manufacturing, distributing, or using any controlled substance, and for other purposes.

S. 2667

At the request of Mr. DODD, the name of the Senator from Minnesota (Mr. WELLSTONE) was added as a cosponsor of S. 2667, a bill to amend the Peace Corps Act to promote global acceptance of the principles of international peace and nonviolent coexistence among peoples of diverse cultures and systems of government, and for other purposes.

S. 2795

At the request of Mr. KERRY, the name of the Senator from Massachusetts (Mr. KENNEDY) was added as a cosponsor of S. 2795, a bill to amend title XVIII of the Social Security Act to provide for payment under the prospective payment system for hospital outpatient department services under the medicare program for new drugs administered in such departments as soon as the drug is approved for marketing by the Commissioner of Food and Drugs.

S. 2821

At the request of Mr. FRIST, the name of the Senator from Maryland (Ms. MIKULSKI) was added as a cosponsor of S. 2821, a bill to establish grants to provide health services for improved nutrition, increased physical activity, obesity prevention, and for other purposes.

S. 2869

At the request of Mr. KERRY, the name of the Senator from Oregon (Mr. SMITH) was added as a cosponsor of S. 2869, a bill to facilitate the ability of certain spectrum auction winners to pursue alternative measures required in the public interest to meet the needs of wireless telecommunications consumers.

S. 2892

At the request of Mr. KENNEDY, the name of the Senator from Missouri (Mrs. CARNAHAN) was added as a cosponsor of S. 2892, a bill to provide economic security for America's workers.

S. 2894

At the request of Mr. MCCONNELL, the name of the Senator from North Dakota (Mr. DORGAN) was added as a cosponsor of S. 2894, a bill to provide for the protection of the flag of the United States, and for other purposes.

S. 2896

At the request of Mrs. HUTCHISON, the name of the Senator from Georgia (Mr. MILLER) was added as a cosponsor of S. 2896, a bill to enhance the operation of the AMBER Alert communications network in order to facilitate the recovery of abducted children, to provide for enhanced notification on highways of alerts and information on such children, and for other purposes.

S. 2953

At the request of Mr. CAMPBELL, the name of the Senator from North Dakota (Mr. DORGAN) was added as a cosponsor of S. 2953, a bill to redesignate the Colonnade Center in Denver, Colorado, as the ''Cesar E. Chavez Memorial Building''.

S. 2968

At the request of Mr. SARBANES, the name of the Senator from Virginia (Mr. WARNER) was added as a cosponsor of S. 2968, a bill to amend the American Battlefield Protection Act of 1996 to authorize the Secretary of the Interior to establish a battlefield acquisition grant program.

S. RES. 266

At the request of Mr. ROBERTS, the names of the Senator from Louisiana (Mr. BREAUX) and the Senator from Arkansas (Mr. HUTCHINSON) were added as cosponsors of S. Res. 266, a resolution designating October 10, 2002, as ''Put the Brakes on Fatalities Day''.

S. RES. 270

At the request of Mr. CAMPBELL, the names of the Senator from Michigan (Mr. LEVIN) and the Senator from Delaware (Mr. BIDEN) were added as cosponsors of S. Res. 270, a resolution designating the week of October 13, 2002, through October 19, 2002, as ''National Cystic Fibrosis Awareness Week''.

S. RES. 307

At the request of Mr. TORRICELLI, the names of the Senator from Michigan (Ms. STABENOW) and the Senator from Connecticut (Mr. LIEBERMAN) were added as cosponsors of S. Res. 307, a resolution reaffirming support of the Convention on the Prevention and Punishment of the Crime of Genocide and anticipating the commemoration of the 15th anniversary of the enactment of the Genocide Convention Implementation Act of 1987 (the Proxmire Act) on November 4, 2003.

S. RES. 326

At the request of Mr. BIDEN, the name of the Senator from Colorado (Mr. CAMPBELL) was added as a cosponsor of S. Res. 326, a resolution designating October 18, 2002, as ''National Mammography Day''.

S. CON. RES. 11

At the request of Mrs. FEINSTEIN, the name of the Senator from New Jersey (Mr. TORRICELLI) was added as a cosponsor of S. Con. Res. 11, a concurrent resolution expressing the sense of Congress to fully use the powers of the Federal Government to enhance the science base required to more fully develop the field of health promotion and disease prevention, and to explore how strategies can be developed to integrate lifestyle improvement programs into national policy, our health care system, schools, workplaces, families and communities.

AMENDMENT NO. 4581

At the request of Mr. MURKOWSKI, the names of the Senator from Wyoming (Mr. ENZI) and the Senator from Oklahoma (Mr. INHOFE) were added as cosponsors of amendment No. 4581 intended to be proposed to H.R. 5005, a bill to establish the Department of Homeland Security, and for other purposes.

AMENDMENT NO. 4607

At the request of Mr. THOMAS, the name of the Senator from Wyoming (Mr. ENZI) was added as a cosponsor of amendment No. 4607 intended to be proposed to H.R. 5005, a bill to establish the Department of Homeland Security, and for other purposes.

AMENDMENT NO. 4694

At the request of Mr. LEAHY, his name was added as a cosponsor of amendment No. 4694 proposed to H.R. 5005, a bill to establish the Department of Homeland Security, and for other purposes.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. KYL (for himself and Mr. MCCAIN):

S. 2992. A bill to provide for adjustments to the Central Arizona Project in Arizona, to authorize the Gila River Indian Community water rights settlement to reauthorize and amend the Southern Arizona Water Rights Settlement Act of 1982, and for other purposes; to the Committee on Energy and Natural Resources.

Mr. KYL. Mr. President, on behalf of Senator MCCAIN and myself I am introducing legislation today that would codify the largest water claims settlement in the history of Arizona. This bill represents the tremendous efforts of literally hundreds of people in Arizona and here in Washington over a period of five years. Looking ahead, this bill could ultimately be nearly as important to Arizona's future as was the authorization of the Central Arizona Project, CAP, itself.

Since Arizona began receiving CAP water from the Colorado River, litigation has divided water users over how the CAP water should be allocated and exactly how much Arizona was required to repay the Federal Government. This bill will, among other things, codify the settlement reached between the United States and the Central Arizona Water Conservation District over the State's repayment obligation for costs incurred by the United States in constructing the Central Arizona Project. It will also resolve, once and for all, the allocation of all remaining CAP water. This final allocation will provide the stability necessary for State water authorities to plan for Arizona's future water needs. In addition, approximately 200,000 acre-feet of CAP water will be made available to settle various Indian water claims in the State. The bill would also authorize the use of the Lower Colorado River Basin Development Fund, which is funded solely from revenues paid by Arizona entities, to construct irrigation works necessary for tribes with congressionally approved water settlements to use CAP water.

Title II of this bill settles the water rights claims of the Gila River Indian Community. It allocates nearly 100,000 acre-feet of CAP water to the Community, and provides funds to subsidize the costs of delivering CAP water and to construct the facilities necessary to allow the Community to fully utilize the water allocated to it in this settlement. Title III provides for long-needed amendments to the 1982 Southern Arizona Water Settlement Act for the Tohono O'odham Nation, which has never been fully implemented.

This bill will allow Arizona cities to plan for the future, knowing how much water they can count on. The Indian tribes will finally get ''wet'' water, as opposed to the paper rights to water they have now, and projects to use the water. In addition, mining companies, farmers, and irrigation delivery districts can continue to receive water without the fear that they will be stopped by Indian litigation.

While some minor issues remain, we have every confidence that these issues will be resolved before a hearing is scheduled. In addition, before the next Congress begins its work we hope that negotiations with the San Carlos Apache Tribe, the only party not yet included in the settlement, will move forward so that all claims can be resolved by this bill.

In summary, this bill is vital to the citizens of Arizona and will provide the certainty needed to move forward with water use decisions. Furthermore, the United States can avoid litigating water rights and damage claims and satisfy its trust responsibilities to the Tribes. The parties have worked many years to reach consensus rather than litigate, and I believe this bill represents the best opportunity to achieve a fair result for all the people of Arizona.

Mr. MCCAIN. Mr. President, I am pleased to join my colleague, Senator KYL, as a co-sponsor of this important legislation, the Arizona Water Settlements Act of 2002, which would ratify negotiated settlements for Central Arizona Project, CAP, water allocations to municipalities, agricultural districts and Indian tribes, state CAP repayment obligations, and final adjudication of long-standing Indian water rights claims.

These settlements reflect five years of intensive negotiations by State, Federal, tribal, municipal, and private parties. I commend all those involved in these negotiations for their extraordinary commitment and diligence to reach this final stage in the settlement process. I also praise my colleague, Senator JON KYL, and Interior Secretary Gale Norton, for their leadership in facilitating these settlements. From my experience in legislating past agreements, I recognize the enormous challenge of these negotiations, and I appreciate their personal dedication to this settlement process.

This legislation is vitally important to Arizona's future because these settlements will bring greater certainty and stability to Arizona's water supply by completing the allocation of CAP water supplies. Pending water rights claims by various Indian tribes and non-Indian users will be permanently settled as well as the repayment obligations of the state of Arizona for construction of the CAP.

I join with Senator KYL today to express support for the agreements embodied in this bill and to encourage conclusion of this settlement process in the near future. Significant progress has been made in resolving key issues since we last sponsored a bill to facilitate this agreement in the 106th Congress. Some of these key issues pertain to the final apportionment of CAP water supplies, cost-sharing of CAP construction and water delivery systems, amendment of the 1982 settlement agreement with the Tohono O'odham Nation, mitigation measures necessitated by sustained drought conditions, and equitable apportionment of drought shortages.

While this bill reflects agreements reached on a host of issues after an intensive and extended effort by the numerous parties involved, it is important to emphasize that this bill does not represent the final settlement. All parties recognize that a very limited number of the provisions of this bill may be modified as the negotiations continue. We fully expect that the legislative process will culminate with a final agreement early in the next congressional session.

We introduce this bill today as an expression of our strong support of the various parties to successfully achieve conclusion to this process. The Arizona Water Settlements Act will be a historic accomplishment that will benefit all citizens of Arizona, the tribal communities, and the United States.

By Ms. LANDRIEU:

S. 2993. A bill to amend the Higher Education Act of 1965 to require institutions of higher education to preserve the educational status and financial resources of military personnel called to active duty; to the Committee on Health, Education, Labor, and Pensions.

Ms. LANDRIEU. Mr. President, when the President gives the order to activate Reservists and National Guardsmen, the lives of those men and women are put on hold. Businesses, careers, and families are left behind so that America's interests may be served. Students make up a substantial part of our National Guard and Reserve forces. When these students are activated, it jeopardizes their academic standing, as well as their scholarships and grants. This bill would preserve their academic standing for the duration of their service as well as a 1-year period that follows that service. It would also preserve their scholarships and grants, as well as entitle them to a refund of unused tuition and fees. Federal laws already safeguards the employment status of activated Reservists and Guardsmen. It is time that we extend the same guarantee to students.

This legislation would require colleges, universities, and community colleges to grant National Guardsmen and Reservists a leave of military absence when they are called to active duty. This leave of absence would last while the student is serving on active duty and a 1-year period at the conclusion of active service. This bill would preserve the academic credits that the student had earned before being activated. It would also preserve the scholarships and grants awarded to the student before being activated. Under this legislation, students would be entitled to receive a refund of tuition and fees or credit the tuition and fees to the next period of enrollment after the student returns from military leave. If a student elects to receive a refund, it would allow them to receive a full refund, minus the percentage of time the student spent enrolled in classes.

The protections that are already afforded our Reservists and Guardsmen are appropriate considering the hardships they endure on the Nation's behalf. We need to acknowledge the many college students who are in the ranks of the Guard and Reserve and extend to them the protections they deserve. In this day of uncertainty on the world stage, our Reservists must be prepared to be called up at a moments notice. Once they get to their duty station, they need to focus all of their attention on the mission. This legislation provides our student Reservists with the proper safeguards on their academic career which will allow them to accomplish their mission.

By Mrs. LINCOLN:

S. 2994. A bill to amend the Internal Revenue Code of 1986 to provide for the immediate and permanent repeal of the estate tax on family-owned businesses and farms, and for other purposes; to the Committee on Finance

Mrs. LINCOLN. Mr. President, just over one year ago, when budget surpluses reached over $5 trillion, Congress passed a tax cut bill that, in part, began the process providing estate and gift tax relief. Now, in 2002, the surpluses have disappeared, and Congress is making no progress on further estate tax relief. The reason for the stalemate is that some will vote only for complete repeal, while others offer targeted proposals based on prior tax laws that proved to be too complex and intrusive. In this environment, we are losing ground on coming to a fair resolution of this issue, and in the meantime, the current state of the law places many family-owned businesses in an uncertain and precarious position.

These are the same American-owned businesses that Congress initially sought to help when this effort began in the mid-1990's. Given these circumstances, I believe we must explore new ways to immediately and permanently target relief for these businesses, which are so important to our American economy. My bill does not seek to change current law to repeal the estate tax. It would leave in place the increases in the unified credit, the decreases in rates, and the repeal of the estate tax in 2010. My bill would only seek to rectify the special circumstances of family-owned businesses and farms, in an attempt, not to inflame the issue further, but to resolve this issue now and forever for those this effort was originally intended to help.

A serious problem for family-owned businesses is the rollercoaster-ride that current law places them on. Under the 2001 estate tax cut, family-owned businesses pay the estate tax until 2010 with modest reductions, and then the tax is completely repealed for one year. Then, in 2011, these businesses resume paying the tax at the high pre-2001 rates. Such a disparity in tax, depending on when one dies, causes great uncertainty for a business that must meet payroll, hire new people, make new capital investments, and service debt. Under this tax regime, we have made business planning virtually impossible. These family-owned businesses deserve better.

In fashioning a targeted approach for family-owned businesses, it is important to learn from the important lessons of the past. The Lincoln bill recognizes these lessons and seeks to reflect a thoughtful approach, which includes the good lessons learned and avoids the bad ones.

In 1995, Senator Dole and Senator Pryor introduced the Family Business Estate Relief Act, S. 1086. The government budget faced deficits, so the sponsors took a targeted approach to estate tax relief for family-owned businesses. Many in this body, on both sides of the aisle, supported Senators Dole and Pryor in this effort. The bill was an instant hit with overwhelming bipartisan support, and the support of most every small business trade association.

In 1997, the Qualified Family-Owned Business rules, in IRC Section 2057, were enacted into law. During the debate on these new rules, sponsors of the bill stated their concern that family farms and businesses are too often forced out of business at the death of a key family member. While this liquidity concern was all too real, it spawned an inadequate solution.

Over the years since enactment, the Family-Owned Business rules were roundly and rightly criticized for their unnecessary complexity, intrusiveness into family decisions, and paltry tax benefit. Finally, in 2001, Congress threw in the towel on the targeted approach of Section 2057, and repealed it after 2004. This experience, in many ways, poisoned the waters for estate tax relief for family-owned businesses, but I am confident we can do better.

So, I would like to propose an immediate and permanent plan for family-owned businesses. It is a targeted approach in times of budget deficits, and it is a conceptual approach, which, in the past, has garnered bipartisan support in times of political division. But given the hard lessons learned by Section 2057, my bill is not complex or intrusive. For those who don't believe a targeted approach can work, I urge you to take a look and study the Lincoln bill to immediately and permanently repeal the estate tax for family owned farms and businesses.

Maybe one of the most important lessons learned is that the original goal was too limiting. So we have broadened our focus and we make clear our new goal. Simply put, the goal of the Lincoln bill that no family-owned farm or business will ever pay the estate tax, the same as publicly held businesses, which face no estate tax liability. If we focus merely on the liquidity of a family's estate, then we stop well short of treating American family farms and businesses the same as the GE's, Citigroups, and Ciscos of the world. We can do better. We must do better. And we must do better sooner than 2010. And we cannot afford to revert to pre-2001 law down the road. It is simply unacceptable.

With a new goal in mind, the Lincoln bill greatly simplifies the rules and delivers immediate and permanent repeal of the estate tax on family-owned businesses and farms. In doing so, the Lincoln bill throws away several troubling and burdensome provisions of Section 2057, including the 50-percent liquidity test, material participation rules for heirs, the passive income test, and recapture tax provisions. Further, the bill provides sensible working capital rules, to encourage family-owned businesses to grow, add new jobs, and make new capital investments.

I ask unanimous consent that the text of the bill in the RECORD along with a detailed description of ''What's Not in the Lincoln Bill'' which contrasts this new proposal to Section 2057.

It is my hope that Americans who own family businesses will seriously consider my bill and not dismiss it out of hand because of past failures to target estate tax relief. I urge them to read my bill and consider the possibility for estate tax relief for them that can be done immediately and permanently.

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

S. 2994

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 ''Estate Tax Repeal Acceleration (ExTRA) for Family-Owned Businesses and Farms Act''.

SEC. 2. REPEAL OF ESTATE TAX ON FAMILY-OWNED BUSINESSES AND FARMS.

(a) REPEAL OF QUALIFIED FAMILY-OWNED BUSINESS INTEREST.—Part IV of subchapter A of chapter 11 of the Internal Revenue Code of 1986 (relating to taxable estate) is amended by striking section 2057.

(b) CARRYOVER BUSINESS INTEREST EXCLUSION.—Part IV of subchapter A of chapter 11 of the Internal Revenue Code of 1986 (relating to taxable estate) is amended by inserting after section 2058 the following new section:

''SEC. 2059. CARRYOVER BUSINESS INTERESTS.

''(a) GENERAL RULES.—

''(1) ALLOWANCE OF DEDUCTION.—For purposes of the tax imposed by section 2001, in the case of an estate of a decedent to which this section applies, the value of the taxable estate shall be determined by deducting from the value of the gross estate the adjusted value of the carryover business interests of the decedent which are described in subsection (b)(2).

''(2) APPLICATION OF CARRYOVER BASIS RULES.—With respect to the adjusted value of the carryover business interests of the decedent which are described in subsection (b)(2), the rules of section 1023 shall apply.

''(b) ESTATES TO WHICH SECTION APPLIES.—

''(1) IN GENERAL.—This section shall apply to an estate if—

''(A) the decedent was (at the date of the decedent's death) a citizen or resident of the United States,

''(B) the executor elects the application of this section under rules similar to the rules of paragraphs (1) and (3) of section 2032A(d) and files the agreement referred to in subsection (e), and

''(C) during the 8-year period ending on the date of the decedent's death there have been periods aggregating 5 years or more during which—

''(i) the carryover business interests described in paragraph (2) were owned by the decedent or a member of the decedent's family, and

''(ii) there was material participation (within the meaning of section 2032A(e)(6)) by the decedent, a member of the decedent's family, or a qualified heir in the operation of the business to which such interests relate.

''(2) INCLUDIBLE CARRYOVER BUSINESS INTERESTS.—The carryover business interests described in this paragraph are the interests which—

''(A) are included in determining the value of the gross estate (other than qualified spousal property with respect to which an aggregate spousal property basis increase is allocated under section 1023(c)),

''(B) are acquired by any qualified heir from, or passed to any qualified heir from, the decedent (within the meaning of section 2032A(e)(9)), and

''(C) are subject to the election under paragraph (1)(B).

''(3) RULES REGARDING MATERIAL PARTICIPATION.—For purposes of paragraph (1)(C)(ii)—

''(A) in the case a surviving spouse, material participation by such spouse may be satisfied under rules similar to the rules under section 2032A(b)(5),

''(B) in the case of a carryover business interest in an entity carrying on multiple trades or businesses, material participation in each trade or business is satisfied by material participation in the entity or in 1 or more of the multiple trades or businesses, and

''(C) in the case of a lending and finance business (as defined in section 6166(b)(10)(B)(ii)), material participation is satisfied under the rules under subclause (I) or (II) of section 6166(b)(10)(B)(i).

''(c) ADJUSTED VALUE OF THE CARRYOVER BUSINESS INTERESTS.—For purposes of this section—

''(1) IN GENERAL.—The adjusted value of any carryover business interest is the value of such interest for purposes of this chapter (determined without regard to this section), as adjusted under paragraph (2).

''(2) ADJUSTMENT FOR PREVIOUS TRANSFERS.—The Secretary may increase the value of any carryover business interest by that portion of those assets transferred from such carryover business interest to the decedent's taxable estate within 3 years before the date of the decedent's death.

''(d) CARRYOVER BUSINESS INTEREST.—

''(1) IN GENERAL.—For purposes of this section, the term 'carryover business interest' means—

''(A) an interest as a proprietor in a trade or business carried on as a proprietorship, or

''(B) an interest in an entity carrying on a trade or business, if—

''(i) at least—

''(I) 50 percent of such entity is owned (directly or indirectly) by the decedent and members of the decedent's family,

''(II) 70 percent of such entity is so owned by members of 2 families, or

''(III) 90 percent of such entity is so owned by members of 3 families, and

''(ii) for purposes of subclause (II) or (III) of clause (i), at least 30 percent of such entity is so owned by the decedent and members of the decedent's family.

For purposes of the preceding sentence, a decedent shall be treated as engaged in a trade or business if any member of the decedent's family is engaged in such trade or business.

''(2) LENDING AND FINANCE BUSINESS.—For purposes of this section, any asset used in a lending and finance business (as defined in section 6166(b)(10)(B)(ii)) shall be treated as an asset which is used in carrying on a trade or business.

''(3) LIMITATION.—Such term shall not include—

''(A) any interest in a trade or business the principal place of business of which is not located in the United States,

''(B) any interest in an entity, if the stock or debt of such entity or a controlled group (as defined in section 267(f)(1)) of which such entity was a member was readily tradable on an established securities market or secondary market (as defined by the Secretary) at any time,

''(C) that portion of an interest in an entity transferred by gift to such interest within 3 years before the date of the decedent's death, and

''(D) that portion of an interest in an entity which is attributable to cash or marketable securities, or both, in any amount in excess of the reasonably anticipated business needs of such entity.

In any proceeding before the United States Tax Court involving a notice of deficiency based in whole or in part on the allegation that cash or marketable securities, or both, are accumulated in an amount in excess of the reasonably anticipated business needs of such entity, the burden of proof with respect to such allegation shall be on the Secretary to the extent such cash or marketable securities are less than 35 percent of the value of the interest in such entity.

''(4) RULES REGARDING OWNERSHIP.—

''(A) OWNERSHIP OF ENTITIES.—For purposes of paragraph (1)(B)—

''(i) CORPORATIONS.—Ownership of a corporation shall be determined by the holding of stock possessing the appropriate percentage of the total combined voting power of all classes of stock entitled to vote and the appropriate percentage of the total value of shares of all classes of stock.

''(ii) PARTNERSHIPS.—Ownership of a partnership shall be determined by the owning of the appropriate percentage of the capital interest in such partnership.

''(B) OWNERSHIP OF TIERED ENTITIES.—For purposes of this section, if by reason of holding an interest in a trade or business, a decedent, any member of the decedent's family, any qualified heir, or any member of any qualified heir's family is treated as holding an interest in any other trade or business—

''(i) such ownership interest in the other trade or business shall be disregarded in determining if the ownership interest in the first trade or business is a carryover business interest, and

''(ii) this section shall be applied separately in determining if such interest in any other trade or business is a carryover business interest.

''(C) INDIVIDUAL OWNERSHIP RULES.—For purposes of this section, an interest owned, directly or indirectly, by or for an entity described in paragraph (1)(B) shall be considered as being owned proportionately by or for the entity's shareholders, partners, or beneficiaries. A person shall be treated as a beneficiary of any trust only if such person has a present interest in such trust.

''(e) AGREEMENT.—The agreement referred to in this subsection is a written agreement signed by each person in being who has an interest (whether or not in possession) in any property designated in such agreement consenting to the application of this section with respect to such property.

''(f) OTHER DEFINITIONS AND APPLICABLE RULES.—For purposes of this section—

''(1) QUALIFIED HEIR.—The term 'qualified heir' means a United States citizen who is—

''(A) described in section 2032A(e)(1), or

''(B) an active employee of the trade or business to which the carryover business interest relates if such employee has been employed by such trade or business for a period of at least 10 years before the date of the decedent's death.

''(2) MEMBER OF THE FAMILY.—The term 'member of the family' has the meaning given to such term by section 2032A(e)(2).

''(3) APPLICABLE RULES.—Rules similar to the following rules shall apply:

''(A) Section 2032A(b)(4) (relating to decedents who are retired or disabled).

''(B) Section 2032A(e)(10) (relating to community property).

''(C) Section 2032A(e)(14) (relating to treatment of replacement property acquired in section 1031 or 1033 transactions).

''(D) Section 2032A(g) (relating to application to interests in partnerships, corporations, and trusts).

''(4) SAFE HARBOR FOR ACTIVE ENTITIES HELD BY ENTITY CARRYING ON A TRADE OR BUSINESS.—For purposes of this section, if—

''(A) an entity carrying on a trade or business owns 20 percent or more in value of the voting interests of another entity, or such other entity has 15 or fewer owners, and

''(B) 80 percent or more of the value of the assets of each such entity is attributable to assets used in an active business operation,

then the requirements under subsections (b)(1)(C)(ii) and (d)(3)(D) shall be met with respect to an interest in such an entity.''.

(c) MODIFICATION OF TREATMENT OF MARITAL DEDUCTION; LIMITATION ON STEP-UP IN BASIS.—Section 2056 of the Internal Revenue Code of 1986 (relating to bequests, etc., to surviving spouses) is amended by adding at the end the following new subsection:

''(e) APPLICATION OF CARRYOVER BASIS RULES.—With respect to the value of the interests of the decedent which are described in subsection (a), the rules of section 1023 shall apply.''.

(d) CARRYOVER BASIS RULES FOR CARRYOVER BUSINESS INTERESTS AND SPOUSAL PROPERTY.—Part II of subchapter O of chapter 1 of the Internal Revenue Code of 1986 (relating to basis rules of general application) is amended by inserting after section 1022 the following new section:

''SEC. 1023. TREATMENT OF CARRYOVER BUSINESS INTERESTS AND SPOUSAL PROPERTY.

''(a) IN GENERAL.—Except as otherwise provided in this section—

''(1) qualified property acquired from a decedent shall be treated for purposes of this subtitle as transferred by gift, and

''(2) the basis of the person acquiring qualified property from such a decedent shall be the lesser of—

''(A) the adjusted basis of the decedent, or

''(B) the fair market value of the property at the date of the decedent's death.

''(b) QUALIFIED PROPERTY.—For purposes of this section, the term ''qualified property' means—

''(1) the carryover business interests of the decedent with respect to which an election is made under section 2059(b)(1)(B), and

''(2) the qualified spousal property.

''(c) ADDITIONAL BASIS INCREASE FOR PROPERTY ACQUIRED BY SURVIVING SPOUSE.—

''(1) IN GENERAL.—In the case of property to which this subsection applies and which is qualified spousal property, the basis of such property under subsection (a) shall be increased by its spousal property basis increase.

''(2) SPOUSAL PROPERTY BASIS INCREASE.—For purposes of this subsection—

''(A) IN GENERAL.—The spousal property basis increase for property referred to in paragraph (1) is the portion of the aggregate spousal property basis increase which is allocated to the property pursuant to this section.

''(B) AGGREGATE SPOUSAL PROPERTY BASIS INCREASE.—In the case of any estate, the aggregate spousal property basis increase is $3,000,000.

''(3) QUALIFIED SPOUSAL PROPERTY.—For purposes of this section, the term 'qualified spousal property' means any interest in property which passes or has passed from the decedent to the decedent's surviving spouse with respect to which a deduction is allowed under section 2056.

''(4) DEFINITIONS AND SPECIAL RULES.—

''(A) PROPERTY TO WHICH SUBSECTION APPLIES.—The basis of property acquired from a decedent may be increased under this subsection only if the property was owned by the decedent at the time of death.

''(B) RULES RELATING TO OWNERSHIP.—

''(i) JOINTLY HELD PROPERTY.—In the case of property which was owned by the decedent and another person as joint tenants with right of survivorship or tenants by the entirety—

''(I) if the only such other person is the surviving spouse, the decedent shall be treated as the owner of only 50 percent of the property,

''(II) in any case (to which subclause (I) does not apply) in which the decedent furnished consideration for the acquisition of the property, the decedent shall be treated as the owner to the extent of the portion of the property which is proportionate to such consideration, and

''(III) in any case (to which subclause (I) does not apply) in which the property has been acquired by gift, bequest, devise, or inheritance by the decedent and any other person as joint tenants with right of survivorship and their interests are not otherwise specified or fixed by law, the decedent shall be treated as the owner to the extent of the value of a fractional part to be determined by dividing the value of the property by the number of joint tenants with right of survivorship.

''(ii) REVOCABLE TRUSTS.—The decedent shall be treated as owning property transferred by the decedent during life to a qualified revocable trust (as defined in section 645(b)(1)).

''(iii) POWERS OF APPOINTMENT.—The decedent shall not be treated as owning any property by reason of holding a power of appointment with respect to such property.

''(iv) COMMUNITY PROPERTY.—Property which represents the surviving spouse's one-half share of community property held by the decedent and the surviving spouse under the community property laws of any State or possession of the United States or any foreign country shall be treated for purposes of this section as owned by, and acquired from, the decedent if at least one-half of the whole of the community interest in such property is treated as owned by, and acquired from, the decedent without regard to this clause.

"(C) PROPERTY ACQUIRED BY DECEDENT BY GIFT WITHIN 3 YEARS OF DEATH.—

"(i) IN GENERAL.—This subsection shall not apply to property acquired by the decedent by gift or by inter vivos transfer for less than adequate and full consideration in money or money's worth during the 3-year period ending on the date of the decedent's death.

"(ii) EXCEPTION FOR CERTAIN GIFTS FROM SPOUSE.—Clause (i) shall not apply to property acquired by the decedent from the decedent's spouse unless, during such 3-year period, such spouse acquired the property in whole or in part by gift or by inter vivos transfer for less than adequate and full consideration in money or money's worth.

"(D) STOCK OF CERTAIN ENTITIES.—This subsection shall not apply to—

"(i) stock or securities of a foreign personal holding company,

"(ii) stock of a DISC or former DISC,

"(iii) stock of a foreign investment company, or

"(iv) stock of a passive foreign investment company unless such company is a qualified electing fund (as defined in section 1295) with respect to the decedent.

"(E) FAIR MARKET VALUE LIMITATION.—The adjustments under this subsection shall not increase the basis of any interest in property acquired from the decedent above its fair market value in the hands of the decedent as of the date of the decedent's death.

"(d) PROPERTY ACQUIRED FROM THE DECEDENT.—For purposes of this section, the following property shall be considered to have been acquired from the decedent:

"(1) Property acquired by bequest, devise, or inheritance, or by the decedent's estate from the decedent.

"(2) Property transferred by the decedent during his lifetime—

"(A) to a qualified revocable trust (as defined in section 645(b)(1)), or

"(B) to any other trust with respect to which the decedent reserved the right to make any change in the enjoyment thereof through the exercise of a power to alter, amend, or terminate the trust.

"(3) Any other property passing from the decedent by reason of death to the extent that such property passed without consideration.

"(e) COORDINATION WITH SECTION 691.—This section shall not apply to property which constitutes a right to receive an item of income in respect of a decedent under section 691.

"(f) CERTAIN LIABILITIES DISREGARDED.—

"(1) IN GENERAL.—In determining whether gain is recognized on the acquisition of property—

"(A) from a decedent by a decedent's estate or any beneficiary other than a tax-exempt beneficiary, and

"(B) from the decedent's estate by any beneficiary other than a tax-exempt beneficiary, and in determining the adjusted basis of such property, liabilities in excess of basis shall be disregarded.

"(2) TAX-EXEMPT BENEFICIARY.—For purposes of paragraph (1), the term 'tax-exempt beneficiary' means—

"(A) the United States, any State or political subdivision thereof, any possession of the United States, any Indian tribal government (within the meaning of section 7871), or any agency or instrumentality of any of the foregoing,

"(B) an organization (other than a cooperative described in section 521) which is exempt from tax imposed by chapter 1,

"(C) any foreign person or entity (within the meaning of section 168(h)(2)), and

"(D) to the extent provided in regulations, any person to whom property is transferred for the principal purpose of tax avoidance.

"(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this section.".

(e) CLERICAL AMENDMENTS.—

(1) The table of sections for part IV of subchapter A of chapter 11 of the Internal Revenue Code of 1986 is amended by striking the item relating to section 2057 and by inserting after the item relating to section 2058 the following new item:

"Sec. 2059. Carryover business exclusion.".

(2) The table of sections for part II of subchapter O of chapter 1 of such Code is amended by inserting after the item relating to section 1022 the following new item:

"Sec. 1023. Treatment of carryover business interests and spousal property.".

(f) EFFECTIVE DATES.—The amendments made by this section shall apply to estates of decedents dying, and gifts made—

(1) after December 31, 2002, and before January 1, 2010, and

(2) after December 31, 2011.

COBI V. QFOBI—WHAT'S NOT IN THE LINCOLN BILL TO REPEAL THE ESTATE TAX FOR FAMILY-OWNED BUSINESSES

The Qualified Family-Owned Business rules, enacted in 1997, have been roundly, and rightly, criticized for their complexity and paltry tax benefit. Even more troubling, the rules have been criticized for their intrusiveness into a business owner's activities, and for their subjectivity, which allow for large areas of disagreement with the IRS. What went wrong with this effort to free family-owned businesses from the estate tax?

In 1997, the primary concern expressed by proponents of these rules was that family-owned farms and businesses are "too often forced out of businesses upon the death of a key owner." While this concern was, and is, all to real, it does not translate into a worthy goal on how we should treat American family-owned farms and businesses.

Sure, the government should not force these businesses to shut down, but the real point is that we must not stop there, we must encourage them to grow, add new jobs, and make new capital investments. In short, the 1997 qualified family-owned business rules were well intentioned, but they yielded a solution that is too limited and unworkable. So, we went back to the drawing board, taking with us the lessons learned from the qualified family-owned business rules.

The first task was to restate our concern and our goal. Simply put, the reformulated goal of the Lincoln bill is that no family-owned farm and business will ever pay the estate tax. It is often stated that family-owned businesses are subject to an estate tax that can reach over one-half the value of the business. This is true, but on top of this liability, a family-owned business is subject to estate tax liability each time that one generation passes the business to another generation. So, a family-owned business can pay the estate tax more than once over its lifetime.

In contrast, publicly held companies are never impacted by the estate tax. At the very least, we should treat family-owned businesses the same as publicly owned businesses life GE, IBM, and Cisco, which face no estate tax liability. Thus, our goal should be that no family-owned farm or business will ever pay the estate tax.

In pursuit of this goal, the Lincoln bill sheds many of the unnecessary and complex provisions under current law, and in doing so, it provides our best chance to enact immediate and permanent repeal of the estate tax for America's family owned farms and businesses.

The Lincoln bill includes the following improvements to current law:

1. Elimination of the Dollar Limitation on the Tax Benefit. Since the goal of the Lincoln bill is that no family-owned business will ever pay the estate tax, it places no arbitrary dollar or size limit on family-owned businesses. A deceased taxpayer's estate may elect to treat an unlimited portion of the decendent's estate as Carryover Business Interest, COBI. A COBI remains subject to all income and capital gain taxes with no basis adjustment.

Family-owned businesses, regardless of size, will be treated the same as their publicly held competitors, and thus, the economic disadvantage and distortion created by the estate tax on family-owned businesses would be eliminated.

2. Elimination of the 50-Percent Qualification Requirement. The principal argument in the past for repeal of the estate tax is its potential for forcing liquidation of a family-owned farm or business. Pursuant to this concern, the law, passed in 1997, created an extremely complex requirement that the value of the business must be at least 50 percent of the decedent's gross estate. Under this theory, it was presumed that a decedent's estate could afford to pay the tax if the business makes up 49 percent of the estate, but not if it is 50 percent of the estate. This example highlights the folly of this requirement, but it also demonstrates the importance of estate tax planning techniques in order to comply and receive the tax benefit. In the end, such a rule creates inequities among similarly situated taxpayers and benefits those with the best tax planning advise. Such incentives should be reduced whenever possible.

Under the Lincoln bill, this arbitrary requirement is eliminated, so that no family-owned farm or business would ever pay the estate tax, regardless of the portion of the estate that is comprised of the family-owned business. All family-owned businesses will no longer be required to shut down or plan to pay the estate tax. Instead, these businesses can increase working capital for expansion. The elimination of this requirement will also dramatically reduce complexity in the tax code and the subjectivity associated with the administration of the provision by the IRS.

3. Elimination of the Material Participation Requirements for Heirs. The material participation standard requires the IRS to measure a family member's activities on an hour-to-hour basis. This qualified family-owned business rules use this standard such that the IRS is required to monitor the activities of the heir for 10 years. This standard has been widely criticized as too intrusive. This may be the understatement of the year, and on top of that, it is an outrageous requirement the IRS could never effectively carry out if we wanted them to do so. Under the Lincoln bill, an heir is not required to participate in the business. Still, if he or she decides to sell or dispose of the COBI, capital gains and income taxes will continue to be payable and calculated using the decedent's carryover basis. But the estate tax will never put them out of business.

4. Elimination of the Recapture Provisions. Since the Lincoln bill does not require heirs to participate, recapture provisions are not necessary and therefore eliminated. The absence of these complex, arbitrary, and intrusive provisions eliminates the need for the IRS to monitor the daily activities of an heir for 10 years, a clearly intrusive requirement under current law.

5. Elimination of Passive Income Test. Under current law, a family owned business does not qualify for the tax benefit if more than 35 percent of its adjusted gross income is passive income in the tax year, which includes the decedent's date of death. This chance one-year arbitrary measurement of passive income is an insufficient and unreliable test of whether a family owned business has active business income. Further, the test is unnecessary in the face of a reasonable and workable passive asset test, as included in the Lincoln bill. See 6 below.

6. Modification of the Working Capital Rules. Under current law, a qualified family owned business may not hold cash or marketable securities in excess of the day-to-day working capital needs of the business. This rule does not recognize that family-owned businesses must retain liquid funds to expand by incurring debt or acquiring another business.

The Lincoln bill provides a standard that allows family owned businesses to retire debt and expand without facing the burden of the imposition of the estate tax. The standard under the Lincoln bill would allow the family owned business to own cash and securities "reasonably anticipated business needs." This standard is well established under current law, regulations, and IRS audit guidelines.

In any event, in order to prevent any predeath "stuffing," cash or marketplace securities shall be treated as passive assets if such cash or marketplace securities are transferred to the entity with 3 years of the decedent's date of death in any event. On the flip side, the IRS shall have the authority to increase the value of the COBI by that portion of those assets transferred from the COBI to the taxable estate within 3 years before the decedent's death.

By Mr. HOLLINGS (for himself and Mr. CLELAND):

S. 2995. A bill to improve economic opportunity and development in communities that are dependent on tobacco production, and for other purposes, to the Committee on Agriculture, Nutrition, and Forestry.

Mr HOLLINGS. Mr. President, I rise to introduce a bill that the distinguished Senator from Georgia, Mr. CLELAND, and I are sponsoring to assist rural farming communities that have become dependent on tobacco in finding ways to diversify.

Right to the point: The tobacco program as we know it today is not sustainable for tobacco producers or the communities that have become dependent on tobacco for their standard of living. For too many years, too many people in this Chamber ignored the problem of the tobacco program, while addressing every other farm issue under the sun, and we now run the risk of putting tobacco farmers out of business with no concern for the impacts on rural communities. It is in the best interest of not only tobacco farmers and their communities, but of the future health of Americans, to pass this legislation

South Carolina has about 2,000 honest, hard-working tobacco farmers who, of late, can't make ends meet because the demand for tobacco is down so far. It's not that everyone in the world has all of a sudden stopped using tobacco. It's that American companies are using foreign-grown tobacco. It's cheaper for corporations to go to Brazil, or China, or Vietnam, than to buy tobacco from South Carolina or Georgia. The same thing that happened to textile workers in this country is now happening to our farmers, who have bills to pay, and children to send to college, and everything else like that.

In addition to low demand, farmers are in trouble because of past Federal policies intended to encourage farmers to get out of this business, which have instead led them to totally rely on tobacco. At the recommendation of the President's Tobacco Commission, we need to kick the habit of quota subsidies for tobacco farmers or this charade will never end.

Any legislation that fails to focus on the tobacco problem as a community, is not dealing with the problem as a whole. We have to help tobacco communities diversify their economic base, or they will plummet into further economic distress. This legislation provides these communities with the tools to attract new industries and, thus, new and different kinds of jobs for the area. We can't expect to buy farmers out, try to take care of them with a short-term fix, and not take care of the communities' long-term future.

This legislation does just that by making quota buy outs for farmers mandatory, offering special incentives for growers who transition their land from tobacco production and providing meaningful community assistance to bring economic development and diversify the rural economy.

Obviously, every one in this Chamber will want to know: how will we pay for it? What will these buyouts cost a government that this year is running a $412 billion budget deficit? It will not cost the American taxpayer a single dime. I will be paid for by fees assessed on manufacturers based on market share. We used a similar funding mechanism in the LEAF Act that had the full support of tobacco growing states.

When you come right down to it, this is a balancing act to fix a broken farm program without decimating rural communities and without cost to the American taxpayer. This is as balanced a way as Senator CLELAND and I know how to deal with this. The legislation has the support of the health care community and the tobacco growers alike. We have received letters of support from the Alliance for Health Economic and Agriculture Development, the Campaign for Tobacco Free Kids, the South Carolina Tobacco Growers Association, the South Carolina Farm Bureau, Flue-Cured Tobacco Cooperative Stabilization Corporation, and the Burley Tobacco Growers Cooperative Association. We urge your support.

By Mr. KOHL (for himself, Mr. SESSIONS, and Mrs. FEINSTEIN):

S. 2996. A bill to amend title 11, United States Code, to limit the value of certain real and personal property that a debtor may elect to exempt under State or local law, and for other purposes; to the Committee on the Judiciary.

Mr. KOHL. Mr. President, I rise today to introduce the Bankruptcy Abuse Reform Act of 2002. The Senate is very familiar with the issue of the homestead exemption. We have voted to close the homestead loophole in each of the past three Congresses. Each and every time, the Senate strongly supported our proposal to close the homestead loophole and prohibit wealthy debtors from moving to Florida or Texas to shield their multi-million dollar mansions from their creditors.

In practical terms, the unlimited homestead exemption means that a person can declare bankruptcy in Houston, for example, wipe out most of their debts, but shield from creditors a house worth an infinite amount. Our amendment will generously cap the homestead exemption at $125,000, that is, it permits a debtor to keep $125,000 of equity in his or her home after declaring bankruptcy.

This provision should be law by now. Unfortunately, the politics of the bankruptcy bill generally and this provision specifically have prevented the homestead loophole from being closed once and for all. During the course of this debate, we accepted a compromise that was weaker than we would have wanted, but would get at the worst abusers. It was not all that we wanted, nor was it that is needed, but is was a good first step.

To those that argue that the compromise that we agreed to is enough, we say it only got at some of the abusers who will use this provision in the law. Certainly, no matter how well we draft it, we will not be able to anticipate everything that some clever lawyer or devious debtor will think of to find a way around it. The only way to ensure that no debtor will be able to take advantage of this loophole is for the Congress to pass a hard cap. Only then can we be certain that the loophole would be closed once and for all.

It appears now, however, that the bankruptcy reform bill has stalled and may not be considered before the Congress adjourns for the year. It would be a miscarriage of justice to permit the year to end without addressing the most scandalous abuse of the bankruptcy laws in an era when numerous corporate executives will surely use the homestead exemption to protect millions of dollars from their creditors.

The country has been stunned recently by stories of corporate malfeasance, insider dealing, and fraud. And, not by fly-by-night companies, but rather the worst wrongdoing went on in companies that were entrusted with the nest eggs of millions of Americans in pension plans and mutant funds. Those investments have been lost. And, yet there is every chance that the people who caused these nightmares may walk away from their misdeeds and seek shelter in their luxury homes.

Whether we are discussing Ken Lay's $7.1 million, 13,000 square foot condominium or Andrew Fastow's newly built multi-million dollar home in one of Houston's swankiest neighborhoods, or Scott Sullivan's $15 million estate in Boca Raton, one thing is clear; these former executives must not be permitted to continue to live like kings in bankruptcy while their former employees are looking for their next paycheck.

Debtors should not be able to avoid their creditors through luck of geography or through strategic bankruptcy planning. The bottom line is that bankruptcy must be a refuge of last resort, not a financial planning tool for Ken Lay, Scott Sullivan or a host of others. It would be a shame if this Congress were not able to close the most egregious abuse of all in the bankruptcy laws. It is time to close the homestead exemption loophole once and for all.

I ask unanimous consent that the text of the Bankruptcy Abuse Reform Act of 2002 be printed in the RECORD.

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

S. 2996

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Bankruptcy Abuse Reform Act of 2002''.

SEC. 2. LIMITATION.

Section 522 of title 11, United States Code, is amended—

(1) in subsection (b)(2)(A), by inserting ''subject to subsection (n),'' before ''any property''; and

(2) by adding at the end the following new subsection:

''(n)(1) As a result of electing under subsection (b)(2)(A) to exempt property under State or local law, a debtor may not exempt any amount of interest that exceeds, in the aggregate, $125,000 in value in—

''(A) real or personal property that the debtor or a dependent of the debtor uses as a residence;

''(B) a cooperative that owns property that the debtor or a dependent of the debtor uses as a residence; or

''(C) a burial plot for the debtor or a dependent of the debtor.

''(2) The limitation under paragraph (1) shall not apply to an exemption claimed under subsection (b)(3)(A) by a family farmer for the principal residence of that farmer.''.

By Mr. DODD (for himself, Mr. GREGG, Mr. KENNEDY, Ms. COLLINS, Mr. WELLSTONE, and Mr. DEWINE):

S. 2998. A bill to reauthorize the Child Abuse Prevention and Treatment Act, the Family Violence Prevention and Services Act, the Child Abuse Prevention and Treatment and Adoption Reform Act of 1978, and the Abandoned Infants Assistance Act of 1988, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

Mr. DODD. Mr. President, I rise today with my colleague from New Hampshire, Senator GREGG, to introduce the Keeping Children and Families Safe Act. We are pleased to be joined by Senators KENNEDY, COLLINS, WELLSTONE, and DEWINE.

Child abuse and neglect continue to be significant problems in the United States. Recent reports present startling indications of child maltreatment in the United States.

About 3 million referrals concerning the welfare of about 5 million children were made to Child Protection Services, CPS, agencies throughout the Nation in 2000. Of these referrals, about two-thirds, 62 percent, were ''screened-in'' for further assessment and investigation. Professionals, including teachers, law enforcement officers, social service workers, and physicians made more than half, 56 percent, of the screened-in reports. About 879,000 children were found to be victims of child maltreatment. About two-thirds, 63 percent, suffered neglect, including medical neglect; 19 percent were physically abused; 10 percent were sexually abused; and 8 percent were emotionally maltreated.

Many of these children fail to receive adequate protection and services. Nearly half, 45 percent, of these children failed to receive services.

The most tragic consequence of child maltreatment is death. The April maltreatment summary data released by the Department of Health and Human Services, HHS, shows that about 1,200 children died of abuse and neglect in 2000. Children younger than six years of age accounted for 85 percent of child fatalities and children younger than one year of age accounted for 44 percent of child fatalities.

Child abuse is not a new phenomenon. For more than a decade, numerous reports have called attention to the tragic abuse and neglect of children and the inadequacy of our Child Protection Services, CPS, systems to protect our children.

In 1990, the U.S. Advisory Board on Child Abuse and Neglect concluded that ''child abuse and neglect is a national emergency.'' In 1995, the U.S. Advisory Board on Child Abuse and Neglect reported that ''State and local CPS caseworkers are often overextended and cannot adequately function under their current caseloads.'' The report also stated that, ''in many jurisdictions, caseloads are so high that CPS response is limited to taking the complaint call, making a single visit to the home, and deciding whether or not the complaint is valid, often without any subsequent monitoring of the family.''

A 1997 General Accounting Office, GAO, report found, ''the CPS system is in crisis, plagued by difficult problems, such as growing caseloads, increasingly complex social problems and underlying child maltreatment, and ongoing systemic weaknesses in day-to-day operations.'' According to GAO, CPS weaknesses include ''difficulty in maintaining a skilled workforce; the inability to consistently follow key policies and procedures designed to protect children; developing useful case data and record-keeping systems, such as automated case management; and establishing good working relationships with the courts.''

According to the May 2001 ''Report from the Child Welfare Workforce Survey: State and County Data and Findings'' conducted by the American Public Human Services Association, APHSA, the Child Welfare League of America, CWLA, and the Alliance for Children and Families, annual staff turnover is high and morale is low among CPS workers. The report found that CPS workers had an annual turnover rate of 22 percent, 76 percent higher than the turnover rate for total agency staff. The ''preventable'' turnover rate was 67 percent, or two-thirds higher than the rate for all other direct service workers and total agency staff. In some States, 75 percent or more of staff turnovers were preventable.

States rated a number of retention issues as highly problematic. In descending order they are: workloads that are too high and/or demanding; caseloads that are too high; too much worker time spent on travel, paperwork, courts, and meetings; workers not feeling valued by the agency; low salaries; supervision problems; and insufficient resources for families and children.

To prevent turnover and retain quality CPS staff, some States have begun to increase in-service training, increase education opportunities, increase supervisory training, increase or improve orientation, increase worker safety, and offer flex-time or changes in office hours. Most States, however, continue to grapple with staff turnover and training issues.

Continued public criticism of CPS efforts, continued frustration by CPS staff and child welfare workers, and continued abuse and neglect, and death, of our Nation's children, served as the backdrop as we sought to draft a CAPTA reauthorization bill this year.

The Child Protection System mission must focus on the safety of children. To ensure that the system works as intended, CPS needs to be appropriately staffed. The staff need to receive appropriate training and cross-training to better recognize substance abuse and domestic violence problems. Triage can help in communities with numerous abuse reports so that those reports where children are most at-risk of imminent harm can be prioritized. More collaborations in communities between CPS, health agencies, including mental health agencies, schools, and community-based groups can help to strengthen families. Prevention programs and activities to prevent child abuse and neglect for families at-risk can improve the likelihood that a child will grow up in a home without violence, abuse, or neglect.

Beyond the CAPTA title of this legislation, our bill reauthorizes the Family Violence Prevention and Services Act, including the creation of a new program to address the needs of children