INOUYE), the Senator from Wyoming (Mr. THOMAS), the Senator from Nevada (Mr. ENSIGN), the Senator from Montana (Mr. BAUCUS), the Senator from North Dakota (Mr. CONRAD), the Senator from Vermont (Mr. JEFFORDS) and the Senator from Idaho (Mr. CRAPO) were added as cosponsors of S. 806, a bil to amend title 38, United States Code, to provide a traumatic injury protection rider to servicemembers insured under section 1967(a)(1) of such title.

S. 859

At the request of Mr. SANTORUM, the name of the Senator from Rhode Island (Mr. CHAFEE) was added as a cosponsor of S. 859, a bill to amend the Internal Revenue Code of 1986 to allow an income tax credit for the provision of homeownership and community development, and for other purposes.

S.J. RES. 11

At the request of Mrs. FEINSTEIN, the name of the Senator from California (Mrs. BOXER) was added as a cosponsor of S.J. Res. 11, a joint resolution proposing an amendment to the Constitution of the United States to abolish the electoral college and to provide for the direct popular election of the President and Vice President of the United States.

S.J. RES. 15

At the request of Mr. BROWNBACK, the name of the Senator from Hawaii (Mr. INOUYE) was added as a cosponsor of S.J. Res. 15, a joint resolution to acknowledge a long history of official depredations and ill-conceived policies by the United States Government regarding Indian tribes and offer an apology to all Native Peoples on behalf of the United States.

S. CON. RES. 11

At the request of Mr. SESSIONS, the names of the Senator from Colorado (Mr. ALLARD), the Senator from Alaska (Mr. STEVENS), the Senator from Illinois (Mr. OBAMA), the Senator from Georgia (Mr. CHAMBLISS) and the Senator from Massachusetts (Mr. KENNEDY) were added as cosponsors of S. Con. Res. 11, a concurrent resolution honoring the Tuskegee Airmen for their bravery in fighting for our freedom in World War II, and for their contribution in creating an integrated United States Air Force.

S. RES. 40

At the request of Ms. LANDRIEU, the name of the Senator from Colorado (Mr. SALAZAR) was added as a cosponsor of S. Res. 40, a resolution supporting the goals and ideas of National Time Out Day to promote the adoption of the Joint Commission on Accreditation of Healthcare Organizations' universal protocol for preventing errors in the operating room.

S. RES. 85

At the request of Mr. BINGAMAN, his name was added as a cosponsor of S. Res. 85, a resolution designating July 23, 2005, and July 22, 2006, as ''National Day of the American Cowboy''.

S. RES. 107

At the request of Ms. COLLINS, the name of the Senator from Kansas (Mr. BROWNBACK) was added as a cosponsor of S. Res. 107, a resolution commending Annice M. Wagner, Chief Judge of the District of Columbia court of Appeals, for her public service.

S. RES. 115

At the request of Mr. SALAZAR, the name of the Senator from Mississippi (Mr. COCHRAN) was added as a cosponsor of S. Res. 115, a resolution designating May 2005 as ''National Cystic Fibrosis Awareness Month''.

AMENDMENT NO. 368

At the request of Mr. CORZINE, the name of the Senator from Illinois (Mr. OBAMA) was added as a cosponsor of amendment No. 368 proposed to H.R. 1268, an act making Emergency Supplemental Appropriations for Defense, the Global War on Terror, and Tsunami Relief, for the fiscal year ending September 30, 2005, and for other purposes.

AMENDMENT NO. 437

At the request of Mr. ROCKEFELLER, the names of the Senator from Michigan (Mr. LEVIN), the Senator from New Jersey (Mr. CORZINE), the Senator from Oregon (Mr. WYDEN), the Senator from Maryland (Ms. MIKULSKI) and the Senator from Connecticut (Mr. DODD) were added as cosponsors of amendment No. 437 intended to be proposed to H.R. 1268, an act making Emergency Supplemental Appropriations for Defense, the Global War on Terror, and Tsunami Relief, for the fiscal year ending September 30, 2005, and for other purposes.

AMENDMENT NO. 439

At the request of Mr. CRAIG, the names of the Senator from Colorado (Mr. SALAZAR), the Senator from South Dakota (Mr. THUNE), the Senator from Illinois (Mr. OBAMA), the Senator from Missouri (Mr. BOND), the Senator from North Carolina (Mr. BURR), the Senator from New Jersey (Mr. LAUTENBERG), the Senator from Ohio (Mr. DEWINE), the Senator from New Mexico (Mr. BINGAMAN), the Senator from Arkansas (Mrs. LINCOLN), the Senator from Hawaii (Mr. INOUYE), the Senator from Wyoming (Mr. THOMAS), the Senator from Nevada (Mr. ENSIGN), the Senator from Montana (Mr. BAUCUS), the Senator from North Dakota (Mr. CONRAD), the Senator from Vermont (Mr. JEFFORDS) and the Senator from Idaho (Mr. CRAPO) were added as cosponsors of amendment No. 439 intended to be proposed to H.R. 1268, an act making Emergency Supplemental Appropriations for Defense, the Global War on Terror, and Tsunami Relief, for the fiscal year ending September 30, 2005, and for other purposes.

AMENDMENT NO. 487

At the request of Mr. ENSIGN, the names of the Senator from Montana (Mr. BURNS) and the Senator from Oklahoma (Mr. COBURN) were added as cosponsors of amendment No. 487 proposed to H.R. 1268, an act making Emergency Supplemental Appropriations for Defense, the Global War on Terror, and Tsunami Relief, for the fiscal year ending September 30, 2005, and for other purposes.

AMENDMENT NO. 520

At the request of Mr. BAYH, the names of the Senator from Massachusetts (Mr. KENNEDY), the Senator from Washington (Ms. CANTWELL) and the Senator from Florida (Mr. NELSON) were added as cosponsors of amendment No. 520 proposed to H.R. 1268, an act making Emergency Supplemental Appropriations for Defense, the Global War on Terror, and Tsunami Relief, for the fiscal year ending September 30, 2005, and for other purposes.

AMENDMENT NO. 563

At the request of Mr. LEVIN, the name of the Senator from Michigan (Ms. STABENOW) was added as a cosponsor of amendment No. 563 proposed to H.R. 1268, an act making Emergency Supplemental Appropriations for Defense, the Global War on Terror, and Tsunami Relief, for the fiscal year ending September 30, 2005, and for other purposes.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mrs. HUTCHISON:

S. 866. A bill to amend title II of the Social Security Act to repeal the windfall elimination provision and protect the retirement of public servants; to the Committee on Finance.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 866

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 ''Public Servant Retirement Protection Act of 2005''.

SEC. 2. REPEAL OF CURRENT WINDFALL ELIMINATION PROVISION.

Paragraph (7) of section 215(a) of the Social Security Act (42 U.S.C. 415(a)(7)) is repealed.

SEC. 3. REPLACEMENT OF THE WINDFALL ELIMINATION PROVISION WITH A FORMULA EQUALIZING BENEFITS FOR CERTAIN INDIVIDUALS WITH NONCOVERED EMPLOYMENT.

(a) SUBSTITUTION OF PROPORTIONAL FORMULA FOR FORMULA BASED ON COVERED PORTION OF PERIODIC BENEFIT.—

(1) IN GENERAL.—Section 215(a) of the Social Security Act (as amended by section 2 of this Act) is amended further by inserting after paragraph (6) the following new paragraph:

''(7)(A) In the case of an individual whose primary insurance amount would be computed under paragraph (1) of this subsection, who—

''(i) attains age 62 after 1985 (except where he or she became entitled to a disability insurance benefit before 1986 and remained so entitled in any of the 12 months immediately preceding his or her attainment of age 62), or

''(ii) would attain age 62 after 1985 and becomes eligible for a disability insurance benefit after 1985,

and who first becomes eligible after 1985 for a monthly periodic payment (including a

payment determined under subparagraph (E), but excluding (I) a payment under the Railroad Retirement Act of 1974 or 1937, (II) a payment by a social security system of a foreign country based on an agreement concluded between the United States and such foreign country pursuant to section 233, and (III) a payment based wholly on service as a member of a uniformed service (as defined in section 210(m)) which is based in whole or in part upon his or her earnings for service which did not constitute 'employment' as defined in section 210 for purposes of this title (hereafter in this paragraph and in subsection (d)(3) referred to as 'noncovered service'), the primary insurance amount of that individual during his or her concurrent entitlement to such monthly periodic payment and to old-age or disability insurance benefits shall be computed or recomputed under this paragraph.

''(B) The primary insurance amount of an individual described in subparagraph (A), as computed or recomputed under this paragraph, shall be—

''(i) in the case of an individual who first performs noncovered service after the 12th calendar month following the date of the enactment of the Public Servant Retirement Protection Act of 2005, the primary insurance amount determined under subparagraph (C), or

''(ii) in the case of an individual who has performed noncovered service during or before the 12th calendar month following the date of the enactment of the Public Servant Retirement Protection Act of 2005, the larger of—

''(I) the primary insurance amount determined under subparagraph (C), or

''(II) the primary insurance amount determined under subparagraph (E).

''(C) An individual's primary insurance amount determined under this subparagraph shall be the product derived by multiplying—

''(i) the individual's primary insurance amount, as determined under paragraph (1) of this subsection and subparagraph (D)(i) of this paragraph, by

''(ii) a fraction—

''(I) the numerator of which is the individual's average indexed monthly earnings (determined without regard to subparagraph (D)(i)), and

''(II) the denominator of which is an amount equal to the individual's average indexed monthly earnings (as determined under subparagraph (D)(i)),

rounded, if not a multiple of $0.10, to the next lower multiple of $0.10.

''(D)(i) For purposes of determining an individual's primary insurance amount pursuant to subparagraph (C)(i), the individual's average indexed monthly earnings shall be determined by treating all service performed after 1950 on which the individual's monthly periodic payment referred to in subparagraph (A) is based (other than noncovered service as a member of a uniformed service (as defined in section 210(m))) as 'employment' as defined in section 210 for purposes of this title (together with all other service performed by such individual consisting of 'employment' as so defined).

''(ii) For purposes of determining average indexed monthly earnings as described in clause (i), the Commissioner of Social Security shall provide by regulation for a method for determining the amount of wages derived from service performed after 1950 on which the individual's periodic benefit is based and which is to be treated as 'employment' solely for purposes of clause (i). Such method shall provide for reliance on employment records which are provided to the Commissioner and which, as determined by the Commissioner, constitute a reasonable basis for treatment of service as 'employment' for such purposes, together with such other information received by the Commissioner (including such documentary evidence of earnings derived from noncovered service as may be provided to the Commissioner by the individual) as the Commissioner may consider appropriate as a reasonable basis for treatment of service as 'employment' for such purposes. The Commissioner shall enter into such arrangements as are necessary and appropriate with the Department of the Treasury, the Department of Labor, other Federal agencies, and agencies of States and political subdivisions thereof so as to secure satisfactory evidence of earnings for noncovered service described in subparagraph (A) for purposes of this clause and clauses (iii) and (iv). The Secretary of the Treasury, the Secretary of Labor, and the heads of all other Federal agencies are authorized and directed to cooperate with the Commissioner and, to the extent permitted by law, to provide such employment records and other information as the Commissioner may request for their assistance in the performance of the Commissioner's functions under this clause and clauses (iii) and (iv).

''(iii) In any case in which satisfactory evidence of earnings for noncovered service which was performed by an individual during any year or portion of a year after 1977 is not otherwise available, the Commissioner may, for purposes of clause (ii), accept as satisfactory evidence of such individual's earnings for such noncovered service during such year or portion of a year reasonable extrapolations from available information with respect to earnings for noncovered service of such individual for periods immediately preceding and following such year or portion of a year.

''(iv) In any case in which satisfactory evidence of earnings for noncovered service which was performed by an individual during any period before 1978 is not otherwise available, the Commissioner may, for purposes of clause (ii), accept as satisfactory evidence of such individual's earnings for such noncovered service during such period —

''(I) the individual's written attestation of such earnings, if such attestation is corroborated by at least 1 other individual who is knowledgeable of the relevant facts, or

''(II) available information regarding the average earnings for noncovered service for the same period for individuals in similar positions in the same profession in the same State or political subdivision thereof, or, in any case in which such information is not available for such period, reasonable extrapolations of average earnings for noncovered service for such individuals from periods immediately preceding and following such period.

''(v) In any case described in subparagraph (B)(i), if the requirements of clause (ii) of this subparagraph are not met (after applying clauses (iii) and (iv)), the primary insurance amount of the individual shall be, notwithstanding subparagraph (B)(i), the primary insurance amount computed under subparagraph (E).

''(E)(i) For purposes of determining the primary insurance amount under this subparagraph—

''(I) there shall first be computed an amount equal to the individual's primary insurance amount under paragraph (1) of this subsection, except that for purposes of such computation the percentage of the individual's average indexed monthly earnings established by subparagraph (A)(i) of paragraph (1) shall be the percent specified in clause (ii), and

''(II) there shall then be computed (without regard to this paragraph) a second amount, which shall be equal to the individual's primary insurance amount under paragraph (1) of this subsection, except that such second amount shall be reduced by an amount equal to one-half of the portion of the monthly periodic payment which is attributable to noncovered service performed after 1956 (with such attribution being based on the proportionate number of years of such noncovered service) and to which the individual is entitled (or is deemed to be entitled) for the initial month of his or her concurrent entitlement to such monthly periodic payment and old-age or disability insurance benefits.

An individual's primary insurance amount determined under this subparagraph shall be the larger of the two amounts computed under this clause (before the application of subsection (i)).

''(ii) For purposes of clause (i), the percent specified in this clause is—

''(I) 80.0 percent with respect to individuals who become eligible (as defined in paragraph (3)(B)) for old-age insurance benefits (or became eligible as so defined for disability insurance benefits before attaining age 62) in 1986;

''(II) 70.0 percent with respect to individuals who so become eligible in 1987;

''(III) 60.0 percent with respect to individuals who so become eligible in 1988;

''(IV) 50.0 percent with respect to individuals who so become eligible in 1989; and

''(V) 40.0 percent with respect to individuals who so become eligible in 1990 or thereafter.

''(F)(i) Any periodic payment which otherwise meets the requirements of subparagraph (A), but which is paid on other than a monthly basis, shall be allocated on a basis equivalent to a monthly payment (as determined by the Commissioner of Social Security), and such equivalent monthly payment shall constitute a monthly periodic payment for purposes of this paragraph.

''(ii) In the case of an individual who has elected to receive a periodic payment that has been reduced so as to provide a survivor's benefit to any other individual, the payment shall be deemed to be increased (for purposes of any computation under this paragraph or subsection (d)(3)) by the amount of such reduction.

''(iii) For purposes of this paragraph, the term 'periodic payment' includes a payment payable in a lump sum if it is a commutation of, or a substitute for, periodic payments.

''(G)(i) This paragraph shall not apply in the case of an individual who has 30 years or more of coverage. In the case of an individual who has more than 20 years of coverage but less than 30 years of coverage (as so defined), the percent specified in the applicable subdivision of subparagraph (E)(ii) shall (if such percent is smaller than the applicable percent specified in the following table) be deemed to be the applicable percent specified in the following table:

If the number of such individual's years of coverage (as so defined) is:	The applicable percent is:
29	85
28	80
27	75
26	70
25	65
24	60
23	55
22	50
21	45

''(ii) For purposes of clause (i), the term 'year of coverage' shall have the meaning provided in paragraph (1)(C)(ii), except that the reference to '15 percent' therein shall be deemed to be a reference to '25 percent'.

''(H) An individual's primary insurance amount determined under this paragraph

shall be deemed to be computed under paragraph (1) of this subsection for the purpose of applying other provisions of this title.

''(I) This paragraph shall not apply in the case of an individual whose eligibility for old-age or disability insurance benefits is based on an agreement concluded pursuant to section 233 or an individual who on January 1, 1984—

''(i) is an employee performing service to which social security coverage is extended on that date solely by reason of the amendments made by section 101 of the Social Security Amendments of 1983; or

''(ii) is an employee of a nonprofit organization which (on December 31, 1983) did not have in effect a waiver certificate under section 3121(k) of the Internal Revenue Code of 1954 and to the employees of which social security coverage is extended on that date solely by reason of the amendments made by section 102 of that Act, unless social security coverage had previously extended to service performed by such individual as an employee of that organization under a waiver certificate which was subsequently (prior to December 31, 1983) terminated.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 215(d)(3) of such Act (42 U.S.C. 415(d)(3)) is amended—

(i) by striking ''subsection (a)(7)(C)'' each place it appears and inserting ''subsection (a)(7)(F)'';

(ii) by striking ''subparagraph (E)'' and inserting ''subparagraph (I)''; and

(iii) by striking ''subparagraph (D)'' and inserting ''subparagraph (G)(i)''.

(B) Section 215(f)(9)(A) of such Act (42 U.S.C. 415(f)(9)(A)) is amended by striking ''(a)(7)(C)'' and inserting ''(a)(7)(F)''.

SEC. 4. EFFECTIVE DATE.

The amendments made by this Act shall apply with respect to monthly insurance benefits for months commencing with or after the 12th calendar month following the date of the enactment of this Act. Notwithstanding section 215(f) of the Social Security Act, the Commissioner of Social Security shall recompute primary insurance amounts to the extent necessary to carry out the amendments made by this Act.

By Mr. SANTORUM (for himself, Mr. CORZINE, Mr. SCHUMER, and Mr. DEMINT):

S. 868. A bill to encourage savings, promote financial literacy, and expand opportunities for young adults by establishing KIDS Accounts; to the Committee on Finance.

Mr. SANTORUM. Mr. President, today I am introducing ''The America Saving for Personal Investment, Retirement, and Education (ASPIRE) Act of 2005'' along with Senator CORZINE, Senator SCHUMER and Senator DEMINT. A bipartisan group of members is introducing companion legislation in the House of Representatives. The bill creates a Kids Investment and Development Savings (KIDS) Account for every child at birth and creates a new opportunity for the children of low-income Americans to build assets and wealth.

This country has seen a growing number of Americans investing in the stock market and has witnessed an historic boom in homeownership, which has increased to record high levels. However, this growth in assets has not reached every American. While many middle- and upper-income families have increased their assets in the past decade, many low-income families have not had the same financial success. A recent study conducted by the Federal Reserve found that the median net worth of families in the bottom 20 percent of the nation's income level was a mere $7,900—an amount that is far too low to ensure a comfortable economic future for their family. This challenge needs to be addressed to ensure that lower income families have a significant opportunity to accrue wealth and expand opportunities for their families.

Under this legislation, KIDS Accounts would be created after a child is born and a Social Security number issued. A one-time $500 deposit would automatically be placed into a KIDS account. Children from households below the national median income would receive an additional deposit of $500 at birth and would be eligible to receive dollar-for-dollar matching funds up to $500 per year for voluntary contributions to the account, which cannot exceed $1,000 per year. All funds grow tax-free. Access to the account prior to age 18 would not be permitted, but kids—in conjunction with their parents—would participate in investment decisions and watch their money grow. When the young person turns 18, he or she can use the accrued money for asset building purposes such as education, homeownership, and retirement planning. Accrued funds could also be rolled over into a Roth IRA or 529 post-secondary education account to expand investment options.

I would like to highlight what I view as the two major benefits of this legislation. The first, and most apparent, is that this bill will help give younger individuals, especially low-income Americans, a sound financial start to begin their adult life. For example, a typical low-income family making modest but steady contributions can create a KIDS Account worth over $20,000 in 18 years. Second, and perhaps more important, is that KIDS Accounts create opportunities for all Americans to become more financially literate. The account holders and their guardians will choose from a list of possible investment funds and will be able to watch their investment grow over time. All Americans will have the opportunity to see first-hand that a smart investment now can grow over time into considerable wealth.

I believe that this bill could be a significant and strategic step forward in the effort to expand asset opportunities to all Americans, and lower-income Americans in particular. I encourage my colleagues to support this bipartisan effort.

Mr. CORZINE. Mr. President, I am pleased to join with Senators Santorum, Schumer, and DeMint in introducing the ASPIRE Act of 2005, which would expand opportunities for young adults, encourage savings, and promote financial literacy, by establishing investment accounts, known as KIDS Accounts, for every child in America.

ASPIRE is based largely on a similar initiative in the United Kingdom developed by Prime Minister Tony Blair. Yet despite its British roots, the proposal is based on the most basic of American values. By giving every young person resources with which to get a start in life, ASPIRE will help realize the American ideal of equal opportunity. And by making every young person an investor, the proposal would encourage self reliance, promote savings, and give every family a personal stake in America's economy.

Under ASPIRE, an investment account would be established for every American child upon receiving a Social Security number. Each account would be funded initially with $500. Those with incomes less than the national median would receive an additional contribution of up to $500, and would receive a one-for-one government match for their first $500 of private contributions each year. Up to $1000 of after-tax private contributions would be allowed annually from any source.

Funds would accumulate tax-free and could not be withdrawn for purposes other than higher education until the child reaches the age of 18. At that point, funds could be withdrawn, according to Roth IRA guidelines, either for higher education or for the purchase of a home. Funds left unspent would be saved for retirement under rules similar to those that apply to Roth IRAs or rolled over to a 529 plan for educational expenses. Once the account holder reaches the age of 30, the initial $500 government contribution would have to be repaid, though exceptions could be made to avoid undue hardship.

Accounts initially would be held by a government entity that would be based on the successful Thrift Savings Plan, or TSP, which now manages retirement accounts for Federal employees with relatively low administrative costs. As with the TSP, investors would have a range of investment options, such as a Government securities fund, a fixed income investment fund, and a common stock fund. However, once an account holder reaches the age of 18, funds could be rolled over to a KIDS Account held at a private institution.

It is difficult to understate the potential impact of giving every American child a funded investment account of their own. For the first time, every child will have a meaningful incentive to learn the basics of investing, because they will have real resources to invest. For the first time, even families with modest incomes will have a significant incentive to save, to earn the government match. And, perhaps most fundamentally, for the first time, every American child will grow up knowing that when they reach adulthood, they will have the ability to invest in themselves and in their own education. In short, every child will have hope for a real future.

Considering its potentially significant social and individual benefits, the ASPIRE Act requires an investment that is relatively modest. It has been

estimated that, when it becomes effective, the bill's cost would represent only about one tenth of one percent of the Federal budget. Yet the proposal differs from other proposals for new spending or tax cuts because, for the first 18 years, it would not reduce overall national savings at all. In that period, virtually every dollar of outlays would be saved, and would be available to expand long-term economic growth. In fact, the proposal would lead to an increase in national savings because of its incentives for families to save more. This would help create the economic growth we need to handle the added burdens associated with the impending retirement of the baby boomers.

Senator SANTORUM and I are excited to be joined this year by Senators Schumer and DeMint as sponsors of ASPIRE, along with sponsors of identical legislation in the House, Congressmen Harold Ford, Patrick Kennedy, Thomas Petri and Phil English. In that process, we have been assisted by a broad range of experts and other interested parties, for which I am very grateful. However, I want to especially thank Ray Boshara and Reid Cramer of the New America Foundation, who have been extraordinarily helpful in the development of the legislation, and who have taken the lead in efforts to promote this and other asset building initiatives.

Mr. President, the ASPIRE Act is a big new idea based on simple, old time American values. It already enjoys strong bipartisan support from conservatives and progressives, alike, in both houses of Congress. I look forward to working with colleagues on both sides of the aisle to secure its prompt enactment.

By Mr. FEINGOLD:

S. 869. A bill to amend the Agricultural Adjustment Act to prohibit the Secretary of Agriculture from basing minimum prices for class 1 milk on the distance or transportation costs from any location that is not within a marketing area, except under certain circumstances, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

Mr. FEINGOLD. Mr. President, today I am offering a measure which could serve as a first step towards eliminating the inequities borne by the dairy farmers of Wisconsin and the upper Midwest under the Federal Milk Marketing Order system.

The Federal Milk Marketing Order system, created nearly 60 years ago, establishes minimum prices for milk paid to producers throughout various marketing areas in the U.S. For sixty years, this system has discriminated against producers in the Upper Midwest by awarding a higher price to dairy farmers in proportion to the distance of their farms from areas of high milk production, which historically have been the region around Eau Claire, WI.

My legislation is very simple. It identifies the single most harmful and unjust feature of the current system, and corrects it. Under the current archaic law, the price farmers receive for fluid milk is higher the further they are from the Eau Claire region of the Upper Midwest. This provision originally was intended to guarantee the supply of fresh milk from the high production areas to distant markets in an age of difficult transportation and limited refrigeration. But the situation has long since changed and the provision persists at the detriment of the Wisconsin farmers even though most local milk markets do not receive any milk from Wisconsin.

The bill I introduce today would prohibit the Secretary of Agriculture from using distance or transportation costs from any location as the basis for pricing milk, unless significant quantities of milk are actually transported from that location into the recipient market. The Secretary will have to comply with the statutory requirement that supply and demand factors be considered as specified in the Agricultural Marketing Agreement Act when setting milk prices in marketing orders. The fact remains that single-basing-point pricing simply cannot be justified based on supply and demand for milk both in local and national markets and the changing pattern of U.S. milk production.

This bill also requires the Secretary to report to Congress on specifically which criteria are used to set milk prices. Finally, the Secretary will have to certify to Congress that the criteria used by the Department do not in any way attempt to circumvent the prohibition on using distance or transportation cost as basis for pricing milk.

This one change is vitally important to Upper Midwest producers, because the current system has penalized them for many years. The current system is a double whammy to Upper Midwest dairy farmers—it both provides disparate profits for producers in other parts of the country and creates artificial economic incentives for milk production. As a result, Wisconsin producers have seen national surpluses rise, and milk prices fall. Rather than providing adequate supplies of fluid milk, the prices often lead to excess production.

The prices have provided production incentives beyond those needed to ensure a local supply of fluid milk in some regions, leading to an increase in manufactured products in those marketing orders. Those manufactured products directly compete with Wisconsin's processed products, eroding our markets and driving national prices down.

The perverse nature of this system is further illustrated by the fact that since 1995, some regions of the U.S., notably the central states and the Southwest, are producing so much milk that they are actually shipping fluid milk north to the Upper Midwest. The high fluid milk prices have generated so much excess production, that these markets distant from Eau Claire are now encroaching upon not only our manufactured markets, but also our markets for fluid milk, further eroding prices in Wisconsin.

The market-distorting effects of the fluid price differentials in federal orders are shown by a previous Congressional Budget Office analysis that estimated that the elimination of orders would save $669 million over five years. Government outlays would fall, CBO concluded, because production would fall in response to lower milk prices and there would be fewer government purchases of surplus milk. The regions that would gain and lose in this scenario illustrate the discrimination inherent to the current system. Economic analyses showed that farm revenues in a market undisturbed by Federal orders would actually increase in the Upper Midwest and fall in most other milk-producing regions.

While this system has been around since 1937, the practice of basing fluid milk price differentials on the distance from Eau Claire was formalized in the 1960s, when the Upper Midwest arguably was the primary reserve for additional supplies of milk. The idea was to encourage local supplies of fluid milk in areas of the country that did not traditionally produce enough fluid milk to meet their own needs.

That is no longer the case. The Upper Midwest is no longer the primary source of reserve supplies of milk. Unfortunately, the prices didn't adjust with changing economic conditions, most notably the shift of the dairy industry away from the Upper Midwest and towards the Southwest, and specifically California, which now leads the nation in milk production.

The result of this antiquated system has been a decline in the Upper Midwest dairy industry, not because it can't produce a product that can compete in the marketplace, but because the system discriminates against it. Over the past few years Wisconsin has lost dairy farmers at a rate of more than 5 per day. The Upper Midwest, with the lowest fluid milk prices, is shrinking as a dairy region despite the dairy-friendly climate of the region. Some other regions with higher fluid milk prices are growing rapidly.

In a free market with a level playing field, these shifts in production might be fair. But in a market where the government is setting the prices and providing that artificial advantage to regions outside the Upper Midwest, the current system is unconscionable.

I urge my colleagues to do the right thing and bring reform to this outdated system and work to eliminate the inequities in the current milk marketing order pricing system.

I ask unanimous consent that the text of my bill be printed in the RECORD.

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

S. 869

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 ''Federal Milk Marketing Reform Act of 2005''.

SEC. 2. LOCATION ADJUSTMENTS FOR MINIMUM PRICES FOR CLASS I MILK.

Section 8c(5) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended—

(1) in paragraph (A)—

(A) in clause (3) of the second sentence, by inserting after ''the locations'' the following: ''within a marketing area subject to the order''; and

(B) by striking the last 2 sentences and inserting the following: ''Notwithstanding subsection (18) or any other provision of law, when fixing minimum prices for milk of the highest use classification in a marketing area subject to an order under this subsection, the Secretary may not, directly or indirectly, base the prices on the distance from, or all or part of the costs incurred to transport milk to or from, any location that is not within the marketing area subject to the order, unless milk from the location constitutes at least 50 percent of the total supply of milk of the highest use classification in the marketing area. The Secretary shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the criteria that are used as the basis for the minimum prices referred to in the preceding sentence, including a certification that the minimum prices are made in accordance with the preceding sentence.''; and

(2) in paragraph (B)(c), by inserting after ''the locations'' the following: ''within a marketing area subject to the order''.

By Mr. DURBIN:

S. 873. A bill to amend title XVIII of the Social Security Act to deliver a meaningful benefit and lower prescription drug prices under the medicare program; read the first time.

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

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

S. 873

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Medicare Prescription Drug Savings and Choice Act of 2005''.

SEC. 2. ESTABLISHMENT OF MEDICARE OPERATED PRESCRIPTION DRUG PLAN OPTION.

(a) IN GENERAL.—Subpart 2 of part D of the Social Security Act is amended by inserting after section 1860D–11 the following new section:

''MEDICARE OPERATED PRESCRIPTION DRUG PLAN OPTION

''SEC. 1860D–11A. (a) IN GENERAL.—Notwithstanding any other provision of this part, for each year (beginning with 2006), in addition to any plans offered under section 1860D–11, the Secretary shall offer one or more medicare operated prescription drug plans (as defined in subsection (c)) with a service area that consists of the entire United States and shall enter into negotiations with pharmaceutical manufacturers to reduce the purchase cost of covered part D drugs for eligible part D individuals in accordance with subsection (b).

''(b) NEGOTIATIONS.—Notwithstanding section 1860D–11(i), for purposes of offering a medicare operated prescription drug plan under this section, the Secretary shall negotiate with pharmaceutical manufacturers with respect to the purchase price of covered part D drugs and shall encourage the use of more affordable therapeutic equivalents to the extent such practices do not override medical necessity as determined by the prescribing physician. To the extent practicable and consistent with the previous sentence, the Secretary shall implement strategies similar to those used by other Federal purchasers of prescription drugs, and other strategies, to reduce the purchase cost of covered part D drugs.

''(c) MEDICARE OPERATED PRESCRIPTION DRUG PLAN DEFINED.—For purposes of this part, the term 'medicare operated prescription drug plan' means a prescription drug plan that offers qualified prescription drug coverage and access to negotiated prices described in section 1860D–2(a)(1)(A). Such a plan may offer supplemental prescription drug coverage in the same manner as other qualified prescription drug coverage offered by other prescription drug plans.

''(d) MONTHLY BENEFICIARY PREMIUM.—

''(1) QUALIFIED PRESCRIPTION DRUG COVERAGE.—The monthly beneficiary premium for qualified prescription drug coverage and access to negotiated prices described in section 1860D–2(a)(1)(A) to be charged under a medicare operated prescription drug plan shall be uniform nationally. Such premium for months in 2006 shall be $35 and for months in succeeding years shall be based on the average monthly per capita actuarial cost of offering the medicare operated prescription drug plan for the year involved, including administrative expenses.

''(2) SUPPLEMENTAL PRESCRIPTION DRUG COVERAGE.—Insofar as a medicare operated prescription drug plan offers supplemental prescription drug coverage, the Secretary may adjust the amount of the premium charged under paragraph (1).

''(3) REQUIREMENT FOR AT LEAST ONE PLAN WITH A $35 PREMIUM IN 2006.—The Secretary shall ensure that at least one medicare operated prescription drug plan offered in 2006 has a monthly premium of $35.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1860D–3(a) of the Social Security Act (42 U.S.C. 1395w–103(a)) is amended by adding at the end the following new paragraph:

''(4) AVAILABILITY OF THE MEDICARE OPERATED PRESCRIPTION DRUG PLAN.—

''(A) IN GENERAL.—A medicare operated prescription drug plan (as defined in section 1860D–11A(c)) shall be offered nationally in accordance with section 1860D–11A.

''(B) RELATIONSHIP TO OTHER PLANS.—

''(i) IN GENERAL.—Subject to clause (ii), a medicare operated prescription drug plan shall be offered in addition to any qualifying plan or fallback prescription drug plan offered in a PDP region and shall not be considered to be such a plan for purposes of meeting the requirements of this subsection.

''(ii) DESIGNATION AS A FALLBACK PLAN.—Notwithstanding any other provision of this part, the Secretary may designate the medicare operated prescription drug plan as the fallback prescription drug plan for any fallback service area (as defined in section 1860D–11(g)(3)) determined to be appropriate by the Secretary.''.

(2) Section 1860D–13(c)(3) of such Act (42 U.S.C. 1395w–113(c)(3)) is amended—

(A) in the heading, by inserting ''and medicare operated prescription drug plans'' after ''Fallback plans''; and

(B) by inserting ''or a medicare operated prescription drug plan'' after ''a fallback prescription drug plan''.

(3) Section 1860D–16(b)(1) of such Act (42 U.S.C. 1395w–116(b)(1)) is amended—

(A) in subparagraph (C), by striking ''and'' after the semicolon at the end;

(B) in subparagraph (D), by striking the period at the end and inserting ''; and''; and

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

''(E) payments for expenses incurred with respect to the operation of medicare operated prescription drug plans under section 1860D–11A.''.

(4) Section 1860D–41(a) of such Act (42 U.S.C. 141(a)) is amended by adding at the end the following new paragraph:

''(19) MEDICARE OPERATED PRESCRIPTION DRUG PLAN.—The term 'medicare operated prescription drug plan' has the meaning given such term in section 1860D–11A(c).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the enactment of section 101 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Public Law 108–173; 117 Stat. 2071).

By Mr. DURBIN (for himself and Mrs. LINCOLN):

S. 874. A bill to establish a national health program administered by the Office of Personnel Management to offer health benefits plans to individuals who are not Federal employees, and for other purposes; read the first time.

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

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

S. 874

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Small Employers Health Benefits Program Act of 2005''.

SEC. 2. DEFINITIONS.

(a) IN GENERAL.—In this Act, the terms ''member of family'', ''health benefits plan'', ''carrier'', ''employee organizations'', and ''dependent'' have the meanings given such terms in section 8901 of title 5, United States Code.

(b) OTHER TERMS.—In this Act:

(1) EMPLOYEE.—The term ''employee'' has the meaning given such term under section 3(6) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(6)). Such term shall not include an employee of the Federal Government.

(2) EMPLOYER.—The term ''employer'' has the meaning given such term under section 3(5) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(5)), except that such term shall include only employers who employed an average of at least 1 but not more than 100 employees on business days during the year preceding the date of application. Such term shall not include the Federal Government.

(3) HEALTH STATUS-RELATED FACTOR.—The term ''health status-related factor'' has the meaning given such term in section 2791(d)(9) of the Public Health Service Act (42 U.S.C. 300gg–91(d)(9)).

(4) OFFICE.—The term ''Office'' means the Office of Personnel Management.

(5) PARTICIPATING EMPLOYER.—The term ''participating employer'' means an employer that—

(A) elects to provide health insurance coverage under this Act to its employees; and

(B) is not offering other comprehensive health insurance coverage to such employees.

(c) APPLICATION OF CERTAIN RULES IN DETERMINATION OF EMPLOYER SIZE.—For purposes of subsection (b)(2):

(1) APPLICATION OF AGGREGATION RULE FOR EMPLOYERS.—All persons treated as a single employer under subsection (b), (c), (m), or (o) of section 414 of the Internal Revenue Code of 1986 shall be treated as 1 employer.

(2) EMPLOYERS NOT IN EXISTENCE IN PRECEDING YEAR.—In the case of an employer which was not in existence for the full year prior to the date on which the employer applies to participate, the determination of whether such employer meets the requirements of subsection (b)(2) shall be based on the average number of employees that it is reasonably expected such employer will employ on business days in the employer's first full year.

(3) PREDECESSORS.—Any reference in this subsection to an employer shall include a reference to any predecessor of such employer.

(d) WAIVER AND CONTINUATION OF PARTICIPATION.—

(1) WAIVER.—The Office may waive the limitations relating to the size of an employer which may participate in the health insurance program established under this Act on a case by case basis if the Office determines that such employer makes a compelling case for such a waiver. In making determinations under this paragraph, the Office may consider the effects of the employment of temporary and seasonal workers and other factors.

(2) CONTINUATION OF PARTICIPATION.—An employer participating in the program under this Act that experiences an increase in the number of employees so that such employer has in excess of 100 employees, may not be excluded from participation solely as a result of such increase in employees.

SEC. 3. HEALTH INSURANCE COVERAGE FOR NON-FEDERAL EMPLOYEES.

(a) ADMINISTRATION.—The Office shall administer a health insurance program for non-Federal employees and employers in accordance with this Act.

(b) REGULATIONS.—Except as provided under this Act, the Office shall prescribe regulations to apply the provisions of chapter 89 of title 5, United States Code, to the greatest extent practicable to participating carriers, employers, and employees covered under this Act.

(c) LIMITATIONS.—In no event shall the enactment of this Act result in—

(1) any increase in the level of individual or Federal Government contributions required under chapter 89 of title 5, United States Code, including copayments or deductibles;

(2) any decrease in the types of benefits offered under such chapter 89; or

(3) any other change that would adversely affect the coverage afforded under such chapter 89 to employees and annuitants and members of family under that chapter.

(d) ENROLLMENT.—The Office shall develop methods to facilitate enrollment under this Act, including the use of the Internet.

(e) CONTRACTS FOR ADMINISTRATION.—The Office may enter into contracts for the performance of appropriate administrative functions under this Act.

(f) SEPARATE RISK POOL.—In the administration of this Act, the Office shall ensure that covered employees under this Act are in a risk pool that is separate from the risk pool maintained for covered individuals under chapter 89 of title 5, United States Code.

(g) RULE OF CONSTRUCTION.—Nothing in this Act shall be construed to require a carrier that is participating in the program under chapter 89 of title 5, United States Code, to provide health benefits plan coverage under this Act.

SEC. 4. CONTRACT REQUIREMENT.

(a) IN GENERAL.—The Office may enter into contracts with qualified carriers offering health benefits plans of the type described in section 8903 or 8903a of title 5, United States Code, without regard to section 5 of title 41, United States Code, or other statutes requiring competitive bidding, to provide health insurance coverage to employees of participating employers under this Act. Each contract shall be for a uniform term of at least 1 year, but may be made automatically renewable from term to term in the absence of notice of termination by either party. In entering into such contracts, the Office shall ensure that health benefits coverage is provided for individuals only, married individuals without children, and families.

(b) ELIGIBILITY.—A carrier shall be eligible to enter into a contract under subsection (a) if such carrier—

(1) is licensed to offer health benefits plan coverage in each State in which the plan is offered; and

(2) meets such other requirements as determined appropriate by the Office.

(c) STATEMENT OF BENEFITS.—

(1) IN GENERAL.—Each contract under this Act shall contain a detailed statement of benefits offered and shall include information concerning such maximums, limitations, exclusions, and other definitions of benefits as the Office considers necessary or desirable.

(2) NATIONWIDE PLAN.—The Office shall develop a benefit package that shall be offered in the case of a contract for a health benefit plan that is to be offered on a nationwide basis.

(d) STANDARDS.—The minimum standards prescribed for health benefits plans under section 8902(e) of title 5, United States Code, and for carriers offering plans, shall apply to plans and carriers under this Act. Approval of a plan may be withdrawn by the Office only after notice and opportunity for hearing to the carrier concerned without regard to subchapter II of chapter 5 and chapter 7 of title 5, United States Code.

(e) CONVERSION.—

(1) IN GENERAL.—A contract may not be made or a plan approved under this section if the carrier under such contract or plan does not offer to each enrollee whose enrollment in the plan is ended, except by a cancellation of enrollment, a temporary extension of coverage during which the individual may exercise the option to convert, without evidence of good health, to a nongroup contract providing health benefits. An enrollee who exercises this option shall pay the full periodic charges of the nongroup contract.

(2) NONCANCELLABLE.—The benefits and coverage made available under paragraph (1) may not be canceled by the carrier except for fraud, over-insurance, or nonpayment of periodic charges.

(f) RATES.—Rates charged under health benefits plans under this Act shall reasonably and equitably reflect the cost of the benefits provided. Such rates shall be determined on a basis which, in the judgment of the Office, is consistent with the lowest schedule of basic rates generally charged for new group health benefits plans issued to large employers. The rates determined for the first contract term shall be continued for later contract terms, except that they may be readjusted for any later term, based on past experience and benefit adjustments under the later contract. Any readjustment in rates shall be made in advance of the contract term in which they will apply and on a basis which, in the judgment of the Office, is consistent with the general practice of carriers which issue group health benefits plans to large employers. Rates charged for coverage under this Act shall not vary based on health-status related factors.

(g) REQUIREMENT OF PAYMENT FOR OR PROVISION OF HEALTH SERVICE.—Each contract entered into under this Act shall require the carrier to agree to pay for or provide a health service or supply in an individual case if the Office finds that the employee, annuitant, family member, former spouse, or person having continued coverage under section 8905a of title 5, United States Code, is entitled thereto under the terms of the contract.

SEC. 5. ELIGIBILITY.

An individual shall be eligible to enroll in a plan under this Act if such individual—

(1) is an employee of an employer described in section 2(b)(2), or is a self employed individual as defined in section 401(c)(1)(B) of the Internal Revenue Code of 1986; and

(2) is not otherwise enrolled or eligible for enrollment in a plan under chapter 89 of title 5, United States Code.

SEC. 6. ALTERNATIVE CONDITIONS TO FEDERAL EMPLOYEE PLANS.

(a) TREATMENT OF EMPLOYEE.—For purposes of enrollment in a health benefits plan under this Act, an individual who had coverage under a health insurance plan and is not a qualified beneficiary as defined under section 4980B(g)(1) of the Internal Revenue Code of 1986 shall be treated in a similar manner as an individual who begins employment as an employee under chapter 89 of title 5, United States Code.

(b) PREEXISTING CONDITION EXCLUSIONS.—

(1) IN GENERAL.—Each contract under this Act may include a preexisting condition exclusion as defined under section 9801(b)(1) of the Internal Revenue Code of 1986.

(2) EXCLUSION PERIOD.—

(A) IN GENERAL.—A preexisting condition exclusion under this subsection shall provide for coverage of a preexisting condition to begin not later than 6 months after the date on which the coverage of the individual under a health benefits plan commences, reduced by 1 month for each month that the individual was covered under a health insurance plan immediately preceding the date the individual submitted an application for coverage under this Act.

(B) LAPSE IN COVERAGE.—For purposes of this paragraph, a lapse in coverage of not more than 63 days immediately preceding the date of the submission of an application for coverage under this Act shall not be considered a lapse in continuous coverage.

(c) RATES AND PREMIUMS.—

(1) IN GENERAL.—Rates charged and premiums paid for a health benefits plan under this Act—

(A) shall be determined in accordance with this subsection;

(B) may be annually adjusted and differ from such rates charged and premiums paid for the same health benefits plan offered under chapter 89 of title 5, United States Code;

(C) shall be negotiated in the same manner as rates and premiums are negotiated under such chapter 89; and

(D) shall be adjusted to cover the administrative costs of the Office under this Act.

(2) DETERMINATIONS.—In determining rates and premiums under this Act, the following provisions shall apply:

(A) IN GENERAL.—A carrier that enters into a contract under this Act shall determine that amount of premiums to assess for coverage under a health benefits plan based on an community rate that may be annually adjusted—

(i) for the geographic area involved if the adjustment is based on geographical divisions that are not smaller than a metropolitan statistical area;

(ii) based on whether such coverage is for an individual, a married individual with no children, or a family; and

(iii) based on the age of covered individuals (subject to subparagraph (B)).

(B) AGE ADJUSTMENTS.—

(i) IN GENERAL.—With respect to subparagraph (A)(iii), in making adjustments based on age, a carrier may not use age brackets in increments that are smaller than 5 years, which begin not earlier than age 30 and end not later than age 65.

(ii) AGE 65 AND OLDER.—With respect to subparagraph (A)(iii), a carrier may develop separate rates for covered individuals who are 65 years of age or older for whom medicare is the primary payor for health benefits coverage which is not covered under medicare.

(iii) LIMITATION.—In making an adjustment to premium rates under subparagraph (A)(iii), a carrier shall ensure that such adjustment does not result in an average premium rate applicable to enrollees under the plan involved that is more than 200 percent of the lowest rate for all age groups.

(d) TERMINATION AND REENROLLMENT.—If an individual who is enrolled in a health benefits plan under this Act terminates the enrollment, the individual shall not be eligible for reenrollment until the first open enrollment period following the expiration of 6 months after the date of such termination.

(e) PREEMPTION.—

(1) HEALTH INSURANCE OR PLANS.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the terms of any contract entered into under this Act that relate to the nature, provision, or extent of coverage or benefits shall supersede and preempt any State or local law, or any regulation issued thereunder, which relates to the nature, provision, or extent of coverage or benefits.

(B) LOCAL PLANS.—With respect to a contract entered into under this Act under which a carrier will offer health benefits plan coverage in a limited geographic area, subparagraph (A) shall not apply to the extent that a mandated benefit law is in effect in the State in which the plan is offered. Such mandated benefit law shall continue to apply to such health benefits plan.

(C) RATING RULES.—The rating requirements under subsection (c)(2) shall supercede State rating rules for qualified plans under this Act.

(2) LIMITATION.—Nothing in this subsection shall be construed to preempt—

(A) any State or local law or regulation except those laws and regulations described in subparagraphs (A) and (C) of paragraph (1); and

(B) State network adequacy laws.

(f) RULE OF CONSTRUCTION.—Nothing in this Act shall be construed to limit the application of the service-charge system used by the Office for determining profits for participating carriers under chapter 89 of title 5, United States Code.

SEC. 7. ENCOURAGING PARTICIPATION BY CARRIERS THROUGH ADJUSTMENTS FOR RISK.

(a) APPLICATION OF RISK CORRIDORS.—

(1) IN GENERAL.—This section shall only apply to carriers with respect to health benefits plans offered under this Act during any of calendar years 2006 through 2010.

(2) NOTIFICATION OF COSTS UNDER THE PLAN.—In the case of a carrier that offers a health benefits plan under this Act in any of calendar years 2006 through 2010, the carrier shall notify the Office, before such date in the succeeding year as the Office specifies, of the total amount of costs incurred in providing benefits under the health benefits plan for the year involved and the portion of such costs that is attributable to administrative expenses.

(3) ALLOWABLE COSTS DEFINED.—For purposes of this section, the term ''allowable costs'' means, with respect to a health benefits plan offered by a carrier under this Act, for a year, the total amount of costs described in paragraph (2) for the plan and year, reduced by the portion of such costs attributable to administrative expenses incurred in providing the benefits described in such paragraph.

(b) ADJUSTMENT OF PAYMENT.—

(1) NO ADJUSTMENT IF ALLOWABLE COSTS WITHIN 3 PERCENT OF TARGET AMOUNT.—If the allowable costs for the carrier with respect to the health benefits plan involved for a calendar year are at least 97 percent, but do not exceed 103 percent, of the target amount for the plan and year involved, there shall be no payment adjustment under this section for the plan and year.

(2) INCREASE IN PAYMENT IF ALLOWABLE COSTS ABOVE 103 PERCENT OF TARGET AMOUNT.—

(A) COSTS BETWEEN 103 AND 108 PERCENT OF TARGET AMOUNT.—If the allowable costs for the carrier with respect to the health benefits plan involved for the year are greater than 103 percent, but not greater than 108 percent, of the target amount for the plan and year, the Office shall reimburse the carrier for such excess costs through payment to the carrier of an amount equal to 75 percent of the difference between such allowable costs and 103 percent of such target amount.

(B) COSTS ABOVE 108 PERCENT OF TARGET AMOUNT.—If the allowable costs for the carrier with respect to the health benefits plan involved for the year are greater than 108 percent of the target amount for the plan and year, the Office shall reimburse the carrier for such excess costs through payment to the carrier in an amount equal to the sum of—

(i) 3.75 percent of such target amount; and

(ii) 90 percent of the difference between such allowable costs and 108 percent of such target amount.

(3) REDUCTION IN PAYMENT IF ALLOWABLE COSTS BELOW 97 PERCENT OF TARGET AMOUNT.—

(A) COSTS BETWEEN 92 AND 97 PERCENT OF TARGET AMOUNT.—If the allowable costs for the carrier with respect to the health benefits plan involved for the year are less than 97 percent, but greater than or equal to 92 percent, of the target amount for the plan and year, the carrier shall be required to pay into the contingency reserve fund maintained under section 8909(b)(2) of title 5, United States Code, an amount equal to 75 percent of the difference between 97 percent of the target amount and such allowable costs.

(B) COSTS BELOW 92 PERCENT OF TARGET AMOUNT.—If the allowable costs for the carrier with respect to the health benefits plan involved for the year are less than 92 percent of the target amount for the plan and year, the carrier shall be required to pay into the stabilization fund under section 8909(b)(2) of title 5, United States Code, an amount equal to the sum of—

(i) 3.75 percent of such target amount; and

(ii) 90 percent of the difference between 92 percent of such target amount and such allowable costs.

(4) TARGET AMOUNT DESCRIBED.—

(A) IN GENERAL.—For purposes of this subsection, the term ''target amount'' means, with respect to a health benefits plan offered by a carrier under this Act in any of calendar years 2006 through 2010, an amount equal to—

(i) the total of the monthly premiums estimated by the carrier and approved by the Office to be paid for enrollees in the plan under this Act for the calendar year involved; reduced by

(ii) the amount of administrative expenses that the carrier estimates, and the Office approves, will be incurred by the carrier with respect to the plan for such calendar year.

(B) SUBMISSION OF TARGET AMOUNT.—Not later than December 31, 2005, and each December 31 thereafter through calendar year 2009, a carrier shall submit to the Office a description of the target amount for such carrier with respect to health benefits plans provided by the carrier under this Act.

(c) DISCLOSURE OF INFORMATION.—

(1) IN GENERAL.—Each contract under this Act shall provide—

(A) that a carrier offering a health benefits plan under this Act shall provide the Office with such information as the Office determines is necessary to carry out this subsection including the notification of costs under subsection (a)(2) and the target amount under subsection (b)(4)(B); and

(B) that the Office has the right to inspect and audit any books and records of the organization that pertain to the information regarding costs provided to the Office under such subsections.

(2) RESTRICTION ON USE OF INFORMATION.—Information disclosed or obtained pursuant to the provisions of this subsection may be used by officers, employees, and contractors of the Office only for the purposes of, and to the extent necessary in, carrying out this section.

SEC. 8. ENCOURAGING PARTICIPATION BY CARRIERS THROUGH REINSURANCE.

(a) ESTABLISHMENT.—The Office shall establish a reinsurance fund to provide payments to carriers that experience one or more catastrophic claims during a year for health benefits provided to individuals enrolled in a health benefits plan under this Act.

(b) ELIGIBILITY FOR PAYMENTS.—To be eligible for a payment from the reinsurance fund for a plan year, a carrier under this Act shall submit to the Office an application that contains—

(1) a certification by the carrier that the carrier paid for at least one episode of care during the year for covered health benefits for an individual in an amount that is in excess of $50,000; and

(2) such other information determined appropriate by the Office.

(c) PAYMENT.—

(1) IN GENERAL.—The amount of a payment from the reinsurance fund to a carrier under this section for a catastrophic episode of care shall be determined by the Office but shall not exceed an amount equal to 80 percent of the applicable catastrophic claim amount.

(2) APPLICABLE CATASTROPHIC CLAIM AMOUNT.—For purposes of paragraph (1), the applicable catastrophic episode of care amount shall be equal to the difference between—

(A) the amount of the catastrophic claim; and

(B) $50,000.

(3) LIMITATION.—In determining the amount of a payment under paragraph (1), if the amount of the catastrophic claim exceeds the amount that would be paid for the healthcare items or services involved under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.), the Office shall use the amount that would be paid under such title XVIII for purposes of paragraph (2)(A).

(d) DEFINITION.—In this section, the term ''catastrophic claim'' means a claim submitted to a carrier, by or on behalf of an enrollee in a health benefits plan under this Act, that is in excess of $50,000.

SEC. 9. CONTINGENCY RESERVE FUND.

Beginning on October 1, 2010, the Office may use amounts appropriated under section 14(a) that remain unobligated to establish a contingency reserve fund to provide assistance to carriers offering health benefits plans under this Act that experience unanticipated financial hardships (as determined by the Office).

SEC. 10. EMPLOYER PARTICIPATION.

(a) REGULATIONS.—The Office shall prescribe regulations providing for employer participation under this Act, including the offering of health benefits plans under this Act to employees.

(b) ENROLLMENT AND OFFERING OF OTHER COVERAGE.—

(1) ENROLLMENT.—A participating employer shall ensure that each eligible employee has an opportunity to enroll in a plan under this Act.

(2) PROHIBITION ON OFFERING OTHER COMPREHENSIVE HEALTH BENEFIT COVERAGE.—A participating employer may not offer a health insurance plan providing comprehensive health benefit coverage to employees other than a health benefits plan that—

(A) meets the requirements described in section 4(a); and

(B) is offered only through the enrollment process established by the Office under section 3.

(3) OFFER OF SUPPLEMENTAL COVERAGE OPTIONS.—

(A) IN GENERAL.—A participating employer may offer supplementary coverage options to employees.

(B) DEFINITION.—In subparagraph (A), the term ''supplementary coverage'' means benefits described as ''excepted benefits'' under section 2791(c) of the Public Health Service Act (42 U.S.C. 300gg-91(c)).

(c) RULE OF CONSTRUCTION.—Except as provided in section 15, nothing in this Act shall be construed to require that an employer make premium contributions on behalf of employees.

SEC. 11. ADMINISTRATION THROUGH REGIONAL ADMINISTRATIVE ENTITIES.

(a) IN GENERAL.—In order to provide for the administration of the benefits under this Act with maximum efficiency and convenience for participating employers and health care providers and other individuals and entities providing services to such employers, the Office is authorized to enter into contracts with eligible entities to perform, on a regional basis, one or more of the following:

(1) Collect and maintain all information relating to individuals, families, and employers participating in the program under this Act in the region served.

(2) Receive, disburse, and account for payments of premiums to participating employers by individuals in the region served, and for payments by participating employers to carriers.

(3) Serve as a channel of communication between carriers, participating employers, and individuals relating to the administration of this Act.

(4) Otherwise carry out such activities for the administration of this Act, in such manner, as may be provided for in the contract entered into under this section.

(5) The processing of grievances and appeals.

(b) APPLICATION.—To be eligible to receive a contract under subsection (a), an entity shall prepare and submit to the Office an application at such time, in such manner, and containing such information as the Office may require.

(c) PROCESS.—

(1) COMPETITIVE BIDDING.—All contracts under this section shall be awarded through a competitive bidding process on a bi-annual basis.

(2) REQUIREMENT.—No contract shall be entered into with any entity under this section unless the Office finds that such entity will perform its obligations under the contract efficiently and effectively and will meet such requirements as to financial responsibility, legal authority, and other matters as the Office finds pertinent.

(3) PUBLICATION OF STANDARDS AND CRITERIA.—The Office shall publish in the Federal Register standards and criteria for the efficient and effective performance of contract obligations under this section, and opportunity shall be provided for public comment prior to implementation. In establishing such standards and criteria, the Office shall provide for a system to measure an entity's performance of responsibilities.

(4) TERM.—Each contract under this section shall be for a term of at least 1 year, and may be made automatically renewable from term to term in the absence of notice by either party of intention to terminate at the end of the current term, except that the Office may terminate any such contract at any time (after such reasonable notice and opportunity for hearing to the entity involved as the Office may provide in regulations) if the Office finds that the entity has failed substantially to carry out the contract or is carrying out the contract in a manner inconsistent with the efficient and effective administration of the program established by this Act.

(d) TERMS OF CONTRACT.—A contract entered into under this section shall include—

(1) a description of the duties of the contracting entity;

(2) an assurance that the entity will furnish to the Office such timely information and reports as the Office determines appropriate;

(3) an assurance that the entity will maintain such records and afford such access thereto as the Office finds necessary to assure the correctness and verification of the information and reports under paragraph (2) and otherwise to carry out the purposes of this Act;

(4) an assurance that the entity shall comply with such confidentiality and privacy protection guidelines and procedures as the Office may require; and

(5) such other terms and conditions not inconsistent with this section as the Office may find necessary or appropriate.

SEC. 12. COORDINATION WITH SOCIAL SECURITY BENEFITS.

Benefits under this Act shall, with respect to an individual who is entitled to benefits under part A of title XVIII of the Social Security Act, be offered (for use in coordination with those medicare benefits) to the same extent and in the same manner as if coverage were under chapter 89 of title 5, United States Code.

SEC. 13. PUBLIC EDUCATION CAMPAIGN.

(a) IN GENERAL.—In carrying out this Act, the Office shall develop and implement an educational campaign to provide information to employers and the general public concerning the health insurance program developed under this Act.

(b) ANNUAL PROGRESS REPORTS.—Not later than 1 year and 2 years after the implementation of the campaign under subsection (a), the Office shall submit to the appropriate committees of Congress a report that describes the activities of the Office under subsection (a), including a determination by the office of the percentage of employers with knowledge of the health benefits programs provided for under this Act.

(c) PUBLIC EDUCATION CAMPAIGN.—There is authorized to be appropriated to carry out this section, such sums as may be necessary for each of fiscal years 2006 and 2007.

SEC. 14. APPROPRIATIONS.

(a) MANDATORY APPROPRIATIONS.—There are authorized to be appropriated, and there are appropriated, to carry out sections 7 and 8—

(1) $4,000,000,000 for fiscal year 2006;
(2) $4,000,000,000 for fiscal year 2007;
(3) $4,000,000,000 for fiscal year 2008;
(4) $3,000,000,000 for fiscal year 2009; and
(5) $3,000,000,000 for fiscal year 2010.

(b) OTHER APPROPRIATIONS.—There are authorized to be appropriated to the Office, such sums as may be necessary in each fiscal year for the development and administration of the program under this Act.

SEC. 15. REFUNDABLE CREDIT FOR SMALL BUSINESS EMPLOYEE HEALTH INSURANCE EXPENSES.

(a) IN GENERAL.—Subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to refundable credits) is amended by redesignating section 36 as section 37 and inserting after section 35 the following new section:

''SEC. 36. SMALL BUSINESS EMPLOYEE HEALTH INSURANCE EXPENSES.

''(a) DETERMINATION OF AMOUNT.—In the case of a qualified small employer, there shall be allowed as a credit against the tax imposed by this subtitle for the taxable year an amount equal to the sum of—

''(1) the expense amount described in subsection (b), and

''(2) the expense amount described in subsection (c), paid by the taxpayer during the taxable year.

''(b) SUBSECTION (b) EXPENSE AMOUNT.—For purposes of this section—

''(1) IN GENERAL.—The expense amount described in this subsection is the applicable percentage of the amount of qualified employee health insurance expenses of each qualified employee.

''(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1)—

''(A) IN GENERAL.—The applicable percentage is equal to—

''(i) 25 percent in the case of self-only coverage,

''(ii) 35 percent in the case of family coverage (as defined in section 220(c)(5)), and

''(iii) 30 percent in the case of coverage for married adults with no children.

''(B) BONUS FOR PAYMENT OF GREATER PERCENTAGE OF PREMIUMS.—The applicable percentage otherwise specified in subparagraph (A) shall be increased by 5 percentage points for each additional 10 percent of the qualified employee health insurance expenses of each qualified employee exceeding 60 percent which are paid by the qualified small employer.

''(c) SUBSECTION (c) EXPENSE AMOUNT.—For purposes of this section—

''(1) IN GENERAL.—The expense amount described in this subsection is, with respect to the first credit year of a qualified small employer which is an eligible employer, 10 percent of the qualified employee health insurance expenses of each qualified employee.

''(2) FIRST CREDIT YEAR.—For purposes of paragraph (1), the term 'first credit year' means the taxable year which includes the date that the health insurance coverage to which the qualified employee health insurance expenses relate becomes effective.

''(3) ELIGIBLE EMPLOYER.—For purposes of paragraph (1), the term 'eligible employer' shall not include a qualified small employer if, during the 3-taxable year period immediately preceding the first credit year, the employer or any member of any controlled group including the employer (or any predecessor of either) established or maintained health insurance coverage for substantially the same employees as are the qualified employees to which the qualified employee health insurance expenses relate.

''(d) LIMITATION BASED ON WAGES.—

''(1) IN GENERAL.—The percentage which would (but for this subsection) be taken into account as the percentage for purposes of subsection (b)(2) or (c)(1) for the taxable year shall be reduced (but not below zero) by the percentage determined under paragraph (2).

''(2) AMOUNT OF REDUCTION.—

''(A) IN GENERAL.—The percentage determined under this paragraph is the percentage which bears the same ratio to the percentage which would be so taken into account as—

''(i) the excess of—

''(I) the qualified employee's wages at an annual rate during such taxable year, over

''(II) $25,000, bears to

''(ii) $5,000.

''(B) ANNUAL ADJUSTMENT.—For each taxable year after 2006, the dollar amounts specified for the preceding taxable year (after the application of this subparagraph) shall be increased by the same percentage as the average percentage increase in premiums under the Federal Employees Health Benefits Program under chapter 89 of title 5, United States Code for the calendar year in which such taxable year begins over the preceding calendar year.

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

''(1) QUALIFIED SMALL EMPLOYER.—The term 'qualified small employer' means any employer (as defined in section 2(b)(2) of the Small Employers Health Benefits Program Act of 2005) which—

''(A) is a participating employer (as defined in section 2(b)(5) of such Act), and

''(B) pays or incurs at least 60 percent of the qualified employee health insurance expenses of each qualified employee.

''(2) QUALIFIED EMPLOYEE HEALTH INSURANCE EXPENSES.—

''(A) IN GENERAL.—The term 'qualified employee health insurance expenses' means any amount paid by an employer for health insurance coverage under such Act to the extent such amount is attributable to coverage provided to any employee while such employee is a qualified employee.

''(B) EXCEPTION FOR AMOUNTS PAID UNDER SALARY REDUCTION ARRANGEMENTS.—No amount paid or incurred for health insurance coverage pursuant to a salary reduction arrangement shall be taken into account under subparagraph (A).

''(3) QUALIFIED EMPLOYEE.—

''(A) IN GENERAL.—The term 'qualified employee' means, with respect to any period, an employee (as defined in section 2(b)(1) of such Act) of an employer if the total amount of wages paid or incurred by such employer to such employee at an annual rate during the taxable year exceeds $5,000.

''(B) WAGES.—The term 'wages' has the meaning given such term by section 3121(a) (determined without regard to any dollar limitation contained in such section).

''(f) CERTAIN RULES MADE APPLICABLE.—For purposes of this section, rules similar to the rules of section 52 shall apply.

''(g) CREDITS FOR NONPROFIT ORGANIZATIONS.—Any credit which would be allowable under subsection (a) with respect to a qualified small business if such qualified small business were not exempt from tax under this chapter shall be treated as a credit allowable under this subpart to such qualified small business.''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting before the period '', or from section 36 of such Code''.

(2) The table of sections for subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by striking the last item and inserting the following new items:

''Sec. 36 Small business employee health insurance expenses

''Sec. 37 Overpayments of tax''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred in taxable years beginning after December 31, 2005.

SEC. 16. EFFECTIVE DATE.

Except as provided in section 10(e), this Act shall take effect on the date of enactment of this Act and shall apply to contracts that take effect with respect to calendar year 2006 and each calendar year thereafter.

By Mr. BINGAMAN (for himself, Ms. SNOWE, Mr. LIEBERMAN, and Mr. OBAMA):

S. 875. A bill to amend the Internal Revenue Code of 1986 and the Employee Retirement Income Security Act of 1974 to increase participation in section 401(k) plans through automatic contribution trusts, and for other purposes; to the Committee on Finance.

Mr. BINGAMAN. Mr. President, I rise today to introduce the Save More for Retirement Act of 2005 with my colleagues Senator SNOWE, Senator LIEBERMAN and Senator OBAMA. This legislation is designed to achieve two important savings goals. First, it will encourage workers who are not currently participating in their employer's retirement plan to do so. Second, it will encourage workers who are currently investing in 401(k) plans to save even more. At a time when national savings is at a near all-time low, Congress needs to look at ways to expand retirement savings, particularly savings garnered through an employer-provided retirement plan. This legislation is a commonsense approach that is based on research undertaken and compiled by a host of retirement policy experts from both academia and business. It is imperative that the Congress continues to look for new and innovative ways to help workers save for their retirement through the existing employer-provided plan system. This legislation accomplishes that goal by creating incentives for employers to modify their existing plans to add features that have been proven to increase savings.

The first step is to encourage employers to add a feature to its 401(k) or similar plans to enroll its employees in the plan upon being hired unless the employee notifies the employer that he or she does not want to participate in the plan. The decision to participate still rests entirely with the employees, as they can opt out before participation begins or at any time afterward. Although some employers do offer these types of plans now, most maintain a more traditional structure under which the employee must opt into participating. Studies have indicated that such a seemingly minor change in how employees are enrolled can dramatically increase participation rates. It has been reported that one large company experienced an increase in employee participation in their retirement plan of 50 percent once the features were changed to automatically enroll its employees. Clearly the first step towards increasing our national savings rate is to get more people saving.

Obviously the second step is to get those who are saving to set aside even more for their retirement years. For this reason, the legislation would encourage plans to add a feature that increases employees' contributions annually until it reaches at least 10 percent of the employees' compensation. Again, studies have repeatedly demonstrated that people are more likely to agree to save more in the future than they currently do. It has also been demonstrated that people are more likely to agree to save more in the future if they make the decision today and do not wait until future years to make that decision. In our legislation, the employee can stop a future increase or change the contribution rate. The employer has the discretion to tie these automatic increases to either an annual increase or to increases in salary or compensation. This is closely modeled on the Save More Tomorrow, SMarT, plan advocated by Shlomo Benartzi from UCLA and Richard Thaler from the University of Chicago. These behavioral finance experts claim that although participants in this plan may start saving at a lower rate—3.5 percent—than the average, within 4 years increases averaged 13.6 percent—a greater than 10 percent increase. Compared to the control group saving rate of slightly more than 8 percent of their compensation, the end result is quite extraordinary.

To encourage employers to make these two changes to the plan, the legislation creates a new safe harbor that, if all the criteria are met, treats the plan as being nondiscriminatory. In order to qualify for the safe harbor, the employer must provide either a nonelective match of 3 percent of the employee's compensation or an elective match of 50 percent of the first 7 percent of the employee's compensation. These criteria can be met also if the employer contributes a comparable amount to another qualified plan for the same employees. The employer must also allow its contributions to vest in either 2 years, if the employer enrolls the employees in its pension plan before the employees' first paycheck, or in 1 year if the employer enrolls the employees within the first quarter of being hired. It is important to note that both of these vesting periods are shorter than current law allows and are comparable to what employers can do under the existing safe harbor.

Finally, in an effort to help ensure employees are invested wisely, the legislation directs the Department of Labor to provide guidance for employers in selecting ''default'' investments so that employers have options besides money market accounts and investment contracts. A default investment is the investment that is made when

employees fail to indicate how they would like their retirement savings invested. Due to liability concerns, retirement plans tend to invest these funds in either investment contracts or money market accounts. The benefit of compounding interest that would occur with even modest returns in broad-based funds that have an equity component is lost. This guidance will not allow employers to make default investment decisions that are risky or put the employee's retirement at risk. It is important to note that the employee always retains the ability to invest the funds differently in other investment options offered by the plan if they do not like the default investment offered by the employer.

I thank all of those who have done considerable research into the impact of human behavior on savings, which was quite instrumental to the drafting of this legislation. I look forward to continuing to work with them and others interested in this new approach to addressing our Nation's savings problems.

I ask unanimous consent that the text of the bill be printed in the RECORD.

S. 875

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 ''Save More for Retirement Act of 2005''.

SEC. 2. INCREASING PARTICIPATION IN CASH OR DEFERRED PLANS THROUGH AUTOMATIC CONTRIBUTION ARRANGEMENTS.

(a) IN GENERAL.—Section 401(k) of the Internal Revenue Code of 1986 (relating to cash or deferred arrangement) is amended by adding at the end the following new paragraph:

''(13) NONDISCRIMINATION REQUIREMENTS FOR AUTOMATIC CONTRIBUTION TRUSTS.—

''(A) IN GENERAL.—A cash or deferred arrangement shall be treated as meeting the requirements of paragraph (3)(A)(ii) if such arrangement constitutes an automatic contribution trust.

''(B) AUTOMATIC CONTRIBUTION TRUST.—

''(i) IN GENERAL.—For purposes of this paragraph, the term 'automatic contribution trust' means an arrangement—

''(I) except as provided in clauses (ii) and (iii), under which each employee eligible to participate in the arrangement is treated as having elected to have the employer make elective contributions in an amount equal to the applicable percentage of the employee's compensation, and

''(II) which meets the requirements of subparagraphs (C), (D), (E), and (F).

''(ii) EXCEPTION FOR EXISTING EMPLOYEES.—In the case of any employee—

''(I) who was eligible to participate in the arrangement (or a predecessor arrangement) immediately before the first date on which the arrangement is an automatic contribution trust, and

''(II) whose rate of contribution immediately before such first date was less than the applicable percentage for the employee,

clause (i)(I) shall not apply to such employee until the date which is 1 year after such first date (or such earlier date as the employee may elect).

''(iii) ELECTION OUT.—Each employee eligible to participate in the arrangement may specifically elect not to have contributions made under clause (i), and such clause shall cease to apply to compensation paid on or after the effective date of the election.

''(iv) APPLICABLE PERCENTAGE.—For purposes of this subparagraph—

''(I) IN GENERAL.—The term 'applicable percentage' means, with respect to any employee, the percentage (not less than 3 percent) determined under the arrangement.

''(II) INCREASE IN PERCENTAGE.—In the case of the second plan year beginning after the first date on which the election under clause (i)(I) is in effect with respect to the employee and any succeeding plan year, the applicable percentage shall be a percentage (not greater than 10 percent or such higher percentage specified by the plan) equal to the sum of the applicable percentage for the employee as of the close of the preceding plan year plus 1 percentage point (or such higher percentage specified by the plan). A plan may elect to provide that, in lieu of any increase under the preceding sentence, the increase in the applicable percentage required under this subclause shall occur after each increase in compensation an employee receives on or after the first day of such second plan year and that the applicable percentage after each such increase in compensation shall be equal to the applicable percentage for the employee immediately before such increase in compensation plus 1 percentage point (or such higher percentage specified by the plan).

''(C) MATCHING OR NONELECTIVE CONTRIBUTIONS.—

''(i) IN GENERAL.—The requirements of this subparagraph are met if, under the arrangement, the employer—

''(I) makes matching contributions on behalf of each employee who is not a highly compensated employee in an amount equal to 50 percent of the elective contributions of the employee to the extent such elective contributions do not exceed 7 percent of compensation; or

''(II) is required, without regard to whether the employee makes an elective contribution or employee contribution, to make a contribution to a defined contribution plan on behalf of each employee who is not a highly compensated employee and who is eligible to participate in the arrangement in an amount equal to at least 3 percent of the employee's compensation,

The rules of clauses (ii) and (iii) of paragraph (12)(B) shall apply for purposes of subclause (I). The rules of paragraph (12)(E)(ii) shall apply for purposes of subclauses (I) and (II).

''(ii) OTHER PLANS.—An arrangement shall be treated as meeting the requirements under clause (i) if any other plan maintained by the employer meets such requirements with respect to employees eligible under the arrangement.

''(D) NOTICE REQUIREMENTS.—

''(i) IN GENERAL.—The requirements of this subparagraph are met if the requirements of clauses (ii) and (iii) are met.

''(ii) REASONABLE PERIOD TO MAKE ELECTION.—The requirements of this clause are met if each employee to whom subparagraph (B)(i) applies—

''(I) receives a notice explaining the employee's right under the arrangement to elect not to have elective contributions made on the employee's behalf, and how contributions made under the arrangement will be invested in the absence of any investment election by the employee, and

''(II) has a reasonable period of time after receipt of such notice and before the first elective contribution is made to make such election.

''(iii) ANNUAL NOTICE OF RIGHTS AND OBLIGATIONS.—The requirements of this clause are met if each employee eligible to participate in the arrangement is, within a reasonable period before any year (or if the plan elects to change the applicable percentage after any increase in compensation, before the increase), given notice of the employee's rights and obligations under the arrangement.

The requirements of clauses (i) and (ii) of paragraph (12)(D) shall be met with respect to the notices described in clauses (ii) and (iii) of this subparagraph.

''(E) PARTICIPATION, WITHDRAWAL, AND VESTING REQUIREMENTS.—The requirements of this subparagraph are met if—

''(i) the arrangement requires that each employee eligible to participate in the arrangement (determined without regard to any minimum service requirement otherwise applicable under section 410(a) or the plan) commences participation in the arrangement no later than the 1st day of the 1st calendar quarter following the date on which employee first becomes so eligible,

''(ii) the withdrawal requirements of paragraph (2)(B) are met with respect to all employer contributions (including matching and elective contributions) taken into account in determining whether the arrangement meets the requirements of subparagraph (C), and

''(iii) the arrangement requires that an employee's right to the accrued benefit derived from employer contributions described in clause (ii) (other than elective contributions) is nonforfeitable after the employee has completed—

''(I) at least 1 year of service, or

''(II) in the case of an employee who is eligible to participate in the arrangement as of the first day on which the employee begins employment with the employer maintaining the arrangement, at least 2 years of service.

''(F) CERTAIN WITHDRAWALS MUST BE ALLOWED.—

''(i) IN GENERAL.—Notwithstanding any other provision of this subsection, the requirements of this subparagraph are met if the arrangement allows employees to elect to withdraw elective contributions described in subparagraph (B)(i) (and earnings attributable thereto) from the cash or deferred arrangement in accordance with the provisions of this subparagraph.

''(ii) TIME FOR MAKING ELECTION.—Clause (i) shall not apply to an election by an employee unless the election is made no later than the close of the latest of the following payroll periods occurring after the first payroll period to which the automatic enrollment system applies to the employee:

''(I) The payroll period in which the aggregate elective contributions made under subparagraph (B)(i) first exceed $500.

''(II) The second payroll period following such first payroll period.

''(III) The first payroll period which begins at least one month after the close of the first payroll period to which the automatic enrollment system applies.

''(iii) AMOUNT OF DISTRIBUTION.—Clause (i) shall not apply to any election by an employee unless the amount of any distribution by reason of the election is equal to the amount of elective contributions made with respect to the first payroll period to which the automatic enrollment system applies to the employee and any succeeding payroll period beginning before the effective date of the election (and earnings attributable thereto).

''(iv) TREATMENT OF DISTRIBUTION.—In the case of any distribution to an employee pursuant to an election under clause (i)—

''(I) the amount of such distribution shall be includible in the gross income of the employee for the taxable year of the employee in which the distribution is made, and

''(II) no tax shall be imposed under section 72(t) with respect to the distribution.

''(v) EMPLOYER MATCHING CONTRIBUTIONS.—In the case of any distribution to an employee by reason of an election under clause (i), employer matching contributions shall be forfeited or subject to such other treatment as the Secretary may prescribe.''

(b) MATCHING CONTRIBUTIONS.—Section 401(m) of the Internal Revenue Code of 1986 (relating to nondiscrimination test for matching contributions and employee contributions) is amended by redesignating paragraph (12) as paragraph (13) and by inserting after paragraph (11) the following new paragraph:

''(12) ALTERNATE METHOD FOR AUTOMATIC CONTRIBUTION TRUSTS.—A defined contribution plan shall be treated as meeting the requirements of paragraph (2) with respect to matching contributions if the plan—

''(A) meets the contribution requirements of subparagraphs (B)(i) and (C) of subsection (k)(13);

''(B) meets the notice requirements of subparagraph (D) of subsection (k)(13); and

''(C) meets the requirements of paragraph (11)(B) (ii) and (iii).''.

(c) EXCLUSION FROM DEFINITION OF TOP-HEAVY PLANS.—

(1) ELECTIVE CONTRIBUTION RULE.—Clause (i) of section 416(g)(4)(H) of the Internal Revenue Code of 1986 is amended by inserting ''or 401(k)(13)'' after ''section 401(k)(12)''.

(2) MATCHING CONTRIBUTION RULE.—Clause (ii) of section 416(g)(4)(H) of such Code is amended by inserting ''or 401(m)(12)'' after ''section 401(m)(11)''.

(d) DEFINITION OF COMPENSATION.—

(1) BASE PAY OR RATE OF PAY.—The Secretary of the Treasury shall, no later than December 31, 2006, modify Treasury Regulation section 1.414(s)–1(d)(3) to facilitate the use of the safe harbors in sections 401(k)(12), 401(k)(13), 401(m)(11), and 401(m)(12) of the Internal Revenue Code of 1986, and in Treasury Regulation section 1.401(a)(4)–3(b), by plans that use base pay or rate of pay in determining contributions or benefits. Such modifications shall include increased flexibility in satisfying section 414(s) of such Code in any case where the amount of overtime compensation payable in a year can vary significantly.

(2) APPLICATION OF REQUIREMENTS TO SEPARATE PAYROLL PERIODS.—Not later than December 31, 2006, the Secretary of the Treasury shall issue rules under subparagraphs (B)(i) and (C)(i) of section 401(k)(13) of such Code and under clause (i) of section 401(m)(12)(A) of such Code that, effective for plan years beginning after December 31, 2006, permit such requirements to be applied separately to separate payroll periods based on rules similar to the rules described in Treasury Regulation sections 1.401(k)–3(c)(5)(ii) and 1.401(m)–3(d)(4).

(e) SECTION 403(b) CONTRACTS.—Paragraph (11) of section 401(m) of the Internal Revenue Code of 1986 is amended by adding at the end the following:

''(C) SECTION 403(b) CONTRACTS.—An annuity contract under section 403(b) shall be treated as meeting the requirements of paragraph (2) with respect to matching contributions if such contract meets requirements similar to the requirements under subparagraph (A).''.

(f) PREEMPTION OF CONFLICTING STATE REGULATION.—Section 514 of the Employee Retirement Income Security of 1974 (29 U.S.C. 1144) is amended by inserting at the end the following new subsection:

''(e) AUTOMATIC CONTRIBUTION ARRANGEMENTS.—

''(1) IN GENERAL.—Notwithstanding any other provision of this section, any law of a State shall be superseded if it would directly or indirectly prohibit or restrict the inclusion in any plan of an eligible automatic contribution arrangement.

''(2) ELIGIBLE AUTOMATIC CONTRIBUTION ARRANGEMENT.—For purposes of this subsection, the term 'eligible automatic contribution arrangement' means an arrangement—

''(A) under which a participant may elect to have the employer make payments as contributions under the plan on behalf of the participant, or to the participant directly in cash,

''(B) under which the participant is treated as having elected to have the employer make such contributions in an amount equal to a uniform percentage of compensation provided under the plan until the participant specifically elects not to have such contributions made (or specifically elects to have such contributions made at a different percentage),

''(C) under which contributions described in subparagraph (B) are invested in accordance with regulations prescribed by the Secretary under section 404(c)(4), and

''(D) which meets the requirements of paragraph (3).

''(3) NOTICE REQUIREMENTS.—

''(A) IN GENERAL.—The administrator of an individual account plan shall, within a reasonable period before each plan year, give to each employee to whom an arrangement described in paragraph (2) applies for such plan year notice of the employee's rights and obligations under the arrangement which—

''(i) is sufficiently accurate and comprehensive to apprise the employee of such rights and obligations, and

''(ii) is written in a manner calculated to be understood by the average employee to whom the arrangement applies.

''(B) TIME AND FORM OF NOTICE.—A notice shall not be treated as meeting the requirements of subparagraph (A) with respect to an employee unless—

''(i) the notice includes a notice explaining the employee's right under the arrangement to elect not to have elective contributions made on the employee's behalf (or to elect to have such contributions made at a different percentage),

''(ii) the employee has a reasonable period of time after receipt of the notice described in clause (i) and before the first elective contribution is made to make such election, and

''(iii) the notice explains how contributions made under the arrangement will be invested in the absence of any investment election by the employee.''.

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided by paragraph (2), the amendments made by this section shall apply to plan years beginning after December 31, 2005.

(2) SECTION 403(b) CONTRACTS.—The amendments made by subsection (e) shall apply to years ending after the date of the enactment of this Act.

SEC. 3. TREATMENT OF INVESTMENT OF ASSETS BY PLAN WHERE PARTICIPANT FAILS TO EXERCISE INVESTMENT ELECTION.

(a) IN GENERAL.—Section 404(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104(c)) is amended by adding at the end the following new paragraph:

''(4) DEFAULT INVESTMENT ARRANGEMENTS.—

''(A) IN GENERAL.—For purposes of paragraph (1), a participant in an individual account plan meeting the notice requirements of subparagraph (B) shall be treated as exercising control over the assets in the account with respect to the amount of contributions and earnings which, in the absence of an investment election by the participant, are invested by the plan in accordance with regulations prescribed by the Secretary. The regulations under this subparagraph shall provide guidance on the appropriateness of designating default investments that include a mix of asset classes consistent with long-term capital appreciation.

''(B) NOTICE REQUIREMENTS.—

''(i) IN GENERAL.—The requirements of this subparagraph are met if each participant—

''(I) receives, within a reasonable period of time before each plan year, a notice explaining the employee's right under the plan to designate how contributions and earnings will be invested and explaining how, in the absence of any investment election by the participant, such contributions and earnings will be invested, and

''(II) has a reasonable period of time after receipt of such notice and before the beginning of the plan year to make such designation.

''(ii) FORM OF NOTICE.—The requirements of clauses (i) and (ii) of section 401(k)(12)(D) of the Internal Revenue Code of 1986 shall be met with respect to the notices described in this subparagraph.''

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan years beginning after December 31, 2005.

(2) REGULATIONS.—Final regulations under section 404(c)(4)(A) of the Employee Retirement Income Security Act of 1974 (as added by this section) shall be issued no later than 6 months after the date of the enactment of this Act.

By Mr. HATCH (for himself, Mrs. FEINSTEIN, Mr. SPECTER, Mr. KENNEDY, and Mr. HARKIN):

S. 876. A bill to prohibit human cloning and protect stem cell research; to the Committee on the Judiciary.

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

Mr. HATCH. Mr. President, I am very pleased to join with Senators FEINSTEIN, SPECTER, KENNEDY, and HARKIN to introduce the Human Cloning Ban and Stem Cell Research Protection Act of 2005. This bill could help usher in the next great era of medical treatment. At the same time, it will criminalize the offensive practice of reproductive cloning.

If you remember when Jonas Salk discovered the polio vaccine, you will recall what a revolutionary step that was, to be able to stop ravaging diseases before they hit their victims. It led to a whole new way of practicing medicine and paved the way for the vaccines and treatments that we take for granted today.

I believe we are on the verge of a similar step, a new generation in medical research and treatment, thanks to the incredible potential of stem cells. Stem cell research—particularly, embryonic stem cell research—holds great promise. To quote Nobel Laureate Dr. Harold Varmus, ''The development of cell lines that may produce almost every tissue of the human body is an unprecedented scientific breakthrough. It is not too unrealistic to say that this research has the potential to revolutionize the practice of medicine and improve the quality and length of life.''

As Dr. Varmus noted, embryonic stem cells appear to have the amazing potential to transform themselves into any of the more than 200 types of cells that form the human body. These cells

could be the key to understanding much about human health and disease and may yield new diagnostic tests, treatments, and cures for diseases such as diabetes, cancer, heart disease, Parkinson's, autoimmune diseases, and many, many others.

Stem cell research could potentially be the scientific advance that takes the practice of medicine not just to the next level, but to five or ten levels above and beyond. Like my colleagues, I believe there is an urgent need for uniformity in the rules governing stem cell research in America. But let me just stress one aspect of that need: ethics. Without the National Institutes of Health setting the ethical guidelines for stem cell research, we invite a host of problems. Most of us feel strongly that human reproductive cloning is wrong, for example. But where should the lines be drawn with regard to embryonic stem cell research—particularly, somatic cell nuclear transfer and the use of cell lines derived from IVF embryos?

The NIH is the obvious and crucial choice to help set the ethical boundaries. Our bill will ban outright any attempt at bringing to life a cloned human being. It will also prohibit research on any embryo created through somatic cell nuclear transfer beyond 14 days, require informed consent of donors, prohibit profiteering from donated eggs, and mandate separation of the egg collection site from the research laboratory.

The NIH will help determine other suitable ethical guidelines in allowing this critical research to go forward with Federal funding and at federally-funded institutions. There is no question in my mind that, when they do, the rest of the world will follow.

Now, the last time we introduced this bill, there was interest in the fact that I, as a strongly pro-life senator, would be the lead sponsor. I think we have put that issue behind us, as more pro-life lawmakers have expressed their support for this research. The fact is, I have never believed that life begins in a Petri dish. And as I travel across my home State of Utah, more and more Utahns, whether they are pro-life or not, come up to me and say, ''ORRIN, we're with you on this. You're doing the right thing.''

That support is building across the country, and we must act. If we do not seize this opportunity, other countries could take the leading role in medicine's next great advance. We will lose the chance to set ethical guidelines, we will lose doctors to overseas research institutions, and most importantly, we will lose the chance to offer new hope to American and other patients who are waiting in desperation for treatments and cures.

I urge the Senate to take up and pass this bill, and I look forward to the work ahead.

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. 876

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 ''Human Cloning Ban and Stem Cell Research Protection Act of 2005''.

SEC. 2. PURPOSES.

It is the purpose of this Act to prohibit human cloning and to protect important areas of medical research, including stem cell research.

TITLE I—PROHIBITION ON HUMAN CLONING

SEC. 101. PROHIBITION ON HUMAN CLONING.

(a) IN GENERAL.—Title 18, United States Code, is amended by inserting after chapter 15, the following:

''CHAPTER 16—PROHIBITION ON HUMAN CLONING

''301. Prohibition on human cloning

''§ 301. Prohibition on human cloning

''(a) DEFINITIONS.—In this section:

''(1) HUMAN CLONING.—The term 'human cloning' means implanting or attempting to implant the product of nuclear transplantation into a uterus or the functional equivalent of a uterus.

''(2) HUMAN SOMATIC CELL.—The term 'human somatic cell' means any human cell other than a haploid germ cell.

''(3) NUCLEAR TRANSPLANTATION.—The term 'nuclear transplantation' means transferring the nucleus of a human somatic cell into an oocyte from which the nucleus or all chromosomes have been or will be removed or rendered inert.

''(4) NUCLEUS.—The term 'nucleus' means the cell structure that houses the chromosomes.

''(5) OOCYTE.—The term 'oocyte' means the female germ cell, the egg.

''(6) UNFERTILIZED BLASTOCYST.—The term 'unfertilized blastocyst' means an intact cellular structure that is the product of nuclear transplantation. Such term shall not include stem cells, other cells, cellular structures, or biological products derived from an intact cellular structure that is the product of nuclear transplantation.

''(b) PROHIBITIONS ON HUMAN CLONING.—It shall be unlawful for any person or other legal entity, public or private—

''(1) to conduct or attempt to conduct human cloning;

''(2) to ship the product of nuclear transplantation in interstate or foreign commerce for the purpose of human cloning in the United States or elsewhere; or

''(3) to export to a foreign country an unfertilized blastocyst if such country does not prohibit human cloning.

''(c) PROTECTION OF RESEARCH.—Nothing in this section shall be construed to restrict practices not expressly prohibited in this section.

''(d) PENALTIES.—

''(1) CRIMINAL PENALTIES.—Whoever intentionally violates paragraph (1), (2), or (3) of subsection (b) shall be fined under this title and imprisoned not more than 10 years.

''(2) CIVIL PENALTIES.—Whoever intentionally violates paragraph (1), (2), or (3) of subsection (b) shall be subject to a civil penalty of $1,000,000 or three times the gross pecuniary gain resulting from the violation, whichever is greater.

''(3) FORFEITURE.—Any property, real or personal, derived from or used to commit a violation or attempted violation of the provisions of subsection (b), or any property traceable to such property, shall be subject to forfeiture to the United States in accordance with the procedures set forth in chapter 46 of title 18, United States Code.

''(e) RIGHT OF ACTION.—Nothing in this section shall be construed to give any individual or person a private right of action.''.

SEC. 102. OVERSIGHT REPORTS ON ACTIONS TO ENFORCE CERTAIN PROHIBITIONS.

(a) REPORT ON ACTIONS BY ATTORNEY GENERAL TO ENFORCE CHAPTER 16 OF TITLE 18.—Not later than 1 year after the date of enactment of this Act, the Comptroller General shall prepare and submit to the Committee on the Judiciary of the Senate and the Committee on the Judiciary of the House of Representatives a report that—

(1) describes the actions taken by the Attorney General to enforce the provisions of chapter 16 of title 18, United States Code (as added by section 101);

(2) describes the personnel and resources the Attorney General has utilized to enforce the provisions of such chapter; and

(3) contain a list of any violations, if any, of the provisions of such chapter 16.

(b) REPORT ON ACTIONS OF STATE ATTORNEYS GENERAL TO ENFORCE SIMILAR STATE LAWS.—

(1) DEFINITION.—In this subsection and subsection (c), the term ''similar State law relating to human cloning'' means a State or local law that provides for the imposition of criminal penalties on individuals who are determined to be conducting or attempting to conduct human cloning (as defined in section 301 of title 18, United States Code (as added by section 101)).

(2) REPORT.—Not later than 1 year after the date of enactment of this Act, the Comptroller General shall prepare and submit to the Committee on the Judiciary of the Senate and the Committee on the Judiciary of the House of Representatives a report that—

(A) describes any similar State law relating to human cloning;

(B) describes the actions taken by the State attorneys general to enforce the provisions of any similar State law relating to human cloning;

(C) contains a list of violations, if any, of the provisions of any similar State law relating to human cloning; and

(D) contains a list of any individual who, or organization that, has violated, or has been charged with violating, any similar State law relating to human cloning.

(c) REPORT ON COORDINATION OF ENFORCEMENT ACTIONS AMONG THE FEDERAL AND STATE AND LOCAL GOVERNMENTS WITH RESPECT TO HUMAN CLONING.—Not later than 1 year after the date of enactment of this Act, the Comptroller General shall prepare and submit to the Committee on the Judiciary of the Senate and the Committee on the Judiciary of the House of Representatives a report that

(1) describes how the Attorney General coordinates the enforcement of violations of chapter 16 of title 18, United States Code (as added by section 101), with enforcement actions taken by State or local government law enforcement officials with respect to similar State laws relating to human cloning; and

(2) describes the status and disposition of—

(A) Federal appellate litigation with respect to such chapter 16 and State appellate litigation with respect to similar State laws relating to human cloning; and

(B) civil litigation, including actions to appoint guardians, related to human cloning.

(d) REPORT ON INTERNATIONAL LAWS RELATING TO HUMAN CLONING.—Not later than 1 year after the date of enactment of this Act, the Comptroller General shall prepare and submit to the Committee on the Judiciary of the Senate and the Committee on the Judiciary of the House of Representatives a report that—

(1) describes the laws adopted by foreign countries related to human cloning;

(2) describes the actions taken by the chief law enforcement officer in each foreign country that has enacted a law described in paragraph (1) to enforce such law; and

(3) describes the multilateral efforts of the United Nations and elsewhere to ban human cloning.

TITLE II—ETHICAL REQUIREMENTS FOR NUCLEAR TRANSPLANTATION RESEARCH

SEC. 201. ETHICAL REQUIREMENTS FOR NUCLEAR TRANSPLANTATION RESEARCH.

Title IV of the Public Health Service Act (42 U.S.C. 281 et seq.) is amended by adding at the end the following:

''PART J—ETHICAL REQUIREMENTS FOR NUCLEAR TRANSPLANTATION RESEARCH

''SEC. 499A. ETHICAL REQUIREMENTS FOR NUCLEAR TRANSPLANTATION RESEARCH, INCLUDING INFORMED CONSENT, INSTITUTIONAL REVIEW BOARD REVIEW, AND PROTECTION FOR SAFETY AND PRIVACY.

''(a) DEFINITIONS.—

''(1) IN GENERAL.—The definitions contained in section 301(a) of title 18, United States Code, shall apply for purposes of this section.

''(2) OTHER DEFINITIONS.—In this section:

''(A) DONATING.—The term 'donating' means giving without receiving valuable consideration.

''(B) FERTILIZATION.—The term 'fertilization' means the fusion of an oocyte containing a haploid nucleus with a male gamete (sperm cell).

''(C) VALUABLE CONSIDERATION.—The term 'valuable consideration' does not include reasonable payments—

''(i) associated with the transportation, processing, preservation, or storage of a human oocyte or of the product of nuclear transplantation research; or

''(ii) to compensate a donor of one or more human oocytes for the time or inconvenience associated with such donation.

''(b) APPLICABILITY OF FEDERAL ETHICAL STANDARDS TO NUCLEAR TRANSPLANTATION RESEARCH.—Research involving nuclear transplantation shall be conducted in accordance with subpart A of part 46 of title 45, or parts 50 and 56 of title 21, Code of Federal Regulations (as in effect on the date of enactment of the Human Cloning Ban and Stem Cell Research Protection Act of 2003), as applicable:

''(c) PROHIBITION ON CONDUCTING NUCLEAR TRANSPLANTATION ON FERTILIZED EGGS.—A somatic cell nucleus shall not be transplanted into a human oocyte that has undergone or will undergo fertilization.

''(d) FOURTEEN-DAY RULE.—An unfertilized blastocyst shall not be maintained after more than 14 days from its first cell division, not counting any time during which it is stored at temperatures less than zero degrees centigrade.

''(e) VOLUNTARY DONATION OF OOCYTES.—

''(1) INFORMED CONSENT.—In accordance with subsection (b), an oocyte may not be used in nuclear transplantation research unless such oocyte shall have been donated voluntarily by and with the informed consent of the woman donating the oocyte.

''(2) PROHIBITION ON PURCHASE OR SALE.—No human oocyte or unfertilized blastocyst may be acquired, received, or otherwise transferred for valuable consideration if the transfer affects interstate commerce.

''(f) SEPARATION OF IN VITRO FERTILIZATION LABORATORIES FROM LOCATIONS AT WHICH NUCLEAR TRANSPLANTATION IS CONDUCTED.—Nuclear transplantation may not be conducted in a laboratory in which human oocytes are subject to assisted reproductive technology treatments or procedures.

''(g) CIVIL PENALTIES.—Whoever intentionally violates any provision of subsections (b) through (f) shall be subject to a civil penalty in an amount that is appropriate for the violation involved, but not more than $250,000.''.

Mrs. FEINSTEIN. Mr. President, today Senators HATCH, KENNEDY, SPECTER, HARKIN and I are introducing legislation to ban human reproductive cloning, while ensuring that important medical research goes forward under strict oversight by the federal government.

Simply put, this legislation will enable research to be conducted that provides hope to millions of Americans suffering from paralysis and debilitating diseases including Juvenile Diabetes, Parkinson's, Alzheimer's, cancer and heart disease.

Every member of this body knows someone—whether it's a parent or grandparent, a child or a friend—who suffers from one of these diseases. That is why this legislation is so critical. We must act now to protect promising research that will bring hope to those who suffer.

I now that every member of this body would agree that human reproductive cloning is immoral and unethical. It should be outlawed by Congress and the President. That is exactly what this bill does.

It prohibits any person from conducting or attempting to clone a human being. It also prohibits shipping materials for the purpose of human cloning in interstate or foreign commerce and prohibits the export of an unfertilized blastocyst to a foreign country if such country does not prohibit human cloning.

Any person that violates this prohibition is subject to harsh criminal and civil penalties. They include: imprisonment of up to 10 years in federal prison.

Fines of up to $1 million or three times the gross profits resulting from the violation, whichever is greater.

This legislation draws a bright line between human reproductive cloning and promising medical research using somatic cell nuclear transplantation for the sole purpose of deriving embryonic stem cells.

Somatic cell nuclear transplantation is the process by which scientists derive embryonic stem cells that are an exact genetic match as the patient. Those embryonic stem cells will one day be used to correct defective cells such as non-insulin producing or cancerous cells. Then those patients will not be forced to take immuno-suppressive drugs and risk the chances of rejection since the new cells will contain their own DNA.

It is truly astonishing that somatic cell nuclear transplantation research may one day be used to regrow tissue or organs that could lead to treatments and cures for diseases that afflict up to 100 million Americans. What we are talking about here is research that does not even involve sperm and an egg.

I believe it is essential that this research be conducted with Federal Government oversight and under strict ethical requirements.

That is why the legislation: Mandates that eggs used in this research be unfertilized.

Prohibits the purchase or sale of unfertilized eggs—to prevent ''embryo farms'' or the possible exploitation of women.

Imposes strong ethics rules on scientists, mandating informed consent by egg donors, and include safety and privacy protections.

Prohibit any research on an unfertilized blastocyst after 14 days—After 14 days, an unfertilized blastocyst begins differentiating into a specific type of cell such as a heart or brain cell and is no longer useful for the purposes of embryonic stem cell research.

Requires that all egg donations be voluntary, and that there is no financial or other incentive for egg donations.

Requires that nuclear transportation occur in labs completely separate from labs that engage in in vitro fertilization.

And for those who violate or attempt to violate the ethical requirements of the legislation, they will be subject to civil penalties of up to $250,000 per violation.

Embryonic stem cell research that is currently being done using private funds, in animal models, and by scientists overseas continues to show great promise and potential. This progress will not be sustained in the U.S. without additional stem cell lines for federally-funded research and without strict federal oversight of this research.

Senator HATCH and I have argued this point for years. What has happened since the President limited federally-funded research to only those embryonic stem cell lines derived prior to August 9, 2001?

Researchers have made a number of advancements confirming the promise of embryonic stem cells using animal models and private research dollars. In the absence of federal policy on embryonic stem cell research and human reproductive cloning, States have taken action creating a patchwork of state laws under varying ethical frameworks. Fewer researchers are choosing to go into this field given the void created by Federal inaction.

Last January, a study published by researchers from the University of California San Diego and the Salk Institute for Biological Studies confirmed that all 22 existing federally-approved stem cell lines are tainted by mouse feeders cells and cannot be used in humans.

Researchers at the Whitehead Institute in Cambridge, MA, used embryonic stem cells created by somatic cell nuclear transplantation to cure a genetic defect in mice.

Researchers at Sloan-Kettering Cancer Center in New York found that embryonic stem cells produce proteins

that can help ailing organs repair themselves.

Stanford scientists were able to relieve diabetes symptoms in mice by using special chemicals to transform undifferentiated embryonic stem cells of mice into cell masses that resemble islets found in the mouse pancreas.

In the absence of federal legislation, we have seen a patchwork of State laws under varying ethical frameworks and this is extremely worrisome. In total, 30 States have passed laws pertaining to stem cell research and there is tremendous variety in those laws.

California launched a $3 billion initiative to fund embryonic stem cell research including somatic cell nuclear transplantation research which bans human reproductive cloning.

At least 6 academic centers in California including UC San Francisco, Stanford, UCLA, UC Berkeley, UC Irvine and UC Davis have already begun developing facilities where this embryonic stem cell research will be conducted and are all actively recruiting stem cell biologists from across the country.

New Jersey has proposed a $380 million initiative to fund embryonic stem cell research.

Wisconsin has proposed investing $750 million to support embryonic stem cell research.

By contrast, Arkansas, Iowa, North Dakota, South Dakota and Michigan have specifically prohibited nuclear transfer used to create stem cells. And 22 other States have enacted laws on the matter.

What this means is researchers and research money are now moving to States with pro-research laws and pro-research Governors.

There is clearly a void that needs to be filled—and it can only be filled by the Federal Government.

To be clear, this is research that involves an unfertilized blastocyst. No sperm are involved. It is conducted in a petri dish and cannot occur beyond 14 days. It is also prohibited from ever being implanted into a woman to create a child.

For those who believe that the clump of cells in a petri dish that we are talking about is a human life, that is a moral decision each person must make for himself, but to impose that view on the more than 100 million of our parents, children and friends who suffer from Parkinson's, diabetes, Alzheimer's and cancer is immoral.

As former Senator and Episcopal minister John C. Danforth said recently in an op-ed in the New York Times, ''Criminalizing the work of scientists doing such research would give strong support to one religious doctrine, and it would punish people who believe it is their religious duty to use science to heal the sick.

This is exactly why the legislation I am introducing with my colleagues Senators HATCH, KENNEDY, SPECTER and HARKIN is needed. I urge the Senate to take up and pass this bill and help turn the hopes of millions of Americans into reality.

I ask unanimous consent that the attached letter be printed in the RECORD.

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

COALITION FOR THE ADVANCEMENT OF MEDICAL RESEARCH,
Washington, DC, April 21, 2005.

Senator DIANNE FEINSTEIN,
U.S. Senate, 331 Hart Senate Office Building Washington, DC.

DEAR SENATOR FEINSTEIN, On behalf of the Coalition for the Advancement of Medical Research (CAMR), I am writing to add our strong support for the introduction of the Human Cloning Ban and Stem Cell Research Protection Act of 2005. Along with Senator ORRIN HATCH (R–UT), Senator ARLEN SPECTER (R–PA), Senator TED KENNEDY (D–MA), and Senator TOM HARKIN (D–IA), your leadership in protecting research using somatic cell nuclear transfer (SCNT), also known as therapeutic cloning, is greatly appreciated.

This year, Congress will address the future of biomedical research and the Nation's efforts to prevent, treat, and cure such debilitating diseases as cancer, juvenile diabetes, ALS, Parkinson's disease, spinal cord injuries and many more. Let me be clear, CAMR supports a ban on reproductive cloning; it is unsafe and unethical. Given the scientific potential of SCNT and regenerative medicine, however, we strongly support the bill's effort to allow for this research, which may provide essential tools allowing scientists to develop the promise of embryonic stern cell research. I am sure you will agree, therapeutic cloning is about saving and improving lives. It is fW1damemally different from human reproductive cloning; it produces stem cells, not babies.

CAMR applauds your leadership in sponsoring legislation that ensures cures for devastating diseases continue to be developed. We look forward to working with you.

Thank you,

DANIEL PERRY,
President.

Mr. KENNEDY. It is a privilege to join Senator HATCH, Senator FEINSTEIN, Senator SPECTER and Senator HARKIN in sponsoring the Human Cloning Ban and Stem Cell Research Protection Act of 2005. This bipartisan proposal will outlaw human cloning and open the way to proper, ethical cures for our most feared diseases.

Using cloning to reproduce a child is improper and immoral—and our legislation will make it illegal. Medicine must advance hand in hand with ethics, and the legislation we introduce today will make certain that American research sets the gold standard for ethical oversight.

But it is wrong to deny the great potential of medical research using the remarkable new techniques of stem cell research, which can save lives by preventing, treating, and curing a wide range of severe diseases and disabilities.

We see the benefits of investment in biotechnology all around us. Fifty years ago last week, Jonas Salk announced the first polio vaccine. Imagine a world without that extraordinary discovery—where peoples everywhere lived in fear of the polio virus and the devastation it brings.

Thirty years ago, Congress was considering whether to ban research on recombinant DNA—the very foundation of biotechnology.

Time after time, we heard of the medical advances that this new field of research would bring. Then—as now—some dismissed this promise as a pipe dream and urged Congress to forbid it. We chose instead to vote for new hope and new cures. Today, countless Americans and persons throughout the world are already benefiting from the new treatments that biotechnology has brought. Why call a halt?

In the 1980s Congress made the right choice, again, by rejecting attempts to outlaw in vitro fertilization, a technique that has fulfilled the hopes and dreams of thousands of parents who would never have been able to have a child.

Our debate today is no different and Congress should do all it can to support lifesaving research, not prohibit it.

Other nations are more than willing to leave us behind. The potential of this research is so immense that some of our best scientists are already leaving America to pursue their dreams in research laboratories in other countries. We need to stop that exodus before it becomes a nightmare. Do we really want to wake up 10 years from now and hear that a former American scientist in another land has won the Nobel Prize in medicine for a landmark discovery in stem cell research?

The misguided fears of today can't be allowed to deny the cures of tomorrow. I commend my colleagues for their leadership on this important legislation, and I hope the Senate will act quickly to approve this urgently needed bill.

By Mr. DOMENICI (for himself, Mr. LIEBERMAN, Mr. FRIST, Mr. LUGAR, Mr. ISAKSON, Mr. ENZI, Mr. FEINGOLD, Mr. CRAPO, Mr. ALEXANDER, Mr. BUNNING, Mr. SESSIONS, Mr. ALLARD, and Mr. CORZINE):

S. 877. A bill to provide for a biennial budget process and a biennial appropriations process and to enhance oversight and the performance of the Federal Government; to the Committee on the Budget.

Mr. DOMENICI. Mr. President, on behalf of Senator LIEBERMAN, the distinguished Ranking Member of the Governmental Affairs Committee and eleven other Senators, I rise to introduce the ''Biennial Budgeting and Appropriations Act,'' a bill to convert the annual budget and appropriations process to a two-year cycle and to enhance oversight of federal programs.

Our most recent experience with the Omnibus Consolidated Appropriations Act shows the need for a biennial appropriations and budget process. That one bill clearly demonstrated Congress is incapable of completing the budget, authorizing, and appropriations process on an annual basis. That 1,000 plus paged bill contained nine of the regular appropriations bills.

Congress should now act to streamline the system by moving to a two-

year, or biennial, budget process. This is the most important reform we can enact to streamline the budget process, to make the Senate a more deliberative and effective institution, and to make us more accountable to the American people.

Moving to a biennial budget and appropriations process enjoys very broad support. President Bush has supported a biennial budgeting process. Presidents Clinton, Reagan and Bush also proposed a biennial appropriations and budget cycle. Leon Panetta, who served as White House Chief of Staff, OMB Director, and House Budget Committee Chairman, has advocated a biennial budget since the late 1970s. Former OMB and CBO Director Alice Rivlin has called for a biennial budget the past two decades. The Majority Leader is a co-sponsor of this legislation.

Vice President Gore's National Performance Review and the 1993 Joint Committee on the Reorganization of Congress both recommended a biennial appropriations and budget cycle.

A biennial budget will dramatically improve the current budget process. The current annual budget process is redundant, inefficient, and destined for failure each year. Look at what we struggle to complete each year under the current annual process. The annual budget process consumes three years: one year for the Administration to prepare the President's budget, another year for the Congress to put the budget into law, and the final year to actually execute the budget.

Today, I want to focus just on the Congressional budget process, the process of annually passing a budget resolution, authorization legislation, and multiple appropriation bills. The record clearly shows that last year's experience was nothing new. Under the annual process, we consistently fail to complete action on multiple appropriations bills, to authorize programs, and to meet our deadlines.

While we have made a number of improvements in the budget process, the current annual process is redundant and inefficient. The Senate has the same debate, amendments and votes on the same issue three or four times a year—once on the budget resolution, again on the authorization bill, and finally on the appropriations bill.

A few years ago, I asked the Congressional Research Service (CRS) to update and expand upon an analysis of the amount of time we spend on the budget. CRS looked at all votes on appropriations, revenue, reconciliation, and debt limit measures as well as budget resolutions. CRS then examined any other vote dealing with budgetary levels, Budget Act waivers, or votes pertaining to the budget process. Beginning with 1980, budget related votes started dominating the work of the Senate. In 1996, 73 percent of the votes the Senate took were related to the budget.

If we cannot adequately focus on our duties because we are constantly debating the budget throughout the authorizing, budgeting, and appropriations process, just imagine how confused the American public is about what we are doing. The result is that the public does not understand what we are doing and it breeds cynicism about our government.

Under the legislation I am introducing today, the President would submit a 2-year budget and Congress would consider a 2-year budget resolution and 2-year appropriation bills during the first session of a Congress. The second session of the Congress would be devoted to consideration of authorization bills and for oversight of government agencies.

Most of the arguments against a biennial budget process will come from those who claim we cannot predict or plan on a two year basis. For most of the budget, we do not actually budget on an annual basis. Our entitlement and revenue laws are under permanent law and Congress does not change these laws on an annual basis. The only component of the budget that is set in law annually are the appropriated, or discretionary, accounts.

The most predictable category of the budget are these appropriated, or discretionary, accounts of the federal government. Much of this spending is associated with international activities or emergencies. Because most of this funding cannot be predicted on an annual basis, a biennial budget is no less deficient than the current annual process. My bill does not preclude supplemental appropriations necessary to meet these emergency or unanticipated requirements.

In 1993 I had the honor to serve as co-Chairman on a Joint Committee that studied the operations of the Congress. Senator BYRD testified before that Committee that the increasing demands put on us as Senators has led to our ''fractured attention.'' We simply are too busy to adequately focus on the people's business. This legislation is designed to free up time and focus our attention, particularly with respect to the oversight of Federal programs and activities.

Frankly, the limited oversight we are now doing is not as good as it should be. Our authorizing committees are increasingly crowded out of the legislative process. Under a biennial budget, the second year of the biennium will be exclusively devoted to examining federal programs and developing authorization legislation. The calendar will be free of the budget and appropriations process, giving these committees the time and opportunity to provide oversight, review and legislate changes to federal programs. Oversight and the authorization should be an ongoing process, but a biennial appropriations process will provide greater opportunity for legislators to concentrate on programs and policies in the second year.

Mr. President, a biennial budget cannot make the difficult decisions that must be made in budgeting, but it can provide the tools necessary to make much better decisions. Under the current annual budget process we are constantly spending the taxpayers' money instead of focusing on how best and most efficiently we should spend the taxpayers' money. By moving to a biennial budget cycle, we can plan, budget, and appropriate more effectively, strengthen oversight and watchdog functions, and improve the efficiency of government agencies.

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. 877

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 ''Biennial Budgeting and Appropriations Act''.

SEC. 2. REVISION OF TIMETABLE.

Section 300 of the Congressional Budget Act of 1974 (2 U.S.C. 631) is amended to read as follows:

''TIMETABLE

''SEC. 300. (a) IN GENERAL.—Except as provided by subsection (b), the timetable with respect to the congressional budget process for any Congress (beginning with the One Hundred Tenth Congress) is as follows:

''First Session

''On or before:	Action to be completed:
First Monday in February.	President submits budget recommendations.
February 15	Congressional Budget Office submits report to Budget Committees.
Not later than 6 weeks after budget submission.	Committees submit views and estimates to Budget Committees.
April 1	Budget Committees report concurrent resolution on the biennial budget.
May 15	Congress completes action on concurrent resolution on the biennial budget.
May 15	Biennial appropriation bills may be considered in the House.
June 10	House Appropriations Committee reports last biennial appropriation bill.
June 30	House completes action on biennial appropriation bills.
August 1	Congress completes action on reconciliation legislation.
October 1	Biennium begins.

''Second Session

''On or before:	Action to be completed:
February 15	President submits budget review.
Not later than 6 weeks after President submits budget review.	Congressional Budget Office submits report to Budget Committees.
The last day of the session.	Congress completes action on bills and resolutions authorizing new budget authority for the succeeding biennium.

''(b) SPECIAL RULE.—In the case of any first session of Congress that begins in any year immediately following a leap year and during which the term of a President (except a President who succeeds himself or herself) begins, the following dates shall supersede those set forth in subsection (a):

''First Session

''On or before:	Action to be completed:

''First Session—Continued

First Monday in April.	President submits budget recommendations.
April 20	Committees submit views and estimates to Budget Committees.
May 15	Budget Committees report concurrent resolution on the biennial budget.
June 1	Congress completes action on concurrent resolution on the biennial budget.
July 1	Biennial appropriation bills may be considered in the House.
July 20	House completes action on biennial appropriation bills.
August 1	Congress completes action on reconciliation legislation.
October 1	Biennium begins.''.

SEC. 3. AMENDMENTS TO THE CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974.

(a) DECLARATION OF PURPOSE.—Section 2(2) of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 621(2)) is amended by striking ''each year'' and inserting ''biennially''.

(b) DEFINITIONS.—

(1) BUDGET RESOLUTION.—Section 3(4) of such Act (2 U.S.C. 622(4)) is amended by striking ''fiscal year'' each place it appears and inserting ''biennium''.

(2) BIENNIUM.—Section 3 of such Act (2 U.S.C. 622) is further amended by adding at the end the following new paragraph:

''(11) The term 'biennium' means the period of 2 consecutive fiscal years beginning on October 1 of any odd-numbered year.''.

(c) BIENNIAL CONCURRENT RESOLUTION ON THE BUDGET.—

(1) SECTION HEADING.—The section heading of section 301 of such Act is amended by striking ''annual'' and inserting ''biennial''.

(2) CONTENTS OF RESOLUTION.—Section 301(a) of such Act (2 U.S.C. 632(a)) is amended—

(A) in the matter preceding paragraph (1) by—

(i) striking ''April 15 of each year'' and inserting ''May 15 of each odd-numbered year'';

(ii) striking ''the fiscal year beginning on October 1 of such year'' the first place it appears and inserting ''the biennium beginning on October 1 of such year''; and

(iii) striking ''the fiscal year beginning on October 1 of such year'' the second place it appears and inserting ''each fiscal year in such period'';

(B) in paragraph (6), by striking ''for the fiscal year'' and inserting ''for each fiscal year in the biennium''; and

(C) in paragraph (7), by striking ''for the fiscal year'' and inserting ''for each fiscal year in the biennium''.

(3) ADDITIONAL MATTERS.—Section 301(b)(3) of such Act (2 U.S.C. 632(b)) is amended by striking ''for such fiscal year'' and inserting ''for either fiscal year in such biennium''.

(4) VIEWS OF OTHER COMMITTEES.—Section 301(d) of such Act (2 U.S.C. 632(d)) is amended by inserting ''(or, if applicable, as provided by section 300(b))'' after ''United States Code''.

(5) HEARINGS.—Section 301(e)(1) of such Act (2 U.S.C. 632(e)) is amended by—

(A) striking ''fiscal year'' and inserting ''biennium''; and

(B) inserting after the second sentence the following: ''On or before April 1 of each odd-numbered year (or, if applicable, as provided by section 300(b)), the Committee on the Budget of each House shall report to its House the concurrent resolution on the budget referred to in subsection (a) for the biennium beginning on October 1 of that year.''.

(6) GOALS FOR REDUCING UNEMPLOYMENT.—Section 301(f) of such Act (2 U.S.C. 632(f)) is amended by striking ''fiscal year'' each place it appears and inserting ''biennium''.

(7) ECONOMIC ASSUMPTIONS.—Section 301(g)(1) of such Act (2 U.S.C. 632(g)(1)) is amended by striking ''for a fiscal year'' and inserting ''for a biennium''.

(8) TABLE OF CONTENTS.—The item relating to section 301 in the table of contents set forth in section 1(b) of such Act is amended by striking ''Annual'' and inserting ''Biennial''.

(d) COMMITTEE ALLOCATIONS.—Section 302 of such Act (2 U.S.C. 633) is amended—

(1) in subsection (a)

(A) in paragraph (1), by—

(i) striking ''for the first fiscal year of the resolution,'' and inserting ''for each fiscal year in the biennium,'';

(ii) striking ''for that period of fiscal years'' and inserting ''for all fiscal years covered by the resolution''; and

(iii) striking ''for the fiscal year of that resolution'' and inserting ''for each fiscal year in the biennium''; and

(B) in paragraph (5), by striking ''April 15'' and inserting ''May 15 or June 1 (under section 300(b))'';

(2) in subsection (b), by striking ''budget year'' and inserting ''biennium'';

(3) in subsection (c) by striking ''for a fiscal year'' each place it appears and inserting ''for each fiscal year in the biennium'';

(4) in subsection (f)(1), by striking ''for a fiscal year'' and inserting ''for a biennium'';

(5) in subsection (f)(1), by striking ''the first fiscal year'' and inserting ''each fiscal year of the biennium'';

(6) in subsection (f)(2)(A), by—

(A) striking ''the first fiscal year'' and inserting ''each fiscal year of the biennium''; and

(B) striking ''the total of fiscal years'' and inserting ''the total of all fiscal years covered by the resolution''; and

(7) in subsection (g)(1)(A), by striking ''April'' and inserting ''May''.

(e) SECTION 303 POINT OF ORDER.—

(1) IN GENERAL.—Section 303(a) of such Act (2 U.S.C. 634(a)) is amended by—

(A) striking ''the first fiscal year'' and inserting ''each fiscal year of the biennium''; and

(B) striking ''that fiscal year'' each place it appears and inserting ''that biennium''.

(2) EXCEPTIONS IN THE HOUSE.—Section 303(b)(1) of such Act (2 U.S.C. 634(b)) is amended—

(A) in subparagraph (A), by striking ''the budget year'' and inserting ''the biennium''; and

(B) in subparagraph (B), by striking ''the fiscal year'' and inserting ''the biennium''.

(3) APPLICATION TO THE SENATE.—Section 303(c)(1) of such Act (2 U.S.C. 634(c)) is amended by—

(A) striking ''fiscal year'' and inserting ''biennium''; and

(B) striking ''that year'' and inserting ''each fiscal year of that biennium''.

(f) PERMISSIBLE REVISIONS OF CONCURRENT RESOLUTIONS ON THE BUDGET.—Section 304(a) of such Act (2 U.S.C. 635) is amended—

(1) by striking ''fiscal year'' the first two places it appears and inserting ''biennium''; and

(2) by striking ''for such fiscal year'' and inserting ''for such biennium''.

(g) PROCEDURES FOR CONSIDERATION OF BUDGET RESOLUTIONS.—Section 305 of such Act (2 U.S.C. 636(3)) is amended—

(1) in subsection (a)(3), by striking ''fiscal year'' and inserting ''biennium''; and

(2) in subsection (b)(3), by striking ''fiscal year'' and inserting ''biennium''.

(h) COMPLETION OF HOUSE ACTION ON APPROPRIATION BILLS.—Section 307 of such Act (2 U.S.C. 638) is amended—

(1) by striking ''each year'' and inserting ''each odd-numbered year'';

(2) by striking ''annual'' and inserting ''biennial'';

(3) by striking ''fiscal year'' and inserting ''biennium''; and

(4) by striking ''that year'' and inserting ''each odd-numbered year''.

(i) COMPLETION OF ACTION ON REGULAR APPROPRIATION BILLS.—Section 309 of such Act (2 U.S.C. 640) is amended—

(1) by inserting ''of any odd-numbered calendar year'' after ''July'';

(2) by striking ''annual'' and inserting ''biennial''; and

(3) by striking ''fiscal year'' and inserting ''biennium''.

(j) RECONCILIATION PROCESS.—Section 310(a) of such Act (2 U.S.C. 641(a)) is amended—

(1) in the matter preceding paragraph (1), by striking ''any fiscal year'' and inserting ''any biennium''; and

(2) in paragraph (1) by striking ''such fiscal year'' each place it appears and inserting ''any fiscal year covered by such resolution''.

(k) SECTION 311 POINT OF ORDER.—

(1) IN THE HOUSE.—Section 311(a)(1) of such Act (2 U.S.C. 642(a)) is amended—

(A) by striking ''for a fiscal year'' and inserting ''for a biennium'';

(B) by striking ''the first fiscal year'' each place it appears and inserting ''either fiscal year of the biennium''; and

(C) by striking ''that first fiscal year'' and inserting ''each fiscal year in the biennium''.

(2) IN THE SENATE.—Section 311(a)(2) of such Act is amended—

(A) in subparagraph (A), by striking ''for the first fiscal year'' and inserting ''for either fiscal year of the biennium''; and

(B) in subparagraph (B)—

(i) by striking ''that first fiscal year'' the first place it appears and inserting ''each fiscal year in the biennium''; and

(ii) by striking ''that first fiscal year and the ensuing fiscal years'' and inserting ''all fiscal years''.

(3) SOCIAL SECURITY LEVELS.—Section 311(a)(3) of such Act is amended by—

(A) striking ''for the first fiscal year'' and inserting ''each fiscal year in the biennium''; and

(B) striking ''that fiscal year and the ensuing fiscal years'' and inserting ''all fiscal years''.

(l) MDA POINT OF ORDER.—Section 312(c) of the Congressional Budget Act of 1974 (2 U.S.C. 643) is amended—

(1) by striking ''for a fiscal year'' and inserting ''for a biennium'';

(2) in paragraph (1), by striking ''the first fiscal year'' and inserting ''either fiscal year in the biennium'';

(3) in paragraph (2), by striking ''that fiscal year'' and inserting ''either fiscal year in the biennium''; and

(4) in the matter following paragraph (2), by striking ''that fiscal year'' and inserting ''the applicable fiscal year''.

SEC. 4. AMENDMENTS TO TITLE 31, UNITED STATES CODE.

(a) DEFINITION.—Section 1101 of title 31, United States Code, is amended by adding at the end thereof the following new paragraph:

''(3) 'biennium' has the meaning given to such term in paragraph (11) of section 3 of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 622(11)).''.

(b) BUDGET CONTENTS AND SUBMISSION TO THE CONGRESS.—

(1) SCHEDULE.—The matter preceding paragraph (1) in section 1105(a) of title 31, United States Code, is amended to read as follows:

''(a) On or before the first Monday in February of each odd-numbered year (or, if applicable, as provided by section 300(b) of the Congressional Budget Act of 1974), beginning with the One Hundred Ninth Congress, the President shall transmit to the Congress, the

budget for the biennium beginning on October 1 of such calendar year. The budget of the United States Government transmitted under this subsection shall include a budget message and summary and supporting information. The President shall include in each budget the following:''.

(2) EXPENDITURES.—Section 1105(a)(5) of title 31, United States Code, is amended by striking ''the fiscal year for which the budget is submitted and the 4 fiscal years after that year'' and inserting ''each fiscal year in the biennium for which the budget is submitted and in the succeeding 4 fiscal years''.

(3) RECEIPTS.—Section 1105(a)(6) of title 31, United States Code, is amended by striking ''the fiscal year for which the budget is submitted and the 4 fiscal years after that year'' and inserting ''each fiscal year in the biennium for which the budget is submitted and in the succeeding 4 years''.

(4) BALANCE STATEMENTS.—Section 1105(a)(9)(C) of title 31, United States Code, is amended by striking ''the fiscal year'' and inserting ''each fiscal year in the biennium''.

(5) FUNCTIONS AND ACTIVITIES.—Section 1105(a)(12) of title 31, United States Code, is amended in subparagraph (A), by striking ''the fiscal year'' and inserting ''each fiscal year in the biennium''.

(6) ALLOWANCES.—Section 1105(a)(13) of title 31, United States Code, is amended by striking ''the fiscal year'' and inserting ''each fiscal year in the biennium''.

(7) ALLOWANCES FOR UNCONTROLLED EXPENDITURES.—Section 1105(a)(14) of title 31, United States Code, is amended by striking ''that year'' and inserting ''each fiscal year in the biennium for which the budget is submitted''.

(8) TAX EXPENDITURES.—Section 1105(a)(16) of title 31, United States Code, is amended by striking ''the fiscal year'' and inserting ''each fiscal year in the biennium''.

(9) FUTURE YEARS.—Section 1105(a)(17) of title 31, United States Code, is amended—

(A) by striking ''the fiscal year following the fiscal year'' and inserting ''each fiscal year in the biennium following the biennium'';

(B) by striking ''that following fiscal year'' and inserting ''each such fiscal year''; and

(C) by striking ''fiscal year before the fiscal year'' and inserting ''biennium before the biennium''.

(10) PRIOR YEAR OUTLAYS.—Section 1105(a)(18) of title 31, United States Code, is amended—

(A) by striking ''the prior fiscal year'' and inserting ''each of the 2 most recently completed fiscal years,'';

(B) by striking ''for that year'' and inserting ''with respect to those fiscal years''; and

(C) by striking ''in that year'' and inserting ''in those fiscal years''.

(11) PRIOR YEAR RECEIPTS.—Section 1105(a)(19) of title 31, United States Code, is amended—

(A) by striking ''the prior fiscal year'' and inserting ''each of the 2 most recently completed fiscal years'';

(B) by striking ''for that year'' and inserting ''with respect to those fiscal years''; and

(C) by striking ''in that year'' each place it appears and inserting ''in those fiscal years''.

(c) ESTIMATED EXPENDITURES OF LEGISLATIVE AND JUDICIAL BRANCHES.—Section 1105(b) of title 31, United States Code, is amended by striking ''each year'' and inserting ''each even-numbered year''.

(d) RECOMMENDATIONS TO MEET ESTIMATED DEFICIENCIES.—Section 1105(c) of title 31, United States Code, is amended—

(1) by striking ''the fiscal year for'' the first place it appears and inserting ''each fiscal year in the biennium for'';

(2) by striking ''the fiscal year for'' the second place it appears and inserting ''each fiscal year of the biennium, as the case may be, for''; and

(3) by striking ''for that year'' and inserting ''for each fiscal year of the biennium''.

(e) CAPITAL INVESTMENT ANALYSIS.—Section 1105(e)(1) of title 31, United States Code, is amended by striking ''ensuing fiscal year'' and inserting ''biennium to which such budget relates''.

(f) SUPPLEMENTAL BUDGET ESTIMATES AND CHANGES.—

(1) IN GENERAL.—Section 1106(a) of title 31, United States Code, is amended—

(A) in the matter preceding paragraph (1), by—

(i) inserting after ''Before July 16 of each year'' the following: ''and February 15 of each even-numbered year''; and

(ii) striking ''fiscal year'' and inserting ''biennium'';

(B) in paragraph (1), by striking ''that fiscal year'' and inserting ''each fiscal year in such biennium'';

(C) in paragraph (2), by striking ''fiscal year'' and inserting ''biennium''; and

(D) in paragraph (3), by striking ''fiscal year'' and inserting ''biennium''.

(2) CHANGES.—Section 1106(b) of title 31, United States Code, is amended by—

(A) striking ''the fiscal year'' and inserting ''each fiscal year in the biennium'';

(B) inserting after ''Before July 16 of each year'' the following: ''and February 15 of each even-numbered year''; and

(C) striking ''submitted before July 16'' and inserting ''required by this subsection''.

(g) CURRENT PROGRAMS AND ACTIVITIES ESTIMATES.—

(1) IN GENERAL.—Section 1109(a) of title 31, United States Code, is amended—

(A) by striking ''On or before the first Monday after January 3 of each year (on or before February 5 in 1986)'' and inserting ''At the same time the budget required by section 1105 is submitted for a biennium''; and

(B) by striking ''the following fiscal year'' and inserting ''each fiscal year of such period''.

(2) JOINT ECONOMIC COMMITTEE.—Section 1109(b) of title 31, United States Code, is amended by striking ''March 1 of each year'' and inserting ''within 6 weeks of the President's budget submission for each odd-numbered year (or, if applicable, as provided by section 300(b) of the Congressional Budget Act of 1974)''.

(h) YEAR-AHEAD REQUESTS FOR AUTHORIZING LEGISLATION.—Section 1110 of title 31, United States Code, is amended by—

(1) striking ''May 16'' and inserting ''March 31''; and

(2) striking ''year before the year in which the fiscal year begins'' and inserting ''calendar year preceding the calendar year in which the biennium begins''.

SEC. 5. TWO-YEAR APPROPRIATIONS; TITLE AND STYLE OF APPROPRIATIONS ACTS.

Section 105 of title 1, United States Code, is amended to read as follows:

''§ 105. Title and style of appropriations Acts

''(a) The style and title of all Acts making appropriations for the support of the Government shall be as follows: 'An Act making appropriations (here insert the object) for each fiscal year in the biennium of fiscal years (here insert the fiscal years of the biennium).'.

''(b) All Acts making regular appropriations for the support of the Government shall be enacted for a biennium and shall specify the amount of appropriations provided for each fiscal year in such period.

''(c) For purposes of this section, the term 'biennium' has the same meaning as in section 3(11) of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 622(11)).''.

SEC. 6. MULTIYEAR AUTHORIZATIONS.

(a) IN GENERAL.—Title III of the Congressional Budget Act of 1974 is amended by adding at the end the following new section:

''AUTHORIZATIONS OF APPROPRIATIONS

''SEC. 316. (a) POINT OF ORDER.—It shall not be in order in the House of Representatives or the Senate to consider—

''(1) any bill, joint resolution, amendment, motion, or conference report that authorizes appropriations for a period of less than 2 fiscal years, unless the program, project, or activity for which the appropriations are authorized will require no further appropriations and will be completed or terminated after the appropriations have been expended; and

''(2) in any odd-numbered year, any authorization or revenue bill or joint resolution until Congress completes action on the biennial budget resolution, all regular biennial appropriations bills, and all reconciliation bills.

''(b) APPLICABILITY.—In the Senate, subsection (a) shall not apply to—

''(1) any measure that is privileged for consideration pursuant to a rule or statute;

''(2) any matter considered in Executive Session; or

''(3) an appropriations measure or reconciliation bill.''.

(b) AMENDMENT TO TABLE OF CONTENTS.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding after the item relating to section 315 the following new item:

''Sec. 316. Authorizations of appropriations.''.

SEC. 7. GOVERNMENT PLANS ON A BIENNIAL BASIS.

(a) STRATEGIC PLANS.—Section 306 of title 5, United States Code, is amended—

(1) in subsection (a), by striking ''September 30, 1997'' and inserting ''September 30, 2005'';

(2) in subsection (b)—

(A) by striking ''five years forward'' and inserting ''6 years forward'';

(B) by striking ''at least every three years'' and inserting ''at least every 4 years''; and

(C) by striking beginning with '', except that'' through ''four years''; and

(3) in subsection (c), by inserting a comma after ''section'' the second place it appears and adding ''including a strategic plan submitted by September 30, 2005 meeting the requirements of subsection (a)''.

(b) BUDGET CONTENTS AND SUBMISSION TO CONGRESS.—Paragraph (28) of section 1105(a) of title 31, United States Code, is amended by striking ''beginning with fiscal year 1999, a'' and inserting ''beginning with fiscal year 2006, a biennial''.

(c) PERFORMANCE PLANS.—Section 1115 of title 31, United States Code, is amended—

(1) in subsection (a)—

(A) in the matter before paragraph (1)—

(i) by striking ''section 1105(a)(29)'' and inserting ''section 1105(a)(28)''; and

(ii) by striking ''an annual'' and inserting ''a biennial'';

(B) in paragraph (1) by inserting after ''program activity'' the following: ''for both years 1 and 2 of the biennial plan'';

(C) in paragraph (5) by striking ''and'' after the semicolon,

(D) in paragraph (6) by striking the period and inserting a semicolon; and inserting ''and'' after the inserted semicolon; and

(E) by adding after paragraph (6) the following:

''(7) cover a 2-year period beginning with the first fiscal year of the next biennial budget cycle.'';

(2) in subsection (d) by striking ''annual'' and inserting ''biennial''; and

(3) in paragraph (6) of subsection (f) by striking ''annual'' and inserting ''biennial''.

(d) MANAGERIAL ACCOUNTABILITY AND FLEXIBILITY.—Section 9703 of title 31, United States Code, relating to managerial accountability, is amended—

(1) in subsection (a)—

(A) in the first sentence by striking ''annual''; and

(B) by striking ''section 1105(a)(29)'' and inserting ''section 1105(a)(28)'';

(2) in subsection (e)—

(A) in the first sentence by striking ''one or'' before ''years'';

(B) in the second sentence by striking ''a subsequent year'' and inserting ''a subsequent 2-year period''; and

(C) in the third sentence by striking ''three'' and inserting ''4''.

(e) PILOT PROJECTS FOR PERFORMANCE BUDGETING.—Section 1119 of title 31, United States Code, is amended—

(1) in paragraph (1) of subsection (d), by striking ''annual'' and inserting ''biennial''; and

(2) in subsection (e), by striking ''annual'' and inserting ''biennial''.

(f) STRATEGIC PLANS.—Section 2802 of title 39, United States Code, is amended—

(1) is subsection (a), by striking ''September 30, 1997'' and inserting ''September 30, 2005'';

(2) by striking ''five years forward'' and inserting ''6 years forward'';

(3) in subsection (b), by striking ''at least every three years'' and inserting ''at least every 4 years''; and

(4) in subsection (c), by inserting a comma after ''section'' the second place it appears and inserting ''including a strategic plan submitted by September 30, 2005 meeting the requirements of subsection (a)''.

(g) PERFORMANCE PLANS.—Section 2803(a) of title 39, United States Code, is amended—

(1) in the matter before paragraph (1), by striking ''an annual'' and inserting ''a biennial'';

(2) in paragraph (1), by inserting after ''program activity'' the following: ''for both years 1 and 2 of the biennial plan'';

(3) in paragraph (5), by striking ''and'' after the semicolon;

(4) in paragraph (6), by striking the period and inserting ''; and''; and

(5) by adding after paragraph (6) the following:

''(7) cover a 2-year period beginning with the first fiscal year of the next biennial budget cycle.''.

(h) COMMITTEE VIEWS OF PLANS AND REPORTS.—Section 301(d) of the Congressional Budget Act (2 U.S.C. 632(d)) is amended by adding at the end ''Each committee of the Senate or the House of Representatives shall review the strategic plans, performance plans, and performance reports, required under section 306 of title 5, United States Code, and sections 1115 and 1116 of title 31, United States Code, of all agencies under the jurisdiction of the committee. Each committee may provide its views on such plans or reports to the Committee on the Budget of the applicable House.''.

(i) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on March 1, 2005.

(2) AGENCY ACTIONS.—Effective on and after the date of enactment of this Act, each agency shall take such actions as necessary to prepare and submit any plan or report in accordance with the amendments made by this Act.

SEC. 8. BIENNIAL APPROPRIATIONS BILLS.

(a) IN GENERAL.—Title III of the Congressional Budget Act of 1974 (2 U.S.C. 631 et seq.) is amended by adding at the end the following:

''CONSIDERATION OF BIENNIAL APPROPRIATIONS BILLS

''SEC. 317. It shall not be in order in the House of Representatives or the Senate in any odd-numbered year to consider any regular bill providing new budget authority or a limitation on obligations under the jurisdiction of any of the subcommittees of the Committees on Appropriations for only the first fiscal year of a biennium, unless the program, project, or activity for which the new budget authority or obligation limitation is provided will require no additional authority beyond 1 year and will be completed or terminated after the amount provided has been expended.''.

(b) AMENDMENT TO TABLE OF CONTENTS.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding after the item relating to section 316 the following new item:

''Sec. 317. Consideration of biennial appropriations bills.''.

SEC. 9. REPORT ON TWO-YEAR FISCAL PERIOD.

Not later than 180 days after the date of enactment of this Act, the Director of OMB shall—

(1) determine the impact and feasibility of changing the definition of a fiscal year and the budget process based on that definition to a 2-year fiscal period with a biennial budget process based on the 2-year period; and

(2) report the findings of the study to the Committees on the Budget of the House of Representatives and the Senate.

SEC. 10. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in sections 8 and 10 and subsection (b), this Act and the amendments made by this Act shall take effect on January 1, 2007, and shall apply to budget resolutions and appropriations for the biennium beginning with fiscal year 2008.

(b) AUTHORIZATIONS FOR THE BIENNIUM.—For purposes of authorizations for the biennium beginning with fiscal year 2006, the provisions of this Act and the amendments made by this Act relating to 2-year authorizations shall take effect January 1, 2005.

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

S. 878. A bill to amend the Outer Continental Shelf Lands Act to permanently prohibit the conduct of offshore drilling on the Outer Continental Shelf in the Mid-Atlantic and North Atlantic planning areas; to the Committee on Energy and Natural Resources.

Mr. CORZINE. Mr. President, today, along with Senator LAUTENBERG, I am introducing legislation, the Clean Ocean and Safe Tourism Anti-Drilling Act, or COAST Anti-Drilling Act, to ban oil and gas drilling off the Mid-Atlantic and Northern Atlantic coast.

The people of New Jersey, and other residents of States along the Atlantic Coast, do not want oil or gas rigs anywhere near their treasured beaches and fishing grounds. Such drilling poses serious threats not only to our environment, but to our economy, which depends heavily on tourism along our shore. Coastal tourism is New Jersey's second-largest industry, and the New Jersey Shore is one of the fastest growing regions in the country. According to the New Jersey Department of Commerce, tourism in the Garden State generates more than $31 billion in spending, directly and indirectly supports more than 836,000 jobs, more than 20 percent of total State employment, generates more than $16.6 billion in wages, and brings in more than $5.5 billion in tax revenues to the State.

Until the Bush administration came into office, there was no reason to suspect that drilling was even a remote possibility. Since 1982, a statutory moratorium on leasing activities in most Outer Continental Shelf, OCS, areas has been included annually in Interior appropriations acts. In addition, President George H.W. Bush declared a leasing moratorium on many OCS areas on June 26, 1990, under section 12 of the OCS Lands Act. On June 12, 1998, President Clinton used the same authority to issue a memorandum to the Secretary of the Interior that extended the moratorium through 2012 and included additional OCS areas.

Given the longstanding consensus against drilling in these areas, I was deeply disturbed to discover that on May 31, 2001, the Minerals Management Service released a request for proposals, RFP, to conduct a study of the environmental impacts of drilling in the Mid- and North-Atlantic. The RFP noted that ''there are areas with some reservoir potential, for example off the coast of New Jersey.'' In addition, the RFP explained that the study would be conducted ''in anticipation of managing the exploitation of potential and proven reserves.'' I believed that the RFP was inappropriate and misguided, and I was pleased when at my urging and the urging of other coastal Senators, the administration rescinded it.

After our strong bipartisan coalition fought off the Department of the Interior RFP, our coastal coalition came together again to fight off the Outer Continental Shelf inventory provisions of last year's energy bill. The bill directed the Department of the Interior to inventory all potential oil and natural gas resources in the entire Outer Continental Shelf, including areas off of the New Jersey coast. The bill would have allowed the use of seismic surveys, dart core sampling, and other exploration technologies, all of which would leave these areas vulnerable to oil spills, drilling discharges and damage to coastal wetlands.

These provisions run directly counter to language that Congress has included annually in appropriations bills to prevent leasing, preleasing, and related activities in most areas of the Outer Continental Shelf, including areas off the New Jersey coast. Fortunately, this provision was dropped last year, but it is likely that it will resurface during debate on the Energy bill this year, and it is clear that we need to once and for all ban drilling off the coast of New Jersey and the rest of the Mid- and North-Atlantic.

So considering the minimal benefit and significant downside of drilling off the coast of New Jersey, it is not worth threatening over 800,000 New Jersey jobs to recover what the MMS estimated in 2000 to be 196 million barrels

of oil, only enough to last the country barely 10 days.

I certainly don't think it is worth the risk, and it is time for Congress to act to resolve this question once and for all. That is why I am introducing the COAST Anti-Drilling Act. The Clean Ocean and Safe Tourism Anti-Drilling Act would permanently ban drilling for oil, gas and other minerals in the Mid- and North-Atlantic.

I look forward to working with my colleagues to enact this important legislation. Doing so would ensure the people of New Jersey and neighboring States that they need not fear the specter of oil rigs off their beaches.

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. 878

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 ''Clean Ocean and Safe Tourism Anti-Drilling Act'' or the ''COAST Anti-Drilling Act''.

SEC. 2. PROHIBITION OF OIL AND GAS LEASING IN CERTAIN AREAS OF THE OUTER CONTINENTAL SHELF.

Section 8 of the Outer Continental Shelf Lands Act (43 U.S.C. 1337) is amended by adding at the end the following:

''(p) PROHIBITION OF OIL AND GAS LEASING IN CERTAIN AREAS OF THE OUTER CONTINENTAL SHELF.—Notwithstanding any other provision of this section or any other law, the Secretary of the Interior shall not issue a lease for the exploration, development, or production of oil, natural gas, or any other mineral in—

''(1) the Mid-Atlantic planning area; or

''(2) the North Atlantic planning area.''.

By Ms. MURKOWSKI:

S. 879. A bill to make improvements to the Arctic Research and Policy Act of 1984; to the Committee on Homeland Security and Governmental Affairs.

Ms. MURKOWSKI. Mr. President, it has been 20 years since the passage of the Arctic Research and Policy Act of 1984, a bill sponsored by the former Senator Murkowski. The time has come to make some modifications to reflect the experience we've gained over that time.

I'm pleased to note that the amendments I introducing today are really very modest, an indication that the act—and the presidential commission it created—have functioned quite well. These minimal changes will, I hope, make them function even more smoothly.

First, the chairman of the Arctic Research Commission will be authorized compensation for an additional 30 days of work during the course of a year. That is still far less than the actual number of days demanded by the position, but will help. Second, the bill will allow the Commission to stimulate additional interest in Arctic research by establishing a professional award program for excellence in research. Current and former members of the Commission will not be eligible. Awards will be capped at a symbolic amount of $1,000, but the recognition by each winner's scientific peers will be invaluable. Third and finally, the bill will allow the Commission to reciprocate in the expected manner when foreign delegations host a reception or other event. This provision is limited to no more than two-tenths of a percent of the Commission budget—as with the award program, the value is primarily symbolic, but is nonetheless important.

Although these are small changes, they will help ensure a smoothly functioning Arctic Research Act, and that is important. Although it is not something you hear about on a daily basis, the United States is a leader in the very small circle of Arctic nations, and the Congress plays a major role in ensuring that we remain a leader in this critically important sphere. And make no mistake about it, the Arctic is critical to this country for social, strategic, economic and scientific reasons that are simply too plentiful to enumerate at this time.

The main purposes of the Arctic Research and Policy Act are: 1, to establish national policy for basic and applied research on Arctic resources and materials, physical, biological and health sciences, and social and behavioral sciences; 2, to establish the U.S. Arctic Research Commission to promote Arctic research and to recommend research policies; 3, to designate the National Science Foundation as the lead agency for implementing Arctic research; and, 4, to establish the Interagency Arctic Research Policy Committee, IARPC, which is responsible for coordinating a multiplicity of Arctic research efforts throughout the government.

As we continue to see evidence of Arctic warming—whether or not we consider it to be human-caused or natural, global or regional—it is of tremendous importance to prepare as best we can. The future may hold both positives—such as increased agricultural production and access to natural resources—and negatives—such as widespread damage to existing infrastructure, flooding, and sweeping social changes. The Arctic Research Commission plays a vital role and deserves our full support.

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. 879

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 ''Arctic Research and Policy Amendments Act of 2005''.

SEC. 2. CHAIRPERSON OF THE ARCTIC RESEARCH COMMISSION.

(a) COMPENSATION.—Section 103(d)(1) of the Arctic Research and Policy Act of 1984 (15 U.S.C. 4102(d)(1)) is amended in the second sentence by striking ''90 days'' and inserting '', in the case of the chairperson, 120 days, and, in the case of any other member, 90 days,''.

(b) REDESIGNATION.—Section 103(d)(2) of the Arctic Research and Policy Act of 1984 (15 U.S.C. 4102(d)(2)) is amended by striking ''Chairman'' and inserting ''chairperson''.

SEC. 3. COMMISSION AWARDS FOR EXCELLENCE IN RESEARCH.

(a) AUTHORITY.—Section 104 of the Arctic Research and Policy Act of 1984 (15 U.S.C. 4103) is amended—

(1) by redesignating subsection (b) as subsection (c); and

(2) by inserting after subsection (a) the following new subsection:

''(b) COMMISSION AWARDS FOR EXCELLENCE IN RESEARCH.—

''(1) IN GENERAL.—Each year, the Commission may make a cash award to any person in recognition of excellence in Arctic research conducted by such person or outstanding support of Arctic research provided by such person.

''(2) AMOUNT.—The amount of a cash award made to a person under paragraph (1) shall be fixed by the Commission and shall not exceed $1,000.

''(3) INELIGIBILITY OF COMMISSION MEMBERS.—An individual who is or has been a member of the Commission shall be ineligible to receive an award under paragraph (1).''.

(b) TECHNICAL AMENDMENTS.—Section 104 of such Act, as amended by subsection (a), is further amended—

(1) by inserting ''DUTIES OF COMMISSION.—'' before ''The Commission'' in subsection (a); and

(2) by inserting ''REPORT.—'' before ''Not later than'' in subsection (c).

SEC. 4. REPRESENTATION AND RECEPTION ACTIVITIES.

Section 106 of the Arctic Research and Policy Act of 1984 (15 U.S.C. 4105) is amended—

(1) by striking ''and'' at the end of paragraph (4);

(2) by striking the period at the end of paragraph (5) and inserting ''; and''; and

(3) by adding at the end the following:

''(6) expend for representation and reception expenses each fiscal year not more than 0.2 percent of the amounts made available to the Commission under section 111 for such fiscal year.''.

By Mrs. BOXER (for herself and Mrs. FEINSTEIN):

S. 880. A bill to expand the boundaries of the Gulf of the Farallones National Marine Sanctuary and the Cordell Bank National Marine Sanctuary; to the Committee on Environment and Public Works.

Mrs. BOXER. Mr. President, today I am introducing the Gulf of the Farallones and Cordell Bank National Marine Sanctuaries Boundary Modification and Protection Act. I am joined in this effort by Senator FEINSTEIN and Representative LYNN WOOLSEY who has introduced the companion bill in the other body.

The Gulf of the Farallones and the adjacent Cordell Bank are rich with wildlife and are visually spectacular. They are one of California's—indeed America's—great natural treasures.

Thirty-three marine mammal species use this area. Over half of these are threatened or endangered. The sanctuaries also contain one of the largest

populations of blue and humpback whales in the world. Every summer, many grey whales dwell in the boundaries and neighboring waters of the sanctuaries. In addition, birds rely on the rich waters and surrounding land for nesting, feeding, and rearing of their young.

As effective as the current boundaries are in protecting this wildlife, new risks and a better understanding of the ecosystem necessitate extending the existing boundaries.

My legislation would expand the boundaries of the two existing national marine sanctuaries to protect the entire Sonoma Coast. By expanding the boundaries of both the Gulf of the Farallones and Cordell Bank National Marine Sanctuaries, the bill will protect the Russian and Gualala River estuaries and the nutrient-rich Bodega Canyon from offshore oil drilling and pollution.

Expanding these marine sanctuaries will help to ensure that they remain the treasures they are. I urge my colleagues to support this bill.

By Ms. CANTWELL (for herself, Mr. MCCAIN, Mr. DORGAN, Mrs. MURRAY, and Mr. INOUYE):

S. 881. A bill to provide for equitable compensation to the Spokane Tribe of Indians of the Spokane Reservation for the use of tribal land for the production of hydropower by the Grand Coulee Dam, and for other purposes; to the Committee on Indian Affairs.

Ms. CANTWELL. Mr. President, I rise today to introduce legislation with my colleague from Washington State, Senator MURRAY, and former Senate Indian Affairs Committee chairman, Senator INOUYE of Hawaii. The bill I submit today, which is identical to S. 1438 which passed the Senate unanimously on November 19, 2004, provides an equitable settlement of a longer standing injustice to the Spokane Tribe of Indians.

For more than half a century, the Columbia Basin Project has made an extraordinary contribution to this Nation. It helped pull the economy out of the Great Depression. It provided the electricity that produced aluminum required for airplanes and weapons that ensured our national security. The project continues to produce enormous revenues for the United States. It is a key component of the agricultural economy in eastern Washington and plays a pivotal role in the electric systems serving the entire western United States.

However, these benefits have come at a direct cost to tribal property that became inundated when the U.S. Government built the Grand Coulee Dam. Before dam construction, the free flowing Columbia River supported robust and plentiful salmon runs and provided for virtually all of the subsistence needs of the Spokane Tribe. After construction, the Columbia and its Spokane River tributary flooded tribal communities, schools, and roads, and the remaining stagnant water continues to erode reservation lands today.

The legislation Senators INOUYE, MURRAY and I are introducing today is similar to P.L. 103–436, which was enacted in 1994 to provide just compensation to the neighboring Confederated Colville Tribes. This bill would provide the Spokane Tribe of Indians with compensation for the use of its lands for the production of hydropower by the Grand Coulee Dam under a formula based in part on that by which the Confederated Tribes of the Colville Reservation were compensated in the Colville Tribes' settlement legislation in 1994. The Spokane Tribe lost lands equivalent in area to 39.4 percent of the lands lost to Colville Tribes a settlement based solely on this factor would result in a proportional payment of 39.4 percent to the Spokane Tribe. This was the formula basis for similar Spokane settlement legislation introduced in the Senate and House in the 107th, 108th, and 109th Congress. However, based upon good faith, honorable and extensive negotiations by and between the Spokane Tribe, the Bonneville Power Administration, the Bureau of Reclamation the National Park Service during the past year, this percentage has been reduced to 29 percent in recognition of the fact that certain lands taken for the construction of the Grand Coulee Dam would be restored to the Spokane Tribe under the terms of this legislation. The legislation reserves a perpetual right, power, and easement over the land transferred to carry out the Columbia Basin Project under the Columbia Basin Project Act, 16 U.S.C. 835 et seq.

The United States has a trust responsibility to maintain and protect the integrity of all tribal lands with its borders. When Federal actions physically or economically impact or harm, our Nation has a legal responsibility to address and compensate the damaged parties. Unfortunately, despite countless effort, half a century has passed without justice to the Spokane people.

In hearings before the Senate Committee on Indian Affairs on October 2, 2003, Robert A. Robinson, Managing Director, Natural Resources and Environment, General Accounting Office testified:

> A reasonable case can be made to settle the Spokane Tribe's case along the lines of the Colville settlement—a one-time payment from the U.S. Treasury for past lost payments for water power values and annual payments primarily from Bonneville [BPA]. Bonneville continues to earn revenues from the Spokane reservation lands used to generate hydropower. However, unlike the Colville Tribes, the Spokane Tribe does not benefit from these revenues. The Spokane Tribe does not benefit because it missed its filing opportunity before the Indian Claims Commission. At that time it was pursuing other avenues to win payments for the value of its land for hydropower. These efforts would ultimately fail. Without congressional action, it seems unlikely that a settlement for the Spokane Tribe will occur.

The time has come for the Federal Government to finally meet its fiduciary responsibility for converting the Spokane Tribe's resource to its own benefit. Senators INOUYE, MURRAY and I believe that the legislation we are proposing today will finally bring a fair and honorable closure to these matters. We are pleased that similar bipartisan legislation was also introduced today in the U.S House of Representatives.

I look forward to working with the Indian Affairs Committee and Senate colleagues as this legislation proceeds through the Congress.

By Mr. DURBIN (for himself, Ms. STABENOW, Mr. WYDEN, Mr. LAUTENBERG, Mr. BAYH, Mr. LEAHY, Mr. LIEBERMAN, Mrs. BOXER, Mr. KENNEDY, Mr. REED, Mrs. CLINTON, Mr. CORZINE, Mr. KERRY, Mr. FEINGOLD, and Mr. SCHUMER):

S. 882. A bill to designate certain Federal land in the State of Utah as wilderness, and for other purposes; to the Committee on Energy and Natural Resources.

Mr. DURBIN. Mr. President, I rise today to introduce America's Red Rock Wilderness Act of 2005. This legislation continues our Nation's commitment to preserve our natural heritage. Preservation of our Nation's vital natural resources will be one of our most important legacies.

Unfortunately, remaining wilderness areas are increasingly threatened and degraded by oil and gas development, mining, claims of rights of way, logging and off-road vehicles. America's Red Rock Wilderness Act will designate 9.5 million acres of land managed by the Bureau of Land Management, BLM, in Utah as wilderness under the Wilderness Act. Wilderness designation will preserve the land's wilderness character, along with the values associated with that wilderness; scenic beauty, solitude, wildlife, geological features, archaeological sites, and other features of scientific, educational and historical value.

America's Red Rock Wilderness Act will provide wilderness protection for red rock cliffs offering spectacular vistas of rare rock formations, canyons and desert lands, important archaeological sites, and habitat for rare plant and animal species.

Volunteers have taken inventories of thousands of square miles of BLM land in Utah to help determine which lands should be protected. These volunteers provided extensive documentation to ensure that these areas meet Federal wilderness criteria. The BLM also completed a reinventory of approximately 6 million acres of Federal land in the same area. The results provide a convincing confirmation that the areas designated for protection under this bill meet Federal wilderness criteria.

For more than 20 years Utah conservationists have been working to add the last great blocks of undeveloped BLM-administered land in Utah to the National Wilderness Preservation System. The lands proposed for protection

surround and connect eight of Utah's nine national park, monument and recreation areas. These proposed BLM wilderness areas easily equal their neighboring national parklands in scenic beauty, opportunities for recreation, and ecological importance. Yet, unlike the parks, most of these scenic treasures lack any form of long-term protection.

While my legislation would unambiguously protect Utah's red rock wilderness, the question of preserving these lands for future generations now also looms before the BLM. Not since the BLM conducted its inventories of Utah public lands in the early 1980s has the agency had such a promising opportunity to recognize and care for Utah's wilderness. Whether the BLM realizes this opportunity has yet to be seen.

Today, nearly 6 million acres of wildlands that my legislation would protect are involved in the BLM's land use planning process. As I understand, the BLM will be making lasting decisions about what places should be preserved or developed, roaded or left unroaded, or designated for off-road vehicle travel. These policies will stand for as much as 15 to 20 years, a timespan long enough to leave a lasting mark on this landscape.

We must be clear about the impact of these plans. Fundamentally, the administration is choosing how it will act as stewards for our wild and scenic places. These plans in Utah will profoundly influence many fragile desert lands that would be protected under America's Red Rock Wilderness Act. Places like the San Rafael Swell, the Book Cliffs, the Canyonlands Basin, and Moab/La Sal Region now hang in the balance.

I believe Americans understand the need for wise and balanced stewardship of these wild landscapes. Unfortunately, the administration has proposed little or no serious protections for Utah's most majestic places. Instead, the BLM appears to lack a solid conservation ethic and routinely favors development and consumptive uses of our wild public land.

The administration has a decidedly different approach on the fate of some of our remaining wilderness. Under the Price plan, the BLM leaves 98 percent of the region's lands in America's Red Rock Wilderness Act, outside of already protected areas, open to oil and gas drilling. Sadly, the Green River, which cuts deep into the rugged Book Cliffs forming the sandstone cliffs of Desolation Canyon, and other natural wonders are being jeopardized by the BLM for a negligible amount of oil.

The BLM has made important headway in protecting America's Red Rock Wilderness from off-road vehicle abuse, but more can still be done to safely and effectively plan for off-road vehicle recreation. Just 5 years ago, 94 percent of BLM public land in Utah lacked protection from motorized vehicle abuse. As open BLM areas, many fragile lands in America's Red Rock Wilderness Act and elsewhere were vulnerable to off-road vehicle abuse. Since this free-for-all era, BLM trail designations have helped to educate motorized users and direct use to appropriate areas. Stewardship over the long-term is still needed to ensure that our wilderness legacy remains intact.

America's Red Rock Wilderness Act is a lasting gift to the American public. By protecting this serene yet wild land we are giving future generations the opportunity to enjoy the same untrammeled landscape that so many now cherish.

I'd like to thank all of my colleagues who are original cosponsors of this measure this year, many of whom have supported the bill since it was first introduced. The original cosponsors of the measure are Senators STABENOW, WYDEN, FEINGOLD, LAUTENBERG, BAYH, LEAHY, LIEBERMAN, BOXER, KENNEDY, REED, CLINTON, CORZINE and KERRY. Additionally, I would like to thank The Utah Wilderness Coalition, which includes The Wilderness Society and Sierra Club; The Southern Utah Wilderness Alliance; and all of the other national, regional and local, hard-working groups who, for years, have championed this legislation.

Theodore Roosevelt once stated:

> The Nation behaves well if it treats the natural resources as assets which it must turn over to the next generation increased and not impaired in value.

Enactment of this legislation will help us realize Roosevelt's vision. In order to protect these precious resources in Utah for future generations, I urge my colleagues to support America's Red Rock Wilderness Act.

Mr. FEINGOLD. Mr. President, I am very pleased to again join the senior Senator from Illinois, Mr. DURBIN, as an original co-sponsor of legislation to designate more than one million acres of Bureau of Land Management, BLM, lands in Utah as wilderness.

I had an opportunity to travel twice to Utah. I viewed firsthand some of the lands that would be designated for wilderness under Senator DURBIN's bill. I was able to view most of the proposed wilderness areas from the air, and was able to enhance my understanding through hikes outside the Zion National Park on the Dry Creek Bench wilderness unit contained in this proposal and inside the Grand Staircase-Escalante National Monument to Upper Calf Creek Falls. I also viewed the lands proposed for designation in this bill from a river trip down the Colorado River, and in the San Rafael Swell with members of the Emery County government.

I support this legislation for a number of reasons, but most of all because I have personally seen what is at stake, and I know the marvelous resources that Wisconsinites and all Americans own in the BLM lands of Southern Utah.

Second, I support this legislation because I believe it sets the broadest and boldest mark for the lands that should be protected in Southern Utah. I believe that when the Senate considers wilderness legislation it ought to know, as a benchmark, the full measure of those lands which are deserving of wilderness protection. This bill encompasses all the BLM lands of wilderness quality in Utah. Unfortunately, the Senate has not always had the benefit of considering wilderness designations for all of the deserving lands in Southern Utah. During the 104th Congress, I joined with the former Senator from New Jersey, Mr. Bradley, in opposing that Congress's Omnibus Parks legislation. It contained provisions, which were eventually removed, that many in my home state of Wisconsin believed not only designated as wilderness too little of the Bureau of Land Management's holding in Utah deserving of such protection, but also substantively changed the protections afforded designated lands under the Wilderness Act of 1964.

The lands of Southern Utah are very special to the people of Wisconsin. In writing to me over the last few years, my constituents have described these lands as places of solitude, special family moments, and incredible beauty. In December 1997, Ron Raunikar of Madison, Wisconsin's Capital Times wrote:

> Other remaining wilderness in the U.S. is at first daunting, but then endearing and always a treasure for all Americans. The sensually sculpted slickrock of the Colorado Plateau and windswept crag lines of the Great Basin include some of the last of our country's wilderness, which is not fully protected.
>
> We must ask our elected officials to redress this circumstance, by enacting legislation which would protect those national lands within the boundaries of Utah. This wilderness is a treasure we can lose only once or a legacy we can be forever proud to bestow to our children.

I believe that the measure being introduced today will accomplish that goal. The measure protects wild lands that really are not done justice by any description in words. In my trip I found widely varied and distinct terrain, remarkable American resources of red rock cliff walls, desert, canyons and gorges which encompass the canyon country of the Colorado Plateau, the Mojave Desert and portions of the Great Basin. The lands also include mountain ranges in western Utah, and stark areas like the Grand Staircase-Escalante National Monument. These regions appeal to all types of American outdoor interests from hikers and sightseers to hunters.

Phil Haslanger of the Capital Times, answered an important question I am often asked when people want to know why a Senator from Wisconsin would co-sponsor legislation to protect lands in Utah. He wrote on September 13, 1995 simply that:

> ''These are not scenes that you could see in Wisconsin. That's part of what makes them special.''

He continues, and adds what I think is an even more important reason to act to protect these lands than the landscape's uniqueness:

''the fight over wilderness lands in Utah is a test case of sorts. The anti-environmental factions in Congress are trying hard to remove restrictions on development in some of the nation's most splendid areas.''

Ten years later, Wisconsinites are still watching this test case. I believe that Wisconsinites view the outcome of this fight to save Utah's lands as a sign of where the Nation is headed with respect to its stewardship of natural resources. What Haslanger's comments make clear is that while some in Congress may express concern about creating new wilderness in Utah, wilderness, as Wisconsinites know, is not created by legislation. Legislation to protect existing wilderness simply ensures that future generations may have an experience on public lands equal to that which is available today. The action of Congress to preserve wild lands by extending the protections of the Wilderness Act of 1964 will publicly codify that expectation and promise.

Finally, this legislation has earned my support, and deserves the support of others in this body, because all of the acres that will be protected under this bill are already public lands held in trust by the Federal Government for the people of the United States. Thus, while they are physically located in Utah, their preservation is important to the citizens of Wisconsin, as it is for other Americans.

I am eager to work with my colleague from Illinois, Mr. DURBIN, to protect these lands. I commend him for introducing this measure.

By Mr. MCCAIN (for himself, Mr. ALEXANDER, Mr. LIEBERMAN, Mr. SALAZAR, and Mrs. FEINSTEIN):

S. 886. A bill to eliminate the annual operating deficit and maintenance backlog in the national parks, and for other purposes; to the Committee on Finance.

Mr. MCCAIN. Mr. President, I am pleased to be joined today by Senators ALEXANDER, LIEBERMAN, SALAZAR, and FEINSTEIN in introducing legislation to restore and maintain our National Parks by the centennial anniversary of the National Park System in 2016.

Heralding the establishment of the first National Parks, President Theodore Roosevelt stated, ''We have fallen heirs to the most glorious heritage a people ever received, and each one must do his part if we wish to show that the nation is worthy of its good fortune.''

And what a priceless fortune Americans enjoy—Yellowstone, the Grand Canyon, Yosemite, the Tetons, Mt. Rushmore, the Everglades, and hundreds of other extraordinary national parks that grace our country. Hundreds of millions of families and visitors from all over the world have visited these parks for recreational, educational, and cultural opportunities as well as the sheer pleasure of being surrounded by their natural beauty or historical significance.

Unfortunately, all of this public enjoyment and use coupled with the lack of adequate financial investment in our parks has left them in a state of disrepair and neglect. A multi-billion dollar maintenance backlog has cast a long shadow over the glory of our national park heritage. An annual operating deficit estimated at $600 million has further diminished the integrity of national park programs and facilities.

The National Parks Centennial Act would allow all Americans to contribute to the restoration of the parks through the creation of a Centennial Fund with monies generated by a check-off box on federal tax returns. The funds collected will be directed to the priority maintenance and operation needs of the national parks to make them fiscally sound by 2016. What better way or time to demonstrate that ''we are worthy of the good fortune of our parks''?

I commend the National Parks Conservation Association for promoting this sound and innovative approach to remedying the significant deterioration of our parks. A companion House bill has been introduced by Representatives SOUDER and BAIRD with solid bipartisan support.

Surely this is legislation that we can all agree on and support. All of our lives have been enriched by our National Parks. This bill provides an opportunity to show our appreciation to restore and maintain our country's cultural and natural heritage for generations to come. The passage of this legislation will ensure that our national parks will have a glorious 100th birthday to celebrate. Let's get on with it!

Mr. ALEXANDER. Today I am joining with Senators MCCAIN, LIEBERMAN, SALAZAR and FEINSTEIN in introducing the National Park Centennial Act—a bill to make the National Park System fiscally sound by its 100th birthday in 2016. The park system currently suffers from a multi-billion dollar backlog of maintenance projects and an operating deficit that exceeds $600 million each year.

The Centennial Act aims to remedy this crisis by giving tax-payers the opportunity to check off a box on their tax returns each year that would send a small contribution to a National Park Centennial Fund. Today, taxpayers can contribute $3 to Presidential elections. This Act gives taxpayers an opportunity to contribute directly to our national parks via their tax returns.

Our parks are national treasures, and they deserve to be preserved in all their pristine glory. They are a part of our heritage.

It is a national travesty that they suffer from such a terrible lack of funding. The overall backlog, according to the Congressional Research Service, is about $7 billion, though estimates vary by about $2 billion in either direction.

My own State, along with our neighbor North Carolina, is home to the country's most visited national park, the Great Smoky Mountains National Park. I live just a few miles from the park myself.

In Tennessee, we have tried to deal with the maintenance backlog in a number of different ways. More than 2,100 volunteers have provided over 110,000 man-hours of service to the park, which is the equivalent of 50 staff and $1.9 million in extra funding. That's the third best volunteer rate in the National Park System.

Our local communities in Tennessee and North Carolina have established a non-profit organization to help support the park—''Friends of the Smokies''—which has raised more than $8 million since its founding in 1993 through individual, corporate and foundation contributions, merchandise sales, special events, and sales of specialty license plates in Tennessee and North Carolina. Friends now has over 2,000 members. In addition to its fundraising activities, Friends of the Smokies coordinates more than 80 volunteers who provide direct and indirect assistance with projects that benefit Great Smoky Mountains National Park.

Yet, despite all this extra support, the backlog in the Great Smoky Mountains National Park remains significant. The Park's current maintenance backlog is estimated at approximately $180 million dollars. It is estimated that the Great Smokies will receive up to $36 million over the next 5 years to address the maintenance backlog. There is over a $140 million shortfall at the Great Smokies alone.

Examples of maintenance backlog projects at the Smokies are:

Rehabilitation of North Shore Cemetery access routes; rehabilitation of three comfort stations at Balsam Mountain; rehabilitation of three comfort stations at Chimney Tops picnic area; rehabilitation of Newfound Gap Road, phase one; replace obsolete parkwide key system; repave Clingmans Dome Trail.

We need to do better. It will be hard to do better in this budget environment. So this is an innovative way to help the parks do better.

Sixty percent of this fund will go to maintenance backlogs. Forty percent of this fund will supplement the annual operating deficits at the parks. This program will terminate in 2016.

Parallel legislation has already been introduced in the House of Representatives, including Congressman JIMMY DUNCAN. I hope Congress will move quickly to address this critical need of our national parks.

Our national parks are national treasures. They are a part of our heritage, a part of who we are as Americans. We need to take care of these parks so that they are still there, in all their glory, and still accessible for many generations to come.

By Mr. SALAZAR:

S. 888. A bill to direct the Department of Homeland Security to provide guidance and training to State and local governments relating to sensitive homeland security information, and for other purposes; to the Committee on

Homeland Security and Governmental Affairs.

Mr. SALAZAR. Mr. President, I rise today to introduce an important piece of legislation to help our local first responders and emergency officials better prepare and respond to terrorist attacks.

State and local emergency officials represent more than 95 percent of America's counterterrorism capability. They are on the front lines of the war on terror. Despite this, there is still a fundamental disconnect between what we do in Washington to help and what state and local officials actually need. Too often this happens because people in Washington are not listening to our folks back home.

One familiar example is homeland security grant funding. In the years following 9/11, the Federal Government put more money into homeland security than ever before. Office of Domestic Preparedness Grants increased 2,900 percent from 2001 to 2003. The Federal Government acted quickly to get money out the door, but in too many cases, the Feds did not give States the guidance they needed to best use that money. As a result, State officials were left scratching their heads. Money was wasted and local officials did not get all the help they needed.

The same is true with antiterrorism intelligence. Police and fire departments across the country are being bombarded with terrorism intelligence from more than a dozen Federal sources. State officials are getting expensive Federal security clearances so that they can review spy reports. But State and local officials are not getting the guidance they need to help them talk to each other.

Police, firemen, and EMTs are the first people on site during an emergency, whether it is a terrorist attack or car accident. Our first responders must be given the information they need to safely handle any situation, the training they need to protect the public and the access to grants to purchase the proper tools to do their jobs—this legislation, if passed, will help do just that.

Right now, there are surprisingly few uniform standards for non-Federal agencies to handle sensitive homeland security information. While there are detailed procedures for handling classified documents created by the FBI, CIA and other Federal agencies, there is little real world guidance for how to make decisions about how to manage information from non-Federal sources, including locally generated homeland security plans, State-level grants and intelligence gathered by local law enforcement agencies.

This lack of guidance has real implications for public safety. Over the last few months, Colorado's State government has been fighting over the Secretary of State homeland security information. Currently, Colorado State law makes secret a wide swath of homeland security information, including any document sent to, from, or on behalf of the State Office of Preparedness, Security and Fire Safety. Local officials have trouble acquiring State information to help them develop antiterrorism plans, and even State legislators can't find out where homeland security money is going.

State officials across the country have wasted precious resources battling over what to make public and what to keep secret. They have established a wide array of procedures for sharing sensitive information among emergency management personnel. The current system of distributing homeland security intelligence and grants funding is inefficient and has failed to ensure an adequate balance between protecting sensitive information and ensuring that first responders and the public have the information they need to keep Coloradans and Americans safe.

The legislation I am introducing would take three steps to clearing up this confusion and giving States the tools they need to better prepare and respond to terrorist attacks.

First, it establishes detailed best practices for State and local governments to help them determine what homeland security information should be made public, what should remain classified, and how different government entities and emergency personnel can share and use sensitive information.

Second, it establishes a training program to spread these best practices among state and local officials.

Third, it directs the Department of Homeland Security to provide more detailed instructions to State and local officials about how to manage information about homeland security grants that are applied for and awarded by DHS.

This bill will give emergency officials across the country the tools they need so that they do not have to waste precious resources remaking the wheel on homeland security information sharing.

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. 888

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 ''Homeland Security Information Guidance and Training Act of 2005''.

SEC. 2. FINDINGS.

Congress finds that—

(1) there are few uniform standards for State and local government agencies to handle sensitive homeland security information;

(2) there are detailed procedures for handling classified documents created by the Federal Government, but there is little guidance for how to make decisions relating to the management of information from non-Federal sources, including locally generated homeland security plans, State-level grants, and intelligence gathered by local law enforcement agencies;

(3) State and local government officials have—

(A) a wide variety of approaches for handling such information;

(B) wasted precious resources battling over what information to make public and what information to keep secret; and

(C) established a wide array of procedures for sharing sensitive information among emergency management personnel; and

(4) the current system is inefficient and has not ensured the adequate balance between protecting sensitive information and ensuring that public officials and the public have the information needed to keep the Nation safe.

SEC. 3. GUIDANCE FOR BEST PRACTICES RELATING TO SENSITIVE INFORMATION.

(a) IN GENERAL.—Consistent with section 201(d) of the Homeland Security Act of 2002 (6 U.S.C. 121(d)), the Under Secretary of Homeland Security for Information Analysis and Infrastructure Protection shall establish best practices for State and local governments to assist State and local governments in making determinations on—

(1) the types of sensitive non-Federal homeland security information (including locally generated homeland security plans, State-level grants, and intelligence gathered by local law enforcement information agencies) that—

(A) should be made available to the public; or

(B) should be treated as information which should not be made available to the public; and

(2) how to use and share sensitive homeland security information among State and local emergency management personnel.

(b) EFFECT ON STATE AND LOCAL GOVERNMENTS.—Nothing under subsection (a) shall be construed to—

(1) require any State or local government to comply with any best practice established under that subsection; or

(2) preempt any State or local law.

SEC. 4. TRAINING.

The Director of the Office for Domestic Preparedness shall—

(1) establish a training curriculum based on the best practices established under section 3; and

(2) provide training to State and local governments using that curriculum.

SEC. 5. GUIDANCE ON GRANT INFORMATION.

Not later than 180 days after the date of enactment of this Act, the Secretary of Homeland Security shall publish in the Federal Register detailed instructions for State and local governments on the management of information relating to homeland security grants administered by the Department of Homeland Security.

By Mrs. FEINSTEIN (for herself, Ms. SNOWE, Mr. CORZINE, Mr. LEAHY, Mr. JEFFORDS, Mr. SCHUMER, Ms. COLLINS, Mr. DURBIN, and Ms. CANTWELL):

S. 889. A bill to amend title 49, United States Code, to require phased increases in the fuel efficiency standards applicable to light trucks, to require fuel economy standards for automobiles up to 10,000 pounds gross vehicle weight, to increase the fuel economy of the Federal fleet of vehicles, and for other purposes; to the Committee on Commerce, Science, and Transportation.

Mrs. FEINSTEIN. Mr. President, I rise today to offer a bill with my colleagues Senators SNOWE, CORZINE, LEAHY, CANTWELL, COLLINS, DURBIN, SCHUMER and JEFFORDS to close the SUV loophole.

This bill would increase Corporate Average Fuel Economy (CAFE) standards for SUVs and other light duty trucks. It would close the ''SUV Loophole'' and require that SUVs meet the same fuel efficiency standards as passenger cars by 2011.

Crude oil prices remain above $50/barrel. On April 1, 2005, crude oil prices hit a record high of $57.70/barrel. Prices at the gas pump continue to soar as well. Today, the average price for regular gasoline was $2.24 per gallon. In California, the average price is almost $2.60.

This is not a problem we can drill our way out of. Global oil demand is rising. China imports more than 40 percent of its record 6.4 million-barrel-per-day oil demand and its consumption is growing by 7.5 percent per year, seven times faster than the U.S.

India imports approximately 70 percent of its oil, which is projected to rise to more than 90 percent by 2020. Their rapidly growing economies are fueling their growing dependence on oil—which makes continued higher prices inevitable.

The most effective step we can take to reduce gas prices is to reduce demand. We must use our finite fuel supplies more wisely.

This legislation is an important first step to limit our nation's dependence on oil and better protect our environment.

If implemented, closing the SUV Loophole would: save the U.S. 1 million barrels of oil a day and reduce our dependence on oil imports by 10 percent.

Prevent about 240 million tons of carbon dioxide—the top greenhouse gas and biggest single cause of global warming from entering the atmosphere each year.

Save SUV and light duty truck owners hundreds of dollars each year in gasoline costs.

CAFE Standards were first established in 1975. At that time, light trucks made up only a small percentage of the vehicles on the road, they were used mostly for agriculture and commerce, not as passenger cars.

Today, our roads look much different, SUVs and light duty trucks comprise more than half of the new car sales in the United States. As a result, the overall fuel economy of our Nation's fleet is the lowest it has been in two decades, because fuel economy standards for these vehicles are so much lower than they are for other passenger vehicles.

The bill we are introducing today would change that. SUVs and other light duty trucks would have to meet the same fuel economy requirements by 2011 that passenger cars meet today.

The National Highway Traffic Safety Administration, NHTSA, has proposed phasing in an increase in fuel economy standards for SUVs and light trucks under the following schedule: by 2005, SUVs and light trucks would have to average 21.0 miles per gallon; by 2006, SUVs and light trucks would have to average 21.6 miles per gallon; and by 2007, SUVs and light trucks would have to average 22.2 miles per gallon.

In 2002, the National Academy of Sciences, NAS, released a report stating that adequate lead time can bring about substantive increases in fuel economy standards. Automakers can meet higher CAFE standards if existing technologies are utilized and included in new models of SUVs and light trucks.

In 2003, the head of the National Highway Traffic Safety Administration said he favored an increase in vehicle fuel economy standards beyond the 1.5-mile-per-gallon hike slated to go into effect by 2007. ''We can do better,'' said Jeffrey Runge in an interview with Congressional Green Sheets. ''The overriding goal here is better fuel economy to decrease our reliance on foreign oil without compromising safety or American jobs,'' he said.

With this in mind, we have developed the following phase-in schedule which would follow up on what NHTSA has proposed for the short term and remain consistent with what the NAS report said is technologically feasible over the next decade or so: by model year 2008, SUVs and light duty vehicles would have to average 23.5 miles per gallon; by model year 2009, SUVs and light duty vehicles would have to average 24.8 miles per gallon; by model year 2010, SUVs and light duty vehicles would have to average 26.1 miles per gallon, by model year 2011, SUVs and light duty vehicles would have to average 27.5 miles per gallon.

This legislation would do two other things: it would mandate that by 2008 the average fuel economy of the new vehicles comprising the Federal fleet must be 3 miles per gallon higher than the baseline average fuel economy for that class. And by 2011, the average fuel economy of the new federal vehicles must be 6 miles per gallon higher than the baseline average fuel economy for that class.

The bill also increases the weight limit within which vehicles are bound by CAFE standards to make it harder for automotive manufacturers to build SUVs large enough to become exempted from CAFE standards. Because SUVs are becoming larger and larger, some may become so large that they will no longer qualify as even SUVs anymore.

We are introducing this legislation because we believe that the United States needs to take a leadership role in the fight against global warming.

We have already seen the potential destruction that global warming can cause in the United States.

Snowpacks in the Sierra Nevada are shrinking and will almost entirely disappear by the end of the century, devastating the source of California's water.

Eskimos are being forced inland in Alaska as their native homes on the coastline are melting into the sea.

Glaciers are disappearing in Glacier National Park in Montana. In 100 years, the park has gone from having 150 glaciers to fewer than 30. And the 30 that remain are two-thirds smaller than they once were.

Beyond our borders, scientists are predicting how the impact of global warming will be felt around the globe.

It has been estimated that two-thirds of the glaciers in western China will melt by 2050, seriously diminishing the water supply for the region's 300 million inhabitants. Additionally, the disappearance of glaciers in the Andes in Peru is projected to leave the population without an adequate water supply during the summer.

The United States is the largest energy consumer in the world, with 4 percent of the world's population using 25 percent of the planet's energy.

And much of this energy is used in cars and light trucks: 43 percent of the oil we use goes into our vehicles and one-third of all carbon dioxide emissions come from our transportation sector.

The U.S. is falling behind the rest of the world in the development of more fuel efficient automobiles. Quarterly auto sales reflect that consumers are buying smaller more fuel efficient cars and sales of the big, luxury vehicles that are the preferred vehicle of the American automakers have dropped significantly.

Even SUV sales have slowed. First quarter 2005 deliveries of these vehicles are down compared to the same period last year—for example, sales of the Ford Excursion is down by 29.5 percent, the Cadillac Escalade by 19.9 percent, and the Toyota Sequoia by 12.6 percent.

On the other hand, the Toyota Prius hybrid had record sales in March with a 160.9 percent increase over the previous year.

The struggling U.S. auto market cannot afford to fall behind in the development of fuel efficient vehicles. Our bill sets out a reasonable time frame for car manufacturers to design vehicles that are more fuel efficient and that will meet the growing demand for more fuel efficient vehicles.

We can do this, and we can do this today. I urge my colleagues to support this legislation.

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. 889

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 ''Automobile Fuel Economy Act of 2005''.

SEC. 2. INCREASED AVERAGE FUEL ECONOMY STANDARD FOR LIGHT TRUCKS.

(a) DEFINITION OF LIGHT TRUCK.—Section 32901(a) of title 49, United States Code, is amended—

(1) in each of paragraphs (1) through (14), by striking the period at the end and inserting a semicolon;

(2) in paragraph (15), by striking the period at the end and inserting ''; and'';

(3) by redesignating paragraphs (12) through (16) as paragraphs (13) through (17), respectively; and

(4) by inserting after paragraph (11) the following:

''(12) 'light truck' has the meaning given that term in regulations prescribed by the Secretary of Transportation in the administration of this chapter;''.

(b) REQUIREMENT FOR INCREASED STANDARD.—Section 32902(a) of title 49, United States Code, is amended—

(1) by inserting ''(1)'' after ''**AUTOMOBILES**.—'';

(2) by striking ''The Secretary'' and inserting ''Subject to paragraph (2), the Secretary''; and

(3) by adding at the end the following :

''(2) The average fuel economy standard for light trucks manufactured by a manufacturer may not be less than 27.5 miles per gallon, except that the average fuel economy standard for light trucks manufactured by a manufacturer in a model year before model year 2011 and—

''(A) after model year 2008 may not be less than 23.5 miles per gallon;

''(B) after model year 2009 may not be less than 24.8 miles per gallon; and

''(C) after model year 2010 may not be less than 26.1 miles per gallon.''.

(c) APPLICABILITY.—Section 32902(a)(2) of title 49, United States Code, as added by subsection (b)(3), shall not apply with respect to light trucks manufactured before model year 2009.

SEC. 3. FUEL ECONOMY STANDARDS FOR AUTOMOBILES UP TO 10,000 POUNDS GROSS VEHICLE WEIGHT.

(a) VEHICLES DEFINED AS AUTOMOBILES.—Section 32901(a)(3) of title 49, United States Code, is amended by striking ''rated at—'' and all that follows and inserting ''rated at not more than 10,000 pounds gross vehicle weight.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on January 1, 2011.

SEC. 4. FUEL ECONOMY OF THE FEDERAL FLEET OF VEHICLES.

(a) DEFINITIONS.—In this section—

(1) the term ''class of vehicles'' means a class of vehicles for which an average fuel economy standard is in effect under chapter 329 of title 49, United States Code;

(2) the term ''executive agency'' has the meaning given the term in section 4(1) of the Office of Federal Procurement Policy Act (41 U.S.C. 403(1)); and

(3) the term ''new vehicle'', with respect to the fleet of vehicles of an executive agency, means a vehicle procured by or for the agency after September 30, 2007.

(b) BASELINE AVERAGE FUEL ECONOMY.—The head of each executive agency shall determine the average fuel economy for all of the vehicles in each class of vehicles in the agency's fleet of vehicles in fiscal year 2006.

(c) INCREASE OF AVERAGE FUEL ECONOMY.—The head of each executive agency shall manage the procurement of vehicles in each class of vehicles for that agency to ensure that—

(1) not later than September 30, 2008, the average fuel economy of the new vehicles in the agency's fleet of vehicles in each class of vehicles is not less than 3 miles per gallon higher than the baseline average fuel economy determined for that class; and

(2) not later than September 30, 2011, the average fuel economy of the new vehicles in the agency's fleet of vehicles in each class of vehicles is not less than 6 miles per gallon higher than the baseline average fuel economy determined for that class.

(d) CALCULATION OF AVERAGE FUEL ECONOMY.—For purposes of this section—

(1) average fuel economy shall be calculated in accordance with guidance prescribed by the Secretary of Transportation for the implementation of this section; and

(2) average fuel economy calculated under subsection (b) for an agency's vehicles in a class of vehicles shall be the baseline average fuel economy for the agency's fleet of vehicles in that class.

Ms. SNOWE. Mr. President, I rise today to join my esteemed colleague, Senator FEINSTEIN as the lead cosponsor for the Feinstein-Snowe legislation that will rectify an unacceptable inequity when it comes to obtaining greater fuel economy for the vehicles we choose to drive. This bill allows us to take a road currently less traveled towards decreasing our Nation's need to import greater and greater amounts of foreign oil from the most volatile area of the globe, and at the same time, decrease polluting vehicle emissions that affect both the public's and the planet's health.

What is clear, on the eve of Earth Day, is that the Federal Government must lead in ensuring consumers a choice of vehicles with higher fuel economy, an appropriate degree of safety, and a minimal impact on our environment. Closing what is called the SUV loophole that allows popular SUVs and other light trucks to get only 20.7 miles per gallon while other passenger cars need to meet a 27.5 mile per gallon threshold, will help us meet these environmental, economic, and national security goals, and I think it's an idea whose time has long since arrived.

My colleague from California has been a passionate advocate of this proposal, and I'm proud to work with her again in introducing our practical, attainable bill that can garner the kind of broad support necessary to address this national imperative this year. Now I know when we first introduced our plan in 2001, some believed it was too much too soon, while others felt it didn't go far enough. And around here, that's usually a sign you're onto something. But can anyone honestly say we're better off today without nothing? That we're in better shape because we failed to pass what is possible four years ago?

This legislation is a critical first step to provide real relief from skyrocketing gas prices that have reached over $2 a gallon all across the county are estimated to stay high throughout the year. The increase in Corporate Average Fuel Economy, or CAFE, standards for the light trucks category—mostly SUVs and minivans—will ultimately decrease our need for foreign oil. I would like to bring to my colleagues' attention that every hour, $28 million leaves our country to pay for the Nation's unquenched thirst for foreign oil. When it comes to the fuel economy of America's sport utility vehicles, surely we can do better for our pocketbooks, for our planet, and for our promise for the future.

It is unacceptable to me that a developing country like China has put in place new regulations that are more stringent than U.S. CAFE standards to promote better fuel. economy in their vehicles and rein in that country's energy consumption. Like the U.S., China greatly depends upon foreign oil. However, China's GDP per capita was only approximately $860 in 2004 while the U.S. was at $35,000 per person. The standards that go into force in China in July of 2005, require that all new passenger cars get two miles per gallon more than U.S. CAFE standards. And SUVs will have to achieve 1.7 to 2.7 miles per gallon more depending on the make. By 2008, large cars in China will have to get 30.4 miles per gallon. China, very aware of their rising oil imports, skyrocketing oil prices, and their air pollution, are finding a way to achieve greater fuel economy, but the U.S. cannot? This makes absolutely no sense to me.

Right now, all our vehicles combined consume over 40 percent of our oil, while coughing up over 20 percent of U.S. carbon monoxide emissions—the greenhouse gas linked to global climate change. To put this in perspective, the amount of carbon monoxide emission just from U.S. vehicles alone is the equivalent of the fourth highest carbon monoxide emitting country in the world. Given these stunning numbers, how can we continue to allow SUVs to spew three times more pollution into the air than passenger cars?

Just think for a moment how much the world has changed technologically over the past 25 years. We've seen the advent of the home computer and the information age. Computers are now running our automobiles, and Global Positioning System devices are guiding drivers to their destinations. Are we to believe that technology couldn't have also helped those drivers burn less fuel in getting there? Are we going to say that the whole world has transformed, but America doesn't have the wherewith-all to make SUVs that get better fuel economy?

Well, I don't believe it, and neither does the National Academy of Sciences that issued a report in 2001 in response to Congress' request the previous year that the NAS study the issue. They concluded that it was possible to achieve a more than 40 percent improvement particularly in light truck and SUV fuel economy over a 10–15 year period—and that technologies exist now for improving fuel economy. That was 3½ years ago.

I don't want America's SUV manufacturers to be ''the industry that time forgot?'' and history clearly shows that the Federal Government must play a role in ensuring that consumers have a choice in vehicles with high degrees of fuel economy, an appropriate degree of

safety and a minimal impact on our environment. As the 2001 NAS Report also stated, ''Because of the concerns about greenhouse gas emissions and the level of oil imports, it is appropriate for the Federal Government to ensure fuel economy levels beyond those expected to result from market forces alone.'' How can we do anything less?

So many questions that we already have the answers to but not the initiative or will to do so. Closing the SUV loophole will help us achieve so many goals, and it's an idea whose time has long since arrived.

I ask for my colleagues' support for closing the SUV loophole, and I thank the Chair.

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 118—RECOGNIZING JUNE 2 THROUGH JUNE 5, 2005, AS THE ''VERMONT DAIRY FESTIVAL,'' IN HONOR OF HAROLD HOWRIGAN FOR HIS SERVICE TO HIS COMMUNITY AND THE VERMONT DAIRY INDUSTRY

Mr. JEFFORDS (for himself and Mr. LEAHY) submitted the following resolution; which was referred to the Committee on Agriculture, Nutrition, and Forestry:

S. RES. 118

Recognizing June 2 through June 5, 2005, as the ''Vermont Dairy Festival'', in honor of Harold Howrigan for his service to his community and the Vermont dairy industry.

Whereas the town of Enosburg Falls, Vermont, will host the ''Vermont Dairy Festival'' from June 2 through June 5, 2005;

Whereas the men and women of the Enosburg Lions Club will sponsor the Vermont Dairy Festival, which celebrates its 49th year;

Whereas the Vermont Dairy Festival is a beloved expression of the civic pride and agricultural heritage of the people of Enosburg Falls and Franklin County, Vermont;

Whereas the people of Enosburg Falls and Franklin County have long-held traditions of family owned and operated dairy farms;

Whereas the St. Albans Cooperative Creamery, Inc., which was established in 1919, is a farmer-owned cooperative;

Whereas Harold Howrigan served on the Board of the St. Albans Cooperative for 24 years;

Whereas Mr. Howrigan was the President of the Board of the St. Albans Cooperative for 17 years;

Whereas Mr. Howrigan recently retired from his position as President of the Board of the St. Albans Cooperative; and

Whereas Mr. Howrigan led the St. Albans Cooperative to uphold the region's traditions and to meet future challenges: Now, therefore, be it

Resolved, That the Senate recognizes June 2 through June 5, 2005, as the ''Vermont Dairy Festival'', in honor of Harold Howrigan for his service to his community and the Vermont dairy industry.

AMENDMENTS SUBMITTED AND PROPOSED

SA 564. Mr. CRAIG (for himself and Mr. AKAKA) proposed an amendment to the bill H.R. 1268, Making emergency supplemental appropriations for the fiscal year ending September 30, 2005, to establish and rapidly implement regulations for State driver's license and identification document security standards, to prevent terrorists from abusing the asylum laws of the United States, to unify terrorism-related grounds for inadmissibility and removal, to ensure expeditious construction of the San Diego border fence, and for other purposes.

SA 565. Mr. STEVENS (for Mr. DEWINE) submitted an amendment intended to be proposed by Mr. STEVENS to the bill H.R. 1268, supra.

SA 566. Mr. STEVENS (for Mr. FRIST) submitted an amendment intended to be proposed by Mr. STEVENS to the bill H.R. 1268, supra.

TEXT OF AMENDMENTS

SA 564. Mr. CRAIG (for himself and Mr. AKAKA) proposed an amendment to the bill H.R. 1268, Making emergency supplemental appropriations for the fiscal year ending September 30, 2005, to establish and rapidly implement regulations for State driver's license and identification document security standards, to prevent terrorists from abusing the asylum laws of the United States, to unify terrorism-related grounds for inadmissibility and removal, to ensure expeditious construction of the San Diego border fence, and for other purposes; as follows:

At the appropriate place, insert the following:

SEC. ___. TRAUMATIC INJURY PROTECTION.

(a) IN GENERAL.—Subchapter III of chapter 19, Title 38, United States Code, is amended—

(1) in section 1965, by adding at the end the following:

''(11) The term 'activities of daily living' means the inability to independently perform 2 of the 6 following functions:

''(A) Bathing.

''(B) Continence.

''(C) Dressing.

''(D) Eating.

''(E) Toileting.

''(F) Transferring.''; and

(2) by adding at the end the following:

''§ 1980A. Traumatic injury protection

''(a) A member who is insured under subparagraph (A)(i), (B), or (C)(i) of section 1967(a)(1) shall automatically be issued a traumatic injury protection rider that will provide for a payment not to exceed $100,000 if the member, while so insured, sustains a traumatic injury that results in a loss described in subsection (b)(1). The maximum amount payable for all injuries resulting from the same traumatic event shall be limited to $100,000. If a member suffers more than 1 such loss as a result of traumatic injury, payment will be made in accordance with the schedule in subsection (d) for the single loss providing the highest payment.

''(b)(1) A member who is issued a traumatic injury protection rider under subsection (a) is insured against such traumatic injuries, as prescribed by the Secretary, in collaboration with the Secretary of Defense, including, but not limited to—

''(A) total and permanent loss of sight;

''(B) loss of a hand or foot by severance at or above the wrist or ankle;

''(C) total and permanent loss of speech;

''(D) total and permanent loss of hearing in both ears;

''(E) loss of thumb and index finger of the same hand by severance at or above the metacarpophalangeal joints;

''(F) quadriplegia, paraplegia, or hemiplegia;

''(G) burns greater than second degree, covering 30 percent of the body or 30 percent of the face; and

''(H) coma or the inability to carry out the activities of daily living resulting from traumatic injury to the brain.

''(2) For purposes of this subsection—

''(A) the term 'quadriplegia' means the complete and irreversible paralysis of all 4 limbs;

''(B) the term 'paraplegia' means the complete and irreversible paralysis of both lower limbs; and

''(C) the term 'hemiplegia' means the complete and irreversible paralysis of the upper and lower limbs on 1 side of the body.

''(3) The Secretary, in collaboration with the Secretary of Defense, shall prescribe, by regulation, the conditions under which coverage against loss will not be provided.

''(c) A payment under this section may be made only if—

''(1) the member is insured under Servicemembers' Group Life Insurance when the traumatic injury is sustained;

''(2) the loss results directly from that traumatic injury and from no other cause; and

''(3) the member suffers the loss before the end of the period prescribed by the Secretary, in collaboration with the Secretary of Defense, which begins on the date on which the member sustains the traumatic injury, except, if the loss is quadriplegia, paraplegia, or hemiplegia, the member suffers the loss not later than 365 days after sustaining the traumatic injury.

''(d) Payments under this section for losses described in subsection (b)(1) shall be—

''(1) made in accordance with a schedule prescribed by the Secretary, in collaboration with the Secretary of Defense;

''(2) based on the severity of the covered condition; and

''(3) in an amount that is equal to not less than $25,000 and not more than $100,000.

''(e)(1) During any period in which a member is insured under this section and the member is on active duty, there shall be deducted each month from the member's basic or other pay until separation or release from active duty an amount determined by the Secretary of Veterans Affairs as the premium allocable to the pay period for providing traumatic injury protection under this section (which shall be the same for all such members) as the share of the cost attributable to provided coverage under this section, less any costs traceable to the extra hazards of such duty in the uniformed services.

''(2) During any month in which a member is assigned to the Ready Reserve of a uniformed service under conditions which meet the qualifications set forth in section 1965(5)(B) of this title and is insured under a policy of insurance purchased by the Secretary of Veterans Affairs under section 1966 of this title, there shall be contributed from the appropriation made for active duty pay of the uniformed service concerned an amount determined by the Secretary of Veterans Affairs (which shall be the same for all such members) as the share of the cost attributable to provided coverage under this section, less any costs traceable to the extra hazards of such duty in the uniformed services. Any amounts so contributed on behalf of any member shall be collected by the Secretary of the concerned service from such member (by deduction from pay or otherwise) and shall be credited to the appropriation from which such contribution was made in advance on a monthly basis.

''(3) The Secretary of Veterans Affairs shall determine the premium amounts to be