on the overall health of medicare beneficiaries.

(viii) The effect of providing coverage for outpatient prescription drugs on the amount of funds expended by the medicare program.

(ix) Whether modifications of benefit packages of existing medicare supplemental policies that provide coverage for outpatient prescription drugs or the creation of new benefit packages that provide coverage for outpatient prescription drugs would allow payment for these policies to be integrated with a Federal contribution.

(x) Such other issues relating to outpatient prescription drugs that would assist Congress in improving the medicare program.

(B) REPORT TO CONGRESS.—

(i) IN GENERAL.—Not later than June 1, 2000, MedPAC shall submit to Congress a report containing a detailed analysis of the issues described in subparagraph (A) together with recommendations for such legislation and administrative actions as MedPAC considers appropriate.

(ii) TRANSMISSION TO NAIC.—At the same time MedPAC submits the report to Congress under clause (i), MedPAC shall transmit such report to the NAIC.●

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By Mr. BAUCUS:

S. 2238. A bill to designate 3 counties in the State of Montana as High Intensity Drug Trafficking Areas and authorize funding for drug control activities in those areas; to the Committee on the Judiciary.

ADMITTING MONTANA TO THE ROCKY MOUNTAIN HIDTA

Mr. BAUCUS. Mr. President, I rise today to introduce critical legislation in the fight against methamphetamine use in rural America.

Methamphetamine, also known as ''meth'' is a powerful and addictive drug. Considered by many youths to be

a casual, soft-core drug with few lasting effects, meth can actually cause more long-term damage to the body than cocaine or crack.

I recently invited General Barry McCaffrey, our drug czar, along with Dr. Don Vereen, his deputy, to Montana to focus attention on the problem of meth use. Their visit was well-received by residents of our state, and much-needed. The fact is, there are a good many talented Montanans working on the meth problem, but they have few resources with which to wage the battle. Moreover, their efforts are often fragmented, not coordinated to the extent they could be, particularly among the treatment, prevention, and law enforcement communities.

To make their job easier, Montana has petitioned to be considered part of the Rocky Mountain High Intensity Drug Trafficking Area (HIDTA). Although the Rocky Mountain HIDTA authorities have stated their willingness to include Montana in its organization, they lack the resources to make that happen.

The bill I am introducing today would authorize funding to make Montana's admission to the Rocky Mountain HIDTA a reality. Here's why that's necessary.

In 1998, the number of juveniles charged with drug-related or violent crimes in the Yellowstone County Youth Court rose by 30 percent. In Lame Deer—the community of the Northern Cheyenne Indian Reservation—kids as young as 8 years old have been seen for meth addiction. Last November in our state, a meth lab blew up in Great Falls, leading to a half dozen arrests. Meth use in Montana has doubled in the past few years. Cases are growing and the states law enforcement can no longer fight the problem.

Mr. President, the DEA reported an increase of meth lab seizures in Montana of 900% from 1993 to 1998. And according to the Office of National Drug Control Policy, based on methamphetamine admission rates per 100,000 persons, Montana is one of eight states with a ''serious methamphetamine problem.''

The meth problem is particularly severe on Montana's Indian reservations, of which our state has seven. Life is hard there. In some reservation towns, over half of the working age adults are unemployed. Because meth is cheap and relatively easy to make, these lower-income individuals are a natural target for meth peddlers. Without viable employment options, too often these young people turn to drugs.

And that's the case throughout Montana, not just on the reservations. In 1998, Montana ranked 47th in the nation in per-capita personal income, 50th in personal income from wages and salaries, and second in the nation for the number of people who work two or more jobs.

Since poverty and drug use often go hand in hand, it came as little surprise to me when a recent report showed a dramatic uptick in the incidence of drug abuse in rural America.

The report, commissioned by the Drug Enforcement Administration and funded by the National Institute on Drug Abuse, focused primarily on 13- and 14-year-olds. It showed that eighth graders in rural America are 83 percent more likely to use crack cocaine than their urban counterparts. They are 50 percent more likely to use cocaine, 34 percent more likely to smoke marijuana, 29 percent more likely to drink alcohol. Even more shocking, the report showed that rural eighth graders were 104 percent more likely to use amphetamines, including methamphetamine. Let me clarify, Mr. President. That is double the rate of urban eighth graders.

The bill I am proposing today would provide Montana the resources to put forth a coordinated effort in the fight against meth in Montana. By admitting Yellowstone, Cascade and Missoula counties to the Rocky Mountain HIDTA, Montana can focus its efforts on the three largest problem areas for meth use. It would increase law enforcement and forensic personnel in Montana; coordinate efforts to exchange information among law enforcement agencies; and engage in a public information campaign to educate the public about the dangers of meth use.

Mr. President, the time has come to fight this scourge. Montana is under seige by meth, and we must do all we can to stop it—for the good of our state and those around us.

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By Mr. ALLARD (for himself, Mr. CAMPBELL, Mr. HATCH, Mr. BENNETT, and Mr. BINGAMAN):

S. 2239. A bill to authorize the Bureau of Reclamation to provide cost sharing for the endangered fish recovery implementation programs for the Upper Colorado River and San Juan River basins; to the Committee on Energy and Natural Resources.

COST SHARING FOR ENDANGERED FISH RECOVERY IMPLEMENTATION PROGRAMS

Mr. ALLARD. Mr. President, today I am introducing legislation to authorize the Bureau of Reclamation to provide cost sharing for the endangered fish recovery implementation programs for the Upper Colorado River and San Juan River basins.

This legislation is the product of years of meetings between water districts, power users, state and federal government and environmental groups. It authorizes federal and non-federal funding of an Upper Basin Recovery Program for endangered species in the Colorado River Basin and the San Juan River Basin. The goal of the program is to recover the Colorado pikeminnow, humpback chub, razorback sucker and bonytail chub while continuing to meet future water supply needs in the Upper Basin states of Colorado, Utah, Wyoming and New Mexico.

To date, more than $20 million has been spent for capital projects to recover the endangered fish. Failure to recover the endangered species could result in limitations on current and future water diversions and use in the Upper Basin states. The legislation provides Congress and the Upper Basin stakeholders a finite Recovery Program under an authorized spending cap.

The legislation authorizes $100 million for capital construction, operations and maintenance to implement other aspects of the program that include fish ladders, hatchery facilities, removal of non-native species and habitat restoration. The cost sharing program authorizes $46 million of federal funds to the Bureau of Reclamation and the remaining $54 million will be generated from state contributions not to exceed $17 million; contributions from power revenues up to $17 million and the remaining $20 million from replacement power credit and capital cost of water.

The States of Colorado, New Mexico, Utah and Wyoming all support the program. Other supporters include: the Colorado River Energy Distributors Association, the Upper Colorado River Endangered Fish Recovery Implementation Program, the Environmental Defense Fund, The Nature Conservancy, Northern Colorado Water Conservancy District, Colorado River Water Conservation District, Southern Ute Indian Tribe and Colorado Water Congress.

It is critical to affirm the federal government's commitment to the implementation of the Recovery Programs. The bill reflects compromise on all sides of the issue and recognizes that protection of endangered species can coincide with water development and water use. The participants want to move ahead with this program and are willing to help share in the costs. I urge my Senate colleagues to support this important legislation.

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By Mr. CRAPO:

S. 2241. A bill to amend title XVII of the Social Security Act to adjust wages and wage-related costs for certain items and services furnished in geographically reclassified hospitals; to the Committee on Finance.

• Mr. CRAPO. Mr. President, I rise today to introduce the Medicare Wage-Index Reclassification Act of 2000. This bill will amend the Social Security Act to redirect additional Medicare reimbursements to rural hospitals. Currently, hospitals throughout the country are losing Medicare reimbursements, which results in severe implications for surrounding communities.

As you know, in an attempt to keep Medicare from consuming its limited reserves, Congress enacted the Balanced Budget Act of 1997 (BBA), which made sweeping changes in the manner that health care providers are reimbursed for services rendered to Medicare beneficiaries. These were the most significant modifications in the history of the program.

All of the problems with the BBA—whether hospitals, nursing facilities, home health agencies, or skilled nursing facilities—are especially acute in rural states, where Medicare payments are a bigger percentage of hospital revenues and profit margins are generally much lower. These facilities were already managed at a highly efficient level and had ''cut the fat out of the system.'' Therefore, the cuts implemented in the BBA hit the rural communities in Idaho and throughout the United States in a very significant and serious way.

In the 1st session, the Senate Finance Committee did a tremendous job of bringing forth legislation that adjusted Medicare payments to health care providers hurt by cuts ordered in the BBA. While this was a meaningful step, the Senate must continue to address the inequities in the system.

My bill would expand wage-index reclassification by requiring the Secretary of Health and Human Services to deem a hospital that has been reclassified for purposes of its inpatient wage-index to also reclassify for purposes of other services which are provider-based and for which payments are adjusted using a wage-index. In other words, this legislation would require the Secretary to use a hospital's reclassification wage-index to adjust payments for hospital outpatient, skilled nursing facility, home health, and other services, providing those entities are provider-based. This change should have been made in BBA when Congress required that prospective payment systems be established for these other services. As such, this change would address an issue that has been left unaddressed for several years.

It makes sense that, if a hospital has been granted reclassification by the Medicare Geographic Classification Review Board for certain inpatient services, it also be granted wage-index reclassification for outpatient and other services. It is estimated that this provision would help approximately 400 hospitals, 90 percent which are rural. Furthermore, this provision would be budget neutral.

I know my colleagues in the Senate share my commitment of promoting access to health care services in rural areas. Expanding wage-index geographic reclassification will allow hospitals to recoup lost funds and use those funds to address patients' needs in an appropriate, effective, and meaningful way. I encourage my colleagues to co-sponsor the Medicare Wage-Index Reclassification Act.

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. 2241

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

**SECTION 1. SHORT TITLE.**

This Act may be cited as the ''Medicare Wage-Index Reclassification Act of 2000''.

**SEC. 2. HOSPITAL GEOGRAPHIC RECLASSIFICATION FOR LABOR COSTS FOR ALL ITEMS AND SERVICES REIMBURSED UNDER PROSPECTIVE PAYMENT SYSTEMS.**

(a) IN GENERAL.—Section 1886(d)(10) of the Social Security Act (42 U.S.C. 1395ww(d)(10)) is amended by adding at the end the following new subparagraph:

''(G) APPLICATION OF HOSPITAL GEOGRAPHIC RECLASSIFICATION FOR INPATIENT SERVICES TO ALL HOSPITAL-FURNISHED ITEMS AND SERVICES REIMBURSED UNDER PROSPECTIVE PAYMENT SYSTEM.—

''(i) IN GENERAL.—In the case of a hospital with an application approved by the Medicare Geographic Classification Review Board under subparagraph (C)(i)(II) to change the hospital's geographic classification for a fiscal year for purposes of the factor used to adjust the DRG prospective payment rate for area differences in hospital wage levels that applies to such hospital under paragraph (3)(E), the change in the hospital's geographic classification for such purposes shall apply for purposes of adjustments to payments for variations in costs which are attributable to wages and wage-related costs for all PPS-reimbursed items and services.

''(ii) PPS-REIMBURSED ITEMS AND SERVICES DEFINED.—For purposes of clause (i), the term 'PPS-reimbursed items and services' means, for cost reporting periods beginning during the fiscal year for which such change has been approved, items and services furnished by the hospital, or by an entity or department of the hospital which is provider-based (as determined by the Secretary), for which payments—

''(I) are made under the prospective payment system for hospital outpatient department services under section 1833(t); and

''(II) are adjusted for variations in costs which are attributable to wages and wage-related costs.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to items and services furnished on or after October 1, 2001.●

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By Mr. THOMAS:

S. 2242. A bill to amend the Federal Activities Inventory Reform Act of 1998 to improve the process for identifying the functions of the Federal Government that are not inherently governmental functions, for determining the appropriate organizations for the performance of such functions on the basis of competition, and for other purposes; to the Committee on Governmental Affairs.

THE FAIR ACT AMENDMENTS OF 2000

Mr. THOMAS. Mr. President, I rise today to introduce legislation to improve the implementation of legislation that Congress passed in 1998, the Federal Activities Inventory Reform Act.

It has been 45 years, since President Dwight D. Eisenhower issued Bureau of the Budget Bulletin 55–4, proclaiming, ''It is the policy of the Government to rely on the private sector to supply the products and services the Government needs.''

Why is it, then, the Federal government has identified some one million positions on its payroll that are commercial in nature? As the author of the FAIR Act, I had hoped that my legislation would have put into place a process, albeit 45 years later, to substantively implement Ike's policy.

Despite almost a half-century of policy that ''the Federal government should not start or carry on any activity to provide a commercial product or service if the product or service can be procured from the private sector'' more than 100 agencies have released FAIR Act inventories identifying some one million commercial Federal positions. Of these, 440,000 are in civilian agencies and more than 65 percent have been exempted from potential outsourcing. In the Department of Defense, 504,000 non-uniformed positions are considered commercial, but 196,000 or 39 percent are exempt from outsourcing.

The first year experience with the FAIR Act raises fundamental questions. If it has been the Federal Government's policy for 45 years to rely on the private sector for commercially available goods and services, how did we get to the point where despite claims of ''reinventing government,'' ''the smallest Federal workforce since the Kennedy Administration'' and other political rhetoric, we have one million Federal employees engaged in commercial activities? How is it that of those one million positions, roughly half will not even be studied to determine if government or private sector performance provides the best value to the taxpayers?

The FAIR Act was intended to shed sunshine on the Federal Government's commercial activities. Its purpose was to tell the American people what its government does and put in place a process to determine how to best get the job done. Unfortunately, implementation of the law has fallen short of these expectations.

The law requires agencies to inventory activities and positions that are not inherently governmental. Inventories are published so that interested parties, both public and private, can challenge inclusions or omissions from the list. However, the Office of Management and Budget (OMB) has overstepped its authority by creating a series of ''reason codes'' that enable agencies to declare activities commercial but exempt from potential outsourcing, and then declaring such reason code designations outside the challenge process. As a result, 482,000 positions, roughly half the government's entire FAIR inventory, has been declared commercial, but exempt from potential outsourcing, public-private competition, or challenge. That is wrong, inconsistent with the law and down right un-FAIR.

Manipulation of the process has also cast a long shadow on the sunshine Congress was seeking. Take for example the Department of Energy. Of 11,765 commercial positions on its inventory, just 618 are ''commercial competitive.'' Within the agency's Bonneville Power Administration (BPA), 1,263 of the agency's 2,267 commercial positions were classified as ''management'' and of these 1,259 were considered ''commercial, in-house core,'' exempt from

further review. Unfortunately, DoE is not alone in gaming the system. The U.S. Army Corps of Engineers, which has 4,500 employees, has inventoried all its positions in just two categories.

These practices, too, are un-FAIR, particularly for federal employees. How can BPA or Corps of Engineers' employees tell if their positions are slated for potential outsourcing? How is the private sector to determine if the positions the Corps has on its inventory involve management of campgrounds, integration of their computer systems, designing a dam, mapping a flood plain, or painting the walls of an office building if all these activities are aggregated into two broad categories? These actions fail to shed sunshine and render the FAIR Act challenge process moot.

The FAIR Act also requires a ''review'' of commercial activities that survive the inventory and challenge process ''within a reasonable time.'' The Act's legislative history clearly demonstrates Congress intended for such a review to be either direct outsourcing or a public-private competition similar to that envisioned in OMB Circular A–76. To date, OMB has not issued guidance on how it will implement such reviews, nor has it established a timetable.

Due to OMB's dismal performance thus far, it is clear that Congress will have to pass a package of FAIR Act amendments to make sure the job is done right. Today I introduce legislation to do just that.

This legislation is largely technical in nature but the major provisions would improve the accuracy and usefulness of the inventories, make sure Federal employees are notified when their jobs appear on the inventories, fortify the review process, require a report on the portability of federal employees' pension benefits, ban federal agencies from performing any commercial activity for other federal agencies or state and local governments unless a cost comparison is conducted and prohibits the conversion of any activity on a FAIR Act inventory to Federal Prison Industries.

I look forward to working with Chairman THOMPSON and Ranking Member LIEBERMAN of the Government Affairs Committee to see that this common sense legislation is enacted into law this year.

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By Ms. LANDRIEU (for herself, Ms. SNOWE, Mr. KERRY, Mr. CLELAND, Mrs. MURRAY, Ms. MIKULSKI, Mr. ABRAHAM, and Mr. JEFFORDS):

S. 2243. A bill to reauthorize certain programs of the Small Business Administration, and for other purposes; to the Committee on Small Business.

NATIONAL WOMEN'S BUSINESS COUNCIL REAUTHORIZATION ACT OF 2000

Ms. LANDRIEU. Mr. President, today I, along with Senators SNOWE, KERRY, CLELAND, MURRAY, MIKULSKI, ABRAHAM, and JEFFORDS, am introducing the National Women's Business Council Re-authorization Act of 2000. This legislation would ensure that one of our most valued resources may continue its work in support of women's business ownership. The bi-partisan National Women's Business Council has provided important advice and counsel to the Congress since it was established in 1988. At that time, there were 2.4 million women business owners documented; today, there are over 9 million women who own and operate businesses in every sector, from home based services to construction trades to high tech giants. Women are changing the face of our economy at an unprecedented rate, and the Council has been our eyes and ears as we anticipate the needs of this burgeoning entrepreneurial sector. The 15 appointees to the Council, all prominent business women, have been hard at work during the last three years. Some of their accomplishments include: hosting Summit '98, a national economic forum that produced a Master Plan of initiatives and recommendations to sustain and grow the entrepreneurial economy; preparing a Best Practices Guide for Contracting with Woman, and issuing a comprehensive statistical study of 11 years of federal contracting with women owned businesses; co-hosting a series of highly regarded policy forums with the Federal Reserve in 10 cities, including New Orleans, Louisiana, on capital access issues facing entrepreneurs and working to secure the collection of data on women-owned businesses by the Bureau of the Census, and funding new research on a range of issues concerning women's business development.

Recently, the Council has stepped up efforts to increase access to credit for women-owned businesses. This spring, the Council will release a report in collaboration with the Milken Institute, which will identify model programs that have been successful in increasing the flow of credit to small, women owned businesses, especially those in the retail, service or high tech sectors. The Council is also working to increase investments in women-led firms by launching Springboard 2000, a national series of women's venture capital forums. Building on the momentum of its highly successful Silicon Valley event in January, the Council will host at least two more forums showcasing women-led businesses before private, corporate and venture capital investors. As my colleague Senator KERRY has said so often, the equity markets are the last frontier for women entrepreneurs. The Council's venture capital fairs provide women entrepreneurs with much needed access to capital so that they can launch and grow their high tech businesses.

The Council is leading the effort to increase access to competitive contracting opportunities by working with federal agencies and women's business organizations. Later this year, the Council will release an extensive report on the characteristics and experiences of the over 5,000 women business owners who have been successful in receiving federal contracts. We eagerly look forward to reviewing their findings.

Under the chairmanship of Kay Koplovitz, the Council has indeed taken a bold new approach in its advocacy of the fastest growing business sector. As a result of the Council's work this year, we will know more than ever about women's business enterprise, their economic trends, the characteristics of their owners and their public and private sector needs. The Council has been a powerful resource for policy makers by providing valuable data, information and recommendations which are essential if we are to assist our communities in sustaining the unparalleled number of new businesses launched in the last 7 years.

It is for these reasons and more that I am introducing legislation to re-authorize the Council for another three years. It is imperative that the National Women's Business Council continues its great work and expands its activities to support initiatives that are creating the infrastructure for women's entrepreneurship at the state and local level.

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By Mr. WYDEN (for himself and Mr. BAUCUS):

S. 2244. A bill to increase participation in employee stock purchase plans and individual retirement plans so that American workers may share in the growth in the United States economy attributable to international trade agreements; to the Committee on Finance.

WORKING FAMILIES TRADE BONUS ACT

Mr. WYDEN. Mr. President, many working Americans fell like they've been left on the sidelines in the high-stakes game of international trade. As U.S. companies expand overseas, corporate profits soar. Workers standby watching for some tangible benefits for their own pocketbooks. A May 1999 Los Angeles Times story captured Americans' skepticism toward trade. The story found just over half the public in March 1994 believed that treaties such as NAFTA would create U.S. jobs, with only 32% fearing jobs loss. But by December 1998, the attitudes had flip-flopped. A Wall Street Journal/NBC News poll found that 58% of Americans believed that trade had reduced U.S. jobs and wages.

Nowhere has Americans' growing alienation from the world trading system been more evident than at the November 1999 World Trade Organization (WTO) Ministerial meeting. The nightly news was filled with the pictures of workers protesting the WTO in the streets of Seattle. This sense of alienation will continue to grow unless workers themselves start to see more direct benefits from trade.

The legislation I am pleased to introduce today with Senator BAUCUS is an effort to narrow America's dividend divide in world trade. Our bill, The Working Families Trade Bonus Act, says

that when companies win from world trade, workers should win, too. The bill would do this by encouraging companies to give their workers added Trade Bonus stock options—which workers at *Fortune* magazine's top 100 U.S. companies identified as one of the key reasons they work for the company. And for the millions of working Americans who don't have stock plans—farmers, self-employed and small business people—the bill would allow them to double the maximum allowable annual IRA contribution.

The bill specifically targets workers who are often excluded by company stock option plans—those at the lower end of company pay scales. The Trade Bonus program prohibits a company from discriminating in favor of highly compensated employees and requires that all employees be allowed to purchase the maximum amount of stock allowed by law at the lowest price allowed by law. The program would not allow companies to substitute stock options for regular compensation. Together, these safeguards assure that all workers are included in the trade winner's circle.

Proponents of free trade, like Senator BAUCUS and myself, have done a lot of talking about its benefits. Manufactured goods are the centerpiece of our nation's export—accounting for nearly two-thirds of total U.S. exports of goods and services. Exports support about one in every five American factory jobs. These jobs pay about 15 percent more on average than non-export-related jobs, require more skills and are less prone to economic downturns than those accounted for fully one-third of our nation's economic growth, and since 1950, international trade flows have grown twice as fast as the economy. Yet, most workers have few good things to say about free trade because they've never seen any direct benefits from it. It's time to turn the rhetoric about free trade into real benefits for workers. It's time to widen the winner's circle to make sure that American workers share directly in the rewards of free trade.

Our legislation would require the Secretary of Commerce to determine annually, beginning with 1998, whether international trade has contributed to an increase in U.S. GDP. This determination would be included in the President's budget for the subsequent fiscal year. For every year in which the Secretary makes a determination that trade has contributed to an increase in the U.S. GDP, employers would be encouraged to contribute additional compensation up to $2,000 per worker per year to employee stock purchase plans. These additional contributions to an employee's stock purchase plan—the Trade Bonus—would not be subject to capital gains tax. For workers who are not eligible for an employee stock purchase plan Trade Bonus, the bill allows them to double the allowable annual amount of their IRA contribution—to a maximum of $4,000.

For employers with 100 or fewer employees that do not have employee stock purchase plans, the bill would give them a significant incentive to create them; the bill offers a one-time tax credit to help offset all the administrative fees directly related to establishing an employee stock purchase plan. It would also provide limited tax credits for three subsequent years for costs directly related to IRS compliance and employee education about the Trade Bonus program. The language of this section is drawn from previous legislation and assures that the tax credit applies only to the actual cost of creating the employee stock purchase plan and not to services that may be related to retirement planning, such as tax preparation, accounting, legal or brokerage services.

The bill sets out guidelines for employers establishing or expanding an employee stock purchase plan under the Trade Bonus program, including that employees be eligible for the maximum amount of $2,000 at the lowest price allowed by law; that employers make the plan available to the widest range of employees without discrimination in favor of highly compensated employees; that employers ensure that the trade bonus is in addition to compensation an employee would normally receive (and that safeguards be in place to do so); and that it does not result in lack of diversification of an employee's assets.

Here's how the Working Families Trade Bonus Act would work. As under current law, employee stock purchase plans offer stock to participants at a discount. The current minimum purchase price is the lesser of 85% of the value of the stock on the date of the grant of the options (usually the beginning of the purchase period) or 85% of the value of the stock when the option is exercised—usually the end of the purchase period. This means that, in the period during which the stock has appreciated, the employee can get the benefit of the appreciation and, in a period during which the stock has depreciated, the employee might still be able to buy employer stock at a discounted price, or, if the plan provides, could decline to purchase the stock.

For example, let's say the President announces in the budget for FY 2001 that international trade contributed to growth in US GDP in 1999. Fleet of Foot Shoes, an athletic shoe manufacturer in Florence, Oregon, decides to award its workers the full $2,000 trade bonus on February 1, 2000. If a share of Fleet of Foot stock is worth $100 on the date of the grant of the option and $200 when the option is exercised, say December 2001, the employees' purchase price can be as low as $85. This means the employee can purchase stock worth $200 for only $85, so the employee is able to purchase more than 40 shares of stock for the price of only 20 shares. Alternatively, if the stock is worth $50 when the option is exercised, the employee is able to purchase stock worth $50 for only $42.50.

Here is how the tax benefit would work. Under current law, employees who hold qualified stock at least two years from the date of grant of the option and one year from the purchase of the stock are entitled to a capital gains tax break until the point they sell the stock. If an employee chooses to sell stock purchased through the Trade Bonus and the purchase price was less than the fair market value on the date the option was granted, then the difference between the purchase price and the fair market value will be taxed as ordinary income in the year the stock is sold. Under my proposal, the remainder of the gain that would otherwise be taxed as a capital gain in the same year would not be taxed. So, using the Trade Bonus, if an employee pays $85 to buy a share of stock whose fair market value is $100, holds onto the share for more than the required two years and then sells it for $150, the $15 discount on the original purchase price would be taxed as ordinary income, but the employee would not pay capital gains tax on the $50 increase in the value of the share of stock.

About one-half of all American adults own stock today, and stocks are now the largest asset families own, exceeding even home equity. Fortune's January 2000 survey found 36 of the 58 publicly held companies on the top 100 list offer options to all employees. According to a 1998 survey of Oregon technology companies, almost two-thirds of Oregon's technology companies offer stock options. In today's tight employment market where companies compete to attract and retain the best employees, stock purchase plans are becoming increasingly common. The National Center for Employee Ownership estimates that seven and a half million Americans work for companies that make stock options available, and that employees own nine percent of total corporate equity in the United States. A recent Federal Reserve study found that one-third of the firms it surveyed offer stock options to employees other than executives.

Our legislation will build upon this trend. The Working Families Trade Bonus Opportunity Act will give workers the chance to share directly in the benefits of free trade. This legislation will help put real money into the pockets of working Americans, and help move stock options out of the corner office and onto the shop floor. I ask unanimous consent that a copy 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. 2244

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

**SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE.**

(a) SHORT TITLE.—This Act may be cited as the ''Working Families Trade Bonus Act''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in

this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

**SEC. 2. FINDINGS AND PURPOSE.**

(a) FINDINGS.—Congress finds that—

(1) exports represent a growing share of United States production, and exports have accounted for more than 10 percent of the United States gross domestic product in recent years,

(2) export growth represented more than 36 percent of overall United States growth in gross domestic product between 1987 and 1997,

(3) international trade flows in the United States have grown twice as fast as the economy since 1950, and, in real terms, the growth rate for international trade has averaged about 6.5 percent a year,

(4) between 1987 and 1997, more than 5,500,000 United States jobs have been created by international trade,

(5) the globalization of the United States economy demands that appropriate domestic policy measures be undertaken to assure American workers enjoy the benefits of globalization rather than be undermined by it, and

(6) when the domestic economy and United States companies achieve growth and profits from international trade, workers ought to share in the benefits.

(b) PURPOSE.—It is the purpose of this Act to assist American workers in benefiting directly when international trade produces domestic economic growth.

## TITLE I—TRADE BONUS

**SEC. 101. DETERMINATION AND ANNOUNCEMENT OF TRADE BONUS.**

(a) DETERMINATION.—

(1) IN GENERAL.—The Secretary of Commerce or the Secretary's delegate shall, for each calendar year after 1998, determine whether international trade of the United States contributed to an increase in the gross domestic product of the United States for such calendar year.

(2) TIME FOR DETERMINATION; SUBMISSION.—The Secretary shall make and submit to the President the determination under paragraph (1) as soon as practicable after the close of a calendar year, but in no event later than June 1 of the next calendar year. Such determination shall be made on the basis of the most recent available data as of the time of the determination.

(b) INCLUSION IN BUDGET.—The President shall include the determination under subsection (a) with the supplemental summary of the budget for the fiscal year beginning in the calendar year following the calendar year for which the determination was made.

## TITLE II—PROVISIONS TO ENSURE WORKERS SHARE IN TRADE BONUS

**SEC. 201. UNITED STATES POLICY ON INTERNATIONAL TRADE BONUS.**

(a) GENERAL POLICY OF THE UNITED STATES.—It is the policy of the United States that if there is an increase in the portion of the gross domestic product of the United States for any calendar year which is attributable to international trade of the United States—

(1) workers ought to share in the benefits of the increase through—

(A) the establishment of employee stock purchase plans by employers that have not already done so,

(B) the expansion of employee stock purchase plans of employers that have already established such plans, and

(C) the opportunity to make additional contributions to individual retirement plans if the workers are unable to participate in employee stock purchase plans,

(2) employers should contribute additional compensation to such employee stock purchase plans in an amount up to $2,000 per employee, and

(3) workers should contribute additional amounts up to $2,000 to individual retirement plans.

(b) GUIDELINES.—It is the policy of the United States that any employer establishing or expanding an employee stock purchase plan under the policy stated under subsection (a) should—

(1) provide that the amount of additional stock each employee is able to purchase in any year there is a trade bonus is the amount determined by the employer but not in excess of $2,000,

(2) make the plan available to the widest range of employees without discriminating in favor of highly compensated employees,

(3) allow for the purchase of the maximum amount of stock allowed by law at the lowest price allowed by law, and

(4) ensure that the establishment or expansion of such plan—

(A) provides employees with compensation that is in addition to the compensation they would normally receive, and

(B) does not result in a lack of diversification of an employee's assets, particularly such employee's retirement assets.

**SEC. 202. ELIMINATION OF CAPITAL GAINS TAX ON GAIN FROM STOCK ACQUIRED THROUGH EMPLOYEE STOCK PURCHASE PLAN.**

(a) IN GENERAL.—Part I of subchapter P of chapter 1 (relating to treatment of capital gains) is amended by adding at the end the following new section:

**"SEC. 1203. EXCLUSION FOR GAIN FROM STOCK ACQUIRED THROUGH EMPLOYEE STOCK PURCHASE PLAN.**

''(a) GENERAL RULE.—Gross income of an employee shall not include gain from the sale or exchange of stock—

''(1) which was acquired by the employee pursuant to an exercise of a trade bonus stock option granted under an employee stock purchase plan (as defined in section 423(b)), and

''(2) with respect to which the requirements of section 423(a) have been met before the sale or exchange.

''(b) TRADE BONUS STOCK OPTION.—For purposes of this section—

''(1) IN GENERAL.—The term 'trade bonus stock option' means an option which—

''(A) is granted under an employee stock purchase plan (as defined in section 423(b)) for a plan year beginning in a calendar year following a calendar year for which a trade bonus percentage has been determined under section 101 of the Working Families Trade Bonus Act, and

''(B) the employer designates, at such time and in such manner as the Secretary may prescribe, as a trade bonus stock option.

''(2) ANNUAL LIMITATION.—Options may not be designated as trade bonus stock options with respect to an employee for any plan year to the extent that the fair market value of the stock which may be purchased with such options (determined as of the time the options are granted) exceeds $2,000.''

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (9) of section 1(h) (relating to maximum capital gains rate) is amended by striking ''and section 1202 gain'' and inserting ''section 1202 gain, and gain excluded from gross income under section 1203(a)''.

(2) Section 172(d)(2)(B) (relating to modifications with respect to net operating loss deduction) is amended by striking ''section 1202'' and inserting ''sections 1202 and 1203''.

(3) Section 642(c)(4) (relating to adjustments) is amended by inserting ''or 1203(a)'' after ''section 1202(a)'' and by inserting ''or 1203'' after ''section 1202''.

(4) Section 643(a)(3) (defining distributable net income) is amended by striking ''section 1202'' and inserting ''sections 1202 and 1203''.

(5) Section 691(c)(4) (relating to coordination with capital gain provisions) is amended by inserting ''1203,'' after ''1202,''.

(6) The second sentence of section 871(a)(2) (relating to capital gains of aliens present in the United States 183 days or more) is amended by inserting ''or 1203'' after ''section 1202''.

(7) The table of sections of part I of subchapter P of chapter 1 is amended by adding at the end the following:

''Sec. 1203. Exclusion for gain from stock acquired through employee stock purchase plan.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to stock acquired on and after the date of the enactment of this Act.

**SEC. 203. TRADE BONUS CONTRIBUTIONS TO INDIVIDUAL RETIREMENT PLANS.**

(a) IN GENERAL.—Section 219(b) (relating to maximum amount of deduction) is amended by adding at the end the following new paragraph:

''(5) ADDITIONAL CONTRIBUTIONS IN TRADE BONUS YEARS.—

''(A) IN GENERAL.—If there is a determination under section 101 of the Working Families Trade Bonus Act that there is a trade bonus for any calendar year, then, in the case of an eligible individual, the dollar amount in effect under paragraph (1)(A) for taxable years beginning in the subsequent calendar year shall be increased by $2,000.

''(B) ELIGIBLE INDIVIDUAL.—For purposes of subparagraph (A), the term 'eligible individual' means, with respect to any taxable year, any individual other than an individual who is eligible to receive a trade bonus stock option (as defined in section 1203(b)) for a plan year beginning in the taxable year.''

(b) CONFORMING AMENDMENTS.—

(1) Section 408(a)(1) is amended by striking ''in excess of $2,000 on behalf of any individual'' and inserting ''on behalf of any individual in excess of the amount in effect for such taxable year under section 219(b)(1)(A)''.

(2) Section 408(b)(2)(B) is amended by striking ''$2,000'' and inserting ''the dollar amount in effect under section 219(b)(1)(A)''.

(3) Section 408(b) is amended by striking ''$2,000'' in the matter following paragraph (4) and inserting ''the dollar amount in effect under section 219(b)(1)(A)''.

(4) Section 408(j) is amended by striking ''$2,000''.

(5) Section 408(p)(8) is amended by striking ''$2,000'' and inserting ''the dollar amount in effect under section 219(b)(1)(A)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

**SEC. 204. CREDIT FOR SMALL EMPLOYER STOCK PURCHASE PLAN START-UP COSTS.**

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits) is amended by adding at the end the following new section:

**"SEC. 45D. SMALL EMPLOYER STOCK PURCHASE PLAN CREDIT.**

''(a) GENERAL RULE.—For purposes of section 38, in the case of an eligible employer, the small employer stock purchase plan credit determined under this section for any taxable year is an amount equal to the qualified start-up costs paid or incurred by the taxpayer during the taxable year.

''(b) LIMITS ON START-UP COSTS.—In the case of qualified start-up costs not paid or incurred directly for the establishment of a qualified stock purchase plan, the amount of

the credit determined under subsection (a) for any taxable year shall not exceed the lesser of 50 percent of such costs or—

''(1) $2,000 for the first taxable year ending after the date the employer established the qualified employer plan to which such costs relate,

''(2) $1,000 for each of the second and third such taxable years, and

''(3) zero for each taxable year thereafter.

''(c) DEFINITIONS.—For purposes of this section—

''(1) ELIGIBLE EMPLOYER.—

''(A) IN GENERAL.—The term 'eligible employer' means, with respect to any year, an employer which has 100 or fewer employees who received at least $5,000 of compensation from the employer for the preceding year.

''(B) REQUIREMENT FOR NEW QUALIFIED EMPLOYER PLANS.—Such term shall not include an employer if, during the 3-taxable year period immediately preceding the 1st taxable year for which the credit under this section is otherwise allowable for a qualified stock purchase plan of the employer, the employer and each member of any controlled group including the employer (or any predecessor of either) established or maintained an employee stock purchase plan with respect to which contributions were made, or benefits were accrued, for substantially the same employees as are in the qualified stock purchase plan.

''(2) QUALIFIED START-UP COSTS.—The term 'qualified start-up costs' means any ordinary and necessary expenses of an eligible employer which are paid or incurred in connection with—

''(A) the establishment or maintenance of a qualified stock purchase plan in which employees are eligible to participate, and

''(B) providing educational information to employees regarding participation in such plan and the benefits of participating in the plan.

Such term does not include services related to retirement planning, including tax preparation, accounting, legal, or brokerage services.

''(3) QUALIFIED STOCK PURCHASE PLAN.—

''(A) IN GENERAL.—The term 'qualified stock purchase plan' means an employee stock purchase plan which—

''(i) allows an employer to designate options as trade bonus stock options for purposes of section 1203,

''(ii) limits the amount of options which may be so designated for any employee to not more than $2,000 per year, and

''(iii) does not discriminate in favor of highly compensated employees (within the meaning of section 414(q)).

''(B) EMPLOYEE STOCK PURCHASE PLAN.—The term 'employee stock purchase plan' has the meaning given such term by section 423(b).

''(d) SPECIAL RULES.—

''(1) AGGREGATION RULES.—All persons treated as a single employer under subsection (a) or (b) of section 52, or subsection (n) or (o) of section 414, shall be treated as one person. All qualified stock purchase plans of an employer shall be treated as a single qualified stock purchase plan.

''(2) DISALLOWANCE OF DEDUCTION.—No deduction shall be allowable under this chapter for any qualified start-up costs for which a credit is determined under subsection (a).

''(3) ELECTION NOT TO CLAIM CREDIT.—This section shall not apply to a taxpayer for any taxable year if such taxpayer elects to have this section not apply for such taxable year.''

(b) CREDIT ALLOWED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) (defining current year business credit) is amended by striking ''plus'' at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting '', plus'', and by adding at the end the following new paragraph:

''(13) in the case of an eligible employer (as defined in section 45D(c)), the small employer stock purchase plan credit determined under section 45D(a).''

(c) PORTION OF CREDIT REFUNDABLE.—Section 38(c) (relating to limitation based on amount of tax) is amended by adding at the end the following new paragraph:

''(4) PORTION OF SMALL EMPLOYER PENSION PLAN CREDIT REFUNDABLE.—

''(A) IN GENERAL.—In the case of the small employer stock purchase plan credit under subsection (b)(13), the aggregate credits allowed under subpart C shall be increased by the lesser of—

''(i) the credit which would be allowed without regard to this paragraph and the limitation under paragraph (1), or

''(ii) the amount by which the aggregate amount of credits allowed by this section (without regard to this paragraph) would increase if the limitation under paragraph (1) were increased by the taxpayer's applicable payroll taxes for the taxable year.

''(B) TREATMENT OF CREDIT.—The amount of the credit allowed under this paragraph shall not be treated as a credit allowed under this subpart and shall reduce the amount of the credit allowed under this section for the taxable year.

''(C) APPLICABLE PAYROLL TAXES.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'applicable payroll taxes' means, with respect to any taxpayer for any taxable year—

''(I) the amount of the taxes imposed by sections 3111 and 3221(a) on compensation paid by the taxpayer during the taxable year,

''(II) 50 percent of the taxes imposed by section 1401 on the self-employment income of the taxpayer during the taxable year, and

''(III) 50 percent of the taxes imposed by section 3211(a)(1) on amounts received by the taxpayer during the calendar year in which the taxable year begins.

''(ii) AGREEMENTS REGARDING FOREIGN AFFILIATES.—Section 24(d)(3)(C) shall apply for purposes of clause (i).''

(d) CONFORMING AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Sec. 45D. Small employer stock purchase plan credit.''

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to costs paid or incurred in connection with qualified stock purchase plans established after the date of the enactment of this Act.

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By Mr. GRASSLEY:

S. 2245. A bill to amend the Harmonized Tariff Schedule of the United States to modify the article description with respect to certain handwoven fabrics; to the Committee on Finance.

HARMONIZED TARIFF SCHEDULE LEGISLATION

Mr. GRASSLEY. 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. 2245

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

**SECTION 1. CERTAIN HAND-WOVEN FABRICS.**

(a) IN GENERAL.—Subheadings 5111.11.30 and 5111.19.20 of the Harmonized Tariff Schedule of the United States are amended by striking '', with a loom width of less than 76 cm'' each place it appears and inserting ''yarns of different colors''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) applies with respect to goods entered, or withdrawn from warehouse for consumption, on or after the 30th day after the date of enactment of this Act.

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By Mr. BOND (for himself and Mr. GRASSLEY):

S. 2246. A bill to amend the Internal Revenue Code of 1986 to clarify that certain small businesses are permitted to use the cash method of accounting even if they use merchandise or inventory; to the Committee on Finance.

SMALL BUSINESS ACCOUNTING METHOD CLARIFICATION ACT OF 1999

Mr. BOND. Mr. President, I rise today to introduce a bill that addresses an issue of growing concern to small businesses across the nation—tax accounting methods. And I am pleased to be joined in this effort by my colleague from Iowa, Senator GRASSLEY.

While this topic may lack the notoriety of some other tax issues currently in the spotlight like the estate tax or alternative minimum tax, it goes to the heart of a business' daily operations—reflecting its income and expenses. And because it is such a fundamental issue, one may ask: ''What's the big deal?'' Hasn't this been settled long ago?'' Regrettably, recent efforts by the Treasury Department and Internal Revenue Service (IRS) have muddied what many small business owners have long seen as a settled issue.

To many small business owners, tax accounting simply means that they record cash receipts when they come in and the cash they pay when they write a check for a business expense. The difference is income, which is subject to taxes. In its simplest form, this is known as the ''cash receipts and disbursements'' method of accounting—or the ''cash method'' for short. It is easy to understand, it is simple to undertake in daily business operations, and for the vast majority of small enterprises, it matches their income with the related expenses in a given year. Coincidentally, it's also the method of accounting used by the Federal Government to keep track of the $1.7 trillion in tax revenues it collects each year as well as all of its expenditures for salaries and expenses, procurement, and the cost of various government programs.

Unfortunately, the IRS has taken a different view in recent years with respect to small businesses on the cash method. In too many cases, the IRS contends that a small business should report its income when all events have occurred to establish the business' right to receipt and the amount can reasonably be determined. Similar principles are applied to determine when a business may recognize an expense. This method of accounting is known as ''accrual accounting.'' The reality of accrual accounting for a small business is that it may be

deemed to have income well before the cash is actually received and an expense long after the cash is actually paid. As a result, accrual accounting can create taxable income for a small business that has yet to receive the cash necessary to pay the taxes.

While the IRS argues that the accrual method of accounting produces a more accurate reflection of ''economic income,'' it also produces a major headache for small enterprise. Few entrepreneurs have the time or experience to undertake accrual accounting, which forces them to hire costly accountants and tax preparers. By some estimates, accounting fees can increase as much as 50% when accrual accounting is required, excluding the cost of high-tech computerized accounting systems that some businesses must install. For the brave few that try to handle the accounting on their own, the accrual method often leads to major mistakes, resulting in tax audits and additional costs for professional help to sort the whole mess out—not to mention the interest and penalties that the IRS may impose as a result of the mistake.

To make matters even worse, the IRS recently began focusing on small service providers who use some merchandise in the performance of their service. In an e-mail sent to practitioners in my State of Missouri and in Kansas, the IRS' local district office took special aim at the construction industry asserting that ''[t]axpayers in the construction industry who are on the cash method of accounting may be using an improper method. The cash method is permissible only if materials are not an income producing factor.'' For these lucky service providers, the IRS now asserts that the use of merchandise requires the business to undertake an additional and even more onerous form of bookkeeping—inventory accounting.

Let's be clear about the kind of taxpayer at issue here. It's the home builder who by necessity must purchase wood, nails, dry wall, and host of other items to provide the service of constructing a house. Similarly, it's a painting contractor who will often purchase the paint when she renders the service of painting the interior of a house. These service providers generally purchase materials to undertake a specific project and at its end, little or no merchandise remains. They may even arrange for the products to be delivered directly to their client. In either case, the IRS insists that inventory accounting is now required.

Mr. President, if we thought that accrual accounting is complicated and burdensome, imagining in having to keep track of all the boards, nails, and paint used in the home builder's and painter's jobs each year. And the IRS doesn't stop at inventory accounting for these service providers. Instead, they use it as the first step to imposing overall accrual accounting—a one-two punch for the small service provider when it comes to compliance burdens.

Even more troubling is the cost of an audit for these unsuspecting service providers who have never known they were required to use inventories or accrual accounting. According to a survey of practitioners by the Padgett Business Services Foundation, audits of businesses on the issue of merchandise used in the performance of services resulted in tax deficiencies from $2,000 to $14,000, with an average of $7,200. That's a pretty steep price to pay for an accounting method error that the IRS has for years never enforced.

In many cases, like retailing, inventory accounting makes sense. Purchasing or manufacturing products and subsequently selling them is the heart of a retail business, and keeping track of those products is a necessary reality. But for a service provider with incidental merchandise, like a roofing contractor, inventory accounting is nothing short of an unnecessary government-imposed compliance cost.

The bill I'm introducing today, the Small Business Tax Accounting Simplification Act of 2000, addresses both of these issues. First, it establishes a clear threshold for when small businesses may use the cash method of accounting. Simply put, if a business has an average of $5 million in annual gross receipts or less during the preceding three years, it may use the cash method. Plain and simple—no complicated formula; no guessing if you made the right assumptions and arrived at the right answer. If the business exceeds the threshold, it may still seek to establish, as under current law, that the cash method clearly reflects its income.

Some may argue that this provision is unnecessary because section 448(b) and (c) already provide a $5 million gross receipts test with respect to accrual accounting. That's a reasonable position since many in Congress back in 1986 intended section 448 to provide relief for small business taxpayers using the cash method. Unfortunately, the IRS has twisted this section to support its quest to force as many small businesses as possible into costly accrual accounting. The IRS construes section 448 as merely a $5 million ceiling above which a business can never use the cash method. My bill corrects this misinterpretation once and for all—if a business has average gross receipts of $5 million or less, it is free to use cash accounting.

Second, for small service providers, the Small Business Tax Accounting Simplification Act, creates a straightforward threshold for inventory accounting. If the amount paid for merchandise by a small service provider is less than 50% of its gross receipts, based on its prior year's figures, no inventory accounting would be required. Above that level, the taxpayer would look more like a retail business and inventory accounting may make sense.

These two thresholds set forth in my bill are common sense answers to an increasing burden for small businesses in this country. In addition, it sends a clear signal to the IRS: stop wasting scarce resources forcing small businesses to adopt complex and costly accounting methods when the benefit to the Treasury is simply a matter of timing. Whether a small business uses the cash or accrual method or inventory accounting or not, in the end, the government will still collect the same amount of taxes—maybe not all this year, but very likely early in the next year. What small business can go very long without collecting what it is owed or paying its bills?

To date, the Treasury Department's answer has been to suggest a $1 million threshold under which a small business could escape accrual accounting and presumably inventories. While it is a step in the right direction, it simply doesn't go far enough. Even ignoring inflation, if a million dollar threshold were sufficient, why would Congress have tried to enact a $5 million threshold 14 years ago? My bill completes the job that the Treasury Department has been unable or unwilling to do.

Mr. President, the legislation I introduce today is substantially similar to the bill introduced in the other body by my good friend and fellow Missourian, JIM TALENT (H.R. 2273). With the strong support he has built among his colleagues in the other chamber and in the small business community, I expect to continue the momentum in the Senate and achieve some much needed relief from unnecessary compliance burdens and costs for America's small businesses.

The call for tax simplification has been growing increasingly loud in recent years, and the bill I offer today provides an excellent opportunity for us to advance the ball well down the field. This is not a partisan issue; it's a small business issue. And I urge my colleagues on both sides of the aisle to join me in this common sense legislation for the benefit of America's small enterprises, which contribute so greatly to this country's economic engine.

Mr. President, I ask unanimous consent to print in the RECORD a copy of the bill and a description of its provisions.

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

S. 2246

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

**SECTION 1. SHORT TITLE.**

This Act may be cited as the ''Small Business Tax Accounting Simplification Act of 2000''.

**SEC. 2. CLARIFICATION OF CASH ACCOUNTING RULES FOR SMALL BUSINESS.**

Section 446 of the Internal Revenue Code of 1986 (relating to general rule for methods of accounting) is amended by adding at the end the following new subsection:

''(g) SMALL BUSINESS TAXPAYERS PERMITTED TO USE CASH ACCOUNTING METHOD WITHOUT LIMITATION.—Notwithstanding any other provision of law, a taxpayer shall not

be required to use an accrual method of accounting for any taxable year, if the average annual gross receipts of such taxpayer (or any predecessor) for the 3-year-period ending with the preceding taxable year does not exceed $5,000,000. The rules of paragraphs (2) and (3) of section 448(c) shall apply for purposes of the preceding sentence. In the case of a C corporation or a partnership which has a C corporation as a partner, the first sentence of this subsection shall apply only if such C corporation or partnership meets the requirements of section 448(b)(3).''.

(b) CLARIFICATION OF INVENTORY RULES FOR SMALL BUSINESS.—Section 471 of the Internal Revenue Code of 1986 (relating to general rule for inventories) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

''(c) SMALL BUSINESS SERVICE PROVIDERS NOT REQUIRED TO USE INVENTORIES.—A taxpayer shall not be required to use inventories under this section for a taxable year if the amounts paid for merchandise sold during the preceding taxable year were less than 50 percent of the gross receipts received during such preceding taxable year. For purposes of this subsection, gross receipts for any taxable year shall be reduced by returns and allowances made during such year.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

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SMALL BUSINESS TAX ACCOUNTING SIMPLIFICATION ACT OF 2000—DESCRIPTION OF PROVISIONS

The bill amends section 446 of the Internal Revenue Code to provide a clear threshold for small businesses to use the cash receipts and disbursements method of accounting, instead of accrual accounting. To qualify, the business must have $5 million or less in average annual gross receipts based on the preceding three years.

The bill also amends section 471 of the Internal Revenue Code to provide a small service provider exception to the inventory accounting rules. Under this provision, if the amount spent on merchandise by a service provider is less than 50% of its gross receipts, inventory accounting under section 471 would not be required. This 50% test is based on the service provider's purchases and gross receipts in the preceding taxable year.

Both provisions of the bill would be effective beginning on the date of enactment.

## ADDITIONAL COSPONSORS

S. 353

At the request of Mr. GRASSLEY, the name of the Senator from Georgia (Mr. COVERDELL) was added as a cosponsor of S. 353, a bill to provide for class action reform, and for other purposes.

S. 577

At the request of Mr. HATCH, the name of the Senator from Florida (Mr. GRAHAM) was added as a cosponsor of S. 577, a bill to provide for injunctive relief in Federal district court to enforce State laws relating to the interstate transportation of intoxicating liquor.

S. 1452

At the request of Mr. SHELBY, the name of the Senator from Georgia (Mr. COVERDELL) was added as a cosponsor of S. 1452, a bill to modernize the requirements under the National Manufactured Housing Construction and Safety Standards of 1974 and to establish a balanced consensus process for the development, revision, and interpretation of Federal construction and safety standards for manufactured homes.

S. 1464

At the request of Mr. HAGEL, the names of the Senator from Ohio (Mr. VOINOVICH), and the Senator from Kansas (Mr. BROWNBACK) were added as cosponsors of S. 1464, a bill to amend the Federal Food, Drug, and Cosmetic Act to establish certain requirements regarding the Food Quality Protection Act of 1996, and for other purposes.

S. 1571

At the request of Mr. JEFFORDS, the name of the Senator from South Dakota (Mr. JOHNSON) was added as a cosponsor of S. 1571, a bill to amend title 38, United States Code, to provide for permanent eligibility of former members of the Selected Reserve for veterans housing loans.

S. 1572

At the request of Mr. ROTH, the name of the Senator from Louisiana (Mr. BREAUX) was added as a cosponsor of S. 1572, a bill to provide that children's sleepwear shall be manufactured in accordance with stricter flammability standards.

S. 1588

At the request of Mr. BAUCUS, the names of the Senator from Virginia (Mr. ROBB), and the Senator from Michigan (Mr. LEVIN) were added as cosponsors of S. 1588, a bill to authorize the awarding of grants to Indian tribes and tribal organizations, and to facilitate the recruitment of temporary employees to improve Native American participation in and assist in the conduct of the 2000 decennial census of population, and for other purposes.

S. 1755

At the request of Mr. BROWNBACK, the names of the Senator from Mississippi (Mr. LOTT), the Senator from Washington (Mr. GORTON), the Senator from Maine (Ms. SNOWE), the Senator from Missouri (Mr. ASHCROFT), the Senator from Michigan (Mr. ABRAHAM), the Senator from Massachusetts (Mr. KERRY), and the Senator from Montana (Mr. BURNS) were added as cosponsors of S. 1755, a bill to amend the Communications Act of 1934 to regulate interstate commerce in the use of mobile telephones.

At the request of Mr. DORGAN, the name of the Senator from South Carolina (Mr. HOLLINGS) was added as a cosponsor of S. 1755, supra.

S. 1762

At the request of Mr. COVERDELL, the name of the Senator from West Virginia (Mr. BYRD) was added as a cosponsor of S. 1762, a bill to amend the Watershed Protection and Flood Prevention Act to authorize the Secretary of Agriculture to provide cost share assistance for the rehabilitation of structural measures constructed as part of water resources projects previously funded by the Secretary under such Act or related laws.

S. 1855

At the request of Mr. MURKOWSKI, the name of the Senator from Oklahoma (Mr. INHOFE) was added as a cosponsor of S. 1855, a bill to establish age limitations for airmen.

S. 1883

At the request of Mr. BINGAMAN, the name of the Senator from Oregon (Mr. SMITH) was added as a cosponsor of S. 1883, a bill to amend title 5, United States Code, to eliminate an inequity on the applicability of early retirement eligibility requirements to military reserve technicians.

S. 1900

At the request of Mr. LAUTENBERG, the name of the Senator from Virginia (Mr. WARNER) was added as a cosponsor of S. 1900, a bill to amend the Internal Revenue Code of 1986 to allow a credit to holders of qualified bonds issued by Amtrak, and for other purposes.

S. 1933

At the request of Mr. THOMPSON, the name of the Senator from Tennessee (Mr. FRIST) was added as a cosponsor of S. 1933, a bill to amend the Internal Revenue Code of 1986 to permit the consolidation of life insurance companies with other companies.

S. 1941

At the request of Mr. DODD, the name of the Senator from Maryland (Ms. MIKULSKI) was added as a cosponsor of S. 1941, a bill to amend the Federal Fire Prevention and Control Act of 1974 to authorize the Director of the Federal Emergency Management Agency to provide assistance to fire departments and fire prevention organizations for the purpose of protecting the public and firefighting personnel against fire and fire-related hazards.

S. 1962

At the request of Mr. ASHCROFT, the name of the Senator from Ohio (Mr. VOINOVICH) was added as a cosponsor of S. 1962, a bill to amend the Congressional Budget Act of 1974 to protect Social Security and Medicare surpluses through strengthened budgetary enforcement mechanisms.

S. 2001

At the request of Mr. GRAMS, the name of the Senator from Missouri (Mr. ASHCROFT) was added as a cosponsor of S. 2001, a bill to protect the Social Security and Medicare surpluses by requiring a sequester to eliminate any deficit.

S. 2003

At the request of Mr. JOHNSON, the name of the Senator from Massachusetts (Mr. KENNEDY) was added as a cosponsor of S. 2003, a bill to restore health care coverage to retired members of the uniformed services.

S. 2035

At the request of Mr. SPECTER, the name of the Senator from Michigan (Mr. ABRAHAM) was added as a cosponsor of S. 2035, a bill to amend title 49, United States Code, to clarify the application of the Act popularly known as the ''Death on the High Seas Act'' to aviation incidents.