

checks, or other bank instruments from gamblers who illegally bet over the Internet. The bill also would require financial institutions to take steps to identify and block gambling-related transactions that are transmitted through their payment systems. The Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), and the National Credit Union Administration (NCUA) would enforce the provisions of H.R. 21 as they apply to financial institutions.

CBO estimates that implementing this legislation would result in no significant cost to the federal government. The bill could affect direct spending and revenues, but CBO estimates that any impact on direct spending and revenues would not be significant.

H.R. 21 would create no new intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments. The bill would impose a private-sector mandate, but CBO estimates that the direct costs of the mandate would fall below the annual threshold established in UMRA (\$117 million in 2003, adjusted annually for inflation) in any of the next five years.

Estimated cost to the Federal Government: CBO estimates that the government would incur no significant costs under H.R. 21. CBO estimates that implementing H.R. 21 would increase administrative costs of the Department of Justice, but any such costs would be negligible. The bill also would have a small effect on the operating costs of the FDIC and the Federal Reserve System. Finally, the bill would have a negligible effect on the collection and spending of criminal penalties.

Basis of estimate

The bill would have only minor budgetary effects, as described below.

Spending subject to appropriation

Because H.R. 21 would establish new federal crimes relating to Internet gambling, the federal government would be able to pursue cases that it otherwise would not be able to prosecute. CBO expects, however, that most cases would be pursued under existing state laws. Therefore, we estimate that any increase in federal costs for law enforcement, court proceedings, or prison operations would not be significant. Any such additional costs would be subject to the availability of appropriated funds.

H.R. 21 would require the Department of the Treasury to submit an annual report on deliberations with other countries on issues related to Internet gambling. CBO estimates that preparing and completing the report would cost less than \$100,000 a year, subject to the availability of appropriated funds.

Direct spending and revenues

The NCUA, the OTS, and the OCC charge fees to cover all their administrative costs; therefore, any additional spending by those agencies to implement the bill would have no net budgetary effect. That is not the case with the FDIC, however, which uses deposit insurance premiums paid by banks to cover the expenses it incurs to supervise state-chartered institutions. (Under current law, CBO estimates that the vast majority of thrift institutions insured by the FDIC would not pay any premiums for most of the 2004–2013 period.)

The bill would cause a small increase in FDIC spending but would not affect its premium income. In total, CBO estimates that H.R. 21 would increase direct spending and offsetting receipts of the NCUA, OTS, OCC, and FDIC by less than \$500,000 a year over the 2002–2006 period.

Budgetary effects on the Federal Reserve are recorded as changes in revenues (governmental receipts). Based on information from the Federal Reserve, CBO estimates that enacting H.R. 21 would reduce such revenues by less than \$500,000 a year.

Because those prosecuted and convicted under the bill could be subject to criminal fines, the federal government might collect additional fines if the bill is enacted. Collections of such fines are recorded in the budget as governmental receipts (i.e., revenues), which are deposited in the Crime Victims Fund and spent in subsequent years. Any additional collections are likely to be negligible because of the small number of cases involved. Because any increase in direct spending would equal the amount of fines collected (with a lag of one year or more), the additional direct spending also would be negligible.

Estimated impact on state and local governments: Although H.R. 21 would prohibit gambling businesses from accepting credit card payments and other bank instruments from gamblers who bet illegally over the Internet, the bill would not create a new intergovernmental mandate as defined in UMRA. Under current federal and state law, gambling businesses are generally prohibited from accepting bets or wagers over the Internet. Thus, H.R. 21 does not contain a new mandate relative to current law and would impose no costs on state, local, or tribal governments.

Estimated impact on the private sector: H.R. 21 would impose a new federal mandate on the private sector. The bill would require designated payment systems to establish policies and procedures designed to identify and prevent transactions in connection with unlawful Internet gambling. Designated payment systems are defined in the bill to include any system utilized by businesses such as creditors, credit card issuers, or financial institutions to effect a credit transaction, an electronic fund transfer, or other transfer of funds. Information provided by representatives of the financial services industry indicates that such transactions can currently be identified through the use of codes. Most financial institutions are currently able to identify and block restricted transactions by using the coding system. Thus, CBO estimates that the private sector's cost to comply with the mandate would be small. There also could be direct savings to those entities subject to the mandate as the bill limits their liability arising from their compliance with the requirement. CBO estimates that the total direct costs for private-sector mandates in this bill would fall well below the annual threshold (\$117 million in 2003, adjusted annually for inflation) established in UMRA.

Although section 3 would prohibit gambling businesses from accepting credit card payments and other bank instruments from gamblers who bet illegally over the Internet, those provisions would not create a new private-sector mandate as defined in UMRA. Under current federal and state law, gambling businesses are generally prohibited from accepting bets or wagers over the Internet. Thus, those provisions do not contain a new mandate relative to current law.

Previous estimate: The cost estimate for H.R. 21 transmitted to the House Committee on Financial Services on March 27, 2003, did not identify or describe the private-sector mandate that would be imposed by the bill. This cost estimate supersedes that previous estimate. The estimate of the bill's impact on the federal budget and on state and local governments is unchanged.

Estimate prepared by: Federal spending: Ken Johnson and Mark Hadley; federal revenues: Mark Booth; impact on state, local,

and tribal governments: Victoria Heid Hall; impact on the private sector: Cecil McPherson.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

BOUNDARY COUNTY DISTRICT LIBRARY IN BONNERS FERRY, ID

HON. C.L. "BUTCH" OTTER

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 3, 2003

Mr. OTTER. Mr. Speaker, I rise today to bring to the attention of the House the distinguished accomplishments of the Boundary County District Library in Bonners Ferry, ID. Under the leadership of Director Sandy Ashworth, the Boundary County District Library received the 2002 National Award for Library Services. The Institute of Museum and Library Services and First Lady Laura Bush bestowed this well-deserved honor upon the library at a White House ceremony.

Established in 1956, the Boundary County District Library was the first countywide library district in the State of Idaho. The library is dedicated to using innovative collaborations in raising both the quality and quantity of library resources while helping to overcome the rural isolation of Boundary County's residents.

The Boundary County District Library is a model for the community and the State of Idaho, as well as for other libraries trying to meet increasing demand for services with less money. The library and the community work together toward the common goals of providing excellent service and improving the quality of life in northern Idaho.

Mr. Speaker, I was honored to nominate the Boundary County District Library for this special award. Furthermore, I am very proud of the independent nature of Boundary County, ID, and citizens, whose hard work and sense of community should serve as an inspiration to us all. I wish to convey a special thanks to the Boundary County District Library for leading that effort.

INTRODUCTION OF THE SCHIP WEB-BASED ENROLLMENT ACT OF 2003

HON. ADAM B. SCHIFF

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 3, 2003

Mr. SCHIFF. Mr. Speaker, I rise today to announce the introduction of a piece of legislation that will provide an e-government solution to the complicated process of signing kids up for health insurance, the SCHIP Web-Based Enrollment Act of 2003. This bill provides a simple, targeted method for expanding access to children's health care by giving States the flexibility they need to implement web-based enrollment programs for SCHIP.

The Balanced Budget Act of 1997 established the State Children's Health Insurance Program (SCHIP), a program that allows States to cover uninsured children in families with incomes that are above Medicaid eligibility levels. Like Medicaid, SCHIP is a Federal-State matching program, but spending

has fallen well below allotment levels for a variety of reasons. One of the most striking reasons is that States have had difficulty enrolling enough children to meet the allotment standards. Enrollment in SCHIP has involved lots of redtape, and the complexity of the application has discouraged families from signing up.

To address this problem, States are beginning to utilize new technology and the Internet to streamline enrollment in SCHIP and Medicaid. This new technology has enabled States to reduce program enrollment time, improve accuracy, increase access for applicants, and centralize social service applications in State government. States that have launched or are planning to launch web-based enrollment in SCHIP include: California, Arizona, Florida, Michigan, Georgia, Pennsylvania, Texas, and Washington.

While web-based enrollment is promising, many States are challenged by high start-up costs. This bill would provide States with more flexibility to use their Federal SCHIP funds for this kind of activity, and would create a grant program to help States promote web-based enrollment.

The SCHIP Web-Based Enrollment Act of 2003 meets these objectives in the following ways:

First, it would allow States to use unused, "retained" (redistributed from the Federal Government back to the State) SCHIP money for this effort. Under current law, a State may use up to 10 percent of retained 1998 allotments for outreach activities approved by the Secretary. The bill adds an additional provision under that section that allows States to use any amount of their retained funds for web-based enrollment outreach.

Second, the bill establishes a separate grant program, allowing States to apply for additional funds (separate from SCHIP money) for this purpose. The grant program would make \$50 million available over 5 years, and grants would be subject to a match rate. The match rate would be tied to their SCHIP match rate, but States would be eligible for up to 20 percent more than their rate, not to exceed 90 percent.

Finally, this legislation provides assistance to States from HHS for development and implementation of the web-based enrollment system by providing information and technical assistance.

There are 9 million uninsured children in the United States. In fact, a child is born without health insurance every minute in this country. We must do everything we can to make it easier for families to enroll children in the health insurance programs available to them. I believe that this bill will provide the necessary means to help states expand enrollment in SCHIP. I urge my Colleagues to support this important legislation.

LEGISLATION TO ESTABLISH AN OFFICE TO OVERSEE RESEARCH AND COMPLIANCE WITHIN THE VETERANS HEALTH ADMINISTRATION

HON. STEVE BUYER

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 3, 2003

Mr. BUYER. Mr. Speaker, today, I am introducing legislation to establish an office to

oversee research compliance and assurance within the Veterans Health Administration of the Department of Veterans Affairs. I am pleased that this legislation has bipartisan support, including CHRIS SMITH, Chairman of the Committee on Veterans' Affairs; Representative LANE EVANS, Ranking Democratic Member of the Veterans' Affairs Committee; Representative TERRY EVERETT, the former chairman of the Veterans' Affairs Subcommittee on Oversight and Investigations; Representative MICHAEL BILIRAKIS, Vice Chairman, Veterans' Affairs Committee; Representatives MICHAEL MICHAUD, JULIA CARSON, BOB FILNER, MICHAEL MCNULTY, BOB BEAUPREZ, JEFF MILLER, JOHN BOOZMAN, CLIFF STEARNS, JOHN SWEENEY, JACK QUINN, HENRY BROWN, GINNY BROWN-WAITE, and JOHN MCHUGH.

The VA has made tremendous contributions in the field of medical research. I think we all recognize the many accomplishments made by the VA in discovering new drug therapies and developing medical devices that have benefited not only veterans but all Americans. For instance, the VA invented the implantable cardiac pacemaker, developed the nicotine patch, performed the first successful liver transplant, and assisted in the development of the first oral vaccine for smallpox.

The intent of this legislation is to ensure that all research funds are directed with focus and accountability. It does not seek to impede the VA from continuing with the research it conducts.

Before I summarize the bill, I want to provide some pertinent background information as to why this legislation is necessary. In April 1999, the Subcommittee on Oversight and Investigations held a hearing to examine violations of human research protections that occurred in the West Los Angeles and Sepulveda Veterans Affairs medical facilities that resulted in the shutdown of all research activity at those two facilities. These violations were traced as far back as 1993 and came to light in 1998. The subcommittee's hearing reviewed what happened and what was being done to correct the situation.

At the hearing, the VA announced that it had created a new Office of Research Compliance and Assurance (ORCA). Then-Under Secretary for Health Kenneth Kizer stated at the April 1999 hearing, "I want to emphasize that this new Office of Research Compliance will be an independent, objective, and unbiased entity in its compliance and oversight activities." Dr. Kizer also said, "By placing the Office of Research Compliance outside of the Research Office, and directly reporting to top management within the Veterans Health Administration, it is my intention to minimize any real or perceived weakness of this type." In subsequent hearings, Dr. Thomas L. Garthwaite, who succeeded Dr. Kizer as Under Secretary for Health, and Dr. Robert H. Roswell, the current Under Secretary both echoed the sentiments expressed by Dr. Kizer in his April 1999 testimony.

ORCA served as the primary advisory component for the Under Secretary for Health on all matters affecting the integrity of research in the protection of human subjects and welfare of laboratory animals, promoting enhancements in the ethical conduct of research in conformance with regulations and policies and investigating any allegations of research improprieties and scientific misconduct. ORCA's major responsibilities included providing direc-

tion, guidance, and oversight to its field offices that perform their delegated roles and responsibilities, in promotion of the office's mission.

ORCA conducted a follow-up review of the Greater Los Angeles Health Systems Research Program and recommended lifting its probationary status. The review also made recommendations for improvements in the research programs. ORCA oversaw the implementation of these recommendations.

Further oversight hearings conducted by my subcommittee produced GAO recommendations on necessary VA actions to strengthen the protection of human research subjects. GAO recommended that VA identify adequate funding levels needed to support human subject protection activities at medical centers and ensure an appropriate allocation of funds to support the activities.

The VA's Office of Research Development also provided preliminary guidance to VISN Directors on the needed Independent Review Board, IRB, staffing levels. The IRBs approve and monitor research protocols for all projects at the facility level.

In January, 2003, it came to the committee's attention that the VA intended to combine the oversight responsibility for all human and animal research within the Office of Research Development, ORD, the very body it was supposed to oversee. I, along with several other members of the Oversight Subcommittee, including Representative LANE EVANS, strongly objected to the proposal and requested the Department review its decision and brief the subcommittee before any further action was taken.

The move to combine ORCA with ORD came after a report of alleged research misconduct involving human subjects at the VA medical center in Albany, NY. My colleagues and I want to insure that oversight of human subject research remains truly independent.

The bill I am introducing would:

First, create an independent office to oversee research compliance and assurance.

Second, require that the new office have a director who reports directly to the Under Secretary for Health.

Third, provide that the missions of the new office be to offer regular counsel to the Under Secretary for Health on all matters related to the protection of human research subjects, research misconduct, laboratory animal welfare and bio-safety; to promote and enhance the ethical conduct of research; to investigate allegations of research impropriety and misconduct; to suspend, restrict, or modify research to ensure the safety, and ethical treatment of human subjects; to preserve integrity and validity of research; to prevent mistreatment of laboratory animals used in research; and to assure compliance in the conduct of research.

The bill would require that the director of the office conduct periodic inspections at research facilities; observe external accreditation site visits; investigate allegations of research improprieties, research misconduct, and non-compliance with research policies and regulations. The bill would also require the immediate notification of the Under Secretary for Health when endangerment of human research subjects is evident or suspected and requires that Congress be notified when impropriety of misconduct of research conducted by the Department has been found.