S. 741

At the request of Mr. SESSIONS, the name of the Senator from Arkansas (Mr. HUTCHINSON) was added as a cosponsor of S. 741, a bill to amend the Internal Revenue Code of 1986 to provide tax credits with respect to nuclear facilities, and for other purposes.

S. 742

At the request of Mr. GRASSLEY, the names of the Senator from Maine (Ms. COLLINS), the Senator from Utah (Mr. BENNETT), the Senator from Kentucky (Mr. BUNNING), and the Senator from Wyoming (Mr. THOMAS) were added as cosponsors of S. 742, a bill to provide for pension reform, and for other purposes.

S. 778

At the request of Mr. HAGEL, the names of the Senator from New Mexico (Mr. DOMENICI) and the Senator from Nevada (Mr. ENSIGN) were added as cosponsors of S. 778, a bill to expand the class of beneficiaries who may apply for adjustment of status under section 245(i) of the Immigration and Nationality Act by extending the deadline for classification petition and labor certification filings.

S. 803

At the request of Mr. LIEBERMAN, the name of the Senator from Michigan (Ms. STABENOW) was added as a cosponsor of S. 803, a bill to enhance the management and promotion of electronic Government services and processes by establishing a Federal Chief Information Officer within the Office of Management and Budget, and by establishing a broad framework of measures that require using Internet-based information technology to enhance citizen access to Government information and services, and for other purposes.

S.J. RES. 13

At the request of Mr. WARNER, the name of the Senator from North Carolina (Mr. HELMS) was added as a cosponsor of S.J. Res. 13 , a joint resolution conferring honorary citizenship of the United States on Paul Yves Roch Gilbert du Motier, also known as the Marquis de Lafayette.

S. RES. 63

At the request of Mr. CAMPBELL, the name of the Senator from Wisconsin (Mr. FEINGOLD) was added as a cosponsor of S. Res. 63, a resolution commemorating and acknowledging the dedication and sacrifice made by the men and women who have lost their lives while serving as law enforcement officers.

S. RES. 74

At the request of Mr. DAYTON, the name of the Senator from North Carolina (Mr. EDWARDS) was added as a cosponsor of S. Res. 74, a resolution expressing the sense of the Senate regarding consideration of legislation providing medicare beneficiaries with outpatient prescription drug coverage.

S. RES. 75

At the request of Mr. HUTCHINSON, the names of the Senator from South Dakota (Mr. JOHNSON) and the Senator from Georgia (Mr. CLELAND) were added as cosponsors of S. Res. 75, a resolution designating the week beginning May 13, 2001, as ''National Biotechnology Week''.

S. CON. RES. 14

At the request of Mr. CAMPBELL, the name of the Senator from Georgia (Mr. MILLER) was added as a cosponsor of S. Con. Res. 14, a concurrent resolution recognizing the social problem of child abuse and neglect, and supporting efforts to enhance public awareness of it.

S. CON. RES. 28

At the request of Ms. SNOWE, the name of the Senator from Iowa (Mr. HARKIN) was added as a cosponsor of S. Con. Res. 28, a concurrent resolution calling for a United States effort to end restrictions on the freedoms and human rights of the enclaved people in the occupied area of Cyprus.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

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

S. 814. A bill to establish the Child Care Provider Retention and Development Grant Program and the Child Care Provider Scholarship Program; to the Committee on Health, Education, Labor, and Pensions.

Mr. DODD. Mr. President, I rise today to introduce the Focus on Committed and Underpaid Staff for Children's Sake Act. I am pleased that Senator CORZINE is joining me as a original cosponsor and that companion legislation is being introduced in the House today by Representatives MILLER and GILMAN.

The need for child care has become a daily fact of life for millions of parents nationwide. 65 percent of mothers with children under age six and 78 percent of mothers with children ages 6 to 13 are in the labor force. Each day, 13 million preschool children, including 6 million infants and toddlers, spend some part of their day in child care.

The quality of that care has a tremendous impact on the critical early years of children's development. And, the most powerful determinant of the quality of child care is the training, education, and pay of those who spend 8–10 hours a day caring for our children.

Yet, what we know about the child care field is alarming. Despite the fact that continuity of care is critical for the emotional development of children, staff turnover at child care centers averages 30 percent per year—four times greater than the turnover rate for elementary school teachers.

Despite the fact that we as a society say there is no more important task than helping to raise a child, according to the Bureau of Labor Statistics, we pay the average child care worker about $15,400 a year, barely above the poverty level for a family of three. Few child care providers have basic benefits like health coverage or paid leave. Only a small fraction of child care workers have graduated from college.

We pay people millions of dollars a year to throw baseballs, to shoot basketballs, and to swing golf clubs. What does that say about our priorities when at the same time we pay those who care for our most precious resource, our children, poverty-level wages?

A report released yesterday by the University of California, Berkeley and the Center for Child Care Workforce on child care providers' pay, training and education highlights the current crisis in the child care field. In a survey of child care centers in three California communities, the study found that three-quarters of all child care staff employed in 1996 were no longer on the job in 2000. Some centers reported 100 percent turnover. Additionally, nearly half of the child care providers who had left had a bachelor's degree, compared to only one-third of the new teachers. Some 49 percent, nearly half, of those who had left their job, left the child care field entirely.

It's clear that if we want to attract quality teachers to the child care field, the pay has to better reflect the value we place on their work. We can't attract them and we can't keep them if we don't pay them a living wage.

The legislation I am introducing today will provide states with funds to increase child care worker pay based on the level of education, the greater the level of education, the greater the increase in pay. In addition, the legislation will provide scholarships of up to $1,500 for child care workers who want to further their early childhood education training by getting a college degree, an Associate's degree, or a child development associate credential.

We will never make significant strides in improving the quality of child care in this nation if we fail to address one of the leading problems, attracting and retaining a quality child care workforce. It is time to invest in our children by investing in those who dedicate their lives to caring for our children.

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. 814

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 ''Focus On Committed and Underpaid Staff for Children's Sake Act'' or as the ''FOCUS Act''.

(b) TABLE OF CONTENTS.—

SEC. 2. FINDINGS AND PURPOSE.

(a) FINDINGS.—Congress makes the following findings:

(1) Research on early brain development and early childhood demonstrates that the experiences children have and the attachments they form early in life have a decisive, long-lasting impact on their later development and learning.

(2) High-quality, developmentally appropriate child care beginning in early childhood and continuing through the years that children are in school improves the scholastic success and educational attainments of children that persist into adulthood.

(3) According to a growing body of research, the single most important determinant of child care quality is the presence of consistent, sensitive, well-trained, and well-compensated child care providers; however, child care programs nationwide experience high turnover in teaching staff, fueled by poor compensation and few opportunities for advancement.

(4) The Department of Labor reports that in 1999 the average wage for a child care provider was $7.42 per hour, or $15,430 annually. For a full-time, full-year work, the wages of a child care provider were not much above the 1999 poverty threshold of $13,423 for a single parent with two children. Family child care providers earned even less. The median wage of a family child care provider in 1999 was $264 weekly, or $13,728 annually.

(5) Despite the important role child care providers may play in early child development and learning, child care providers earn less than bus drivers ($26,460), barbers ($20,970), and janitors ($18,220).

(6) Employer-sponsored benefits are minimal for most child care staff. Even among child care centers, the availability of health care coverage for staff remains woefully inadequate.

(7) To offer compensation that would be sufficient to attract and retain qualified child care staff, child care programs would be required to charge fees that many parents could not afford. In programs that serve low-income children who qualify for Federal and State child care subsidies, the reimbursement rates set by the State strongly influence the level of compensation that staff receive. Current reimbursement rates for center-based child care services and family child care services are insufficient to recruit and retain qualified child care providers and to ensure high-quality services for children.

(8) Teachers leaving the profession are replaced by staff with less education and formal training in early child development.

(9) As a result of low wages and limited benefits, many child care providers do not stay long in the child care field. Approximately thirty percent of all teaching staff leave their child care centers each year.

(10) Child care providers, as well as the children, families, and businesses that depend upon them, suffer the consequences of inadequate compensation. This is true, with few exceptions, for providers in all types of programs: subsidized, nonsubsidized, for-profit, nonprofit, large, and small child care settings.

(11) Because of the severe shortage of qualified staff available for employment by child care programs nationwide, several States have recently initiated programs to improve the quality of child care by increasing the training and compensation of child care providers. Such programs encourage the training, education and increased retention of qualified child care providers by offering financial incentives, including scholarships and compensation increases, that range from $350 to $6,500 annually.

(b) PURPOSE.—It is the purpose of this Act to establish the Child Care Provider Retention and Development Grant Program and the Child Care Provider Scholarship Program, to help children receive the high quality child care and early education they need for positive cognitive and social development, by rewarding and promoting retention of committed, qualified child care providers and by providing financial assistance to improve the educational qualifications of child care providers.

SEC. 3. DEFINITIONS.

In this Act:

(1) CHILD CARE PROVIDER.—The term ''child care provider'' means an individual who provides a service directly to a child on a person to person basis for compensation at—

(A) a center-based child care provider that is licensed or regulated under State law and that satisfies the State and local requirements applicable to the child care services provided,

(B) a licensed or regulated family child care provider that satisfies the State and local requirements applicable to the child care services provided, or

(C) an out-of-school time program that is licensed or regulated under State law and that satisfies the State and local requirements applicable to the child care services provided,

(2) FAMILY CHILD CARE PROVIDER.—The term ''family child care provider'' has the meaning given such term in section 658P of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n).

(3) INDIAN TRIBE.—The term ''Indian tribe'' has the meaning given such term in section 4(e) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(e).

(4) IN-KIND CONTRIBUTION.—The term ''in-kind contribution'' means payment of the cost of participation of child care providers in health insurance programs or retirement programs.

(5) LEAD AGENCY.—The term ''lead agency'' means the agency designated under section 658D of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858b).

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

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

(8) TRIBAL ORGANIZATION.—The term ''tribal organization'' has the meaning given such term in section 4 of the Indian Self-Determination and Education Assistance Act.

SEC. 4. FUNDS FOR CHILD CARE PROVIDER RETENTION AND DEVELOPMENT GRANTS AND FOR CHILD CARE PROVIDER SCHOLARSHIPS.

(a) IN GENERAL.—The Secretary may allot funds appropriated to carry out this Act to eligible States for distribution to pay the Federal share of the cost of making grants under this Act to eligible child care providers.

(b) ALLOTMENTS.—Funds allotted under section 6 shall be distributed by the Secretary, and expended by the States (directly, or at the option of the States, through units of general purpose local government), and by Indian tribes and tribal organizations, in accordance with this Act.

SEC. 5. APPLICATION AND PLAN.

(a) APPLICATION.—To be eligible to receive a distribution of funds allotted under section 6, a State shall submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require by rule and shall include in such application a State plan that satisfies the requirements of subsection (b).

(b) REQUIREMENTS OF PLAN.—

(1) LEAD AGENCY.—The State plan shall identify the lead agency to make grants under this Act.

(2) RECRUITMENT AND RETENTION OF CHILD CARE PROVIDERS.—The State plan shall describe how the lead agency will encourage both the recruitment of child care providers who are new to the child care field and the retention of child care providers who have a demonstrated commitment to the child care field.

(3) NOTIFICATION OF GRANT AVAILABILITY.—The State plan shall describe how the lead agency will identify and notify all eligible child care providers in the State of the availability of grants under this Act.

(4) DISTRIBUTION OF GRANTS.—The State plan shall describe how the lead agency will make grants under sections 7 and 8 to child care providers in selected geographical areas in the State in compliance with the following requirements:

(A) SELECTION OF GEOGRAPHICAL AREAS.—For the purpose of making such grants for a fiscal year, the State shall select a variety of geographical areas, determined by the State, that—

(i) includes urban areas, suburban areas, and rural areas, and

(ii) contains diversity of income levels,

but shall give special consideration to geographical areas selected under this subparagraph for the preceding fiscal year.

(B) SELECTION OF CHILD CARE PROVIDERS TO RECEIVE GRANTS.—The State may make grants under section 7 only to eligible child care providers in geographical areas selected under subparagraph (A), but—

(i) may give special consideration in such areas to eligible grant applicants who have attained a higher relevant educational credential, who provide a specific kind of child care services, who provide child care services to populations who meet specific economic characteristics, or who meet such other criteria as the State may establish, and

(ii) shall give special consideration to eligible grant applicants who received a grant under such section in the preceding fiscal year.

(C) LIMITATION.—The State shall describe how the State will ensure that grants made under section 7 to child care providers will not be used to offset reductions in the compensation of such providers.

(D) REPORTING REQUIREMENT.—With respect to each particular geographical area selected, the State shall agree for each fiscal year for which such State receives a grant under this section—

(i) to include in the report required by section 9, detailed information regarding—

(I) the continuity of employment of grant recipients as child care providers with the same employer,

(II) with respect to each employer that employed a grant recipient, whether such employer was accredited by a recognized State or national accrediting body during the period of employment, and

(III) to the extent practicable and available to the State, detailed information regarding the rate and frequency of employment turnover of qualified child care providers throughout such area,

during the 2-year period ending of the date of applications for grants under section 7, and

(ii) to provide a follow-up report, not later than 90 days after the end of the succeeding fiscal year that includes information regarding—

(I) the continuity of employment of grant recipients as child care providers with the same employer,

(II) with respect to each employer that employed a grant recipient, whether such employer was accredited by a recognized State or national accrediting body during the period of employment, and

(III) to the extent practicable and available to the State, detailed information regarding the rate and frequency of employment turnover of qualified child care providers throughout such area,

during the 1-year period beginning on the date grants are made by under section 7 to applicants.

(5) CHILD CARE PROVIDER RETENTION AND DEVELOPMENT GRANT PROGRAM.—The State plan shall describe how the lead agency will determine the dollar amounts of grants made with funds available to carry out section 7 in accordance with the following requirements:

(A) The State shall demonstrate that the amounts of individual grants to be made under section 7 will be sufficient—

(i) to encourage child care providers to improve their qualifications, and

(ii) to retain qualified child care providers in the child care field.

(B) Such grants made to child care providers who have a child development associate credential and who are employed full-time to provide child care services shall be in an amount that is not less than $1,000 per year.

(C) The State shall make such grants in larger dollar amounts to child care providers who have higher levels of education than a credential such as a child development associate credential, according to the following requirements:

(i) A child care provider who has a baccalaureate degree in the area of child development or early child education shall receive a grant that is not less than twice the amount of the grant that is made to a child care provider who has an associate of the arts degree in the area of child development or early child education.

(ii) A child care provider who has an associate of the arts degree in the area of child development or early child education shall receive a grant that is not less than 150 percent of the amount of the grant that is made to a child care provider who has a child development associate credential.

(iii)(I) Except as provided in subclause (II), a child care provider who has a baccalaureate degree in a field other than child development or early child education shall receive a grant equal to the grant made to a child care provider who has an associate of the arts degree in the area of child development or early child education.

(II) If a child care provider who has such baccalaureate degree obtains additional educational training in the area of child development or early child education, as specified by the State, such provider shall receive a grant equal to the grant required under clause (i).

(D) The State shall make such grants in larger dollar amounts to child care providers who work full-time relative to the grant amount made to child care providers who work part-time, based on the State definitions of full-time and part-time work.

(E) The State shall provide grants in progressively larger dollar amounts to child care providers to reflect the number of years worked as a child care provider.

(6) DISTRIBUTION OF CHILD CARE PROVIDER SCHOLARSHIPS.—The State plan shall describe how the lead agency will make scholarship grants in compliance with section 8 and shall specify the types of educational and training programs for which scholarship grants made under such section may be used, including only programs that—

(A) are administered by institutions of higher education that are eligible to participate in student financial assistance programs under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.), and

(B) lead to a State or nationally recognized credential in the area of child development or early child education, an associate of the arts degree in the area of child development or early child education, or a baccalaureate degree in the area of child development or early child education.

(7) EMPLOYER CONTRIBUTION.—The State plan shall describe how the lead agency will encourage employers of child care providers to contribute to the attainment of education goals by child care providers who receive grants under section 8.

(8) SUPPLEMENTATION.—The State plan shall provide assurances that funds received by the State to carry out sections 7 and 8 will be used only to supplement, not to supplant, Federal, State, and local funds otherwise available to support existing services and activities that encourage child care providers to improve their qualifications and that promote the retention of qualified child care providers in the child care field.

SEC. 6. ALLOTMENTS TO STATES.

(a) AMOUNTS RESERVED.—

(1) TERRITORIES AND POSSESSIONS.—The Secretary shall reserve not more than ½ of 1 percent of the funds appropriated to carry out this Act for any fiscal year for distribution to Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, to be allotted in accordance with their respective needs.

(2) INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—The Secretary shall reserve not more than 3 percent of the funds appropriated to carry out this Act for any fiscal year for distribution to Indian tribes and tribal organizations with applications approved under subsection (c).

(b) ALLOTMENTS TO REMAINING STATES.—

(1) GENERAL AUTHORITY.—From the funds appropriated to carry out this Act for any fiscal year remaining after reserving funds under subsection (a), the Secretary shall allot to each State (excluding Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands) 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.—The term ''young child factor'' means the ratio of the number of children in the State under 5 years of age to the number of such children in all States as provided by the most recent annual estimates of population in the States by the Bureau of the Census.

(3) SCHOOL LUNCH FACTOR.—The term ''school lunch factor'' means the ratio of the number of children in the State 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.) to the number of such children in all the States as determined annually by the Department of Agriculture.

(4) ALLOTMENT PERCENTAGE.—

(A) IN GENERAL.—The allotment percentage for a State is 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)—

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

(ii) is less than 0.8 percent, then 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 on 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 at the time such determination is made.

(c) ALLOTMENTS TO INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—

(1) RESERVATION OF FUNDS.—From amounts reserved under subsection (a)(2), the Secretary may make allotments to Indian tribes and tribal organizations that submit applications under this subsection, to plan and carry out programs and activities to encourage child care providers to improve their qualifications and to retain qualified child care providers in the child care field.

(2) APPLICATIONS AND REQUIREMENTS.—An application for an allotment to an Indian tribe or tribal organization under this section shall provide that—

(A) the applicant will coordinate, to the maximum extent practicable, with the lead agency in each State in which the applicant will carry out such programs and activities, and

(B) will make such reports on, and conduct such audits of, programs and activities under this Act as the Secretary may require.

(d) 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).

(e) REALLOTMENTS.—

(1) IN GENERAL.—Any portion of the allotment under subsection (b) to a State for a fiscal year that the Secretary determines will not be distributed to the State for such fiscal year shall be reallotted by the Secretary to other States proportionately based on allotments made under such subsection to such States for such fiscal year.

(2) LIMITATIONS.—

(A) REDUCTION.—The amount of any reallotment to which a State is entitled to under paragraph (1) shall be reduced to the extent that such amount exceeds the amount that the Secretary estimates will be distributed to the State to make grants under this Act.

(B) REALLOTMENTS.—The amount of such reduction shall be reallotted proportionately based on allotments made under subsection (b) to States with respect to which no reduction in an allotment, or in a reallotment, is required by this subsection.

(3) AMOUNTS REALLOTTED.—For purposes of this Act (other than this subsection and subsection (b)), any amount reallotted to a State under this subsection shall be considered to be part of the allotment made under subsection (b) to the State.

(f) COST SHARING.—

(1) FEDERAL SHARE.—Allotted funds distributed by the Secretary to a State for a fiscal year to carry out sections 7 and 8 may be used by the State to pay—

(A) not more than 90 percent of the cost of each grant made under such sections, in the

1st fiscal year for which the State receives such funds,

(B) not more than 85 percent of the cost of each grant made under such sections, in the 2d fiscal year for which the State receives such funds,

(C) not more than 80 percent of the cost of each grant made under such sections, in the 3d fiscal year for which the State receives such funds, and

(D) not more than 75 percent of the cost of each grant made under such sections, in any subsequent fiscal year for which the State receives such funds.

(2) STATE SHARE.—The non-Federal share of the cost of making such grants shall be paid by the State in cash or in the form of an in-kind contribution, fairly evaluated by the Secretary.

(g) AVAILABILITY OF ALLOTTED FUNDS DISTRIBUTED TO STATES.—Of the allotted funds distributed under this Act to a State for a fiscal year—

(1) not less than 67.5 percent shall be available to the State for grants under section 7,

(2) not less than 22.5 percent shall be available to the State for grants under section 8, and

(3) not more than 10 percent shall be available to pay administrative costs incurred by the State to carry out this Act.

SEC. 7. CHILD CARE PROVIDER RETENTION AND DEVELOPMENT GRANT PROGRAM.

(a) IN GENERAL.—A State that receives funds allotted under section 6 and made available to carry out this section shall expend such funds to make grants to eligible child care providers in accordance with this section, to improve the qualifications and promote the retention of qualified child care providers.

(b) ELIGIBILITY TO RECEIVE GRANTS.—To be eligible to receive a grant under this section, a child care provider shall—

(1) have a child development associate credential or equivalent, an associate of the arts degree in the area of child development or early child education, a baccalaureate degree in the area of child development or early child education, or a baccalaureate degree in an unrelated field, and

(2) be employed as a child care provider for not less than 1 calendar year, or the program equivalent of 1 calendar year if then employed in a child care program that operates for less than a full calendar year, ending on the date of the application for such grant, except that not more than 3 months of education related to child development or to early child education obtained during a calendar year may be treated as employment that satisfies the requirements of this paragraph.

(c) PRESERVATION OF ELIGIBILITY.—The receipt of a grant under section 8 by a child care provider shall not be taken into consideration for purposes of selecting eligible applicants to receive a grant under this section.

SEC. 8. CHILD CARE PROVIDER SCHOLARSHIP PROGRAM.

(a) IN GENERAL.—A State that receives funds allotted under section 6 and made available to carry out this section shall expend such funds to make scholarship grants to eligible child care providers in accordance with this section to improve their educational qualifications to provide child care services.

(b) ELIGIBILITY REQUIREMENT FOR SCHOLARSHIP GRANTS.—As a condition of eligibility to receive a scholarship grant under this section, a child care provider shall be employed as a child care provider for not less than 1 calendar year, or the program equivalent of 1 calendar year if then employed in a child care program that operates for less than a full calendar year ending on the date of the application for such grant.

(c) SELECTION OF GRANTEES.—For purposes of selecting child care providers to receive scholarship grants under this section and determining the dollar amounts of such grants, a State may not—

(1) take into consideration whether a grant applicant is receiving, will receive, or has applied to receive any funds under any other provision of this Act, or under any other Federal or State law that provides funds for educational purposes, or

(2) consider as resources of such applicant any funds such applicant is receiving, may receive, or may be eligible to receive under any other provision of this Act, under any other Federal or State law that provides funds for educational purposes, or from a private entity.

(d) COST SHARING REQUIRED.—The dollar amount of a scholarship grant made under this section to a child care provider shall be less than the cost of the education for which such grant is made.

(e) ANNUAL MAXIMUM SCHOLARSHIP GRANT AMOUNT.—The maximum aggregate dollar amount of a scholarship grant made to an eligible child care provider under this section in a fiscal year may not exceed $1,500.

SEC. 9. ANNUAL REPORT.

A State that receives funds appropriated to carry out this Act for a fiscal year shall submit to the Secretary, not later than 90 days after the end of such fiscal year, a report—

(1) specifying the uses for which the State expended such funds, and the aggregate amount of funds (including State funds) expended for each of such uses,

(2) containing available data relating to grants made with such funds, including—

(A) the number of child care providers who received such grants,

(B) the dollar amounts of such grants,

(C) any other information that describes or evaluates the effectiveness of this Act,

(D) the particular geographical areas selected under section 5 for the purpose of making such grants,

(E) with respect to grants made under section 7—

(i) the number of years grant recipients have been employed as a child care provider,

(ii) the level of training and education of grant recipients,

(iii) the salaries and other compensation received by grant recipients to provide child care services,

(iv) the number of children who received child care services provided by grant recipients,

(v) information on family demographics of such children,

(vi) the types of settings described in subparagraphs (A), (B), and (C) of section 3(a)(1) in which grant recipients are employed, and

(vii) the ages of the children who received child care services provided by grant recipients,

(F) with respect to grants made under section 8—

(i) the number of years grant recipients have been employed as child care provider,

(ii) the types of settings described in subparagraphs (A), (B), and (C) of section 3(a)(1) in which grant recipients are employed, and

(iii) the level of training and education of grant recipients,

(iv) to the extent practicable and available to the State, detailed information regarding the salaries and other compensation received by grant recipients to provide child care services before, during, and after receiving such grant,

(vi) the ages of the children who received child care services provided by grant recipients,

(vi) the number of course credits or credentials obtained by grant recipients, and

(vii) the amount of time taken for completion of the education for which such grants were made, and

(G) such other information as the Secretary may require by rule.

SEC. 10. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated $5,000,000,000 in the aggregate for fiscal years 2002 through 2006 to carry out this Act.

By Mr. MURKOWSKI:

S. 815. A bill to make improvements to the Arctic Research and Policy Act of 1984; to the Committee on Governmental Affairs.

Mr. MURKOWSKI. Mr. President, today I rise to introduce legislation to improve the operation of the Arctic Research and Policy Act. We have about 17 years of experience with this act, and the time has come to make some modifications to reflect the experience we have gained over that time.

The most important feature of this bill is contained in section 4. This section authorizes the Arctic Research Committee, a Presidential Commission, to make grants for scientific research. Currently, the Commission can make recommendations and set priorities, but it cannot make grants. Our experience with the act and the Commission has shown us that research needs that do not fit neatly in a single agency do not get funded, even if they are compelling priorities.

One example is a proposed Arctic contamination initiative that was developed a few years ago after we discovered that pollutants from the Former Soviet Union, including radionuclides, heavy metals and persistent organic pollutants, were working their way into the Arctic environment. It became clear that the job of monitoring and evaluating the threat was too big for any single agency. The Interior Department, given its vast land management responsibilities in Alaska, was interested. The Commerce Department, given its jurisdiction over fisheries issues, was interested. The Department of Health and Human Services, given its concern about the health of Alaska's indigenous peoples, was interested. The only agency that didn't seem interested in the problem, strangely enough, was the EPA, which at the time was in the process of dismantling its Arctic Contaminants program.

Unfortunately, because the job was too big for any single agency, it was difficult to get the level of interagency cooperation necessary for a coordinated program. Moreover, agencies were unwilling to make a significant budgetary commitment to a program that wasn't under their exclusive control. If the Arctic Research Commission, which recognized the need, had some funding of its own to leverage agency participation and help to coordinate the effort, we would know far more about the Arctic contaminants problem than we do today.

Another example is the compelling need to understand the Bering Sea ecosystem. Over the past 20 years we have

seen significant shifts in some of the populations comprising this ecosystem. King crab populations have declined sharply. Pollock populations have increased sharply. Steller sea lion populations have declined as have many types of sea birds. Scientists cannot tell us whether these population shifts are due to abiotic factors such as climate change, biotic factors such as predator-prey relationships, or some combination of both. Because the nation depends on this area for a significant portion of all its seafood, this is not an issue without stakeholders. Despite the chorus of interests and federal agencies that have said research is needed, a coordinated effort has not yet occurred. If the Arctic Research Commission, which recognized this need early on, had some funding of its own to leverage agency participation and help to coordinate the effort, we would know far more about the Bering Sea ecosystem than we do today.

This bill also makes a number of other minor changes in the act:

Section 2 allows the chairperson of the Commission to receive compensation for up to 120 days per year rather than the 90 days per year currently allowed by the Act. The chairperson has a major role to play in interacting with the legislative and executive branches of the government, representing the Commission to non-governmental organizations, in interacting with the State of Alaska, and serving in international fora. In the past, chairpersons have been unable to fully discharge their responsibilities in the 90 day limit specified in the act.

Section 3 authorizes the Commission to award an annual award not to exceed $1,000 to recognize either outstanding research or outstanding efforts in support of research in the Arctic. The ability to give modest awards will bring recognition to outstanding efforts in Arctic Research which, in turn, will help to stimulate research in the Arctic region. This section also specifies that a current or former Commission member is not eligible to receive the award.

Section 5 authorizes official representation and reception activities. Because the Commission is not authorized to use funds for these kinds of activities, the Commission has experienced embarrassment when they were unable to reciprocate after their foreign counterparts hosted a reception or lunch on their behalf. Under this provision, the Commission may spend not more than two tenths of one percent of its budget for representation and reception activities in each fiscal year.

The Arctic Research and Policy Act and the Arctic Research Commission has worked well over the past 17 years. It can work even better with these modest changes. I look forward to working with my colleagues to enact this bill as soon as possible.

By Mr. BREAUX:

S. 816. A bill to amend the Internal Revenue Code of 1986 to allow certain coins to be acquired by individual retirement accounts and other individually directed pension plan accounts; to the Committee on Finance.

Mr. BREAUX. Mr. President, I rise today to introduce legislation allowing certain U.S. legal tender coins to be qualified investments for an individual retirement account, IRA.

Congress excluded ''collectibles,'' such as antiques, gold and silver bullion, and legal tender coinage, as appropriate for contributions to IRAs in 1981. The primary reason was the concern that individuals would get a tax break when they bought collectibles for their personal use. For example, a taxpayer might deduct the purchase of an antique rug for his/her living room as an IRA investment. Congress was also concerned about how the many different types of collectibles are valued.

Over the years, however, certain coins and precious metals have been excluded from the definition of a collectible because they are independently valued investments that offer investors portfolio diversity and liquidity. For example, Congress excluded gold and silver U.S. American Eagles from the definition of collectibles in 1986, and the Taxpayer Relief Act of 1997 took the further step of excluding certain precious metals bullion.

My legislation would exclude from the definition of collectibles only those U.S. legal tender coins which meet the following three standards: certification by a nationally recognized grading service, traded on a nationally recognized network, and held by a qualified trustee as described in the Internal Revenue Code. In other words, only investment quality coins that are independently valued and not held for personal use may be included in IRAs.

There are several nationally recognized, independent certification or grading services. Full-time professional graders, numismatists, examine each coin for authenticity and grade them according to established standards. Upon certification, the coin is sonically-sealed, preserved, to ensure that it remains in the same condition as when it was graded.

Legal tender coins are then traded via two independent electronic networks—the Certified Coin Exchange and Certified Coin Net. These networks are independent of each other and have no financial interest in the legal tender coinage and precious metals markets. The networks function in precisely the same manner as the NASDAQ with a series of published ''bid'' and ''ask'' prices and last trades. The buys and sells are enforceable prices that must be honored as posted until updated.

The liquidity provided through a bona fide national trading network, combined with published prices, make legal tender coinage a practical investment that offers investors diversification and liquidity. Investment in these tangible assets has become a safe and prudent course of action for both the small and large investor and should given the same treatment under the law as other financial investments. I urge the Senate to enact this important legislation as soon as possible.

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. 816

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

SECTION 1. CERTAIN COINS NOT TREATED AS COLLECTIBLES.

(a) IN GENERAL.—Subparagraph (A) of section 408(m)(3) of the Internal Revenue Code of 1986 (relating to exception for certain coins and bullion) is amended to read as follows:

''(A) any coin certified by a recognized grading service and traded on a nationally recognized electronic network, or listed by a recognized wholesale reporting service, and—

''(i) which is or was at any time legal tender in the United States, or

''(ii) issued under the laws of any State, or''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2001.

By Mr. DOMENICI (for himself and Mr. BINGAMAN):

S. 817. A bill to amend the National Trails System Act to designate the Old Spanish Trail as a National Historic Trail; to the Committee on Energy and Natural Resources.

Mr. DOMENICI. Mr. President, I stand here before you today to introduce the designation of the Old Spanish Trail as a National Historic Trail. This legislation will amend the National Trails System Act and designate the Old Spanish Trail; which originates in Santa Fe, NM and continues to Los Angeles, CA as a National Historic Trail.

The United Stats of America has a rich history of which, as citizens, we are very proud. Particularly in the west, citizens from all walks of life have deep rooted cultural and historic ties to land throughout the west. The Old Spanish Trail dates back to 1829. The Old Spanish Trail had a variety of uses, from trade caravans to military expeditions. For twenty plus years the Old Spanish Trail was used as a main route of travel between New Mexico and California.

Today, more than one hundred and fifty years after the first caravan on the Old Spanish Trail, the historic character of the trail is tied to its routes in the natural environment and the existence of landscapes along the trail. The Old Spanish Trail remains relatively unchanged from the trail period. It has also been proven that numerous Indian pueblos were situated along the Old Spanish Trail serving as trading centers. The majority of these pueblos are occupied by descendants who contributed to the labor and goods that constituted commerce on the Old Spanish Trail.

The National Trails System was established by the National Trails System Act of 1968 ''to promote the preservation of, public access to, travel within, and enjoyment and appreciation of the open air, outdoor areas and historic resources of the Nation.'' Designating the Old Spanish Trail as a National Historic Trail would allow for just what the act has intended, preservation, access, enjoyment and appreciation of the historic resources of our Nation.

By definition under the National Trails System Act of 1968, National Historic Trails are ''extended trails which follow as closely as possible and practicable the original route or routes of travel of national historic significance.'' The main route of Old Spanish Trail travels more than 1,160 miles through the states of New Mexico, Colorado, Utah, Arizona, Nevada and California as well as 33 different counties throughout these states. More than 1,190 miles of Old Spanish Trail are currently managed by the Bureau of Land Management, more than 310 miles are managed by the USDA Forest Service with an additional approximate 120 miles controlled by the U.S. Fish and Wildlife Service. The relative lack of development facilitates public access as well as minimizing potential conflicts with private land uses.

The Old Spanish Trail has been significant in many respects to many different people. The rich history of this trail is something that should not be left out of our National Trails System. Designating Old Spanish Trail as a national Historic Trail will protect this historic route and its historic remnants and artifacts for public use and enjoyment.

By Mr. HATCH (for himself, Mr. TORRICELLI, Mr. KYL, and Mr. MURKOWSKI):

S. 818. A bill to amend the Internal Revenue Code of 1986 to provide a long-term capital gains exclusion for individuals, and to reduce the holding period for long-term capital gain treatment to 6 months, and for other purposes; to the Committee on Finance.

Mr. HATCH. Mr. President, on behalf of myself and Senator TORRICELLI, I rise today to introduce the Capital Gains Relief and Simplification Act of 2001. We are joined by Senators KYLE and MURKOWSKI, each of whom contributed to the development of this bill. This is a strong, bipartisan capital gains tax cut package designed to help all investors, but is aimed directly at small investors first.

This bill takes a bottom-up approach to capital gains relief, but offers reduced capital gains rates to all taxpayers. But this is not all. The bill also offers a great deal of simplification for all taxpayers with capital gains to report on their tax returns. Both of these features are important because investment in capital assets has become such an important part of the lives of most Americans.

In looking at the issue of capital gains in 2001, Mr. President, three things are clear. First capital gains and losses are experienced by ordinary Americans and are not just the province of the wealthy. Second, the reporting of capital gains transactions on the tax return has grown very complex and burdensome, and third, capital gains tax rates are too high. These all add up to the need for capital gains relief, and this is what our bill is designed to address.

Long gone are the days when anyone can credibly say that capital assets are only, or even mostly, owned by the rich. A 1992 Treasury study showed that about three-quarters of all families in the U.S. owned capital assets, and this percentage has grown higher since then. That same study showed that 30 percent of the dollar value of all capital assets, excluding personal residences, was held by families with incomes of $50,000 or less in 1992.

More recent data confirm that more and more U.S. families own capital investments. A survey last year by the Federal Reserve showed that stock made up nearly 32 percent of U.S. household wealth in 1999, up from 28 percent the year before. Moreover, another Federal Reserve study showed that in 1998, almost 49 percent of all families directly or indirectly held stock. Among families with annual income of between $25,000 and $50,000, the level was almost 53 percent.

When looking at data on who pays capital gains taxes, we find that many lower- and middle-income Americans are reporting capital gains. In fact, IRS data from the year 1998, the latest available, show that over 25 million returns filed that year reported capital gains. This is about one in five tax returns filed in 1998. Over 40 percent of those reporting capital gains had income of less than $50,000, and 59 percent had income of less than $75,000. Moreover, when looking at the dollar amount of gains reported, we find that 56 percent of all capital gains in 1998 were claimed by taxpayers with incomes of under $75,000.

I believe it is very clear, that capital gains relief is not just for wealthy Americans. It is very much needed by the average American family. It is also clear that reporting capital gains is very complex for most taxpayers.

Millions of Americans hold investments in mutual funds. In fact, according to the Joint Economic Committee, 44 percent of all U.S. households owned mutual funds in 1998, up from just 6 percent in 1980. Most of these mutual funds annually distribute dividends and capital gains to their owners, which must be reported as income on Form 1040 each year. This can be a rather confusing process for many investors, for several reasons.

First, many mutual fund owners routinely reinvest the dividend and capital gains income back into the fund, rather than taking them in cash. Because they receive no cash, it comes as a surprise to some that they must pay tax on the gains at all. Many mutual fund investors were particularly dismayed this past tax filing season, because they had to report capital gains from funds that had decreased in value.

Second, when mutual fund owners sell their interest in a fund, computing the capital gain or loss on the sale can be daunting, particularly if the individual had been reinvesting the dividends and capital gains back to the fund.

Finally, after figuring out what capital gains have been received and how much should be reported, and any gain or loss from a sale of the fund, mutual fund owners, like other investors in capital assets, must then deal with the challenge of reporting capital gains on the complicated Schedule D of Form 1040. This form is confusing at best and exasperating at worst. It consists of 54 lines on two pages, and is accompanied by an 8-page set of instructions with two worksheets. The estimated time to complete this form, according to IRS estimates, is an astounding 6 hours and 48 minutes.

Finally, it is clear that capital gains tax rates are too high. In fact, a new report by Arthur Andersen LLP shows that the average middle-income individual investor faces a combined state and federal capital gains tax burden of 25 percent on long-term capital gains. I want to emphasize that this is the average rate across the U.S. In some states, including my home state of Utah where the rate is 27 percent, the burden is even higher.

These figures may surprise some of our colleagues. After all, many members of this body were present in 1997 when we reduced the maximum capital gains tax rate from 28 percent to 20 percent. The fact is, however, that most states tack a relatively high additional tax on the federal capital gains rate to produce this 25 percent average capital gains tax rate.

This is particularly important in light of the fact that the United States still taxes capital gains more heavily than do most other countries. In fact, a recent survey of 24 industrial and developing countries taken by the American Council for Capital Formation's Center for Policy Research showed an average capital gains rate of 14.5 percent. This is more than 10 percent above the combined average federal-state U.S. rate.

The Capital Gains Relief and Simplification Act we are introducing today is designed to address the problem of too high a tax rate as well as the complexity problem, in a way that is directed to all taxpayers, but especially those in the middle- and lower-income groups.

Let me briefly describe this bill. First, it provides a 100 percent exclusion for the first $1,000 in capital gains for every individual taxpayer. This would be $2,000 for a married couple filing a joint return. Individuals with capital gains below these thresholds

would generally not even have to file the confusing Schedule D. Totally avoiding a complex tax form is the ultimate in simplification.

Second, for individual capital gains above the $1,000 (or $2,000) exclusion threshold, the bill provides a 50 percent deduction. The effect of this would be to lower an individual's top capital gains tax rate to exactly half the ordinary income rate. If for example, under current law an investor's marginal tax bracket is 31 percent, the top capital gains rate for that investor would be 15.5 percent.

This deduction approach offers both simplicity, and a greater reduction in rates for those in the lower tax brackets than for those in the highest brackets. For example, compared with current law, a taxpayer in the highest tax bracket of 39.6 percent would find his or her top capital gains tax rate cut from the current 20 percent to 19.8 percent under this bill. An investor in the 28 percent bracket, however, would see his or her top capital gains rate drop from the current 20 percent to 14 percent.

Moreover, under this bill investors would see further capital gains tax rate cuts as the ordinary income tax rates are reduced, as under President Bush's tax plan. For example, those in the proposed 25 percent rate bracket would enjoy a top capital gains rate of just 12.5 percent, while those in lower brackets would see even lower capital gains rates, to the extent their capital gains exceeded the 100 percent exclusion thresholds.

Furthermore, this 50 percent deduction approach also helps with the problem I mentioned before of high combined federal and state capital gains tax rates. Most states use the federal adjusted gross income, AGI, as a starting point for determining state income tax liability. Thus, under current law, all of an investor's capital gains are generally included in the state tax base. Under this bill's exclusion approach, only 50 percent of capital gains over the exclusion would be included in the federal AGI. This means most states would generally only tax a fraction of the investor's capital gains. Therefore, this bill would result in lower federal and state taxes on capital gains.

I would like to mention several other features of the bill. First, it would reduce the holding period of long-term capital gains from one year to six months. According to Bruce Bartlett, a well-known economist with the National Center for Policy Analysis, a holding period requirement for favorable capital gains treatment has several economic costs to investors, the consequences of which may reduce the level of investment. Among these economic costs are a reduction in liquidity and the creation of a lock-in effect that can cause the prices of stock to vary from its real value. Reducing the holding period will reduce these costs and may also increase revenue to the Treasury from capital gains.

Second, the bill increases the amount of capital loss an individual may deduct against ordinary income. Under current law, an individual's capital gains are taxed from the first dollar to the last dollar. However, if an individual suffers a capital loss, and has no capital gains to use to offset the loss, he or she is allowed to deduct only $3,000 of the loss against ordinary income. This is unfair and the amount is too low. Our legislation helps alleviate this problem by increasing the $3,000 figure to $10,000 and indexing it for future inflation.

Finally, the Capital Gains Relief and Simplification Act includes two provisions to help taxpayers who sell their homes and want to take advantage of the principal residence exclusion enacted in 1997. The first one addresses a problem that members of the U.S. uniformed services and Foreign Service sometimes suffer when called away from their homes for work-related purposes. In many cases, they return from these assignments and want or need to sell their principal residence. Because they do not meet the five-year ownership and use test, however, they are denied the full use of the present law exclusion. This bill corrects this inequity by suspending this test during such absences. The provision would also apply to individuals relocated outside the United States by their employers.

The second provision merely indexes for inflation the $250,000 and $500,000 thresholds for purposes of the principal residence exclusion. While these levels might have seemed adequate in 1997, and perhaps even in 2001, inflation will soon cause these thresholds to be worth far less than Congress intended when crafting this provision. We should adjust them now.

This bill represents a win for everybody. All investors win because it would significantly lower the capital gains tax rate and simplify their lives at tax time. Small investors especially win because all or much of their capital gains would escape taxation altogether and they would avoid much of the complexity they currently face with Schedule D. All Americans win because reducing capital gains would increase economic growth and job creation.

I urge my colleagues on both sides of the aisle to take a close look at this legislation and join us in lowering taxes on millions of Americans and striking an important blow for tax simplicity at the same time.

STATEMENTS ON SUBMITTED RESOLUTIONS

SENATE RESOLUTION 80—HONORING THE ''WHIDBEY 24'' FOR THEIR PROFESSIONALISM, BRAVERY, AND COURAGE

Mrs. MURRAY (for herself, Mr. BOND, Mr. MCCAIN, Ms. CANTWELL, Mr. WARNER, Mr. LEVIN, Mr. KENNEDY, Mrs. HUTCHISON, Mr. THURMOND, Mr. AKAKA, Ms. COLLINS, Mr. NELSON of Nebraska, Mr. DURBIN, and Mr. DAYTON) submitted the following resolution; which was referred to the Committee on Armed Services:

S. RES. 80

Whereas the Electronic Countermeasures Squadron One (VQ–1) at Whidbey Island Naval Air Station performs an electronic reconnaissance mission for the defense of our Nation;

Whereas on April 1, 2001, a VQ–1 EP–3E Aries II electronic surveillance plane collided with a Chinese fighter jet and made an emergency landing at the Chinese military airfield on Hainan Island;

Whereas the 24 crew members on board the plane (referred to in this resolution as the ''Whidbey 24'') displayed exemplary bravery and courage and the highest standards of professionalism in responding to the collision and during the ensuing 11 days in detention in the People's Republic of China;

Whereas Navy Lieutenant, Shane J. Osborn, displayed courage and extraordinary skill by safely landing the badly damaged EP–3E; and

Whereas each member of the ''Whidbey 24'' embodies the selfless dedication it takes to defend our Nation: Now, therefore, be it

Resolved, That the Senate—

(1) expresses relief at the release and safe return of the ''Whidbey 24'' and shares in their families' joy;

(2) applauds the selfless devotion to duty of the ''Whidbey 24'' who risked their lives to defend our Nation;

(3) praises the ''Whidbey 24'' for their professionalism and bravery and expresses the admiration and gratitude of our Nation; and

(4) acknowledges the sacrifices made every day by the members of our Nation's Armed Forces as they defend and preserve our Nation.

Mrs. MURRAY. Mr. President, today I introduce a resolution honoring the Whidbey 24, the brave crewmembers of an EP–3 aircraft stationed at Whidbey Island Naval Air Station in my home State of Washington.

On April 1, 2001, a United States EP–3 surveillance aircraft on routine patrol in international airspace over the South China Sea collided with a Chinese fighter jet. The plane carried a crew of 22 Navy personnel, one Air Force officer, and one Marine. Following the accident, the U.S. aircraft and crew plunged as much as 8,000 feet before the crew regained control of the severely damaged aircraft. Navy Lieutenant Shane Osborne, the pilot, and his entire crew displayed extraordinary skill and courage as the aircraft made an emergency landing at the Chinese military airfield on Hainan Island. The 24 crew members were detained on Hainan Island in the People's Republic of China for 11 days as the United States and China negotiated a diplomatic resolution to the aircraft collision and the emergency landing.

When I first heard that an American plane was forced to make an emergency landing in China, like all Americans, I was very concerned. Then I learned that the crew was based on Whidbey Island, and I realized that these men and women were my neighbors—the people I see at the grocery store. The city of Oak Harbor, which is