PERSONAL RESPONSIBILITY

AND WORK OPPORTUNITY

RECONCILIATION ACT

OF 1996

H.R. 3734

PUBLIC LAW 104-193
104TH CONGRESS

Volumes 1 to 19

BILLS, REPORTS,
DEBATES, AND ACT

Social Security Administration

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AND WORK OPPORTUNITY

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Volume 5 of 19

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DEBATES, AND ACT

Social Security Administration

Office of the Deputy Commissioner for
Legislation and Congressional Affairs

PREFACE

This 19-volume compilation contains historical documents pertaining to P.L. 104-193, the "Personal Responsibility and Work Opportunity Act of 1996." The books contain congressional debates, a chronological compilation of documents pertinent to the legislative history of the public law and relevant reference materials.

Pertinent documents include:

- Differing versions of key bills
- Committee reports
- Excerpts from the Congressional Record
- The Public Law

This history is prepared by the Office of the Deputy Commissioner for Legislation and Congressional Affairs and is designed to serve as a helpful resource tool for those charged with interpreting laws administered by the Social Security Administration.

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F. H.R. 1214, "Personal Responsibility Act of 1995," introduced March 13, 1995 (excerpts). This bill was developed by the three committees with primary jurisdiction (Committees on Ways and Means, Agriculture, and Economic and Educational Opportunities). In addition, the Committee on Commerce worked with Ways and Means staff to draft language for H.R. 1214 as it related to provisions within the Commerce Committee's jurisdiction including ineligibility of illegal aliens for certain public benefits, SSI cash benefits, and SSI service benefits. H.R. 1214 was considered as the base text for floor consideration of welfare reform legislation.

G. H.R. 1250, "Family Stability and Work Act of 1995," introduced March 15, 1995 (excerpts). This bill was offered as a Democratic substitute for H.R. 4/H.R. 1214. It failed to pass the House on March 23, 1995 by a vote of 96-336.

H. H.R. 1267, "Individual Responsibility Act of 1995" introduced March 21, 1995 (excerpts). This bill was offered as a Democratic substitute for H.R. 4/H.R. 1214 that maintained several key Republican welfare reform provisions while also keeping the Federal entitlement for cash benefits, school lunches and other social programs. It failed to pass the House on March 23, 1995 by a vote of 205-228.

1. H.Res. 117, Resolution providing for the consideration of the bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence as adopted March 22, 1995. The resolution provided that debate must be confined to H.R. 4 and the text of H.R. 1214.

    1. House Report 104-83, March 16, 1995

J. H.Res. 119, Resolution providing for further consideration of the bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence. This resolution made in order H.R. 1214 as original text for amendment to H.R. 4.

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B. H.R. 2517, "Seven-Year Balanced Budget Reconciliation Act of 1995"--as introduced October 20, 1995 (excerpts). This bill is a comprehensive reconciliation bill that includes provisions from H.R. 4, "Personal Responsibility and Work Opportunity Reconciliation Act of 1995". The text of H.R. 2517 was substituted for the text of H.R. 2491 during House debate.

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10. Legislative Bulletin 104-16, House and Senate Pass Conference Report on H.R. 4, The "Personal Responsibility and Work Opportunity Act of 1995"--December 22, 1995

11. Legislative Bulletin 104-18, Provisions of the Balanced Budget Act of 1995 (H.R. 2491) as Vetoed by The President on December 6, 1995--February 2, 1996

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2. H.R. 2915, "Personal Responsibility and Work Opportunity Act"--as introduced January 31, 1996 (excerpts). Companion bill to S. 1823. These bills reflect proposals presented in a bipartisan plan by the National Governors Association in early 1996.

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3. H.R. 3266, "Bipartisan Welfare Reform Act of 1996"--as introduced on April 17, 1996 (excerpts). Companion bill to S. 1867. These bills are a compromise between H.R. 4, which was vetoed, and proposals presented in a bipartisan plan by the National Governors Association in early 1996.

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4. H.R. 3507, "Personal Responsibility and Work Opportunity Act of 1996"--as introduced--May 22, 1996 (excerpts). Companion bill to S. 1795.

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E. Administration Welfare Reform Bill--103rd Congress (1994-1995)

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SCHEDULE

Mr. DOLE. I also say, with reference to the schedule next week, in a moment I will introduce the Work Opportunity Act of 1995. That debate will begin in earnest on Monday morning, at 10:30 a.m. From 9 to 10:30 there will be a period of morning business. But at 10:30 a.m. we will start serious debate on the Work Opportunity Act of 1995. I assume there will be a number of opening statements. Amendments can be offered. Votes can be expected on Monday. I do not know how long the opening statements will take. Of course, if we are able to go back to the DOD authorization bill we would have votes on that on Monday.

So I urge my colleagues to stay in close contact with their offices. I assume there will not be any votes prior to—4:30, 5 o'clock will be my best guess. It will be my hope we can complete the welfare reform measure, the Work Opportunity Act, next week. That is, Monday, Tuesday, Wednesday, Thursday, Friday. There will not be a Saturday session next Saturday.

I guess, if necessary, if we were near completion, we will come back then on the following Monday and try to complete action on the Work Opportunity Act of 1995. I have had a discussion with the distinguished Democratic leader, Senator DASCHLE. I have indicated to him that is our hope.

Also, there are a couple of appropriations bills we would like to, in our spare time, resolve next week. One is the Interior appropriations, which can be done in a matter of hours. And the other is the DOD appropriation bill, which will not be taken up until we complete action on the DOD authorization bill. That is a very, very big money bill. That might take as much as a day.

Now, obviously, I do not believe we can do all of those things next week. I hope to be in a position on Monday or Tuesday to advise my colleagues what to expect for the remainder of next week and the following week.

COMMENDATION OF JILL MAYCUMBER

Mr. DOLE. Mr. President, I rise to thank Jill Maycumber who is departing my staff after nearly 5 years of outstanding service to me, to the Senate, and to Kansas.

Like many Senate staff, Jill began her Senate career as an intern in my office. She quickly proved herself and became a key member of my staff.

For a time, Jill served as our receptionist—no doubt about it, the toughest job in Washington. But her outstanding people skills and deep desire to help Kansans made Jill the right choice to head my regional office in southeast Kansas.

When the massive floods struck the midwest in 1993, Jill Maycumber tirelessly crisscrossed the State, inspecting damage, and coordinating Federal assistance to flood victims. Hundreds of Kansans who have needed a helping hand knew who to call. They have Jill Maycumber to thank.

Earlier this year, Jill returned to Washington to help run my Senate office—not an easy task as my colleagues can attest. But most importantly, Jill took the extra time to greet thousands of constituents, always making sure that their visit to Washington and to my office was a special event.

I ask my colleagues to join me in thanking Jill Maycumber for her outstanding service to the Senate and to Kansas. Jill can be very proud of what she has accomplished—she has truly made a difference.

I extend my heartfelt thank you and best wishes to Jill in her new career.

FAMILY SELF-SUFFICIENCY ACT

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate now turn to the consideration of Calendar 125, H.R. 4, the welfare bill.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending and reduce welfare dependence.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which

had been reported from the Committee on Finance, with an amendment to the title and an amendment to strike out all after the enacting clause and inserting in lieu thereof the following:

SECTION 1. SHORT TITLE; REFERENCE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Family Self-Sufficiency Act of 1995".

(b) REFERENCE TO SOCIAL SECURITY ACT.—Except as otherwise specifically provided, wherever in this Act an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

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

TITLE I—BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

SEC. 101. BLOCK GRANTS TO STATES.

Part A of title IV (42 U.S.C. 601 et seq.) is amended to read as follows:

"PART A—BLOCK GRANTS TO STATES FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES WITH MINOR CHILDREN

"SEC. 401. PURPOSE.

"The purpose of this part is to increase the flexibility of States in operating a program designed to—

"(1) provide assistance to needy families with minor children;

"(2) provide job preparation and opportunities for such families; and

"(3) prevent and reduce the incidence of out-of-wedlock pregnancies.

"SEC. 402. ELIGIBLE STATES; STATE PLAN.

"(a) IN GENERAL.—As used in this part, the term 'eligible State' means, with respect to a fiscal year, a State that has submitted to the Secretary a plan that includes the following:

"(1) OUTLINE OF FAMILY ASSISTANCE PROGRAM.—A written document that outlines how the State intends to do the following:

"(A) Conduct a program designed to serve all political subdivisions in the State to—

"(i) provide assistance to needy families with not less than 1 minor child; and

"(ii) provide a parent or caretaker in such families with work experience, assistance in finding employment, and other work preparation activities and support services that the State considers appropriate to enable such families to leave the program and become self-sufficient.

"(B) Require a parent or caretaker receiving assistance under the program for more than 24 months (whether or not consecutive), or at the option of the State, a lesser period, to engage in work activities in accordance with section 404 and part F.

"(C) Satisfy the minimum participation rates specified in section 404.

"(D) Treat—

"(i) families with minor children moving into the State from another State; and

"(ii) noncitizens of the United States.

"(E) Safeguard and restrict the use and disclosure of information about individuals and families receiving assistance under the program.

"(F) Take action to prevent and reduce the incidence of out-of-wedlock pregnancies, with special emphasis on teenage pregnancies.

"(2) CERTIFICATION THAT THE STATE WILL OPERATE A CHILD SUPPORT ENFORCEMENT PROGRAM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a child support enforcement program under the State plan approved under part D, in a manner that complies with the requirements of such part.

"(3) CERTIFICATION THAT THE STATE WILL OPERATE A CHILD PROTECTION PROGRAM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a child protection program in accordance with part B.

"(4) CERTIFICATION THAT THE STATE WILL OPERATE A FOSTER CARE AND ADOPTION ASSISTANCE PROGRAM.—A certification by the chief executive officer of the State that, during the fiscal year,

the State will operate a foster care and adoption assistance program in accordance with part E.

"(5) CERTIFICATION THAT THE STATE WILL OPERATE A JOBS PROGRAM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a JOBS program in accordance with part F.

"(6) CERTIFICATION THAT THE STATE WILL PARTICIPATE IN THE INCOME AND ELIGIBILITY VERIFICATION SYSTEM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will participate in the income and eligibility verification system required by section 1137.

"(7) CERTIFICATION OF THE ADMINISTRATION OF THE PROGRAM.—The chief executive officer of the State shall certify which State agency or agencies are responsible for the administration and supervision of the State program for the fiscal year.

"(8) CERTIFICATION THAT REQUIRED REPORTS WILL BE SUBMITTED.—A certification by the chief executive officer of the State that the State shall provide the Secretary with any reports required under this part and part F.

"(9) ESTIMATE OF FISCAL YEAR STATE AND LOCAL EXPENDITURES.—An estimate of the total amount of State and local expenditures under the State program for the fiscal year.

"(b) DETERMINATIONS.—The Secretary shall determine whether a plan submitted pursuant to subsection (a) contains the material required by subsection (a).

"(c) DEFINITIONS.—For purposes of this part, the following definitions shall apply:

"(1) MINOR CHILD.—The term 'minor child' means an individual—

"(A) who—

"(i) has not attained 18 years of age; or

"(ii) has—

"(I) not attained 19 years of age; and

"(II) is a full-time student in a secondary school (or in the equivalent level of vocational or technical training); and

"(B) who resides with such individual's custodial parent or other caretaker relative.

"(2) WORK ACTIVITY.—The term 'work activity' means an activity described in section 482.

"(3) FISCAL YEAR.—The term 'fiscal year' means any 12-month period ending on September 30 of a calendar year.

"(4) STATE.—The term 'State' includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, and American Samoa.

"SEC. 403. PAYMENTS TO STATES.

"(a) ENTITLEMENT.—

"(1) IN GENERAL.—Subject to the provisions of section 406, the Secretary shall pay to each eligible State for each of fiscal years 1996, 1997, 1998, 1999, and 2000 a grant in an amount equal to the State family assistance grant for the fiscal year.

"(2) APPROPRIATION.—

"(A) STATES.—There are authorized to be appropriated and there are appropriated $16,779,000,000 for each fiscal year described in paragraph (1) for the purpose of paying State family assistance grants to States under such paragraph.

"(B) INDIAN TRIBES.—There are authorized to be appropriated and there are appropriated $7,638,474 for each fiscal year described in paragraph (1) for the purpose of paying State family assistance grants to Indian tribes under such paragraph in accordance with section 482(i).

"(b) STATE FAMILY ASSISTANCE GRANT.—

"(1) IN GENERAL.—For purposes of subsection (a), a State family assistance grant for any State for a fiscal year is an amount equal to the total amount of the Federal payments to the State under section 403 for fiscal year 1994 (as such section was in effect before October 1, 1995).

"(2) STATE APPROPRIATION OF GRANT.—Notwithstanding any other provision of law, any funds received by a State under this part shall be expended only in accordance with the laws and procedures applicable to expenditures of the State's own revenues, including appropriation by the State legislature, consistent with the terms and conditions required under this part.

"(3) SPECIAL RULE FOR INDIAN TRIBES.—For amount of a State family assistance grant for a fiscal year for an Indian tribe, see section 482(i).

"(c) USE OF GRANT.—

"(1) IN GENERAL.—Subject to this part, a State to which a grant is made under this section may use the grant in any manner that is reasonably calculated to accomplish the purpose of this part.

"(2) AUTHORITY TO TREAT INTERSTATE IMMIGRANTS UNDER RULES OF FORMER STATE.—A State to which a grant is made under this section may apply to a family the rules of the program operated under this part of another State if the family has moved to the State from the other State and has resided in the State for less than 12 months.

"(3) AUTHORITY TO RESERVE CERTAIN AMOUNTS FOR ASSISTANCE.—A State may reserve amounts paid to the State under this part for any fiscal year for the purpose of providing, without fiscal year limitation, assistance under the State program operated under this part.

"(4) AUTHORITY TO PROVIDE CHILD CARE AND TRANSITIONAL SERVICES.—A State to which a grant is made under this section may provide, at the State's option, child care and transitional services to—

"(A) families at risk of becoming eligible for assistance under the program if child care is not provided; and

"(B) families that cease to receive assistance under the program because of employment.

"(d) TIMING OF PAYMENTS.—The Secretary shall pay each grant payable to a State under this section in quarterly installments.

"(e) LIMITATION ON FEDERAL AUTHORITY.—The Secretary may not regulate the conduct of States under this part or enforce any provision of this part, except to the extent expressly provided in this part.

"(f) SUPPLEMENTAL ASSISTANCE FOR NEEDY FAMILIES FEDERAL LOAN FUND.—

"(1) ESTABLISHMENT.—There is hereby established in the Treasury of the United States a revolving loan fund which shall be known as the 'Supplemental Assistance for Needy Families Federal Loan Fund'.

"(2) DEPOSITS INTO FUND.—

"(A) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, $1,700,000,000 are hereby appropriated for fiscal year 1996 for payment to the Supplemental Assistance for Needy Families Federal Loan Fund.

"(B) LOAN REPAYMENTS.—The Secretary shall deposit into the fund any principal or interest payment received with respect to a loan made under this subsection.

"(3) AVAILABILITY.—Amounts in the fund are authorized to remain available without fiscal year limitation for the purpose of making loans and receiving payments of principal and interest on such loans, in accordance with this subsection.

"(4) USE OF FUND.—

"(A) LOANS TO STATES.—The Secretary shall make loans from the fund to any loan-eligible State, as defined in subparagraph (D), for a period to maturity of not more than 3 years.

"(B) RATE OF INTEREST.—The Secretary shall charge and collect interest on any loan made under subparagraph (A) at a rate equal to the Federal short term rate, as defined in section 1274(d) of the Internal Revenue Code of 1986.

"(C) MAXIMUM LOAN.—The cumulative amount of any loans made to a State under subparagraph (A) during fiscal years 1996 through 2000 shall not exceed 10 percent of the State family assistance grant under subsection (b) for a fiscal year.

"(D) LOAN-ELIGIBLE STATE.—For purposes of subparagraph (A), a loan-eligible State is a State which has not had a penalty described in section 406 imposed against it at any time prior to the loan being made.

"(5) LIMITATION ON USE OF LOAN.—A State shall use a loan received under this subsection only for—

"(A) the purpose of providing assistance under the State program funded under this part; or

"(B) welfare anti-fraud activities, systems, or initiatives, including positive client identity verification and computerized data record matching and analysis.

"SEC. 404. MANDATORY WORK REQUIREMENTS.

"(a) PARTICIPATION RATE REQUIREMENTS.—

"(1) REQUIREMENT APPLICABLE TO ALL FAMILIES RECEIVING ASSISTANCE.—

"(A) IN GENERAL.—A State to which a grant is made under section 403 for a fiscal year shall achieve the minimum participation rate specified in the following table for the fiscal year with respect to all families receiving assistance under the State program funded under this part:

"If the fiscal year is:	The minimum participation rate is:
1996	20
1997	30
1998	35
1999	40
2000	45
2001 or thereafter	50.

"(B) STATE OPTION FOR PARTICIPATION REQUIREMENT EXEMPTIONS.—For any fiscal year before fiscal year 1999, a State may opt to not require an individual described in section 402(a)(19)(C) (as such section was in effect on September 30, 1995) to engage in work activities and may exclude such individuals from the determination of the minimum participation rate specified for such fiscal year in subparagraph (A).

"(C) CHILD CARE FOR INDIVIDUALS WITH CHILDREN UNDER 6 YEARS OF AGE.—If a State requires an individual described in section 402(a)(19)(C)(iii)(II) (as such section was in effect on September 30, 1995) to engage in work activities, the State shall provide the individual with child care.

"(D) PARTICIPATION RATE.—For purposes of this paragraph:

"(i) AVERAGE MONTHLY RATE.—The participation rate of a State for a fiscal year is the average of the participation rates of the State for each month in the fiscal year.

"(ii) MONTHLY PARTICIPATION RATES.—The participation rate of a State for a month, expressed as a percentage, is—

"(I) the number of families receiving assistance under the State program funded under this part which include an individual who is engaged in work activities for the month; divided by

"(II) the total number of families receiving assistance under the State program funded under this part during the month.

"(iii) ENGAGED.—A recipient is engaged in work activities for a month in a fiscal year if the recipient is participating, per the State's requirement which must be at least 20 hours each week in the month, in work activities described in clause (i), (ii), (vi), (vii), (viii), (ix), or (x) of section 482(d)(1)(A), (or, in the case of the first 4 weeks for which the recipient is required under this section to participate in work activities, an activity described in any such clause or in clause (iii), (iv), or (v) of such section).

"(2) REQUIREMENT APPLICABLE TO 2-PARENT FAMILIES.—

"(A) IN GENERAL.—A State to which a grant is made under section 403 for a fiscal year shall achieve the minimum participation rate specified in the following table for the fiscal year with respect to 2-parent families receiving assistance under the State program funded under this part:

"If the fiscal year is:	The minimum participation rate is:
1996	60

1997 or 1998 75
1999 or thereafter ..... 90.

"(B) PARTICIPATION RATE.—For purposes of this paragraph:

"(i) AVERAGE MONTHLY RATE.—The participation rate of a State for a fiscal year is the average of the participation rates of the State for each month in the fiscal year.

"(ii) MONTHLY PARTICIPATION RATES.—The participation rate of a State for a month is—

"(I) the number of 2-parent families receiving assistance under the State program funded under this part which include at least 1 adult who is engaged in work activities for the month; divided by

"(II) the total number of 2-parent families receiving assistance under the State program funded under this part during the month.

"(iii) ENGAGED.—An adult is engaged in work activities for a month in a fiscal year if the adult is making progress in such activities, per the State's requirement which must be at least 30 hours each week in a month, in work activities described in clause (vi), (vii), (viii), (ix), or (x) of section 482(d)(1)(A) (or, in the case of the first 4 weeks for which the recipient is required under this section to participate in work activities, an activity described in any such clause or in clause (iii), (iv), or (v) of such section).

"(b) PENALTIES AGAINST INDIVIDUALS.—

"(1) APPLICABLE TO ALL FAMILIES.—If an adult in a family receiving assistance under the State program funded under this part refuses to engage (within the meaning of subsection (a)(1)(C)(iii)) in work activities required under this section, a State to which a grant is made under section 403 shall—

"(A) reduce the amount of assistance that would otherwise be payable to the family; or

"(B) terminate such assistance,

subject to such good cause and other exceptions as the State may establish.

"(2) APPLICABLE TO 2-PARENT FAMILIES.—If an adult in a 2-parent family refuses to engage (within the meaning of subsection (a)(2)(B)(iii)) in work activities for at least 30 hours per week during any month, a State to which a grant is made under section 402 shall—

"(A) reduce the amount of assistance otherwise payable to the family; or

"(B) terminate such assistance,

subject to such good cause and other exceptions as the State may establish.

"(3) LIMITATION ON FEDERAL AUTHORITY.—No officer or employee of the Federal Government may regulate the conduct of States under this paragraph or enforce this paragraph against any State.

"SEC. 405. LIMITATIONS.

"(a) NO ASSISTANCE FOR MORE THAN 5 YEARS.—

"(1) IN GENERAL.—Except as provided under paragraph (2), a State to which a grant is made under section 403 may not use any part of the grant to provide assistance to a family of an individual who has received assistance under the program operated under this part for the lesser of—

"(A) the period of time established at the option of the State; or

"(B) 60 months (whether or not consecutive) after September 30, 1995.

"(2) MINOR CHILD EXCEPTION.—If an individual received assistance under the State program operated under this part as a minor child in a needy family, any period during which such individual's family received assistance shall not be counted for purposes of applying the limitation described in paragraph (1) to an application for assistance under such program by such individual as the head of a household of a needy family with minor children.

"(3) HARDSHIP EXCEPTION.—

"(A) IN GENERAL.—The State may exempt a family from the application of paragraph (1) by reason of hardship.

"(B) LIMITATION.—The number of families with respect to which an exemption made by a State under subparagraph (A) is in effect for a fiscal year shall not exceed 15 percent of the average monthly number of families to which the State is providing assistance under the program operated under this part.

"(b) DENIAL OF ASSISTANCE FOR 10 YEARS TO A PERSON FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN ASSISTANCE IN 2 OR MORE STATES.—An individual shall not be considered an eligible individual for the purposes of this part during the 10-year period that begins on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to the place of residence of the individual in order to receive assistance simultaneously from 2 or more States under programs that are funded under this title, title XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States under the supplemental security income program under title XVI.

"(c) DENIAL OF ASSISTANCE FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.—

"(1) IN GENERAL.—An individual shall not be considered an eligible individual for the purposes of this part if such individual is—

"(A) fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the individual flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

"(B) violating a condition of probation or parole imposed under Federal or State law.

"(2) EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.—Notwithstanding any other provision of law, a State shall furnish any Federal, State, or local law enforcement officer, upon the request of the officer, with the current address of any recipient of assistance under this part, if the officer furnishes the agency with the name of the recipient and notifies the agency that—

"(A) such recipient—

"(i) is described in subparagraph (A) or (B) of paragraph (1); or

"(ii) has information that is necessary for the officer to conduct the officer's official duties; and

"(B) the location or apprehension of the recipient is within such officer's official duties.

"(d) STATE OPTION TO PROHIBIT ASSISTANCE FOR CERTAIN ALIENS.—

"(1) IN GENERAL.—A State to which a grant is made under section 403 may, at its option, prohibit the use of any part of the grant to provide assistance under the State program funded under this part for an individual who is not a citizen or national of the United States.

"(2) DEEMING OF INCOME AND RESOURCES IF ASSISTANCE IS PROVIDED.—For deeming of income and resources requirements if assistance is provided to an individual who is not a citizen or national of the United States, see section 1145.

"SEC. 406. STATE PENALTIES.

"(a) IN GENERAL.—Subject to the provisions of subsection (b), the Secretary shall deduct from the grant otherwise payable under section 403 the following penalties:

"(1) FOR USE OF GRANT IN VIOLATION OF THIS PART.—If an audit conducted pursuant to chapter 75 of title 31, United States Code, finds that an amount paid to a State under section 403 for a fiscal year has been used in violation of this part, then the Secretary shall reduce the amount of the grant otherwise payable to the State under such section for the immediately succeeding fiscal year quarter by the amount so used, plus 5 percent of such grant (determined without regard to this section).

"(2) FOR FAILURE TO SUBMIT REQUIRED REPORT.—

"(A) IN GENERAL.—If the Secretary determines that a State has not, within 6 months after the end of a fiscal year, submitted the report required by section 408 for the fiscal year, the Secretary shall reduce by 5 percent the amount of the grant that would (in the absence of this section) be payable to the State under section 403 for the immediately succeeding fiscal year.

"(B) RESCISSION OF PENALTY.—The Secretary shall rescind a penalty imposed on a State under subparagraph (A) with respect to a report for a fiscal year if the State submits the report before the end of the immediately succeeding fiscal year.

"(3) FOR FAILURE TO SATISFY MINIMUM PARTICIPATION RATES.—

"(A) IN GENERAL.—If the Secretary determines that a State has failed to satisfy the minimum participation rates specified in section 404 for a fiscal year, the Secretary shall reduce by not more than 5 percent the amount of the grant that would (in the absence of this section) be payable to the State under section 403 for the immediately succeeding fiscal year.

"(B) PENALTY BASED ON SEVERITY OF FAILURE.—The Secretary shall impose reductions under subparagraph (A) on the basis of the degree of noncompliance.

"(4) FOR FAILURE TO PARTICIPATE IN THE INCOME AND ELIGIBILITY VERIFICATION SYSTEM.—If the Secretary determines that a State program funded under this part is not participating during a fiscal year in the income and eligibility verification system required by section 1137, the Secretary shall reduce by not more than 5 percent the amount of the grant that would (in the absence of this section) be payable to the State under section 403 for the immediately succeeding fiscal year.

"(5) FOR FAILURE TO COMPLY WITH PATERNITY ESTABLISHMENT AND CHILD SUPPORT ENFORCEMENT REQUIREMENTS UNDER PART D.—

"(A) IN GENERAL.—Notwithstanding any other provision of this Act, if a State's program operated under part D of this title is found as a result of a review conducted under section 452(a)(4) of this title not to have complied substantially with the requirements of such part for any quarter beginning after September 30, 1983, and the Secretary determines that the State's program is not complying substantially with such requirements at the time such finding is made, the amounts otherwise payable to the State under section 403 for such quarter and each subsequent quarter, prior to the first quarter throughout which the State program is found to be in substantial compliance with such requirements, shall be reduced (subject to paragraph (2)) by—

"(i) not less than 1 nor more than 2 percent;

"(ii) not less than 2 nor more than 3 percent, if the finding is the second consecutive such finding made as a result of such a review; or

"(iii) not less than 3 nor more than 5 percent, if the finding is the third or a subsequent consecutive such finding made as a result of such a review.

"(B) SUSPENSION OF REDUCTIONS.—

"(i) IN GENERAL.—The reductions required under subparagraph (A) shall be suspended for any quarter if—

"(I) the State submits a corrective action plan, within a period prescribed by the Secretary following notice of the finding under subparagraph (A), which contains steps necessary to achieve substantial compliance within a time period which the Secretary finds to be appropriate;

"(II) the Secretary approves such corrective action plan (and any amendments thereto) as being sufficient to achieve substantial compliance; and

"(III) the Secretary finds that the corrective action plan (and any amendments approved under subclause (II)) is being fully implemented by the State and that the State is progressing in accordance with the timetable contained in the plan to achieve substantial compliance with such requirements.

"(ii) CONTINUATION OF SUSPENSION.—A suspension of the penalty under clause (i) shall

continue until such time as the Secretary determines that—

"(I) the State has achieved substantial compliance;

"(II) the State is no longer implementing its corrective action plan; or

"(III) the State is implementing or has implemented its corrective action plan but has failed to achieve substantial compliance within the appropriate time period (as specified in clause (i)(I)).

"(iii) EXCEPTIONS.—

"(I) ACHIEVES COMPLIANCE.—In the case of a State whose penalty suspension ends pursuant to clause (ii)(I), the penalty shall not be applied.

"(II) NO LONGER IMPLEMENTING CORRECTIVE ACTION PLAN.—In the case of a State whose penalty suspension ends pursuant to clause (ii)(II), the penalty shall be applied as if the suspension had not occurred.

"(III) FAILURE TO ACHIEVE COMPLIANCE WITHIN APPROPRIATE TIME PERIOD.—In the case of a State whose penalty suspension ends pursuant to clause (ii)(III), the penalty shall be applied to all quarters ending after the expiration of the time period specified in such clause and prior to the first quarter throughout which the State program is found to be in substantial compliance.

"(C) DETERMINATION OF SUBSTANTIAL COMPLIANCE.—For purposes of this paragraph and section 452(a)(4) of this title, a State which is not in full compliance with the requirements of part D shall be determined to be in substantial compliance with such requirements only if the Secretary determines that any noncompliance with such requirements is of a technical nature which does not adversely affect the performance of the child support enforcement program.

"(6) FOR FAILURE TO TIMELY REPAY A SUPPLEMENTAL ASSISTANCE FOR NEEDY FAMILIES FEDERAL LOAN.—If the Secretary determines that a State has failed to repay any amount borrowed from the Supplemental Assistance for Needy Families Federal Loan Fund established under section 403(f) within the period of maturity applicable to such loan, plus any interest owed on such loan, then the Secretary shall reduce the amount of the grant otherwise payable to the State under section 403 for the immediately succeeding fiscal year quarter by the outstanding loan amount, plus the interest owed on such outstanding amount.

"(b) REQUIREMENTS.—

"(1) LIMITATION ON AMOUNT OF PENALTY.—

"(A) IN GENERAL.—In imposing the penalties described in subsection (a), the Secretary shall not reduce any quarterly payment to a State by more than 25 percent.

"(B) CARRYFORWARD OF UNRECOVERED PENALTIES.—To the extent that subparagraph (A) prevents the Secretary from recovering during a fiscal year the full amount of all penalties imposed on a State under subsection (a) for a prior fiscal year, the Secretary shall apply any remaining amount of such penalties to the grant otherwise payable to the State under section 403 for the immediately succeeding fiscal year.

"(2) STATE FUNDS TO REPLACE REDUCTIONS IN GRANT.—A State which has a penalty imposed against it under subsection (a) shall expend additional State funds in an amount equal to the amount of the penalty for the purpose of providing assistance under the State program under this part.

"(3) REASONABLE CAUSE FOR NONCOMPLIANCE.—The Secretary may not impose a penalty on a State under subsection (a) if the Secretary determines that the State has reasonable cause for failing to comply with a requirement for which a penalty is imposed under such subsection.

"SEC. 407. RELIGIOUS CHARACTER AND FREEDOM.

"Notwithstanding any other provision of law, any religious organization participating in the State program funded under this part shall retain its independence from Federal, State, and local government, including such an organization's control over the definition, development, practice, and expression of its religious beliefs. However, a religious organization participating in the State program under this part shall not deny needy families and children any assistance provided under this part on the basis of religion, a religious belief, or refusal to participate in a religious practice.

"SEC. 408. DATA COLLECTION AND REPORTING.

"(a) IN GENERAL.—Each State to which a grant is made under section 403 for a fiscal year shall, not later than 6 months after the end of fiscal year 1997, and each fiscal year thereafter, transmit to the Secretary the following aggregate information on families to which assistance was provided during the fiscal year under the State program operated under this part:

"(1) The number of adults receiving such assistance.

"(2) The number of children receiving such assistance and the average age of the children.

"(3) The employment status of such adults, and the average earnings of employed adults receiving such assistance.

"(4) The age, race, and educational attainment at the time of application for assistance of the adults receiving such assistance.

"(5) The average amount of cash and other assistance provided to the families under the program.

"(6) The number of months, since the most recent application for assistance under the program, for which such assistance has been provided to the families.

"(7) The total number of months for which assistance has been provided to the families under the program.

"(8) Any other data necessary to indicate whether the State is in compliance with the plan most recently submitted by the State pursuant to section 402.

"(9) The components of any program carried out by the State to provide employment and training activities in order to comply with section 404 and part F, and the average monthly number of adults in each such component.

"(10) The number of part-time job placements and the number of full-time job placements made through the program referred to in paragraph (11), the number of cases with reduced assistance, and the number of cases closed due to employment.

"(11) The number of cases closed due to section 405(a).

"(12) The increase or decrease in the number of children born out of wedlock to recipients of assistance under the State program funded under this part.

"(b) AUTHORITY OF STATES TO USE ESTIMATES.—A State may comply with the requirement to provide precise numerical information described in subsection (a) by submitting an estimate which is obtained through the use of scientifically acceptable sampling methods.

"(c) REPORT ON USE OF FEDERAL FUNDS TO COVER ADMINISTRATIVE COSTS AND OVERHEAD.—The report required by subsection (a) for a fiscal year shall include a statement of—

"(1) the total amount and percentage of the Federal funds paid to the State under this part for the fiscal year that are used to cover administrative costs or overhead; and

"(2) the total amount of State funds that are used to cover such costs or overhead.

"(d) REPORT ON STATE EXPENDITURES ON PROGRAMS FOR NEEDY FAMILIES.—The report required by subsection (a) for a fiscal year shall include a statement of the total amount expended by the State during the fiscal year on the program under this part and the purposes for which such amount was spent.

"(e) REPORT ON NONCUSTODIAL PARENTS PARTICIPATING IN WORK ACTIVITIES.—The report required by subsection (a) for a fiscal year shall include the number of noncustodial parents in the State who participated in work activities during the fiscal year.

"(f) REPORT ON CHILD SUPPORT COLLECTED.—The report required by subsection (a) for a fiscal year shall include the total amount of child support collected by the State agency administering the State program under part D on behalf of a family receiving assistance under this part.

"(g) REPORT ON CHILD CARE.—The report required by subsection (a) for a fiscal year shall include the total amount expended by the State for child care under the program under this part, along with a description of the types of child care provided, including—

"(1) child care provided in the case of a family that has ceased to receive assistance under this part because of employment; or

"(2) child care provided in the case of a family that is not receiving assistance under this part but would be at risk of becoming eligible for such assistance if child care was not provided.

"(h) REPORT ON TRANSITIONAL SERVICES.—The report required by subsection (a) for a fiscal year shall include the total amount expended by the State for providing transitional services to a family that has ceased to receive assistance under this part because of employment, along with a description of such services.

"SEC. 409. RESEARCH, EVALUATIONS, AND NATIONAL STUDIES.

"(a) RESEARCH.—The Secretary may conduct research on the effects and costs of State programs funded under this part.

"(b) DEVELOPMENT AND EVALUATION OF INNOVATIVE APPROACHES TO EMPLOYING WELFARE RECIPIENTS.—The Secretary may assist States in developing, and shall evaluate, innovative approaches to employing recipients of assistance under programs funded under this part. In performing such evaluations, the Secretary shall, to the maximum extent feasible, use random assignment to experimental and control groups.

"(c) STUDIES OF WELFARE CASELOADS.—The Secretary may conduct studies of the caseloads of States operating programs funded under this part.

"(d) DISSEMINATION OF INFORMATION.—The Secretary shall develop innovative methods of disseminating information on any research, evaluations, and studies conducted under this section, including the facilitation of the sharing of information and best practices among States and localities through the use of computers and other technologies.

"(e) ANNUAL RANKING OF STATES AND REVIEW OF MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—

"(1) ANNUAL RANKING OF STATES.—The Secretary shall rank annually the States to which grants are paid under section 403 in the order of their success in moving recipients of assistance under the State program funded under this part into long-term private sector jobs.

"(2) ANNUAL REVIEW OF MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—The Secretary shall review the programs of the 3 States most recently ranked highest under paragraph (1) and the 3 States most recently ranked lowest under paragraph (1) that provide parents with work experience, assistance in finding employment, and other work preparation activities and support services to enable the families of such parents to leave the program and become self-sufficient.

"(f) STUDY ON ALTERNATIVE OUTCOMES MEASURES.—

"(1) STUDY.—The Secretary shall, in cooperation with the States, study and analyze outcomes measures for evaluating the success of a State in moving individuals out of the welfare system through employment as an alternative to the minimum participation rates described in section 404. The study shall include a determination as to whether such alternative outcomes measures should be applied on a national or a State-by-State basis.

"(2) REPORT.—Not later than September 30, 1998, the Secretary shall submit to the Committee on Finance of the Senate and the Committee

on Ways and Means of the House of Representatives a report containing the findings of the study described in paragraph (1).

"SEC. 410. STUDY BY THE CENSUS BUREAU.

"(a) IN GENERAL.—The Bureau of the Census shall expand the Survey of Income and Program Participation as necessary to obtain such information as will enable interested persons to evaluate the impact of the amendments made by titles I and II of the Family Self-Sufficiency Act of 1995 on a random national sample of recipients of assistance under State programs funded under this part and (as appropriate) other low-income families, and in doing so, shall pay particular attention to the issues of out-of-wedlock births, welfare dependency, the beginning and end of welfare spells, and the causes of repeat welfare spells.

"(b) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, the Secretary of the Treasury shall pay to the Bureau of the Census $10,000,000 for each of fiscal years 1996, 1997, 1998, 1999, and 2000 to carry out subsection (a).

"SEC. 411. ASSISTANT SECRETARY FOR FAMILY SUPPORT.

"The programs under this part, part D, and part F of this title shall be administered by an Assistant Secretary for Family Support within the Department of Health and Human Services, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be in addition to any other Assistant Secretary of Health and Human Services provided for by law.

"SEC. 412. STATE DEMONSTRATION PROGRAMS.

"Nothing in this part shall be construed as limiting a State's ability to conduct demonstration projects for the purpose of identifying innovative or effective program designs in 1 or more political subdivisions of the State.

"SEC. 413. NO INDIVIDUAL ENTITLEMENT.

"Notwithstanding any other provision of law, no individual is entitled to any assistance under this part or any service under part F.".

SEC. 102. REPORT ON DATA PROCESSING.

(a) IN GENERAL.—Not later than 6 months after the date of the enactment of this Act, the Secretary of Health and Human Services shall prepare and submit to the Congress a report on—

(1) the status of the automated data processing systems operated by the States to assist management in the administration of State programs under part A of title IV of the Social Security Act (whether in effect before or after October 1, 1995); and

(2) what would be required to establish a system capable of—

(A) tracking participants in public programs over time; and

(B) checking case records of the States to determine whether individuals are participating in public programs in 2 or more States.

(b) PREFERRED CONTENTS.—The report required by subsection (a) should include—

(1) a plan for building on the automated data processing systems of the States to establish a system with the capabilities described in subsection (a)(2); and

(2) an estimate of the amount of time required to establish such a system and of the cost of establishing such a system.

SEC. 103. CONTINUED APPLICATION OF CURRENT STANDARDS UNDER MEDICAID PROGRAM.

(a) IN GENERAL.—Title XIX (42 U.S.C. 1396 et seq.) is amended—

(1) in section 1931, by inserting "subject to section 1931(a)," after "under this title," and by redesignating such section as section 1932; and

(2) by inserting after section 1930 the following new section:

"CONTINUED APPLICATION OF AFDC STANDARDS

"SEC. 1931. (a) For purposes of applying this title on and after October 1, 1995, with respect to a State—

"(1) except as provided in paragraph (2), any reference in this title (or other provision of law in relation to the operation of this title) to a provision of part A of title IV of this Act, or a State plan under such part, shall be considered a reference to such provision or plan as in effect as of June 1, 1995, with respect to the State and eligibility for medical assistance under this title shall be determined as if such provision or plan (as in effect as of such date) had remained in effect on and after October 1, 1995; and

"(2) any reference in section 1902(a)(5) or 1902(a)(55) to a State plan approved under part A of title IV shall be deemed a reference to a State program funded under such part (as in effect on and after October 1, 1995).

"(b) In the case of a waiver of a provision of part A of title IV in effect with respect to a State as of June 1, 1995, if the waiver affects eligibility of individuals for medical assistance under this title, such waiver may, at the option of the State, continue to be applied in relation to this title after the date the waiver would otherwise expire.".

(b) PLAN AMENDMENT.—Section 1902(a) (42 U.S.C. 1396a(a)) is amended—

(1) by striking "and" at the end of paragraph (61);

(2) by striking the period at the end of paragraph (62) and inserting ": and"; and

(3) by inserting after paragraph (62) the following new paragraph:

"(63) provide for continuing to administer eligibility standards with respect to individuals who are (or seek to be) eligible for medical assistance based on the application of section 1931.".

(c) CONFORMING AMENDMENTS.—(1) Section 1902(c) (42 U.S.C. 1396a(c)) is amended by striking "if—" and all that follows and inserting the following: "if the State requires individuals described in subsection (l)(1) to apply for assistance under the State program funded under part A of title IV as a condition of applying for or receiving medical assistance under this title.".

(2) Section 1903(i) (42 U.S.C. 1396b(i)) is amended by striking paragraph (9).

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to medical assistance furnished for calendar quarters beginning on or after October 1, 1995.

SEC. 104. WAIVERS.

(a) CONTINUATION OF WAIVERS.—

(1) IN GENERAL.—Except as provided in paragraph (2), if any waiver granted to a State under section 1115 of the Social Security Act or otherwise which relates to the provision of assistance under a State plan under part A of title IV of such Act (42 U.S.C. 1396 et seq.), is in effect or approved by the Secretary of Health and Human Services (in this section referred to as the "Secretary") as of October 1, 1995, the amendments made by this Act shall not apply with respect to the State before the expiration (determined without regard to any extensions) of the waiver to the extent such amendments are inconsistent with the terms of the waiver.

(2) FINANCING LIMITATION.—Notwithstanding any other provision of law, beginning with fiscal year 1996, a State operating under a waiver described in paragraph (1) shall receive the payment described for such State for such fiscal year under section 403 of the Social Security Act, as added by section 101, in lieu of any other payment provided for in the waiver.

(b) STATE OPTION TO TERMINATE WAIVER.—

(1) IN GENERAL.—A State may terminate a waiver described in subsection (a) before the expiration of the waiver.

(2) REPORT.—A State which terminates a waiver under paragraph (1) shall submit a report to the Secretary summarizing the waiver and any available information concerning the result or effect of such waiver.

(3) HOLD HARMLESS PROVISION.—

(A) IN GENERAL.—A State that, not later than the date described in subparagraph (B), submits a written request to terminate a waiver described in subsection (a) shall be held harmless for accrued cost neutrality liabilities incurred under the terms and conditions of such waiver.

(B) DATE DESCRIBED.—The date described in this subparagraph is the later of—

(i) January 1, 1996; or

(ii) 90 days following the adjournment of the first regular session of the State legislature that begins after the date of the enactment of this Act.

(c) SECRETARIAL ENCOURAGEMENT OF CURRENT WAIVERS.—The Secretary shall encourage any State operating a waiver described in subsection (a) to continue such waiver and to evaluate, using random sampling and other characteristics of accepted scientific evaluations, the result or effect of such waiver.

SEC. 105. DEEMED INCOME REQUIREMENT FOR FEDERAL AND FEDERALLY FUNDED PROGRAMS UNDER THE SOCIAL SECURITY ACT.

(a) IN GENERAL.—Part A of title XI (42 U.S.C. 1301-1320b-14) is amended by adding at the end the following new section:

"DEEMED INCOME REQUIREMENT FOR FEDERAL AND FEDERALLY FUNDED PROGRAMS

"SEC. 1145. (a) DEEMING REQUIREMENT FOR FEDERAL AND FEDERALLY FUNDED PROGRAMS.—For purposes of determining the eligibility of an individual (whether a citizen or national of the United States or an alien) for assistance, and the amount of assistance, under any Federal program of assistance authorized under this Act, or any program of assistance authorized under this Act funded in whole or in part by the Federal Government for which eligibility is based on need, the income and resources described in subsection (b) shall, notwithstanding any other provision of law, be deemed to be the income and resources of such individual.

"(b) DEEMED INCOME AND RESOURCES.—The income and resources described in this subsection include the following:

"(1) The income and resources of any person who, as a sponsor of such individual's entry into the United States (or in order to enable such individual lawfully to remain in the United States), executed an affidavit of support or similar agreement with respect to such individual.

"(2) The income and resources of such sponsor's spouse.

"(c) LENGTH OF DEEMED INCOME PERIOD.—The requirement of subsection (a) shall apply for the period for which the sponsor has agreed, in such affidavit or agreement, to provide support for such individual, or for a period of 5 years beginning on the date such individual was first lawfully in the United States after the execution of such affidavit or agreement, whichever period is longer.

"(d) DEEMED INCOME AUTHORITY TO STATE AND LOCAL AGENCIES.—

"(1) IN GENERAL.—For purposes of determining the eligibility of an individual (whether a citizen or national of the United States or an alien) for assistance, and the amount of assistance, under any State or local program of assistance authorized under this Act for which eligibility is based on need, or any need-based program of assistance authorized under this Act and administered by a State or local government other than a program described in subsection (a), the State or local government may, notwithstanding any other provision of law, require that the income and resources described in subsection (b) be deemed to be the income and resources of such individual.

"(2) LENGTH OF DEEMING PERIOD.—A State or local government may impose a requirement described in paragraph (1) for the period described in subsection (c).".

(b) CONFORMING AMENDMENTS.—

(1) Section 1621 (42 U.S.C. 1382j) is repealed.

(2) Section 1614(f)(3) (42 U.S.C. 1382c(f)(3)) is amended by striking "section 1621" and inserting "section 1145".

SEC. 106. CONFORMING AMENDMENTS TO THE SOCIAL SECURITY ACT.

(a) AMENDMENTS TO TITLE II.—

(1) Section 205(c)(2)(C)(vi) (42 U.S.C. 405(c)(2)(C)(vi)), as so redesignated by section 321(a)(9)(B) of the Social Security Independence and Program Improvements Act of 1994, is amended—

(A) by inserting "an agency administering a program funded under part A of title IV or" before "an agency operating"; and

(B) by striking "A or D of title IV of this Act" and inserting "D of such title".

(2) Section 228(d)(1) (42 U.S.C. 428(d)(1)) is amended by inserting "under a State program funded under" before "part A of title IV".

(b) AMENDMENT TO PART B OF TITLE IV.—Section 422(b)(2) (42 U.S.C. 622(b)(2)) is amended by striking "under the State plan approved" and inserting "under the State program funded.".

(c) AMENDMENTS TO PART D OF TITLE IV.—

(1) Section 451 (42 U.S.C. 651) is amended by striking "aid" and inserting "assistance under a State program funded".

(2) Section 452(a)(10)(C) (42 U.S.C. 652(a)(10)(C)) is amended—

(A) by striking "aid to families with dependent children" and inserting "assistance under a State program funded under part A"; and

(B) by striking "such aid" and inserting "such assistance"; and

(C) by striking "402(a)(26) or".

(3) Section 452(a)(10)(F) (42 U.S.C. 652(a)(10)(F)) is amended—

(A) by striking "aid under a State plan approved" and inserting "assistance under a State program funded"; and

(B) by striking "in accordance with the standards referred to in section 402(a)(26)(B)(ii)" and inserting "by the State".

(4) Section 452(b) (42 U.S.C. 652(b)) is amended in the first sentence by striking "aid under the State plan approved under part A" and inserting "assistance under a State program funded under part A".

(5) Section 452(d)(3)(B)(i) (42 U.S.C. 652(d)(3)(B)(i)) is amended by striking "1115(c)" and inserting "1115(b)".

(6) Section 452(g)(2)(A)(ii)(I) (42 U.S.C. 652(g)(2)(A)(ii)(I)) is amended by striking "aid is being paid under the State's plan approved under part A or E" and inserting "assistance is being provided under the State program funded under part A or aid is being paid under the State's plan approved under part E".

(7) Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended in the matter following clause (iii) by striking "aid was being paid under the State's plan approved under part A or E" and inserting "assistance was being provided under the State program funded under part A or aid was being paid under the State's plan approved under part E".

(8) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is amended in the matter following subparagraph (B)—

(A) by striking "who is a dependent child by reason of the death of a parent" and inserting "with respect to whom assistance is being provided under the State program funded under part A";

(B) by inserting "by the State agency administering the State plan approved under this part" after "found"; and

(C) by striking "under section 402(a)(26)" and inserting "with the State in establishing paternity".

(9) Section 452(h) (42 U.S.C. 652(h)) is amended by striking "under section 402(a)(26)".

(10) Section 453(c)(3) (42 U.S.C. 653(c)(3)) is amended by striking "aid" and inserting "assistance under a State program funded".

(11) Section 454 (42 U.S.C. 654)) is amended—

(A) in paragraph (5)(A)—

(i) by striking "under section 402(a)(26)"; and

(ii) by striking "except that this paragraph shall not apply to such payments for any month following the first month in which the amount collected is sufficient to make such family ineligible for assistance under the State plan approved under part A;"; and

(B) in paragraph (6)(D), by striking "aid under a State plan approved" and inserting "assistance under a State program funded".

(12) Section 456 (42 U.S.C. 656) is amended by striking "under section 402(a)(26)" each place it appears.

(13) Section 466(a)(3)(B) (42 U.S.C. 666(a)(3)(B)) is amended by striking "402(a)(26) or".

(14) Section 466(b)(2) (42 U.S.C. 666(b)(2)) is amended by striking "aid" and inserting "assistance under a State program funded".

(15) Section 469(a) (42 U.S.C. 669(a)) is amended—

(A) by striking "aid under plans approved" and inserting "assistance under State programs funded"; and

(B) by striking "such aid" and inserting "such assistance".

(d) AMENDMENTS TO PART E OF TITLE IV.—

(1) Section 470 (42 U.S.C. 670) is amended by striking "the State's plan approved" and inserting "a State program funded".

(2) Section 471(17) (42 U.S.C. 671(17)) is amended by striking "plans approved under parts A and D" and inserting "program funded under part A and plan approved under part D".

(3) Section 472(a) (42 U.S.C. 672(a)) is amended—

(A) in the matter preceding paragraph (1), by striking "would meet the requirements of section 406(a) or of section 407 but for his removal from the home of a relative (specified in section 406(a))" and inserting "would be a minor child in a needy family under the State program funded under part A but for the child's removal from the home of the child's custodial parent or caretaker relative."; and

(B) in paragraph (4)—

(i) in subparagraph (A), by striking "aid under a State plan approved under section 402" and inserting "assistance under a State program funded under part A"; and

(ii) in subparagraph (B)—

(I) in clause (i), by striking "aid" and inserting "assistance"; and

(II) in clause (ii), by striking "relative specified in section 406(a)" and inserting "the child's custodial parent or caretaker relative".

(4) Section 472(h) (42 U.S.C. 672(h)) is amended to read as follows:

"(h)(1) For purposes of title XIX, any child with respect to whom foster care maintenance payments are made under this section shall be deemed to be a dependent child as defined in section 406 (as in effect as of June 1, 1995) and shall be deemed to be a recipient of aid to families with dependent children under part A of this title (as so in effect). For purposes of title XX, any child with respect to whom foster care maintenance payments are made under this section shall be deemed to be a minor child in a needy family under a State program funded under part A and shall be deemed to be a recipient of assistance under such part.

"(2) For purposes of paragraph (1), a child whose costs in a foster family home or child care institution are covered by the foster care maintenance payments being made with respect to the child's minor parent, as provided in section 475(4)(B), shall be considered a child with respect to whom foster care maintenance payments are made under this section.".

(5) Section 473(a)(2) (42 U.S.C. 673(a)(2)) is amended—

(A) in subparagraph (A)(i)—

(i) by striking "met the requirements of section 406(a) or section 407" and all that follows through "specified in section 406(a))." and inserting "was a minor child in a needy family under the State program funded under part A or would have met such a standard except for the child's removal from the home of the child's custodial parent or caretaker relative."; and

(ii) by striking "(or 403)";

(B) in subparagraph (B)(i), by striking "aid under the State plan approved under section 402" and inserting "assistance under the State program funded under part A";

(C) in subparagraph (B)(ii)—

(i) in subclause (I), by striking "aid" and inserting "assistance"; and

(ii) in subclause (II)—

(I) by striking "a relative specified in section 406(a)" and inserting "the child's custodial parent or caretaker relative"; and

(II) by striking "aid" each place such term appears and inserting "assistance".

(6) Section 473(b) (42 U.S.C. 673(b)) is amended to read as follows:

"(b)(1) For purposes of title XIX, any child who is described in paragraph (3) shall be deemed to be a dependent child as defined in section 406 (as in effect as of June 1, 1995) and shall be deemed to be a recipient of aid to families with dependent children under part A of this title (as so in effect) in the State where such child resides.

"(2) For purposes of title XX, any child who is described in paragraph (3) shall be deemed to be a minor child in a needy family under a State program funded under part A and shall be deemed to be a recipient of assistance under such part.

"(3) A child described in this paragraph is any child—

"(A)(i) who is a child described in subsection (a)(2), and

"(ii) with respect to whom an adoption assistance agreement is in effect under this section (whether or nor adoption assistance payments are provided under the agreement or are being made under this section), including any such child who has been placed for adoption in accordance with applicable State and local law (whether or not an interlocutory or other judicial decree of adoption has been issued), or

"(B) with respect to whom foster care maintenance payments are being made under section 472.

"(4) For purposes of paragraphs (1) and (2), a child whose costs in a foster family home or child-care institution are covered by the foster care maintenance payments being made with respect to the child's minor parent, as provided in section 475(4)(B), shall be considered a child with respect to whom foster care maintenance payments are being made under section 472.".

(e) AMENDMENT TO TITLE X.—Section 1002(a)(7) (42 U.S.C. 1202(a)(7)) is amended by striking "aid to families with dependent children under the State plan approved under section 402 of this Act" and inserting "assistance under a State program funded under part A of title IV".

(f) AMENDMENTS TO TITLE XI.—

(1) Section 1109 (42 U.S.C. 1309) is amended by striking "or part A of title IV,".

(2) Section 1115 (42 U.S.C. 1315) is amended—

(A) in subsection (a)(2)—

(i) by inserting "(A)" after "(2)";

(ii) by striking "403,";

(iii) by striking the period at the end and inserting ", and"; and

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

"(B) costs of such project which would not otherwise be a permissible use of funds under part A of title IV and which are not included as part of the costs of projects under section 1110, shall to the extent and for the period prescribed by the Secretary, be regarded as a permissible use of funds under such part."; and

(B) in subsection (c)(3), by striking "under the program of aid to families with dependent children" and inserting "part A of such title".

(3) Section 1116 (42 U.S.C. 1316) is amended—

(A) in each of subsections (a)(1), (b), and (d), by striking "or part A of title IV,"; and

(B) in subsection (a)(3), by striking "404,".

(4) Section 1118 (42 U.S.C. 1318) is amended—

(A) by striking "403(a),";

(B) by striking "and part A of title IV,"; and

(C) by striking ". and shall, in the case of American Samoa, mean 75 per centum with respect to part A of title IV".

(5) Section 1119 (42 U.S.C. 1319) is amended—

(A) by striking "or part A of title IV"; and

(B) by striking "403(a).".

(6) Section 1133(a) (42 U.S.C. 1320b-3(a)) is amended by striking "or part A of title IV,".

(7) Section 1136 (42 U.S.C. 1320b-6) is repealed.

(8) Section 1137 (42 U.S.C. 1320b-7) is amended—

(A) in subsection (b), by striking paragraph (1) and inserting the following:

"(1) any State program funded under part A of title IV of this Act;"; and

(B) in subsection (d)(1)(B)—

(i) by striking "In this subsection—" and all that follows through "(ii) in" and inserting "In this subsection, in";

(ii) by redesignating subclauses (I), (II), and (III) as clauses (i), (ii), and (iii); and

(iii) by moving such redesignated material 2 ems to the left.

(g) AMENDMENT TO TITLE XIV.—Section 1402(a)(7) (42 U.S.C. 1352(a)(7)) is amended by striking "aid to families with dependent children under the State plan approved under section 402 of this Act" and inserting "assistance under a State program funded under part A of title IV".

(h) AMENDMENT TO TITLE XVI AS IN EFFECT WITH RESPECT TO THE TERRITORIES.—Section 1602(a)(11), as in effect without regard to the amendment made by section 301 of the Social Security Amendments of 1972 (42 U.S.C. 1382 note), is amended by striking "aid under the State plan approved" and inserting "assistance under a State program funded".

(i) AMENDMENT TO TITLE XVI AS IN EFFECT WITH RESPECT TO THE STATES.—Section 1611(c)(5)(A) (42 U.S.C. 1382(c)(5)(A)) is amended to read as follows: "(A) a State program funded under part A of title IV,".

SEC. 107. CONFORMING AMENDMENTS TO THE FOOD STAMP ACT OF 1977 AND RELATED PROVISIONS.

(a) Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

(1) in the second sentence of subsection (a), by striking "a State plan approved" and inserting "a State program funded";

(2) in subsection (d)(5)—

(A) by striking "assistance to families with dependent children" and inserting "assistance under a State program funded"; and

(B) by striking paragraph (13) and redesignating paragraphs (14), (15), and (16) as paragraphs (13), (14), and (15), respectively;

(3) in subsection (j), by striking "a State plan approved" and inserting "a State program funded"; and

(4) in subsection (k)(1)(A), by striking "a regular benefit payable to the household for living expenses under a State plan for aid to families with dependent children approved" and inserting "assistance payable to the household under a State program funded".

(b) Section 6 of such Act (7 U.S.C. 2015) is amended—

(1) in subsection (c)(5), by striking "the State plan approved" and inserting "the State program funded";

(2) in subsection (d)(4)—

(A) in subparagraph (B)(i), by striking "in subparagraphs (A) and (B) of section 402(a)(35) of part A of title IV of the Social Security Act" and inserting "under the State program funded under part A of title IV of the Social Security Act";

(B) in subparagraph (I)(i)(II), by striking "benefits under part A" and inserting "assistance under a State program funded under part A"; and

(C) in subparagraph (L)(ii) by striking "training"; and

(3) in subsection (e)(6), by striking "aid to families with dependent children" and inserting "assistance under a State program funded".

(c) Section 8(e) of such Act (7 U.S.C. 2017(e)) is amended—

(1) in paragraph (1)(A)(i), by striking "aid to families with dependent children" and inserting "assistance under a State program";

(2) in paragraph (2)(A)(ii)(I), by striking "benefits paid to such household under a State plan for aid to families with dependent children approved" and inserting "assistance paid to such household under a State program funded"; and

(3) in paragraph (3), by striking "such aid to families with dependent children" and inserting "the assistance under a State program funded under part A of title IV of the Social Security Act".

(d) Section 11 of such Act (7 U.S.C. 2020) is amended—

(1) in subsection (e)(2), by striking "the aid to families with dependent children program" and inserting "the State program funded"; and

(2) in subsection (i)(1), by striking "the aid to families with dependent children program" and inserting "the State program funded".

(e) Section 16(g)(4) of such Act (7 U.S.C. 2025(g)(4)) is amended by striking "State plans under the Aid to Families with Dependent Children Program under" and inserting "State programs funded under part A of".

(f) Section 17 of such Act (7 U.S.C. 2026) is amended—

(1) in subsection (b)—

(A) the first sentence of paragraph (1)(A), by striking "aid to families with dependent children" and inserting "assistance under a State program funded"; and

(B) in paragraph (3)—

(i) in the first sentence of subparagraph (B), by striking "aid to families with dependent children under part F of title IV of the Social Security Act (42 U.S.C. 681 et seq.)" and inserting "assistance under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)";

(ii) in subparagraph (C)—

(II) in the first sentence, by striking "subsections (a)(19) and (g)" and all that follows through "section 402(g)(1)(A)) and"; and

(III) in the second sentence, by striking "'aid to families with dependent children'" and inserting "'assistance under the State program funded under part A'"; and

(iii) in subparagraph (E), by striking "the provisions of section 402, and sections 481 through 487," and inserting "sections 481 through 487"; and

(2) in subsection (i)—

(A) in paragraph (1), by striking "benefits under a State plan" and all that follows through "and without regard" and inserting "assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) (referred to in this subsection as an 'eligible household') shall be issued monthly allotments following the rules and procedures of the program, and without regard"; and

(B) in paragraph (2)—

(i) in subparagraph (D)—

(I) in the first sentence, by striking "benefit provided under" and inserting "assistance provided under a State program funded under"; and

(II) in the first sentence, by striking "section 402(a)(7)(C)" and all that follows to the end period and inserting "any nonrecurring lump-sum income and income deemed or allocated to the household under the State program funded under such part"; and

(ii) in subparagraph (E)—

(I) in the first sentence, by striking "section 402(a)(8) of the Social Security Act (42 U.S.C. 602(a)(8))" and inserting "the State program funded under part A of title IV of the Social Security Act"; and

(II) in the second sentence, by striking "the earned income disregards provided under 402(a)(8) of the Social Security Act" and inserting "any earned income disregards provided under the State program funded under such part".

(g) Section 5(h)(1) of the Agriculture and Consumer Protection Act of 1973 (Public Law 93-186; 7 U.S.C. 612c note) is amended by striking "the program for aid to families with dependent children" and inserting "the State program funded".

(h) Section 9 of the National School Lunch Act (42 U.S.C. 1758) is amended—

(1) in subsection (b)—

(A) in paragraph (2)(C)(ii)(II), by striking "program for aid to families with dependent children" and inserting "State program funded"; and

(B) in paragraph (6)—

(i) in subparagraph (A)(ii), by striking "an AFDC assistance unit (under the aid to families with dependent children program authorized" and inserting "a family (under the State program funded"; and

(ii) in subparagraph (B), by striking "aid to families with dependent children" and inserting "assistance under the State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)"; and

(2) in subsection (d)(2)(C), by striking "program for aid to families with dependent children" and inserting "State program funded".

(i) Section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786) is amended—

(1) in subsection (d)(2)(A)(ii)(II), by striking "program for aid to families with dependent children established" and inserting "State program funded";

(2) in subsection (e)(4)(A), by striking "program for aid to families with dependent children" and inserting "State program funded"; and

(3) in subsection (f)(1)(C)(iii), by striking "aid to families with dependent children," and inserting "State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) and with the".

SEC. 108. CONFORMING AMENDMENTS TO OTHER LAWS.

(a) Subsection (b) of section 508 of the Unemployment Compensation Amendments of 1976 (Public Law 94-566; 90 Stat. 2689) is amended to read as follows:

"(b) PROVISION FOR REIMBURSEMENT OF EXPENSES.—For purposes of section 455 of the Social Security Act, expenses incurred to reimburse State employment offices for furnishing information requested of such offices—

"(1) pursuant to the third sentence of section 3(a) of the Act entitled 'An Act to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes', approved June 6, 1933 (29 U.S.C. 49b(a)), or

"(2) by a State or local agency charged with the duty of carrying a State plan for child support approved under part D of title IV of the Social Security Act,

shall be considered to constitute expenses incurred in the administration of such State plan.".

(b) Section 9121 of the Omnibus Budget Reconciliation Act of 1987 (42 U.S.C. 602 note) is repealed.

(c) Section 9122 of the Omnibus Budget Reconciliation Act of 1987 (42 U.S.C. 602 note) is repealed.

(d) Section 221 of the Housing and Urban-Rural Recovery Act of 1983 (42 U.S.C. 602 note), relating to treatment under AFDC of certain rental payments for federally assisted housing, is repealed.

(e) Section 159 of the Tax Equity and Fiscal Responsibility Act of 1982 (42 U.S.C. 602 note) is repealed.

(f) Section 202(d) of the Social Security Amendments of 1967 (81 Stat. 882; 42 U.S.C. 602 note) is repealed.

(g) Section 233 of the Social Security Act Amendments of 1994 (42 U.S.C. 602 note) is repealed.

(h) Section 903 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (42 U.S.C. 11381 note), relating to demonstration projects to reduce number of AFDC families in welfare hotels, is amended—

(1) in subsection (a), by striking "aid to families with dependent children under a State plan approved" and inserting "assistance under a State program funded"; and

(2) in subsection (c), by striking "aid to families with dependent children in the State under a State plan approved" and inserting "assistance in the State under a State program funded".

(i) The Higher Education Act of 1965 (20 U.S.C. 1001 et seq.) is amended—

(1) in section 404C(c)(3) (20 U.S.C. 1070a-23(c)(3)), by striking "(Aid to Families with Dependent Children)"; and

(2) in section 480(b)(2) (20 U.S.C. 1087vv(b)(2)), by striking "aid to families with dependent children under a State plan approved" and inserting "assistance under a State program funded".

(j) The Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.) is amended—

(1) in section 231(d)(3)(A)(ii) (20 U.S.C. 2341(d)(3)(A)(ii)), by striking "the program for aid to dependent children" and inserting "the State program funded";

(2) in section 232(b)(2)(B) (20 U.S.C. 2341a(b)(2)(B)), by striking "the program for aid to families with dependent children" and inserting "the State program funded"; and

(3) in section 521(14)(B)(iii) (20 U.S.C. 2471(14)(B)(iii)), by striking "the program for aid to families with dependent children" and inserting "the State program funded".

(k) The Elementary and Secondary Education Act of 1965 (20 U.S.C. 2701 et seq.) is amended—

(1) in section 1113(a)(5) (20 U.S.C. 6313(a)(5)), by striking "Aid to Families with Dependent Children Program" and inserting "State program funded under part A of title IV of the Social Security Act";

(2) in section 1124(c)(5) (20 U.S.C. 6333(c)(5)), by striking "the program of aid to families with dependent children under a State plan approved under" and inserting "a State program funded under part A of"; and

(3) in section 5203(b)(2) (20 U.S.C. 7233(b)(2))—

(A) in subparagraph (A)(xi), by striking "Aid to Families with Dependent Children benefits" and inserting "assistance under a State program funded under part A of title IV of the Social Security Act"; and

(B) in subparagraph (B)(viii), by striking "Aid to Families with Dependent Children" and inserting "assistance under the State program funded under part A of title IV of the Social Security Act".

(l) Chapter VII of title I of Public Law 99-88 (25 U.S.C. 13d-1) is amended to read as follows: "Provided further, That general assistance payments made by the Bureau of Indian Affairs shall be made—

"(1) after April 29, 1985, and before October 1, 1995, on the basis of Aid to Families with Dependent Children (AFDC) standards of need; and

"(2) on and after October 1, 1995, on the basis of standards of need established under the State program funded under part A of title IV of the Social Security Act,

except that where a State ratably reduces its AFDC or State program payments, the Bureau shall reduce general assistance payments in such State by the same percentage as the State has reduced the AFDC or State program payment.".

(m) The Internal Revenue Code of 1986 (26 U.S.C. 1 et seq.) is amended—

(1) in section 51(d)(9) (26 U.S.C. 51(d)(9)), by striking all that follows "agency as" and inserting "being eligible for financial assistance under part A of title IV of the Social Security Act and as having continually received such financial assistance during the 90-day period which immediately precedes the date on which such individual is hired by the employer.";

(2) in section 3304(a)(16) (26 U.S.C. 3304(a)(16)), by striking "eligibility for aid or services," and all that follows through "children approved" and inserting "eligibility for assistance, or the amount of such assistance, under a State program funded";

(3) in section 6103(l)(7)(D)(i) (26 U.S.C. 6103(l)(7)(D)(i)), by striking "aid to families with dependent children provided under a State plan approved" and inserting "a State program funded";

(4) in section 6334(a)(11)(A) (26 U.S.C. 6334(a)(11)(A)), by striking "(relating to aid to families with dependent children)"; and

(5) in section 7523(b)(3)(C) (26 U.S.C. 7523(b)(3)(C)), by striking "aid to families with dependent children" and inserting "assistance under a State program funded under part A of title IV of the Social Security Act".

(n) Section 3(b) of the Wagner-Peyser Act (29 U.S.C. 49b(b)) is amended by striking "State plan approved under part A of title IV" and inserting "State program funded under part A of title IV".

(o) The Job Training Partnership Act (29 U.S.C. 1501 et seq.) is amended—

(1) in section 106(b)(6)(C) (29 U.S.C. 1516(b)(6)(C)), by striking "State aid to families with dependent children records," and inserting "records collected under the State program funded under part A of title IV of the Social Security Act";

(2) in section 501(1) (29 U.S.C. 1791(1)), by striking "aid to families with dependent children" and inserting "assistance under the State program funded";

(3) in section 506(1)(A) (29 U.S.C. 1791e(1)(A)), by striking "aid to families with dependent children" and inserting "assistance under the State program funded"; and

(4) in section 508(a)(2)(A) (29 U.S.C. 1791g(a)(2)(A)), by striking "aid to families with dependent children" and inserting "assistance under the State program funded".

(p) Section 3803(c)(2)(C)(iv) of title 31, United States Code, is amended to read as follows:

"(iv) assistance under a State program funded under part A of title IV of the Social Security Act".

(q) Section 2605(b)(2)(A)(i) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8624(b)(2)(A)(i)) is amended to read as follows:

"(i) assistance under the State program funded under part A of title IV of the Social Security Act;".

(r) Section 303(f)(2) of the Family Support Act of 1988 (42 U.S.C. 602 note) is amended—

(1) by striking "(A)"; and

(2) by striking subparagraphs (B) and (C).

(s) The Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 900 et seq.) is amended—

(1) in section 255(h) (2 U.S.C. 905(h)), by striking "Aid to families with dependent children (75-0412-0-1-609);" and inserting "Block grants to States for temporary assistance for needy families;"; and

(2) in section 256 (2 U.S.C. 906)—

(A) by striking subsection (k); and

(B) by redesignating subsection (l) as subsection (k).

(t) The Immigration and Nationality Act (8 U.S.C. 1101 et seq.) is amended—

(1) in section 210(f) (8 U.S.C. 1160(f)), by striking "aid under a State plan approved under" each place it appears and inserting "assistance under a State program funded under";

(2) in section 245A(h) (8 U.S.C. 1255a(h))—

(A) in paragraph (1)(A)(i), by striking "program of aid to families with dependent children" and inserting "State program of assistance"; and

(B) in paragraph (2)(B), by striking "aid to families with dependent children" and inserting "assistance under a State program funded under part A of title IV of the Social Security Act"; and

(3) in section 412(e)(4) (8 U.S.C. 1522(e)(4)), by striking "State plan approved" and inserting "State program funded".

(u) Section 640(a)(4)(B)(i) of the Head Start Act (42 U.S.C. 9835(a)(4)(B)(i)) is amended by striking "program of aid to families with dependent children under a State plan approved" and inserting "State program of assistance funded".

(v) Section 9 of the Act of April 19, 1950 (64 Stat. 47, chapter 92; 25 U.S.C. 639) is repealed.

SEC. 109. SECRETARIAL SUBMISSION OF LEGISLATIVE PROPOSAL FOR TECHNICAL AND CONFORMING AMENDMENTS.

Not later than 90 days after the date of the enactment of this Act, the Secretary of Health and Human Services, in consultation, as appropriate, with the heads of other Federal agencies, shall submit to the appropriate committees of Congress a legislative proposal providing for such technical and conforming amendments in the law as are required by the provisions of this Act.

SEC. 110. EFFECTIVE DATE; TRANSITION RULE.

(a) IN GENERAL.—Except as otherwise provided in this title, this title and the amendments made by this title shall take effect on October 1, 1995.

(b) TRANSITION RULE.—

(1) STATE OPTION TO CONTINUE AFDC PROGRAM.—

(A) 6-MONTH EXTENSION.—A State may continue a State program under parts A and F of title IV of the Social Security Act, as in effect on September 30, 1995 (for purposes of this paragraph, the "State AFDC program") until March 31, 1996.

(B) REDUCTION OF FISCAL YEAR 1996 GRANT.—In the case of any State opting to continue the State AFDC program pursuant to subparagraph (A), the State family assistance grant paid to such State under section 403(b) of the Social Security Act (as added by section 101 and as in effect on and after October 1, 1995) for fiscal year 1996 (after the termination of the State AFDC program) shall be reduced by an amount equal to the total Federal payment to such State under section 403 of the Social Security Act (as in effect on September 30, 1995) for such fiscal year.

(2) CLAIMS, ACTIONS, AND PROCEEDINGS.—The amendments made by this title shall not apply with respect to—

(A) powers, duties, functions, rights, claims, penalties, or obligations applicable to aid, assistance, or services provided before the effective date of this title under the provisions amended; and

(B) administrative actions and proceedings commenced before such date, or authorized before such date to be commenced, under such provisions.

TITLE II—MODIFICATIONS TO THE JOBS PROGRAM

SEC. 201. MODIFICATIONS TO THE JOBS PROGRAM.

(a) INCREASED EMPLOYMENT AND JOB RETENTION.—

(1) JOB OPPORTUNITIES AND BASIC SKILLS.—The heading for part F of title IV (42 U.S.C. 681 et seq.) is amended by striking "TRAINING".

(2) PURPOSE.—Section 481(a) (42 U.S.C. 681(a)) is amended to read as follows:

"SEC. 481. (a) PURPOSE.—It is the purpose of this part to assist each State in providing such services as the State determines to be necessary to—

"(1) enable individuals receiving assistance under part A to enter employment as quickly as possible;

"(2) increase job retention among such individuals; and

"(3) ensure that needy families with children obtain the supportive services that will help them avoid long-term welfare dependence.".

(b) ESTABLISHMENT AND OPERATION OF STATE PROGRAMS.—

(1) STATE PLANS FOR JOBS PROGRAMS.—Section 482(a) (42 U.S.C. 682(a)) is amended—

(A) in the heading, by striking "TRAINING";

(B) in paragraph (1)—

(i) in subparagraph (A)—

(I) by striking "of aid to families with dependent children";

(II) by striking "training"; and

(III) by striking "under a plan approved" and all that follows through the period and inserting a period;

(ii) in subparagraph (B)—

(I) in the matter preceding clause (i), by striking "plan for establishing and operating the program must describe" and inserting "shall submit to the Secretary periodically, but not less frequently than every 2 years, a plan describing";

(II) in clause (ii)—

(aa) by striking "the extent to which such services are expected to be made available by other agencies on a nonreimbursable basis."; and

(bb) by striking "program, and" and inserting "program."; and

(III) by striking clause (iii);

(iii) by striking subparagraph (C);

(iv) in subparagraph (D)(i), by striking "Not later than October 1, 1992, each State shall make" and inserting "Each State shall make appropriate services of"; and

(v) by redesignating subparagraph (D) as subparagraph (C);

(C) in paragraph (2)—

(i) by striking "(2) The" and inserting "(2)(A) The";

(ii) by striking "approved"; and

(iii) by adding at the end the following new subparagraphs:

"(B) The State agency shall establish procedures to—

"(i) encourage the placement of participants in jobs as quickly as possible, including using performance measures that reward staff performance, or such other management practice as the State may choose; and

"(ii) assist participants in retaining employment after they are hired.

"(C) The Secretary shall provide technical assistance and training to States to assist the States in implementing effective management practices and strategies in order to achieve the purpose of this part."; and

(D) by striking paragraph (3).

(2) EMPLOYABILITY PLAN.—Section 482(b)(1) (42 U.S.C. 682(b)(1)) is amended—

(A) in subparagraph (A), by inserting "the employability of each participant under the program and, in appropriate circumstances, a subsequent assessment which may include" after "assessment of"; and

(B) in subparagraph (B)—

(i) by striking "such assessment" and inserting "the subsequent assessment"; and

(ii) by striking the last sentence.

(3) PROVISION OF INFORMATION.—Section 482(c) (42 U.S.C. 682(c)) is amended—

(A) in paragraph (1), by striking "aid to families with dependent children" and inserting "assistance under the State program funded under part A";

(B) in paragraph (2), by striking "aid to families with dependent children" and inserting "assistance under the State program funded under part A";

(C) in paragraph (4), by striking "aid to families with dependent children of the grounds for exemption from participation in the program and the consequences of refusal to participate if not exempt" and inserting "assistance under the State program funded under part A of the consequences of refusal to participate in the program under this part"; and

(D) by striking paragraph (5).

(4) SERVICES AND ACTIVITIES.—Section 482(d) (42 U.S.C. 682(d)) is amended—

(A) in paragraph (1)(A), by striking "Such services and activities—" and all that follows through the period and inserting "Such services and activities shall be designed to improve the employability of participants and may include any combination of the following:

"(i) Educational activities (as appropriate), including high school or equivalent education (combined with training as needed), basic and remedial education to achieve a basic literacy level, and education for individuals with limited English proficiency.

"(ii) Job skills training.

"(iii) Job readiness activities to help prepare participants for work.

"(iv) Job development and job placement.

"(v) Group and individual job search.

"(vi) On-the-job training.

"(vii) Work supplementation programs as described in subsection (e).

"(viii) Community work experience programs as described in subsection (f), or any other community service programs approved by the State.

"(ix) A job placement voucher program, as described in subsection (g).

"(x) Unsubsidized employment.";

(B) in paragraph (2), by striking the last sentence; and

(C) in paragraph (3)—

(i) by striking "the Secretary shall permit up to 5 States to" and inserting "A State may"; and

(ii) by striking the last sentence.

(5) WORK SUPPLEMENTATION PROGRAM.—Section 482(e) (42 U.S.C. 682(e)) is amended—

(A) in paragraph (1)—

(i) by striking "aid to families with dependent children" each place it appears and inserting "assistance under the State program funded under part A"; and

(ii) by striking "paragraph (3)(C)(i) and (ii)" and inserting "paragraph (3)"; and

(B) in paragraph (2)—

(i) by striking subparagraphs (A), (C), (D), (F), and (G);

(ii) in subparagraph (B), by striking "approved";

(iii) in subparagraph (E)—

(I) by striking "aid to families with dependent children" and inserting "assistance";

(II) by striking "(as determined under subparagraph (D))"; and

(III) by striking "State plan approved" and inserting "State program"; and

(iv) by redesignating subparagraphs (B) and (E) as subparagraphs (A) and (B), respectively;

(C) in paragraph (3) to read as follows:

"(3) For purposes of this section, a subsidized job is a job provided to an individual for not more than a 12-month period—

"(A) by the State or local agency administering the State plan under part A; or

"(B) by any other employer for which all or part of the wages are paid by such State or local agency.

A State may provide or subsidize under the program any type of job which such State determines to be appropriate.";

(D) by striking paragraph (4);

(E) in paragraph (5)(A)—

(i) by striking "eligible" each place it appears; and

(ii) by redesignating such paragraph as paragraph (4);

(F) in paragraph (6)—

(i) by striking "aid to families with dependent children under the State plan approved" each place it appears and inserting "assistance"; and

(ii) by redesignating such paragraph as paragraph (5); and

(G) by striking paragraph (7).

(6) COMMUNITY WORK EXPERIENCE PROGRAM.—Section 482(f) (42 U.S.C. 682(f)) is amended—

(A) in paragraph (1)—

(i) in subparagraph (B)—

(I) in clause (i), by striking "aid to families with dependent children payable with respect to the family of which such individual is a member under the State plan approved under this part" and inserting "assistance payable with respect to the family of which such individual is a member under the State program funded under part A"; and

(II) in clause (ii), by striking "aid to families with dependent children payable with respect to the family of which such individual is a member under the State plan approved under this part (excluding any portion of such aid" and inserting "assistance payable with respect to the family of which such individual is a member under the State program funded under part A (excluding any portion of such assistance";

(ii) by striking subparagraph (C);

(iii) in subparagraph (D)—

(I) by striking "approved"; and

(II) by striking "community work experience program" and all that follows through the period and inserting "community service program."; and

(iv) by redesignating subparagraphs (D) and (E) as subparagraphs (C) and (D), respectively.

(B) in paragraph (3)—

(i) by striking "any program of job search under subsection (g)."; and

(ii) by striking "aid to families with dependent children" and inserting "assistance under the State program funded under part A"; and

(C) by striking paragraph (4).

(7) JOB PLACEMENT VOUCHER PROGRAM.—Section 482(g) (42 U.S.C. 682(g)) is amended to read as follows:

"(g) JOB PLACEMENT VOUCHER PROGRAM.—(1) The State agency may establish and operate a job placement voucher program for individuals participating in the program under this part.

"(2) A State that elects to operate a job placement voucher program under this subsection—

"(i) shall establish eligibility requirements for participation in the job placement voucher program; and

"(ii) may establish other requirements for such voucher program as the State deems appropriate.

"(3) A job placement voucher program operated by a State under this subsection shall include the following requirements:

"(A) The State shall identify, maintain, and make available to an individual applying for or receiving assistance under part A a list of State-approved job placement organizations that offer services in the area where the individual resides and a description of the job placement and support services each such organization provides. Such organizations may be publicly or privately owned and operated.

"(B)(i) An individual determined to be eligible for assistance under part A shall, at the time the individual becomes eligible for such assistance—

"(I) receive the list and description described in subparagraph (A);

"(II) agree, in exchange for job placement and support services, to—

"(aa) execute, within a period of time permitted by the State, a contract with a State-approved job placement organization which provides that the organization shall attempt to find employment for the individual; and

"(bb) comply with the terms of the contract; and

"(III) receive a job placement voucher (in an amount to be determined by the State) for payment to a State-approved job placement organization.

"(ii) The State shall impose the sanctions provided for in section 404(b) on any individual who does not fulfill the terms of a contract executed with a State-approved job placement organization.

"(C) At the time an individual executes a contract with a State-approved job placement organization, the individual shall provide the organization with the job placement voucher that the individual received pursuant to subparagraph (B).

"(D)(i) A State-approved job placement organization may redeem for payment from the State

not more than 25 percent of the value of a job placement voucher upon the initial receipt of the voucher for payment of costs incurred in finding and placing an individual in an employment position. The remaining value of such voucher shall not be redeemed for payment from the State until the State-approved job placement organization—

"(I) finds an employment position (as determined by the State) for the individual who provided the voucher; and

"(II) certifies to the State that the individual remains employed with the employer that the organization originally placed the individual with for the greater of—

"(aa) 6 continuous months; or

"(bb) a period determined by the State.

"(ii) A State may modify, on a case-by-case basis, the requirement of clause (i)(II) under such terms and conditions as the State deems appropriate.

"(E)(i) The State shall establish performance-based standards to evaluate the success of the State job placement voucher program operated under this subsection in achieving employment for individuals participating in such voucher program. Such standards shall take into account the economic conditions of the State in determining the rate of success.

"(ii) The State shall, not less than once a fiscal year, evaluate the job placement voucher program operated under this subsection in accordance with the performance-based standards established under clause (i).

"(iii) The State shall submit a report containing the results of an evaluation conducted under clause (ii) to the Secretary and a description of the performance-based standards used to conduct the evaluation in such form and under such conditions as the Secretary shall require. The Secretary shall review each report submitted under this clause and may require the State to revise the performance-based standards if the Secretary determines that the State is not achieving an adequate rate of success for such State.".

(8) DISPUTE RESOLUTION PROCEDURES.—Section 482(h) (42 U.S.C. 682(h)) is amended by striking "or through the provision of a hearing pursuant to section 402(a)(4); but in no event shall aid to families with dependent children" and inserting "; but in no event shall assistance under the State program funded under part A".

(9) PROVISIONS RELATING TO INDIAN TRIBES.—Section 482(i) (42 U.S.C. 682(i)) is amended—

(A) in paragraph (1)—

(i) by striking "training" each place it appears; and

(ii) in the second sentence, by inserting ", for fiscal years before 1996," after "State";

(B) in paragraph (2), by inserting ", for fiscal years before 1996," after "paragraph (1)";

(C) in paragraph (3)—

(i) by striking "training" each place it appears; and

(ii) by striking "402(a)(19)" and inserting "404";

(D) in paragraph (4)—

(i) by striking "training"; and

(ii) by striking "and the maximum amount" and all that follows through the period at the end of the second sentence and inserting "and the amount that may be paid under section 403 to the State within which the tribe or Alaska Native organization is located shall be increased by any portion of the amount retained by the Secretary with respect to such program (and not payable to such tribe or Alaska Native organization for obligations already incurred).";

(E) in paragraph (7)(D), by striking "training" each place it appears;

(F) by redesignating paragraphs (3) through (8) as paragraphs (4) through (9), respectively; and

(G) by inserting after paragraph (2), the following new paragraph:

"(3) For any fiscal year after 1995, the amount of payment to any tribe or organization received under this subsection shall be an amount equal to the amount such tribe or organization received for fiscal year 1994.".

(c) COORDINATION REQUIREMENTS.—Section 483 (42 U.S.C. 683) is amended—

(1) in subsection (a)(2), by striking "not less than 60 days before its submission to the Secretary,";

(2) in subsection (b), by striking "education and training services" and inserting "necessary and supportive assistance for employment"; and

(3) in subsection (c), by striking "approved".

(d) PROVISIONS GENERALLY APPLICABLE.—Section 484 (42 U.S.C. 684) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by striking "family responsibilities,"; and

(B) in paragraph (5), by striking ", the participant's circumstances,";

(2) in subsection (c), by striking the last sentence; and

(3) in subsection (e), by striking "AFDC program" and inserting "State program funded under part A".

(e) CONTRACT AUTHORITY.—Section 485 (42 U.S.C. 685) is amended in subsections (a) and (c), by striking "approved" each place it appears.

(f) PERFORMANCE STANDARDS.—Section 487(c) (42 U.S.C. 687(c)) is amended by striking "matching rate" and inserting "payment to the States under section 403".

SEC. 202. EFFECTIVE DATE.

This title and the amendments made by this title shall take effect on October 1, 1995, unless a State has exercised the option described in section 110(b).

TITLE III—SUPPLEMENTAL SECURITY INCOME

Subtitle A—Eligibility Restrictions

SEC. 301. DENIAL OF SUPPLEMENTAL SECURITY INCOME BENEFITS BY REASON OF DISABILITY TO DRUG ADDICTS AND ALCOHOLICS.

(a) IN GENERAL.—Section 1614(a)(3) (42 U.S.C. 1382c(a)(3)) is amended by adding at the end the following new subparagraph:

"(I) Notwithstanding subparagraph (A), an individual shall not be considered to be disabled for purposes of this title if alcoholism or drug addiction would (but for this subparagraph) be a contributing factor material to the Commissioner's determination that the individual is disabled.".

(b) CONFORMING AMENDMENTS.—

(1) Section 1611(e) (42 U.S.C. 1382(e)) is amended by striking paragraph (3).

(2) Section 1631(a)(2)(A)(ii) (42 U.S.C. 1383(a)(2)(A)(ii)) is amended—

(A) by striking "(I)"; and

(B) by striking subclause (II).

(3) Section 1631(a)(2)(B) (42 U.S.C. 1383(a)(2)(B)) is amended—

(A) by striking clause (vii);

(B) in clause (viii), by striking "(ix)" and inserting "(viii)";

(C) in clause (ix)—

(i) by striking "(viii)" and inserting "(vii)"; and

(ii) in subclause (II), by striking all that follows "15 years" and inserting a period;

(D) in clause (xiii)—

(i) by striking "(xii)" and inserting "(xi)"; and

(ii) by striking "(xi)" and inserting "(x)"; and

(E) by redesignating clauses (viii) through (xiii) as clauses (vii) through (xii), respectively.

(4) Section 1631(a)(2)(D)(i)(II) (42 U.S.C. 1383(a)(2)(D)(i)(II)) is amended by striking all that follows "$25.00 per month" and inserting a period.

(5) Section 1634 (42 U.S.C. 1383c) is amended by striking subsection (e).

(6) Section 201(c)(1) of the Social Security Independence and Program Improvements Act of 1994 (42 U.S.C. 425 note) is amended—

(A) by striking "—" and all that follows through "(A)" the 1st place it appears;

(B) by striking "and" the 3rd place it appears;

(C) by striking subparagraph (B);

(D) by striking "either subparagraph (A) or subparagraph (B)" and inserting "the preceding sentence"; and

(E) by striking "subparagraph (A) or (B)" and inserting "the preceding sentence".

SEC. 302. LIMITED ELIGIBILITY OF NONCITIZENS FOR SSI BENEFITS.

Paragraph (1) of section 1614(a) (42 U.S.C. 1382c(a)) is amended—

(1) in subparagraph (B)(i), by striking "either" and all that follows through ", or" and inserting "(I) a citizen; (II) a noncitizen who is granted asylum under section 208 of the Immigration and Nationality Act or whose deportation has been withheld under section 243(h) of such Act for a period of not more than 5 years after the date of arrival into the United States; (III) a noncitizen who is admitted to the United States as a refugee under section 207 of such Act for not more than such 5-year period; (IV) a noncitizen, lawfully present in any State (or any territory or possession of the United States), who is a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage or who is the spouse or unmarried dependent child of such veteran; or (V) a noncitizen who has worked sufficient calendar quarters of coverage to be a fully insured individual for benefits under title II, or"; and

(2) by adding at the end the following new flush sentence:

"For purposes of subparagraph (B)(i)(IV), the determination of whether a noncitizen is lawfully present in the United States shall be made in accordance with regulations of the Attorney General. A noncitizen shall not be considered to be lawfully present in the United States for purposes of this title merely because the noncitizen may be considered to be permanently residing in the United States under color of law for purposes of any particular program.".

SEC. 303. DENIAL OF SSI BENEFITS FOR 10 YEARS TO INDIVIDUALS FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR MORE STATES.

Section 1614(a) (42 U.S.C. 1382c(a)) is amended by adding at the end the following new paragraph:

"(5) An individual shall not be considered an eligible individual for purposes of this title during the 10-year period beginning on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to the place of residence of the individual in order to receive assistance simultaneously from 2 or more States under programs that are funded under part A of title IV, title XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States under the supplemental security income program under title XVI.".

SEC. 304. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.

(a) IN GENERAL.—Section 1611(e) (42 U.S.C. 1382(e)), as amended by section 301(b)(1) of this Act, is amended by inserting after paragraph (2) the following new paragraph:

"(3) A person shall not be an eligible individual or eligible spouse for purposes of this title with respect to any month if during such month the person is—

"(A) fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the person flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the person flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

"(B) violating a condition of probation or parole imposed under Federal or State law.".

(b) EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.—Section 1631(e) (42 U.S.C. 1383(e)) is amended by inserting after paragraph (3) the following new paragraph:

"(4) Notwithstanding any other provision of law, the Commissioner shall furnish any Federal, State, or local law enforcement officer, upon the request of the officer, with the current address of any recipient of benefits under this title, if the officer furnishes the agency with the name of the recipient and notifies the agency that—

"(A) the recipient—

"(i) is fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the person flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the person flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State;

"(ii) is violating a condition of probation or parole imposed under Federal or State law; or

"(iii) has information that is necessary for the officer to conduct the officer's official duties; and

"(B) the location or apprehension of the recipient is within the officer's official duties.".

SEC. 305. EFFECTIVE DATES; APPLICATION TO CURRENT RECIPIENTS.

(a) SECTIONS 301 AND 302.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by sections 301 and 302 shall apply to applicants for benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) APPLICATION TO CURRENT RECIPIENTS.—

(A) APPLICATION AND NOTICE.—Notwithstanding any other provision of law, in the case of an individual who is receiving supplemental security income benefits under title XVI of the Social Security Act as of the date of the enactment of this Act and whose eligibility for such benefits would terminate by reason of the amendments made by section 301 or 302, such amendments shall apply with respect to the benefits of such individual for months beginning on or after January 1, 1997, and the Commissioner of Social Security shall so notify the individual not later than 90 days after the date of the enactment of this Act.

(B) REAPPLICATION.—

(i) IN GENERAL.—Not later than 120 days after the date of the enactment of this Act, each individual notified pursuant to subparagraph (A) who desires to reapply for benefits under title XVI of the Social Security Act, as amended by this title, shall reapply to the Commissioner of Social Security.

(ii) DETERMINATION OF ELIGIBILITY.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall determine the eligibility of each individual who reapplies for benefits under clause (i) pursuant to the procedures of such title.

(b) OTHER AMENDMENTS.—The amendments made by sections 303 and 304 shall take effect on the date of the enactment of this Act.

Subtitle B—Benefits for Disabled Children

SEC. 311. RESTRICTIONS ON ELIGIBILITY FOR BENEFITS.

(a) DEFINITION OF CHILDHOOD DISABILITY.—Section 1614(a)(3) (42 U.S.C. 1382c(a)(3)), as amended by section 301(a), is amended—

(1) in subparagraph (A), by striking "An individual" and inserting "Except as provided in subparagraph (C), an individual;

(2) in subparagraph (A), by striking "(or, in the case of an individual under the age of 18, if he suffers from any medically determinable physical or mental impairment of comparable severity)";

(3) by redesignating subparagraphs (C) through (I) as subparagraphs (D) through (J), respectively;

(4) by inserting after subparagraph (B) the following new subparagraph:

"(C) An individual under the age of 18 shall be considered disabled for the purposes of this title if that individual has a medically determinable physical or mental impairment, which results in marked, pervasive, and severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months."; and

(5) in subparagraph (F), as redesignated by paragraph (3), by striking "(D)" and inserting "(E)".

(b) CHANGES TO CHILDHOOD SSI REGULATIONS.—

(1) MODIFICATION TO MEDICAL CRITERIA FOR EVALUATION OF MENTAL AND EMOTIONAL DISORDERS.—The Commissioner of Social Security shall modify sections 112.00C.2. and 112.02B.2.c.(2) of appendix 1 to subpart P of part 404 of title 20, Code of Federal Regulations, to eliminate references to maladaptive behavior in the domain of personal/behavorial function.

(2) DISCONTINUANCE OF INDIVIDUALIZED FUNCTIONAL ASSESSMENT.—The Commissioner of Social Security shall discontinue the individual functional assessment for children set forth in sections 416.924d and 416.924e of title 20, Code of Federal Regulations.

(c) EFFECTIVE DATE; APPLICATION TO CURRENT RECIPIENTS.—

(1) IN GENERAL.—The amendments made by subsections (a) and (b) shall apply to applicants for benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) APPLICATION TO CURRENT RECIPIENTS.—

(A) CONTINUING DISABILITY REVIEWS.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall redetermine pursuant to the procedures of title XVI of the Social Security Act the eligibility of any individual who is receiving supplemental security income benefits under title XVI of the Social Security Act as of the date of the enactment of this Act and whose eligibility for such benefits would terminate by reason of the amendments made by subsection (a) or (b). The Commissioner of Social Security shall give redetermination reviews under this subparagraph priority over other redetermination reviews.

(B) GRANDFATHER AND HOLD HARMLESS.—The amendments made by subsections (a) and (b), and the redetermination under subparagraph (A), shall only apply with respect to the benefits of an individual described in subparagraph (A) for months beginning on or after January 1, 1997, and such individual shall be held harmless for any payment of benefits made until such date.

(C) NOTICE.—Not later than 90 days after the date of the enactment of this Act, the Commissioner of Social Security shall notify an individual described in subparagraph (A) of the provisions of this paragraph.

SEC. 312. CONTINUING DISABILITY REVIEWS.

(a) CONTINUING DISABILITY REVIEWS RELATING FOR CERTAIN CHILDREN.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as redesignated by section 311(a)(3), is amended—

(1) by inserting "(i)" after "(H)"; and

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

"(ii)(I) Not less frequently than once every 3 years, the Commissioner shall redetermine the eligibility for benefits under this title of each individual who has not attained 18 years of age and is eligible for such benefits by reason of disability.

"(II) Subclause (I) shall not apply to an individual if the individual has an impairment (or combination of impairments) which is (or are) not expected to improve.".

(b) DISABILITY REVIEW REQUIRED FOR SSI RECIPIENTS WHO ARE 18 YEARS OF AGE.—

(1) IN GENERAL.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as amended by subsection (a), is amended by adding at the end the following new clause:

"(iii) If an individual is eligible for benefits under this title by reason of disability for the month preceding the month in which the individual attains the age of 18 years, the Commissioner shall redetermine such eligibility—

"(I) during the 1-year period beginning on the individual's 18th birthday; and

"(II) by applying the criteria used in determining such eligibility for applicants who have attained the age of 18 years.

A review under this clause shall be considered a substitute for a review otherwise required under any other provision of this subparagraph during that 1-year period.".

(2) REPORT TO THE CONGRESS.—Not later than October 1, 1998, the Commissioner of Social Security shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the activities conducted under section 1614(a)(3)(H)(iii) of the Social Security Act, as added by paragraph (1).

(3) CONFORMING REPEAL.—Section 207 of the Social Security Independence and Program Improvements Act of 1994 (42 U.S.C. 1382 note; 108 Stat. 1516) is hereby repealed.

(c) DISABILITY REVIEW REQUIRED FOR LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as amended by subsections (a) and (b), is amended by adding at the end the following new clause:

"(iv)(I) Not later than 12 months after the birth of an individual, the Commissioner shall redetermine the eligibility for benefits under this title by reason of disability of such individual whose low birth weight is a contributing factor material to the Commissioner's determination that the individual is disabled.

"(II) A redetermination under subclause (I) shall be considered a substitute for a review otherwise required under any other provision of this subparagraph during that 12-month period.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

SEC. 313. TREATMENT REQUIREMENTS FOR DISABLED INDIVIDUALS UNDER THE AGE OF 18.

(a) IN GENERAL.—Section 1631(a)(2) (42 U.S.C. 1383(a)(2)) is amended—

(1) by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively; and

(2) by inserting after subparagraph (D) the following new subparagraph:

"(E)(i) Not later than 3 months after the Commissioner determines that an individual under the age of 18 is eligible for benefits under this title by reason of disability (and periodically thereafter, as the Commissioner may require), the representative payee of such individual shall file with the State agency that makes disability determinations on behalf of the Commissioner of Social Security in the State in which such individual resides, a copy of the treatment plan required by clause (ii).

"(ii) The treatment plan required by this clause shall be developed by the individual's treating physician or other medical provider, or if approved by the Commissioner, other service provider, and shall describe the services that such physician or provider determines is appropriate for the treatment of such individual's impairment or combination of impairments. Such plan shall be in such form and contain such information as the Commissioner may prescribe.

"(iii) The representative payee of any individual described in clause (i) shall provide evidence of adherence to the treatment plan described in

clause (ii) at the time of any redetermination of eligibility conducted pursuant to section 1614(a)(3)(G)(ii), and at such other time as the Commissioner may prescribe.

"(iv) The failure of a representative payee to comply without good cause with the requirements of clause (i) or (iii) shall constitute misuse of benefits to which subparagraph (A)(iii) (but not subparagraph (F)) shall apply. In providing for an alternative representative payee as required by subparagraph (A)(iii), the Commissioner shall give preference to the State agency that administers the State plan approved under title XIX for the State in which the individual described in clause (i) resides or any other State agency designated by the State for such responsibility, unless the Commissioner determines that selection of another organization or person would be appropriate. Any such State agency that serves as a representative payee shall be a 'qualified organization' for purposes of subparagraph (D) of this paragraph.

"(v) This subparagraph shall not apply to the representative payee of any individual with respect to whom the Commissioner determines such application would be inappropriate or unnecessary. In making such determinations, the Commissioner shall take into consideration the nature of the individual's impairment (or combination of impairments) and the availability of treatment for such impairment (or impairments). Section 1631(c) shall not apply to a finding by the Commissioner that the requirements of this subparagraph should not apply to an individual's representative payee.".

(b) ACCESS TO MEDICAID RECORDS.—

(1) REQUIREMENT TO FURNISH INFORMATION.—Section 1902(a) (42 U.S.C. 1396a(a)), as amended by section 103(b), is amended—

(A) by striking "and" at the end of paragraph (62);

(B) by striking the period at the end of paragraph (63) and inserting "; and"; and

(C) by adding after paragraph (63) the following new paragraph:

"(64) provide that the State agency that administers the plan described in this section shall make available to the Commissioner of Social Security such information as the Commissioner may request in connection with the verification of information furnished to the Commissioner by a representative payee pursuant to section 1631(a)(2)(E)(iii).".

(2) REIMBURSEMENT OF STATE COSTS.—Section 1633 (42 U.S.C. 1383b) is amended by adding at the end the following new subsection:

"(d) The Commissioner of Social Security shall reimburse a State for the costs of providing information pursuant to section 1902(a)(64) from funds available for carrying out this title.".

(c) REPORT TO THE CONGRESS.—Not later than the last day of the 36th month beginning after the date of the enactment of this Act, the Inspector General of the Social Security Administration shall report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate on the implementation of this section.

(d) EFFECTIVE DATE.—This section shall take effect on the 1st day of the 12th month that begins after the date of the enactment of this Act.

Subtitle C—Study of Disability Determination Process

SEC. 321. STUDY OF DISABILITY DETERMINATION PROCESS.

(a) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, and from funds otherwise appropriated, the Commissioner of Social Security shall contract with the National Academy of Sciences, or other independent entity, to conduct a comprehensive study of the disability determination process under titles II and XVI of the Social Security Act, including the validity, reliability, equity, and consistency with current scientific knowledge and standards of the Listing of Impairments set forth in appendix 1 of subpart P of part 404 of title 20, Code of Federal Regulations.

(b) STUDY OF DEFINITIONS.—The study described in subsection (a) shall also include an examination of the appropriateness of the definitions of disability in titles II and XVI of the Social Security Act and the advantages and disadvantages of alternative definitions.

(c) REPORTS.—The Commissioner of Social Security shall, through the applicable entity, issue an interim report and a final report of the findings and recommendations resulting from the study described in this section to the President and the Congress not later than 12 months and 24 months, respectively, from the date of the contract for such study.

Subtitle D—National Commission on the Future of Disability

SEC. 331. ESTABLISHMENT.

There is established a commission to be known as the National Commission on the Future of Disability (referred to in this subtitle as the "Commission"), the expenses of which shall be paid from funds otherwise appropriated for the Social Security Administration.

SEC. 332. DUTIES OF THE COMMISSION.

(a) IN GENERAL.—The Commission shall develop and carry out a comprehensive study of all matters related to the nature, purpose, and adequacy of all Federal programs serving individuals with disabilities. In particular, the Commission shall study the disability insurance program under title II of the Social Security Act and the supplemental security income program under title XVI of such Act.

(b) MATTERS STUDIED.—The Commission shall prepare an inventory of Federal programs serving individuals with disabilities, and shall examine—

(1) trends and projections regarding the size and characteristics of the population of individuals with disabilities, and the implications of such analyses for program planning;

(2) the feasibility and design of performance standards for the Nation's disability programs;

(3) the adequacy of Federal efforts in rehabilitation research and training, and opportunities to improve the lives of individuals with disabilities through all manners of scientific and engineering research; and

(4) the adequacy of policy research available to the Federal Government, and what actions might be undertaken to improve the quality and scope of such research.

(c) RECOMMENDATIONS.—The Commission shall submit to the appropriate committees of the Congress and to the President recommendations and, as appropriate, proposals for legislation, regarding—

(1) which (if any) Federal disability programs should be eliminated or augmented;

(2) what new Federal disability programs (if any) should be established;

(3) the suitability of the organization and location of disability programs within the Federal Government;

(4) other actions the Federal Government should take to prevent disabilities and disadvantages associated with disabilities; and

(5) such other matters as the Commission considers appropriate.

SEC. 333. MEMBERSHIP.

(a) NUMBER AND APPOINTMENT.—

(1) IN GENERAL.—The Commission shall be composed of 15 members, of whom—

(A) five shall be appointed by the President, of whom not more than 3 shall be of the same major political party;

(B) three shall be appointed by the Majority Leader of the Senate;

(C) two shall be appointed by the Minority Leader of the Senate;

(D) three shall be appointed by the Speaker of the House of Representatives; and

(E) two shall be appointed by the Minority Leader of the House of Representatives.

(2) REPRESENTATION.—The Commission members shall be chosen based on their education, training, or experience. In appointing individuals as members of the Commission, the President and the Majority and Minority Leaders of the Senate and the Speaker and Minority Leader of the House of Representatives shall seek to ensure that the membership of the Commission reflects the diversity of individuals with disabilities in the United States.

(b) COMPTROLLER GENERAL.—The Comptroller General shall serve on the Commission as an ex officio member of the Commission to advise and oversee the methodology and approach of the study of the Commission.

(c) PROHIBITION AGAINST OFFICER OR EMPLOYEE.—No officer or employee of any government shall be appointed under subsection (a).

(d) DEADLINE FOR APPOINTMENT; TERM OF APPOINTMENT.—Members of the Commission shall be appointed not later than 60 days after the date of the enactment of this Act. The members shall serve on the Commission for the life of the Commission.

(e) MEETINGS.—The Commission shall locate its headquarters in the District of Columbia, and shall meet at the call of the Chairperson, but not less than 4 times each year during the life of the Commission.

(f) QUORUM.—Ten members of the Commission shall constitute a quorum, but a lesser number may hold hearings.

(g) CHAIRPERSON AND VICE CHAIRPERSON.—Not later than 15 days after the members of the Commission are appointed, such members shall designate a Chairperson and Vice Chairperson from among the members of the Commission.

(h) CONTINUATION OF MEMBERSHIP.—If a member of the Commission becomes an officer or employee of any government after appointment to the Commission, the individual may continue as a member until a successor member is appointed.

(i) VACANCIES.—A vacancy on the Commission shall be filled in the manner in which the original appointment was made not later than 30 days after the Commission is given notice of the vacancy.

(j) COMPENSATION.—Members of the Commission shall receive no additional pay, allowances, or benefits by reason of their service on the Commission.

(k) TRAVEL EXPENSES.—Each member of the Commission shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

SEC. 334. STAFF AND SUPPORT SERVICES.

(a) DIRECTOR.—

(1) APPOINTMENT.—Upon consultation with the members of the Commission, the Chairperson shall appoint a Director of the Commission.

(2) COMPENSATION.—The Director shall be paid the rate of basic pay for level V of the Executive Schedule.

(b) STAFF.—With the approval of the Commission, the Director may appoint such personnel as the Director considers appropriate.

(c) APPLICABILITY OF CIVIL SERVICE LAWS.—The staff of the Commission shall be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and shall be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(d) EXPERTS AND CONSULTANTS.—With the approval of the Commission, the Director may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

(e) STAFF OF FEDERAL AGENCIES.—Upon the request of the Commission, the head of any Federal agency may detail, on a reimbursable basis, any of the personnel of such agency to the Commission to assist in carrying out the duties of the Commission under this subtitle.

(f) OTHER RESOURCES.—The Commission shall have reasonable access to materials, resources, statistical data, and other information from the Library of Congress and agencies and elected

representatives of the executive and legislative branches of the Federal Government. The Chairperson of the Commission shall make requests for such access in writing when necessary.

(g) PHYSICAL FACILITIES.—The Administrator of the General Services Administration shall locate suitable office space for the operation of the Commission. The facilities shall serve as the headquarters of the Commission and shall include all necessary equipment and incidentals required for proper functioning of the Commission.

SEC. 335. POWERS OF COMMISSION.

(a) HEARINGS.—The Commission may conduct public hearings or forums at the discretion of the Commission, at any time and place the Commission is able to secure facilities and witnesses, for the purpose of carrying out the duties of the Commission under this subtitle.

(b) DELEGATION OF AUTHORITY.—Any member or agent of the Commission may, if authorized by the Commission, take any action the Commission is authorized to take by this section.

(c) INFORMATION.—The Commission may secure directly from any Federal agency information necessary to enable the Commission to carry out its duties under this subtitle. Upon request of the Chairperson or Vice Chairperson of the Commission, the head of a Federal agency shall furnish the information to the Commission to the extent permitted by law.

(d) GIFTS, BEQUESTS, AND DEVISES.—The Commission may accept, use, and dispose of gifts, bequests, or devises of services or property, both real and personal, for the purpose of aiding or facilitating the work of the Commission. Gifts, bequests, or devises of money and proceeds from sales of other property received as gifts, bequests, or devises shall be deposited in the Treasury and shall be available for disbursement upon order of the Commission.

(e) MAILS.—The Commission may use the United States mails in the same manner and under the same conditions as other Federal agencies.

SEC. 336. REPORTS.

(a) INTERIM REPORT.—Not later than 1 year prior to the date on which the Commission terminates pursuant to section 337, the Commission shall submit an interim report to the President and to the Congress. The interim report shall contain a detailed statement of the findings and conclusions of the Commission, together with the Commission's recommendations for legislative and administrative action, based on the activities of the Commission.

(b) FINAL REPORT.—Not later than the date on which the Commission terminates, the Commission shall submit to the Congress and to the President a final report containing—

(1) a detailed statement of final findings, conclusions, and recommendations; and

(2) an assessment of the extent to which recommendations of the Commission included in the interim report under subsection (a) have been implemented.

(c) PRINTING AND PUBLIC DISTRIBUTION.—Upon receipt of each report of the Commission under this section, the President shall—

(1) order the report to be printed; and

(2) make the report available to the public upon request.

SEC. 337. TERMINATION.

The Commission shall terminate on the date that is 2 years after the date on which the members of the Commission have met and designated a Chairperson and Vice Chairperson.

TITLE IV—CHILD SUPPORT

Subtitle A—Eligibility for Services; Distribution of Payments

SEC. 401. STATE OBLIGATION TO PROVIDE CHILD SUPPORT ENFORCEMENT SERVICES.

(a) STATE PLAN REQUIREMENTS.—Section 454 (42 U.S.C. 654) is amended—

(1) by striking paragraph (4) and inserting the following new paragraph:

"(4) provide that the State will—

"(A) provide services relating to the establishment of paternity or the establishment, modification, or enforcement of child support obligations, as appropriate, under the plan with respect to—

"(i) each child for whom (I) cash assistance is provided under the State program funded under part A of this title, (II) benefits or services are provided under the State program funded under part B of this title, or (III) medical assistance is provided under the State plan approved under title XIX, unless the State agency administering the plan determines (in accordance with paragraph (28)) that it is against the best interests of the child to do so; and

"(ii) any other child, if an individual applies for such services with respect to the child; and

"(B) enforce any support obligation established with respect to—

"(i) a child with respect to whom the State provides services under the plan; or

"(ii) the custodial parent of such a child.";

and

(2) in paragraph (6)—

(A) by striking "provide that" and inserting "provide that—";

(B) by striking subparagraph (A) and inserting the following new subparagraph:

"(A) services under the plan shall be made available to nonresidents on the same terms as to residents;";

(C) in subparagraph (B), by inserting "on individuals not receiving assistance under any State program funded under part A" after "such services shall be imposed";

(D) in each of subparagraphs (B), (C), (D), and (E)—

(i) by indenting the subparagraph in the same manner as, and aligning the left margin of the subparagraph with the left margin of, the matter inserted by subparagraph (B) of this paragraph; and

(ii) by striking the final comma and inserting a semicolon; and

(E) in subparagraph (E), by indenting each of clauses (i) and (ii) 2 additional ems.

(b) CONFORMING AMENDMENTS.—

(1) Section 452(b) (42 U.S.C. 652(b)) is amended by striking "454(6)" and inserting "454(4)".

(2) Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended by striking "454(6)" each place it appears and inserting "454(4)(A)(ii)".

(3) Section 466(a)(3)(B) (42 U.S.C. 666(a)(3)(B)) is amended by striking "in the case of overdue support which a State has agreed to collect under section 454(6)" and inserting "in any other case".

(4) Section 466(e) (42 U.S.C. 666(e)) is amended by striking "paragraph (4) or (6) of section 454" and inserting "section 454(4)".

SEC. 402. DISTRIBUTION OF CHILD SUPPORT COLLECTIONS.

(a) IN GENERAL.—Section 457 (42 U.S.C. 657) is amended to read as follows:

"SEC. 457. DISTRIBUTION OF COLLECTED SUPPORT.

"(a) IN GENERAL.—An amount collected on behalf of a family as support by a State pursuant to a plan approved under this part shall be distributed as follows:

"(1) FAMILIES RECEIVING CASH ASSISTANCE.—In the case of a family receiving cash assistance from the State, the State shall—

"(A) retain, or distribute to the family, the State share of the amount so collected; and

"(B) pay to the Federal Government the Federal share of the amount so collected.

"(2) FAMILIES THAT FORMERLY RECEIVED CASH ASSISTANCE.—In the case of a family that formerly received cash assistance from the State:

"(A) CURRENT SUPPORT PAYMENTS.—To the extent that the amount so collected does not exceed the amount required to be paid to the family for the month in which collected, the State shall distribute the amount so collected to the family.

"(B) PAYMENTS OF ARREARAGES.—To the extent that the amount so collected exceeds the amount required to be paid to the family for the month in which collected, the State shall distribute the amount so collected as follows:

"(i) DISTRIBUTION TO THE FAMILY TO SATISFY ARREARAGES THAT ACCRUED BEFORE OR AFTER THE FAMILY RECEIVED CASH ASSISTANCE.—The State shall distribute the amount so collected to the family to the extent necessary to satisfy any support arrearages with respect to the family that accrued before or after the family received cash assistance from the State.

"(ii) REIMBURSEMENT OF GOVERNMENTS FOR ASSISTANCE PROVIDED TO THE FAMILY.—To the extent that clause (i) does not apply to the amount, the State shall retain the State share of the amount so collected, and pay to the Federal Government the Federal share of the amount so collected, to the extent necessary to reimburse amounts paid to the family as cash assistance from the State.

"(iii) DISTRIBUTION OF THE REMAINDER TO THE FAMILY.—To the extent that neither clause (i) nor clause (ii) applies to the amount so collected, the State shall distribute the amount to the family.

"(3) FAMILIES THAT NEVER RECEIVED CASH ASSISTANCE.—In the case of any other family, the State shall distribute the amount so collected to the family.

"(b) DEFINITIONS.—As used in subsection (a):

"(1) CASH ASSISTANCE.—The term 'cash assistance from the State' means—

"(A) cash assistance under the State program funded under part A or under the State plan approved under part A of this title (as in effect before October 1, 1995); or

"(B) cash benefits under the State program funded under part B or under the State plan approved under part B or E of this title (as in effect before October 1, 1995).

"(2) FEDERAL SHARE.—The term 'Federal share' means, with respect to an amount collected by the State to satisfy a support obligation owed to a family for a time period—

"(A) the greatest Federal medical assistance percentage in effect for the State for fiscal year 1995 or any succeeding fiscal year; or

"(B) if support is not owed to the family for any month for which the family received aid to families with dependent children under the State plan approved under part A of this title (as in effect before October 1, 1995), the Federal reimbursement percentage for the fiscal year in which the time period occurs.

"(3) FEDERAL MEDICAL ASSISTANCE PERCENTAGE.—The term 'Federal medical assistance percentage' means—

"(A) the Federal medical assistance percentage (as defined in section 1905(b)) in the case of any State for which subparagraph (B) does not apply; or

"(B) the Federal medical assistance percentage (as defined in section 1118), in the case of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

"(4) FEDERAL REIMBURSEMENT PERCENTAGE.—The term 'Federal reimbursement percentage' means, with respect to a fiscal year—

"(A) the total amount paid to the State under section 403 for the fiscal year; divided by

"(B) the total amount expended by the State to carry out the State program under part A during the fiscal year.

"(5) STATE SHARE.—The term 'State share' means 100 percent minus the Federal share.

"(c) CONTINUATION OF SERVICES FOR FAMILIES CEASING TO RECEIVE ASSISTANCE UNDER THE STATE PROGRAM FUNDED UNDER PART A.—When a family with respect to which services are provided under a State plan approved under this part ceases to receive assistance under the State program funded under part A, the State shall provide appropriate notice to the family and continue to provide such services, subject to the same conditions and on the same basis as in the case of individuals to whom services are furnished under section 454, except that an application or other request to continue services shall

not be required of such a family and section 454(6)(B) shall not apply to the family.".

(b) CLERICAL AMENDMENTS.—Section 454 (42 U.S.C. 654) is amended—

(1) in paragraph (11)—

(A) by striking "(11)" and inserting "(11)(A)"; and

(B) by inserting after the semicolon "and"; and

(2) by redesignating paragraph (12) as subparagraph (B) of paragraph (11).

(c) EFFECTIVE DATE.—

(1) GENERAL RULE.—Except as provided in paragraphs (2) and (3), the amendment made by subsection (a) shall become effective on October 1, 1999.

(2) EARLIER EFFECTIVE DATE FOR RULES RELATING TO DISTRIBUTION OF SUPPORT COLLECTED FOR FAMILIES RECEIVING CASH ASSISTANCE.—Section 457(a)(1) of the Social Security Act, as added by the amendment made by subsection (a), shall become effective on October 1, 1995.

(3) CLERICAL AMENDMENTS.—The amendments made by subsection (b) shall become effective on October 1, 1995.

SEC. 403. RIGHTS TO NOTIFICATION AND HEARINGS.

(a) IN GENERAL.—Section 454 (42 U.S.C. 654), as amended by section 402(b), is amended by inserting after paragraph (11) the following new paragraph:

"(12) establish procedures to provide that—

"(A) individuals who are applying for or receiving services under this part, or are parties to cases in which services are being provided under this part—

"(i) receive notice of all proceedings in which support obligations might be established or modified; and

"(ii) receive a copy of any order establishing or modifying a child support obligation, or (in the case of a petition for modification) a notice of determination that there should be no change in the amount of the child support award, within 14 days after issuance of such order or determination; and

"(B) individuals applying for or receiving services under this part have access to a fair hearing or other formal complaint procedure that meets standards established by the Secretary and ensures prompt consideration and resolution of complaints (but the resort to such procedure shall not stay the enforcement of any support order);".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1997.

SEC. 404. PRIVACY SAFEGUARDS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654) is amended—

(1) by striking "and" at the end of paragraph (23);

(2) by striking the period at the end of paragraph (24) and inserting "; and"; and

(3) by adding after paragraph (24) the following new paragraph:

"(25) will have in effect safeguards, applicable to all confidential information handled by the State agency, that are designed to protect the privacy rights of the parties, including—

"(A) safeguards against unauthorized use or disclosure of information relating to proceedings or actions to establish paternity, or to establish or enforce support;

"(B) prohibitions against the release of information on the whereabouts of 1 party to another party against whom a protective order with respect to the former party has been entered; and

"(C) prohibitions against the release of information on the whereabouts of 1 party to another party if the State has reason to believe that the release of the information may result in physical or emotional harm to the former party.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1997.

Subtitle B—Locate and Case Tracking

SEC. 411. STATE CASE REGISTRY.

Section 454A, as added by section 445(a)(2) of this Act, is amended by adding at the end the following new subsections:

"(e) STATE CASE REGISTRY.—

"(1) CONTENTS.—The automated system required by this section shall include a registry (which shall be known as the 'State case registry') that contains records with respect to—

"(A) each case in which services are being provided by the State agency under the State plan approved under this part; and

"(B) each support order established or modified in the State on or after October 1, 1998.

"(2) LINKING OF LOCAL REGISTRIES.—The State case registry may be established by linking local case registries of support orders through an automated information network, subject to this section.

"(3) USE OF STANDARDIZED DATA ELEMENTS.—Such records shall use standardized data elements for both parents (such as names, social security numbers and other uniform identification numbers, dates of birth, and case identification numbers), and contain such other information (such as on-case status) as the Secretary may require.

"(4) PAYMENT RECORDS.—Each case record in the State case registry with respect to which services are being provided under the State plan approved under this part and with respect to which a support order has been established shall include a record of—

"(A) the amount of monthly (or other periodic) support owed under the order, and other amounts (including arrearages, interest or late payment penalties, and fees) due or overdue under the order;

"(B) any amount described in subparagraph (A) that has been collected;

"(C) the distribution of such collected amounts;

"(D) the birth date of any child for whom the order requires the provision of support; and

"(E) the amount of any lien imposed with respect to the order pursuant to section 466(a)(4).

"(5) UPDATING AND MONITORING.—The State agency operating the automated system required by this section shall promptly establish and maintain, and regularly monitor, case records in the State case registry with respect to which services are being provided under the State plan approved under this part, on the basis of—

"(A) information on administrative actions and administrative and judicial proceedings and orders relating to paternity and support;

"(B) information obtained from comparison with Federal, State, or local sources of information;

"(C) information on support collections and distributions; and

"(D) any other relevant information.

"(f) INFORMATION COMPARISONS AND OTHER DISCLOSURES OF INFORMATION.—The State shall use the automated system required by this section to extract information from (at such times, and in such standardized format or formats, as may be required by the Secretary), to share and compare information with, and to receive information from, other data bases and information comparison services, in order to obtain (or provide) information necessary to enable the State agency (or the Secretary or other State or Federal agencies) to carry out this part, subject to section 6103 of the Internal Revenue Code of 1986. Such information comparison activities shall include the following:

"(1) FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.—Furnishing to the Federal Case Registry of Child Support Orders established under section 453(h) (and update as necessary, with information including notice of expiration of orders) the minimum amount of information on child support cases recorded in the State case registry that is necessary to operate the registry (as specified by the Secretary in regulations).

"(2) FEDERAL PARENT LOCATOR SERVICE.—Exchanging information with the Federal Parent Locator Service for the purposes specified in section 453.

"(3) TEMPORARY FAMILY ASSISTANCE AND MEDICAID AGENCIES.—Exchanging information with State agencies (of the State and of other States) administering programs funded under part A, programs operated under State plans under title XIX, and other programs designated by the Secretary, as necessary to perform State agency responsibilities under this part and under such programs.

"(4) INTRASTATE AND INTERSTATE INFORMATION COMPARISONS.—Exchanging information with other agencies of the State, agencies of other States, and interstate information networks, as necessary and appropriate to carry out (or assist other States to carry out) the purposes of this part.".

SEC. 412. COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by section 404(a) of this Act, is amended—

(1) by striking "and" at the end of paragraph (24);

(2) by striking the period at the end of paragraph (25) and inserting "; and"; and

(3) by adding after paragraph (25) the following new paragraph:

"(26) provide that, on and after October 1, 1998, the State agency will—

"(A) operate a State disbursement unit in accordance with section 454B; and

"(B) have sufficient State staff (consisting of State employees), and (at State option) contractors reporting directly to the State agency, to—

"(i) monitor and enforce support collections through the unit (including carrying out the automated data processing responsibilities described in section 454A(g)); and

"(ii) take the actions described in section 466(c)(1) in appropriate cases.".

(b) ESTABLISHMENT OF STATE DISBURSEMENT UNIT.—Part D of title IV (42 U.S.C. 651-669), as amended by section 445(a)(2) of this Act, is amended by inserting after section 454A the following new section:

"SEC. 454B. COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.

"(a) STATE DISBURSEMENT UNIT.—

"(1) IN GENERAL.—In order for a State to meet the requirements of this section, the State agency must establish and operate a unit (which shall be known as the 'State disbursement unit') for the collection and disbursement of payments under support orders in all cases being enforced by the State pursuant to section 454(4).

"(2) OPERATION.—The State disbursement unit shall be operated—

"(A) directly by the State agency (or 2 or more State agencies under a regional cooperative agreement), or (to the extent appropriate) by a contractor responsible directly to the State agency; and

"(B) in coordination with the automated system established by the State pursuant to section 454A.

"(3) LINKING OF LOCAL DISBURSEMENT UNITS.—The State disbursement unit may be established by linking local disbursement units through an automated information network, subject to this section. The Secretary must agree that the system will not cost more nor take more time to establish or operate than a centralized system. In addition, employers shall be given 1 location to which income withholding is sent.

"(b) REQUIRED PROCEDURES.—The State disbursement unit shall use automated procedures, electronic processes, and computer-driven technology to the maximum extent feasible, efficient, and economical, for the collection and disbursement of support payments, including procedures—

"(1) for receipt of payments from parents, employers, and other States, and for disbursements

to custodial parents and other obligees, the State agency, and the agencies of other States;

"(2) for accurate identification of payments;

"(3) to ensure prompt disbursement of the custodial parent's share of any payment; and

"(4) to furnish to any parent, upon request, timely information on the current status of support payments under an order requiring payments to be made by or to the parent.

"(c) TIMING OF DISBURSEMENTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the State disbursement unit shall distribute all amounts payable under section 457(a) within 2 business days after receipt from the employer or other source of periodic income, if sufficient information identifying the payee is provided.

"(2) PERMISSIVE RETENTION OF ARREARAGES.—The State disbursement unit may delay the distribution of collections toward arrearages until the resolution of any timely appeal with respect to such arrearages.

"(d) BUSINESS DAY DEFINED.—As used in this section, the term 'business day' means a day on which State offices are open for regular business.".

(c) USE OF AUTOMATED SYSTEM.—Section 454A, as added by section 445(a)(2) of this Act and as amended by section 411 of this Act, is amended by adding at the end the following new subsection:

"(g) COLLECTION AND DISTRIBUTION OF SUPPORT PAYMENTS.—

"(1) IN GENERAL.—The State shall use the automated system required by this section, to the maximum extent feasible, to assist and facilitate the collection and disbursement of support payments through the State disbursement unit operated under section 454B, through the performance of functions, including, at a minimum—

"(A) transmission of orders and notices to employers (and other debtors) for the withholding of wages and other income—

"(i) within 2 business days after receipt from a court, another State, an employer, the Federal Parent Locator Service, or another source recognized by the State of notice of, and the income source subject to, such withholding; and

"(ii) using uniform formats prescribed by the Secretary;

"(B) ongoing monitoring to promptly identify failures to make timely payment of support; and

"(C) automatic use of enforcement procedures (including procedures authorized pursuant to section 466(c)) where payments are not timely made.

"(2) BUSINESS DAY DEFINED.—As used in paragraph (1), the term 'business day' means a day on which State offices are open for regular business.".

(d) EFFECTIVE DATE.—The amendments made by this section shall become effective on October 1, 1998.

SEC. 413. STATE DIRECTORY OF NEW HIRES.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 404(a) and 412(a) of this Act, is amended—

(1) by striking "and" at the end of paragraph (25);

(2) by striking the period at the end of paragraph (26) and inserting "; and"; and

(3) by adding after paragraph (26) the following new paragraph:

"(27) provide that, on and after October 1, 1997, the State will operate a State Directory of New Hires in accordance with section 453A.".

(b) STATE DIRECTORY OF NEW HIRES.—Part D of title IV (42 U.S.C. 651-669) is amended by inserting after section 453 the following new section:

"SEC. 453A. STATE DIRECTORY OF NEW HIRES.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—Not later than October 1, 1997, each State shall establish an automated directory (to be known as the 'State Directory of New Hires') which shall contain information supplied in accordance with subsection (b) by employers on each newly hired employee.

"(2) DEFINITIONS.—As used in this section:

"(A) EMPLOYEE.—The term 'employee'—

"(i) means an individual who is an employee within the meaning of chapter 24 of the Internal Revenue Code of 1986; and

"(ii) does not include an employee of a Federal or State agency performing intelligence or counterintelligence functions, if the head of such agency has determined that reporting pursuant to paragraph (1) with respect to the employee could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.

"(B) EMPLOYER.—The term 'employer' includes—

"(i) any governmental entity, and

"(ii) any labor organization.

"(C) LABOR ORGANIZATION.—The term 'labor organization' shall have the meaning given such term in section 2(5) of the National Labor Relations Act, and includes any entity (also known as a 'hiring hall') which is used by the organization and an employer to carry out requirements described in section 8(f)(3) of such Act of an agreement between the organization and the employer.

"(b) EMPLOYER INFORMATION.—

"(1) REPORTING REQUIREMENT.—Each employer shall furnish to the Directory of New Hires of the State in which a newly hired employee works, a report that contains the name, address, and social security number of the employee, and the name of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

"(2) TIMING OF REPORT.—The report required by paragraph (1) with respect to an employee shall be made not later than the later of—

"(A) 15 days after the date the employer hires the employee; or

"(B) in the case of an employer that reports by magnetic or electronic means, the 1st business day of the week following the date on which the employee 1st receives wages or other compensation from the employer.

"(c) REPORTING FORMAT AND METHOD.—Each report required by subsection (b) shall be made on a W–4 form or the equivalent, and may be transmitted by 1st class mail, magnetically, or electronically.

"(d) CIVIL MONEY PENALTIES ON NONCOMPLYING EMPLOYERS.—

"(1) IN GENERAL.—An employer that falls to comply with subsection (b) with respect to an employee shall be subject to a civil money penalty of—

"(A) $25; or

"(B) $500 if, under State law, the failure is the result of a conspiracy between the employer and the employee to not supply the required report or to supply a false or incomplete report.

"(2) APPLICABILITY OF SECTION 1128.—Section 1128 (other than subsections (a) and (b) of such section) shall apply to a civil money penalty under paragraph (1) of this subsection in the same manner as such section applies to a civil money penalty or proceeding under section 1128A(a).

"(e) ENTRY OF EMPLOYER INFORMATION.—Information shall be entered into the data base maintained by the State Directory of New Hires within 5 business days of receipt from an employer pursuant to subsection (b).

"(f) INFORMATION COMPARISONS.—

"(1) IN GENERAL.—Not later than October 1, 1998, an agency designated by the State shall, directly or by contract, conduct automated comparisons of the social security numbers reported by employers pursuant to subsection (b) and the social security numbers appearing in the records of the State case registry for cases being enforced under the State plan.

"(2) NOTICE OF MATCH.—When an information comparison conducted under paragraph (1) reveals a match with respect to the social security number of an individual required to provide support under a support order, the State Directory of New Hires shall provide the agency administering the State plan approved under this part of the appropriate State with the name, address, and social security number of the employee to whom the social security number is assigned, and the name of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

"(g) TRANSMISSION OF INFORMATION.—

"(1) TRANSMISSION OF WAGE WITHHOLDING NOTICES TO EMPLOYERS.—Within 2 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State agency enforcing the employee's child support obligation shall transmit a notice to the employer of the employee directing the employer to withhold from the wages of the employee an amount equal to the monthly (or other periodic) child support obligation of the employee, unless the employee's wages are not subject to withholding pursuant to section 466(b)(3).

"(2) TRANSMISSIONS TO THE NATIONAL DIRECTORY OF NEW HIRES.—

"(A) NEW HIRE INFORMATION.—Within 2 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State Directory of New Hires shall furnish the information to the National Directory of New Hires.

"(B) WAGE AND UNEMPLOYMENT COMPENSATION INFORMATION.—The State Directory of New Hires shall, on a quarterly basis, furnish to the National Directory of New Hires extracts of the reports required under section 303(a)(6) to be made to the Secretary of Labor concerning the wages and unemployment compensation paid to individuals, by such dates, in such format, and containing such information as the Secretary of Health and Human Services shall specify in regulations.

"(3) BUSINESS DAY DEFINED.—As used in this subsection, the term 'business day' means a day on which State offices are open for regular business.

"(h) OTHER USES OF NEW HIRE INFORMATION.—

"(1) LOCATION OF CHILD SUPPORT OBLIGORS.—The agency administering the State plan approved under this part shall use information received pursuant to subsection (f)(2) to locate individuals for purposes of establishing paternity and establishing, modifying, and enforcing child support obligations.

"(2) VERIFICATION OF ELIGIBILITY FOR CERTAIN PROGRAMS.—A State agency responsible for administering a program specified in section 1137(b) shall have access to information reported by employers pursuant to subsection (b) of this section for purposes of verifying eligibility for the program.

"(3) ADMINISTRATION OF EMPLOYMENT SECURITY AND WORKERS' COMPENSATION.—State agencies operating employment security and workers' compensation programs shall have access to information reported by employers pursuant to subsection (b) for the purposes of administering such programs.".

SEC. 414. AMENDMENTS CONCERNING INCOME WITHHOLDING.

(a) MANDATORY INCOME WITHHOLDING.—

(1) IN GENERAL.—Section 466(a)(1) (42 U.S.C. 666(a)(1)) is amended to read as follows:

"(1)(A) Procedures described in subsection (b) for the withholding from income of amounts payable as support in cases subject to enforcement under the State plan.

"(B) Procedures under which the wages of a person with a support obligation imposed by a support order issued (or modified) in the State before October 1, 1996, if not otherwise subject to withholding under subsection (b), shall become subject to withholding as provided in subsection (b) if arrearages occur, without the need for a judicial or administrative hearing.".

(2) CONFORMING AMENDMENTS.—

(A) Section 466(a)(8)(B)(iii) (42 U.S.C. 666(a)(8)(B)(iii)) is amended—

(i) by striking "(5).": and

(ii) by inserting ", and, at the option of the State, the requirements of subsection (b)(5)" before the period.

(B) Section 466(b) (42 U.S.C. 666(b)) is amended in the matter preceding paragraph (1), by striking "subsection (a)(1)" and inserting "subsection (a)(1)(A)".

(C) Section 466(b)(4) (42 U.S.C. 666(b)(4)) is amended to read as follows:

"(4)(A) Such withholding must be carried out in full compliance with all procedural due process requirements of the State, and the State must send notice to each absent parent to whom paragraph (1) applies—

"(i) that the withholding has commenced; and

"(ii) of the procedures to follow if the absent parent desires to contest such withholding on the grounds that the withholding or the amount withheld is improper due to a mistake of fact.

"(B) The notice under subparagraph (A) shall include the information provided to the employer under paragraph (6)(A).".

(D) Section 466(b)(5) (42 U.S.C. 666(b)(5)) is amended by striking all that follows "administered by" and inserting "the State through the State disbursement unit established pursuant to section 454B, in accordance with the requirements of section 454B.".

(E) Section 466(b)(6)(A) (42 U.S.C. 666(b)(6)(A)) is amended—

(i) in clause (i), by striking "to the appropriate agency" and all that follows and inserting "to the State disbursement unit within 2 business days after the date the amount would (but for this subsection) have been paid or credited to the employee, for distribution in accordance with this part.";

(ii) in clause (ii), by inserting "be in a standard format prescribed by the Secretary, and" after "shall"; and

(iii) by adding at the end the following new clause:

"(iii) As used in this subparagraph, the term 'business day' means a day on which State offices are open for regular business.".

(F) Section 466(b)(6)(D) (42 U.S.C. 666(b)(6)(D)) is amended by striking "any employer" and all that follows and inserting "any employer who—

"(i) discharges from employment, refuses to employ, or takes disciplinary action against any absent parent subject to wage withholding required by this subsection because of the existence of such withholding and the obligations or additional obligations which it imposes upon the employer; or

"(ii) fails to withhold support from wages, or to pay such amounts to the State disbursement unit in accordance with this subsection.".

(G) Section 466(b) (42 U.S.C. 666(b)) is amended by adding at the end the following new paragraph:

"(11) Procedures under which the agency administering the State plan approved under this part may execute a withholding order through electronic means and without advance notice to the obligor.".

(b) CONFORMING AMENDMENT.—Section 466(c) (42 U.S.C. 666(c)) is repealed.

SEC. 415. LOCATOR INFORMATION FROM INTERSTATE NETWORKS.

Section 466(a) (42 U.S.C. 666(a)) is amended by adding at the end the following new paragraph:

"(12) Procedures to ensure that all Federal and State agencies conducting activities under this part have access to any system used by the State to locate an individual for purposes relating to motor vehicles or law enforcement.".

SEC. 416. EXPANSION OF THE FEDERAL PARENT LOCATOR SERVICE.

(a) EXPANDED AUTHORITY TO LOCATE INDIVIDUALS AND ASSETS.—Section 453 (42 U.S.C. 653) is amended—

(1) in subsection (a), by striking all that follows "subsection (c))" and inserting ", for the purpose of establishing parentage, establishing, setting the amount of, modifying, or enforcing child support obligations, or enforcing child visitation orders—

"(1) information on, or facilitating the discovery of, the location of any individual—

"(A) who is under an obligation to pay child support or provide child visitation rights;

"(B) against whom such an obligation is sought;

"(C) to whom such an obligation is owed,

including the individual's social security number (or numbers), most recent address, and the name, address, and employer identification number of the individual's employer;

"(2) information on the individual's wages (or other income) from, and benefits of, employment (including rights to or enrollment in group health care coverage); and

"(3) information on the type, status, location, and amount of any assets of, or debts owed by or to, any such individual."; and

(2) in subsection (b), in the matter preceding paragraph (1), by striking "social security" and all that follows through "absent parent" and inserting "information described in subsection (a)".

(b) AUTHORIZED PERSON FOR INFORMATION REGARDING VISITATION RIGHTS.—Section 453(c) (42 U.S.C. 653(c)) is amended—

(1) in paragraph (1), by striking "support" and inserting "support or to seek to enforce orders providing child visitation rights";

(2) in paragraph (2), by striking ", or any agent of such court; and" and inserting "or to issue an order against a resident parent for visitation rights, or any agent of such court;";

(3) by striking the period at the end of paragraph (3) and inserting "; and"; and

(4) by adding at the end the following new paragraph:

"(4) the absent parent, only with regard to a court order against a resident parent for child visitation rights.".

(c) REIMBURSEMENT FOR INFORMATION FROM FEDERAL AGENCIES.—Section 453(e)(2) (42 U.S.C. 653(e)(2)) is amended in the 4th sentence by inserting "in an amount which the Secretary determines to be reasonable payment for the information exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the information)" before the period.

(d) REIMBURSEMENT FOR REPORTS BY STATE AGENCIES.—Section 453 (42 U.S.C. 653) is amended by adding at the end the following new subsection:

"(g) The Secretary may reimburse Federal and State agencies for the costs incurred by such entities in furnishing information requested by the Secretary under this section in an amount which the Secretary determines to be reasonable payment for the information exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the information).".

(e) TECHNICAL AMENDMENTS.—

(1) Sections 452(a)(9), 453(a), 453(b), 463(a), 463(e), and 463(f) (42 U.S.C. 652(a)(9), 653(a), 653(b), 663(a), 663(e), and 663(f)) are each amended by inserting "Federal" before "Parent" each place such term appears.

(2) Section 453 (42 U.S.C. 653) is amended in the heading by adding "FEDERAL" before "PARENT".

(f) NEW COMPONENTS.—Section 453 (42 U.S.C. 653), as amended by subsection (d) of this section, is amended by adding at the end the following new subsection:

"(h)(1) Not later than October 1, 1998, in order to assist States in administering programs under State plans approved under this part and programs funded under part A, and for the other purposes specified in this section, the Secretary shall establish and maintain in the Federal Parent Locator Service an automated registry (which shall be known as the 'Federal Case Registry of Child Support Orders'), which shall contain abstracts of support orders and other information described in paragraph (2) with respect to each case in each State case registry maintained pursuant to section 454A(e), as furnished (and regularly updated), pursuant to section 454A(f), by State agencies administering programs under this part.

"(2) The information referred to in paragraph (1) with respect to a case shall be such information as the Secretary may specify in regulations (including the names, social security numbers or other uniform identification numbers, and State case identification numbers) to identify the individuals who owe or are owed support (or with respect to or on behalf of whom support obligations are sought to be established), and the State or States which have the case.

"(i)(1) In order to assist States in administering programs under State plans approved under this part and programs funded under part A, and for the other purposes specified in this section, the Secretary shall, not later than October 1, 1996, establish and maintain in the Federal Parent Locator Service an automated directory to be known as the National Directory of New Hires, which shall contain the information supplied pursuant to section 453A(g)(2).

"(2) Information shall be entered into the data base maintained by the National Directory of New Hires within 2 business days of receipt pursuant to section 453A(g)(2).

"(3) The Secretary of the Treasury shall have access to the information in the National Directory of New Hires for purposes of administering section 32 of the Internal Revenue Code of 1986, or the advance payment of the earned income tax credit under section 3507 of such Code, and verifying a claim with respect to employment in a tax return.

"(j)(1)(A) The Secretary shall transmit information on individuals and employers maintained under this section to the Social Security Administration to the extent necessary for verification in accordance with subparagraph (B).

"(B) The Social Security Administration shall verify the accuracy of, correct, or supply to the extent possible, and report to the Secretary, the following information supplied by the Secretary pursuant to subparagraph (A):

"(i) The name, social security number, and birth date of each such individual.

"(ii) The employer identification number of each such employer.

"(2) For the purpose of locating individuals in a paternity establishment case or a case involving the establishment, modification, or enforcement of a support order, the Secretary shall—

"(A) compare information in the National Directory of New Hires against information in the support case abstracts in the Federal Case Registry of Child Support Orders not less often than every 2 business days; and

"(B) within 2 such days after such a comparison reveals a match with respect to an individual, report the information to the State agency responsible for the case.

"(3) To the extent and with the frequency that the Secretary determines to be effective in assisting States to carry out their responsibilities under programs operated under this part and programs funded under part A, the Secretary shall—

"(A) compare the information in each component of the Federal Parent Locator Service maintained under this section against the information in each other such component (other than the comparison required by paragraph (2)), and report instances in which such a comparison reveals a match with respect to an individual to State agencies operating such programs; and

"(B) disclose information in such registries to such State agencies.

"(4) The National Directory of New Hires shall provide the Commissioner of Social Security with all information in the National Directory, which shall be used to determine the accuracy of payments under the supplemental security income program under title XVI and in connection with benefits under title II.

"(5) The Secretary may provide access to information reported by employers pursuant to section 453A(b) for research purposes found by the Secretary to be likely to contribute to achieving the purposes of part A or this part, but without personal identifiers.

"(k)(1) The Secretary shall reimburse the Commissioner of Social Security, at a rate negotiated between the Secretary and the Commissioner, for the costs incurred by the Commissioner in performing the verification services described in subsection (j).

"(2) The Secretary shall reimburse costs incurred by State directories of new hires in furnishing information as required by subsection (j)(3), at rates which the Secretary determines to be reasonable (which rates shall not include payment for the costs of obtaining, compiling, or maintaining such information).

"(3) A State or Federal agency that receives information from the Secretary pursuant to this section shall reimburse the Secretary for costs incurred by the Secretary in furnishing the information, at rates which the Secretary determines to be reasonable (which rates shall include payment for the costs of obtaining, verifying, maintaining, and comparing the information).

"(l) Information in the Federal Parent Locator Service, and information resulting from comparisons using such information, shall not be used or disclosed except as expressly provided in this section, subject to section 6103 of the Internal Revenue Code of 1986.

"(m) The Secretary shall establish and implement safeguards with respect to the entities established under this section designed to—

"(1) ensure the accuracy and completeness of information in the Federal Parent Locator Service; and

"(2) restrict access to confidential information in the Federal Parent Locator Service to authorized persons, and restrict use of such information to authorized purposes.".

(f) QUARTERLY WAGE REPORTING.—Section 1137(a)(3) (42 U.S.C. 1320b-7(a)(3)) is amended—

(1) by inserting "(including governmental entities)" after "employers"; and

(2) by inserting ", and except that no report shall be filed with respect to an employee of a Federal or State agency performing intelligence or counterintelligence functions, if the head of such agency has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission" after "paragraph (2)".

(g) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV OF THE SOCIAL SECURITY ACT.—Section 454(8)(B) (42 U.S.C. 654(8)(B)) is amended to read as follows:

"(B) the Federal Parent Locator Service established under section 453;".

(2) TO FEDERAL UNEMPLOYMENT TAX ACT.—Section 3304(a)(16) of the Internal Revenue Code of 1986 is amended—

(A) by striking "Secretary of Health, Education, and Welfare" each place such term appears and inserting "Secretary of Health and Human Services";

(B) in subparagraph (B), by striking "such information" and all that follows and inserting "information furnished under subparagraph (A) or (B) is used only for the purposes authorized under such subparagraph;";

(C) by striking "and" at the end of subparagraph (A);

(D) by redesignating subparagraph (B) as subparagraph (C); and

(E) by inserting after subparagraph (A) the following new subparagraph:

"(B) wage and unemployment compensation information contained in the records of such agency shall be furnished to the Secretary of Health and Human Services (in accordance with regulations promulgated by such Secretary) as necessary for the purposes of the National Directory of New Hires established under section 453(i) of the Social Security Act, and".

(3) TO STATE GRANT PROGRAM UNDER TITLE III OF THE SOCIAL SECURITY ACT.—Section 303(a) (42 U.S.C. 503(a)) is amended—

(A) by striking "and" at the end of paragraph (8);

(B) by striking "and" at the end of paragraph (9);

(C) by striking the period at the end of paragraph (10) and inserting "; and"; and

(D) by adding after paragraph (10) the following new paragraph:

"(11) The making of quarterly electronic reports, at such dates, in such format, and containing such information, as required by the Secretary of Health and Human Services under section 453(i)(3), and compliance with such provisions as such Secretary may find necessary to ensure the correctness and verification of such reports.".

SEC. 417. COLLECTION AND USE OF SOCIAL SECURITY NUMBERS FOR USE IN CHILD SUPPORT ENFORCEMENT.

(a) STATE LAW REQUIREMENT.—Section 466(a) (42 U.S.C. 666(a)), as amended by section 415 of this Act, is amended by adding at the end the following new paragraph:

"(13) Procedures requiring that the social security number of—

"(A) any applicant for a professional license, commercial driver's license, occupational license, or marriage license be recorded on the application;

"(B) any individual who is subject to a divorce decree, support order, or paternity determination or acknowledgment be placed in the records relating to the matter; and

"(C) any individual who has died be placed in the records relating to the death and be recorded on the death certificate.".

(b) CONFORMING AMENDMENTS.—Section 205(c)(2)(C) (42 U.S.C. 405(c)(2)(C)), as amended by section 321(a)(9) of the Social Security Independence and Program Improvements Act of 1994, is amended—

(1) in clause (i), by striking "may require" and inserting "shall require";

(2) in clause (ii), by inserting after the 1st sentence the following: "In the administration of any law involving the issuance of a marriage certificate or license, each State shall require each party named in the certificate or license to furnish to the State (or political subdivision thereof), or any State agency having administrative responsibility for the law involved, the social security number of the party.";

(3) in clause (vi), by striking "may" and inserting "shall"; and

(4) by adding at the end the following new clauses:

"(x) An agency of a State (or a political subdivision thereof) charged with the administration of any law concerning the issuance or renewal of a license, certificate, permit, or other authorization to engage in a profession, an occupation, or a commercial activity shall require all applicants for issuance or renewal of the license, certificate, permit, or other authorization to provide the applicant's social security number to the agency for the purpose of administering such laws, and for the purpose of responding to requests for information from an agency operating pursuant to part D of title IV.

"(xi) All divorce decrees, support orders, and paternity determinations issued, and all paternity acknowledgments made, in each State shall include the social security number of each party to the decree, order, determination, or acknowledgement in the records relating to the matter.".

Subtitle C—Streamlining and Uniformity of Procedures

SEC. 421. ADOPTION OF UNIFORM STATE LAWS.

Section 466 (42 U.S.C. 666) is amended by adding at the end the following new subsection:

"(f)(1) In order to satisfy section 454(20)(A) on or after January 1, 1997, each State must have in effect the Uniform Interstate Family Support Act, as approved by the National Conference of Commissioners on Uniform State Laws in August 1992 (with the modifications and additions specified in this subsection), and the procedures required to implement such Act.

"(2) The State law enacted pursuant to paragraph (1) may be applied to any case involving an order which is established or modified in a State and which is sought to be modified or enforced in another State.

"(3) The State law enacted pursuant to paragraph (1) of this subsection shall contain the following provision in lieu of section 611(a)(1) of the Uniform Interstate Family Support Act:

"'(1) the following requirements are met:

"'(i) the child, the individual obligee, and the obligor—

"'(I) do not reside in the issuing State; and

"'(II) either reside in this State or are subject to the jurisdiction of this State pursuant to section 201; and

"'(ii) in any case where another State is exercising or seeks to exercise jurisdiction to modify the order, the conditions of section 204 are met to the same extent as required for proceedings to establish orders; or'.

"(4) The State law enacted pursuant to paragraph (1) shall provide that, in any proceeding subject to the law, process may be served (and proved) upon persons in the State by any means acceptable in any State which is the initiating or responding State in the proceeding.".

SEC. 422. IMPROVEMENTS TO FULL FAITH AND CREDIT FOR CHILD SUPPORT ORDERS.

Section 1738B of title 28, United States Code, is amended—

(1) in subsection (a)(2), by striking "subsection (e)" and inserting "subsections (e), (f), and (i)";

(2) in subsection (b), by inserting after the 2nd undesignated paragraph the following:

"'child's home State' means the State in which a child lived with a parent or a person acting as parent for at least 6 consecutive months immediately preceding the time of filing of a petition or comparable pleading for support and, if a child is less than 6 months old, the State in which the child lived from birth with any of them. A period of temporary absence of any of them is counted as part of the 6-month period.";

(3) in subsection (c), by inserting "by a court of a State" before "is made";

(4) in subsection (c)(1), by inserting "and subsections (e), (f), and (g)" after "located";

(5) in subsection (d)—

(A) by inserting "individual" before "contestant"; and

(B) by striking "subsection (e)" and inserting "subsections (e) and (f)";

(6) in subsection (e), by striking "make a modification of a child support order with respect to a child that is made" and inserting "modify a child support order issued";

(7) in subsection (e)(1), by inserting "pursuant to subsection (i)" before the semicolon;

(8) in subsection (e)(2)—

(A) by inserting "individual" before "contestant" each place such term appears; and

(B) by striking "to that court's making the modification and assuming" and inserting "with the State of continuing, exclusive jurisdiction for a court of another State to modify the order and assume";

(9) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively;

(10) by inserting after subsection (e) the following new subsection:

"(f) RECOGNITION OF CHILD SUPPORT ORDERS.—If 1 or more child support orders have been issued in this or another State with regard to an obligor and a child, a court shall apply the following rules in determining which order to recognize for purposes of continuing, exclusive jurisdiction and enforcement:

"(1) If only 1 court has issued a child support order, the order of that court must be recognized.

"(2) If 2 or more courts have issued child support orders for the same obligor and child, and only 1 of the courts would have continuing, exclusive jurisdiction under this section, the order of that court must be recognized.

"(3) If 2 or more courts have issued child support orders for the same obligor and child, and more than 1 of the courts would have continuing, exclusive jurisdiction under this section, an order issued by a court in the current home State of the child must be recognized, but if an order has not been issued in the current home State of the child, the order most recently issued must be recognized.

"(4) If 2 or more courts have issued child support orders for the same obligor and child, and none of the courts would have continuing, exclusive jurisdiction under this section, a court may issue a child support order, which must be recognized.

"(5) The court that has issued an order recognized under this subsection is the court having continuing, exclusive jurisdiction.";

(11) in subsection (g) (as so redesignated)—

(A) by striking "PRIOR" and inserting "MODIFIED"; and

(B) by striking "subsection (e)" and inserting "subsections (e) and (f)";

(12) in subsection (h) (as so redesignated)—

(A) in paragraph (2), by inserting "including the duration of current payments and other obligations of support" before the comma; and

(B) in paragraph (3), by inserting "arrears under" after "enforce"; and

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

"(i) REGISTRATION FOR MODIFICATION.—If there is no individual contestant or child residing in the issuing State, the party or support enforcement agency seeking to modify, or to modify and enforce, a child support order issued in another State shall register that order in a State with jurisdiction over the nonmovant for the purpose of modification.".

SEC. 423. ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 415 and 417(a) of this Act, is amended by adding at the end the following new paragraph:

"(14) Procedures under which—

"(A)(i) the State shall respond within 5 business days to a request made by another State to enforce a support order; and

"(ii) the term 'business day' means a day on which State offices are open for regular business;

"(B) the State may, by electronic or other means, transmit to another State a request for assistance in a case involving the enforcement of a support order, which request—

"(i) shall include such information as will enable the State to which the request is transmitted to compare the information about the case to the information in the data bases of the State; and

"(ii) shall constitute a certification by the requesting State—

"(I) of the amount of support under the order the payment of which is in arrears; and

"(II) that the requesting State has complied with all procedural due process requirements applicable to the case;

"(C) if the State provides assistance to another State pursuant to this paragraph with respect to a case, neither State shall consider the case to be transferred to the caseload of such other State; and

"(D) the State shall maintain records of—

"(i) the number of such requests for assistance received by the State;

"(ii) the number of cases for which the State collected support in response to such a request; and

"(iii) the amount of such collected support.".

SEC. 424. USE OF FORMS IN INTERSTATE ENFORCEMENT.

(a) PROMULGATION.—Section 452(a) (42 U.S.C. 652(a)) is amended—

(1) by striking "and" at the end of paragraph (9);

(2) by striking the period at the end of paragraph (10) and inserting "; and"; and

(3) by adding at the end the following new paragraph:

"(11) not later than June 30, 1996, promulgate forms to be used by States in interstate cases for—

"(A) collection of child support through income withholding;

"(B) imposition of liens; and

"(C) administrative subpoenas.".

(b) USE BY STATES.—Section 454(9) (42 U.S.C. 654(9)) is amended—

(1) by striking "and" at the end of subparagraph (C);

(2) by inserting "and" at the end of subparagraph (D); and

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

"(E) no later than October 1, 1996, in using the forms promulgated pursuant to section 452(a)(11) for income withholding, imposition of liens, and issuance of administrative subpoenas in interstate child support cases;".

SEC. 425. STATE LAWS PROVIDING EXPEDITED PROCEDURES.

(a) STATE LAW REQUIREMENTS.—Section 466 (42 U.S.C. 666), as amended by section 414 of this Act, is amended—

(1) in subsection (a)(2), by striking the 1st sentence and inserting the following: "Expedited administrative and judicial procedures (including the procedures specified in subsection (c)) for establishing paternity and for establishing, modifying, and enforcing support obligations."; and

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

"(c) The procedures specified in this subsection are the following:

"(1) Procedures which give the State agency the authority to take the following actions relating to establishment or enforcement of support orders, without the necessity of obtaining an order from any other judicial or administrative tribunal, and to recognize and enforce the authority of State agencies of other States) to take the following actions:

"(A) To order genetic testing for the purpose of paternity establishment as provided in section 466(a)(5).

"(B) To enter a default order, upon a showing of service of process and any additional showing required by State law—

"(i) establishing paternity, in the case of a putative father who refuses to submit to genetic testing; and

"(ii) establishing or modifying a support obligation, in the case of a parent (or other obligor or obligee) who fails to respond to notice to appear at a proceeding for such purpose.

"(C) To subpoena any financial or other information needed to establish, modify, or enforce a support order, and to impose penalties for failure to respond to such a subpoena.

"(D) To require all entities in the State (including for-profit, nonprofit, and governmental employers) to provide promptly, in response to a request by the State agency of that or any other State administering a program under this part, information on the employment, compensation, and benefits of any individual employed by such entity as an employee or contractor, and to sanction failure to respond to any such request.

"(E) To obtain access, subject to safeguards on privacy and information security, to the following records (including automated access, in the case of records maintained in automated data bases):

"(i) Records of other State and local government agencies, including—

"(I) vital statistics (including records of marriage, birth, and divorce);

"(II) State and local tax and revenue records (including information on residence address, employer, income and assets);

"(III) records concerning real and titled personal property;

"(IV) records of occupational and professional licenses, and records concerning the ownership and control of corporations, partnerships, and other business entities;

"(V) employment security records;

"(VI) records of agencies administering public assistance programs;

"(VII) records of the motor vehicle department; and

"(VIII) corrections records.

"(ii) Certain records held by private entities, including—

"(I) customer records of public utilities and cable television companies; and

"(II) information (including information on assets and liabilities) on individuals who owe or are owed support (or against or with respect to whom a support obligation is sought) held by financial institutions (subject to limitations on liability of such entities arising from affording such access).

"(F) In cases where support is subject to an assignment in order to comply with a requirement imposed pursuant to part A or section 1912, or to a requirement to pay through the State disbursement unit established pursuant to section 454B, upon providing notice to obligor and obligee, to direct the obligor or other payor to change the payee to the appropriate government entity.

"(G) To order income withholding in accordance with subsections (a)(1) and (b) of section 466.

"(H) In cases in which there is a support arrearage, to secure assets to satisfy the arrearage by—

"(i) intercepting or seizing periodic or lump-sum payments from—

"(I) a State or local agency, including unemployment compensation, workers' compensation, and other benefits; and

"(II) judgments, settlements, and lotteries;

"(ii) attaching and seizing assets of the obligor held in financial institutions;

"(iii) attaching public and private retirement funds; and

"(iv) imposing liens in accordance with subsection (a)(4) and, in appropriate cases, to force sale of property and distribution of proceeds.

"(I) For the purpose of securing overdue support, to increase the amount of monthly support payments to include amounts for arrearages, subject to such conditions or limitations as the State may provide.

Such procedures shall be subject to due process safeguards, including (as appropriate) requirements for notice, opportunity to contest the action, and opportunity for an appeal on the record to an independent administrative or judicial tribunal.

"(2) The expedited procedures required under subsection (a)(2) shall include the following rules and authority, applicable with respect to all proceedings to establish paternity or to establish, modify, or enforce support orders:

"(A) Procedures under which—

"(i) each party to any paternity or child support proceeding is required (subject to privacy safeguards) to file with the tribunal and the State case registry upon entry of an order, and to update as appropriate, information on location and identity of the party, including social security number, residential and mailing addresses, telephone number, driver's license number, and name, address, and name and telephone number of employer; and

"(ii) in any subsequent child support enforcement action between the parties, upon sufficient showing that diligent effort has been made to ascertain the location of such a party, the tribunal may deem State due process requirements for notice and service of process to be met with respect to the party, upon delivery of written notice to the most recent residential or employer

address filed with the tribunal pursuant to clause (i).

"(B) Procedures under which—

"(i) the State agency and any administrative or judicial tribunal with authority to hear child support and paternity cases exerts statewide jurisdiction over the parties; and

"(ii) in a State in which orders are issued by courts or administrative tribunals, a case may be transferred between local jurisdictions in the State without need for any additional filing by the petitioner, or service of process upon the respondent, to retain jurisdiction over the parties.".

(b) AUTOMATION OF STATE AGENCY FUNCTIONS.—Section 454A, as added by section 445(a)(2) of this Act and as amended by sections 411 and 412(c) of this Act, is amended by adding at the end the following new subsection:

"(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—The automated system required by this section shall be used, to the maximum extent feasible, to implement the expedited administrative procedures required by section 466(c).".

Subtitle D—Paternity Establishment

SEC. 431. STATE LAWS CONCERNING PATERNITY ESTABLISHMENT.

(a) STATE LAWS REQUIRED.—Section 466(a)(5) (42 U.S.C. 666(a)(5)) is amended to read as follows:

"(5)(A)(i) Procedures which permit the establishment of the paternity of a child at any time before the child attains 21 years of age.

"(ii) As of August 16, 1984, clause (i) shall also apply to a child for whom paternity has not been established or for whom a paternity action was brought but dismissed because a statute of limitations of less than 21 years was then in effect in the State.

"(B)(i) Procedures under which the State is required, in a contested paternity case, unless otherwise barred by State law, to require the child and all other parties (other than individuals found under section 454(28) to have good cause for refusing to cooperate) to submit to genetic tests upon the request of any such party if the request is supported by a sworn statement by the party—

"(I) alleging paternity, and setting forth facts establishing a reasonable possibility of the requisite sexual contact between the parties; or

"(II) denying paternity, and setting forth facts establishing a reasonable possibility of the nonexistence of sexual contact between the parties.

"(ii) Procedures which require the State agency in any case in which the agency orders genetic testing—

"(I) to pay costs of such tests, subject to recoupment (where the State so elects) from the alleged father if paternity is established; and

"(II) to obtain additional testing in any case where an original test result is contested, upon request and advance payment by the contestant.

"(C)(i) Procedures for a simple civil process for voluntarily acknowledging paternity under which the State must provide that, before a mother and a putative father can sign an acknowledgment of paternity, the mother and the putative father must be given notice, orally and in writing, of the alternatives to, the legal consequences of, and the rights (including, if 1 parent is a minor, any rights afforded due to minority status) and responsibilities that arise from, signing the acknowledgment.

"(ii) Such procedures must include a hospital-based program for the voluntary acknowledgment of paternity focusing on the period immediately before or after the birth of a child.

"(iii)(I) Such procedures must require the State agency responsible for maintaining birth records to offer voluntary paternity establishment services.

"(II)(aa) The Secretary shall prescribe regulations governing voluntary paternity establishment services offered by hospitals and birth record agencies.

"(bb) The Secretary shall prescribe regulations specifying the types of other entities that may offer voluntary paternity establishment services, and governing the provision of such services, which shall include a requirement that such an entity must use the same notice provisions used by, use the same materials used by, provide the personnel providing such services with the same training provided by, and evaluate the provision of such services in the same manner as the provision of such services is evaluated by, voluntary paternity establishment programs of hospitals and birth record agencies.

"(iv) Such procedures must require the State to develop and use an affidavit for the voluntary acknowledgment of paternity which includes the minimum requirements of the affidavit developed by the Secretary under section 452(a)(7) for the voluntary acknowledgment of paternity, and to give full faith and credit to such an affidavit signed in any other State according to its procedures.

"(D)(i) Procedures under which the name of the father shall be included on the record of birth of the child only if the father and mother have signed an acknowledgment of paternity and under which a signed acknowledgment of paternity is considered a legal finding of paternity, subject to the right of any signatory to rescind the acknowledgment within 60 days.

"(ii) Procedures under which, after the 60-day period referred to in clause (i), a signed acknowledgment of paternity may be challenged in court only on the basis of fraud, duress, or material mistake of fact, with the burden of proof upon the challenger, and under which the legal responsibilities (including child support obligations) of any signatory arising from the acknowledgment may not be suspended during the challenge, except for good cause shown.

"(E) Procedures under which judicial or administrative proceedings are not required or permitted to ratify an unchallenged acknowledgment of paternity.

"(F) Procedures—

"(i) requiring the admission into evidence, for purposes of establishing paternity, of the results of any genetic test that is—

"(I) of a type generally acknowledged as reliable by accreditation bodies designated by the Secretary; and

"(II) performed by a laboratory approved by such an accreditation body;

"(ii) requiring an objection to genetic testing results to be made in writing not later than a specified number of days before any hearing at which the results may be introduced into evidence (or, at State option, not later than a specified number of days after receipt of the results); and

"(iii) making the test results admissible as evidence of paternity without the need for foundation testimony or other proof of authenticity or accuracy, unless objection is made.

"(G) Procedures which create a rebuttable or, at the option of the State, conclusive presumption of paternity upon genetic testing results indicating a threshold probability that the alleged father is the father of the child.

"(H) Procedures requiring a default order to be entered in a paternity case upon a showing of service of process on the defendant and any additional showing required by State law.

"(I) Procedures providing that the parties to an action to establish paternity are not entitled to a trial by jury.

"(J) Procedures which require that a temporary order be issued, upon motion by a party, requiring the provision of child support pending an administrative or judicial determination of parentage, where there is clear and convincing evidence of paternity (on the basis of genetic tests or other evidence).

"(K) Procedures under which bills for pregnancy, childbirth, and genetic testing are admissible as evidence without requiring third-party foundation testimony, and shall constitute prima facie evidence of amounts incurred for such services or for testing on behalf of the child.

"(L) Procedures ensuring that the putative father has a reasonable opportunity to initiate a paternity action.

"(M) Procedures under which voluntary acknowledgments and adjudications of paternity by judicial or administrative processes are filed with the State registry of birth records for comparison with information in the State case registry.".

(b) NATIONAL PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is amended by inserting ", and develop an affidavit to be used for the voluntary acknowledgment of paternity which shall include the social security number of each parent" before the semicolon.

(c) TECHNICAL AMENDMENT.—Section 468 (42 U.S.C. 668) is amended by striking "a simple civil process for voluntarily acknowledging paternity and".

SEC. 432. OUTREACH FOR VOLUNTARY PATERNITY ESTABLISHMENT.

Section 454(23) (42 U.S.C. 654(23)) is amended by inserting "and will publicize the availability and encourage the use of procedures for voluntary establishment of paternity and child support by means the State deems appropriate" before the semicolon.

SEC. 433. COOPERATION BY APPLICANTS FOR AND RECIPIENTS OF TEMPORARY FAMILY ASSISTANCE.

Section 454 (42 U.S.C. 654), as amended by sections 404(a), 412(a), and 413(a) of this Act, is amended—

(1) by striking "and" at the end of paragraph (26);

(2) by striking the period at the end of paragraph (27) and inserting "; and"; and

(3) by inserting after paragraph (27) the following new paragraph:

"(28) provide that the State agency responsible for administering the State plan—

"(A) shall make the determination (and redetermination at appropriate intervals) as to whether an individual who has applied for or is receiving assistance under the State program funded under part A is cooperating in good faith with the State in establishing the paternity of, or in establishing, modifying, or enforcing a support order for, any child of the individual by providing the State agency with the name of, and such other information as the State agency may require with respect to, the father of the child, subject to such good cause and other exceptions as the State may establish and taking into account the best interests of the child;

"(B) shall require the individual to supply additional necessary information and appear at interviews, hearings, and legal proceedings;

"(C) shall require the individual and the child to submit to genetic tests pursuant to judicial or administrative order; and

"(D) shall promptly notify the individual and the State agency administering the State program funded under part A of each such determination, and if noncooperation is determined, the basis therefore.".

Subtitle E—Program Administration and Funding

SEC. 441. FEDERAL MATCHING PAYMENTS.

(a) INCREASED BASE MATCHING RATE.—Section 455(a)(2) (42 U.S.C. 655(a)(2)) is amended to read as follows:

"(2) The percent specified in this paragraph for any quarter is 66 percent.".

(b) MAINTENANCE OF EFFORT.—Section 455 (42 U.S.C. 655) is amended—

(1) in subsection (a)(1), in the matter preceding subparagraph (A), by striking "From" and inserting "Subject to subsection (c), from"; and

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

"(c) Notwithstanding subsection (a), the total expenditures under the State plan approved

under this part for fiscal year 1997 and each succeeding fiscal year, reduced by the percentage specified in paragraph (2) for the fiscal year shall not be less than such total expenditures for fiscal year 1996, reduced by 66 percent.".

SEC. 442. PERFORMANCE-BASED INCENTIVES AND PENALTIES.

(a) INCENTIVE ADJUSTMENTS TO FEDERAL MATCHING RATE.—Section 458 (42 U.S.C. 658) is amended to read as follows:

"SEC. 458. INCENTIVE ADJUSTMENTS TO MATCHING RATE.

"(a) INCENTIVE ADJUSTMENTS.—

"(1) IN GENERAL.—Beginning with fiscal year 1999, the Secretary shall increase the percent specified in section 455(a)(2) that applies to payments to a State under section 455(a)(1)(A) for each quarter in a fiscal year by a factor reflecting the sum of the applicable incentive adjustments (if any) determined in accordance with regulations under this section with respect to the paternity establishment percentage of the State for the immediately preceding fiscal year and with respect to overall performance of the State in child support enforcement during such preceding fiscal year.

"(2) STANDARDS.—

"(A) IN GENERAL.—The Secretary shall specify in regulations—

"(i) the levels of accomplishment, and rates of improvement as alternatives to such levels, which a State must attain to qualify for an incentive adjustment under this section; and

"(ii) the amounts of incentive adjustment that shall be awarded to a State that achieves specified accomplishment or improvement levels, which amounts shall be graduated, ranging up to—

"(I) 12 percentage points, in connection with paternity establishment; and

"(II) 12 percentage points, in connection with overall performance in child support enforcement.

"(B) LIMITATION.—In setting performance standards pursuant to subparagraph (A)(i) and adjustment amounts pursuant to subparagraph (A)(ii), the Secretary shall ensure that the aggregate number of percentage point increases as incentive adjustments to all States do not exceed such aggregate increases as assumed by the Secretary in estimates of the cost of this section as of June 1994, unless the aggregate performance of all States exceeds the projected aggregate performance of all States in such cost estimates.

"(3) DETERMINATION OF INCENTIVE ADJUSTMENT.—The Secretary shall determine the amount (if any) of the incentive adjustment due each State on the basis of the data submitted by the State pursuant to section 454(15)(B) concerning the levels of accomplishment (and rates of improvement) with respect to performance indicators specified by the Secretary pursuant to this section.

"(4) RECYCLING OF INCENTIVE ADJUSTMENT.—A State to which funds are paid by the Federal Government as a result of an incentive adjustment under this section shall expend the funds in the State program under this part within 2 years after the date of the payment.

"(b) DEFINITIONS.—As used in this section:

"(1) PATERNITY ESTABLISHMENT PERCENTAGE.—The term 'paternity establishment percentage' means, with respect to a State and a fiscal year—

"(A) the total number of children in the State who were born out of wedlock, who have not attained 1 year of age and for whom paternity is established or acknowledged during the fiscal year; divided by

"(B) the total number of children born out of wedlock in the State during the fiscal year.

"(2) OVERALL PERFORMANCE IN CHILD SUPPORT ENFORCEMENT.—The term 'overall performance in child support enforcement' means a measure or measures of the effectiveness of the State agency in a fiscal year which takes into account factors including—

"(A) the percentage of cases requiring a support order in which such an order was established;

"(B) the percentage of cases in which child support is being paid;

"(C) the ratio of child support collected to child support due; and

"(D) the cost-effectiveness of the State program, as determined in accordance with standards established by the Secretary in regulations (after consultation with the States).

"(3) STATE DEFINED.—The term 'State' does not include any area within the jurisdiction of an Indian tribal government.".

(b) CONFORMING AMENDMENTS.—Section 454(22) (42 U.S.C. 654(22)) is amended—

(1) by striking "incentive payments" the 1st place such term appears and inserting "incentive adjustments"; and

(2) by striking "any such incentive payments made to the State for such period" and inserting "any increases in Federal payments to the State resulting from such incentive adjustments".

(c) CALCULATION OF IV-D PATERNITY ESTABLISHMENT PERCENTAGE.—

(1) Section 452(g)(1) (42 U.S.C. 652(g)(1)) is amended—

(A) in the matter preceding subparagraph (A) by inserting "its overall performance in child support enforcement is satisfactory (as defined in section 458(b) and regulations of the Secretary), and" after "1994,"; and

(B) in each of subparagraphs (A) and (B), by striking "75" and inserting "90".

(2) Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended in the matter preceding clause (i)—

(A) by striking "paternity establishment percentage" and inserting "IV-D paternity establishment percentage"; and

(B) by striking "(or all States, as the case may be)".

(3) Section 452(g)(3) (42 U.S.C. 652(g)(3)) is amended—

(A) by striking subparagraph (A) and redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively;

(B) in subparagraph (A) (as so redesignated), by striking "the percentage of children born out-of-wedlock in a State" and inserting "the percentage of children in a State who are born out of wedlock or for whom support has not been established"; and

(C) in subparagraph (B) (as so redesignated)—

(i) by inserting "and overall performance in child support enforcement" after "paternity establishment percentages"; and

(ii) by inserting "and securing support" before the period.

(d) EFFECTIVE DATES.—

(1) INCENTIVE ADJUSTMENTS.—

(A) IN GENERAL.—The amendments made by subsections (a) and (b) shall become effective on October 1, 1997, except to the extent provided in subparagraph (B).

(B) EXCEPTION.—Section 458 of the Social Security Act, as in effect before the date of the enactment of this section, shall be effective for purposes of incentive payments to States for fiscal years before fiscal year 1999.

(2) PENALTY REDUCTIONS.—The amendments made by subsection (c) shall become effective with respect to calendar quarters beginning on and after the date of the enactment of this Act.

SEC. 443. FEDERAL AND STATE REVIEWS AND AUDITS.

(a) STATE AGENCY ACTIVITIES.—Section 454 (42 U.S.C. 654) is amended—

(1) in paragraph (14), by striking "(14)" and inserting "(14)(A)";

(2) by redesignating paragraph (15) as subparagraph (B) of paragraph (14); and

(3) by inserting after paragraph (14) the following new paragraph:

"(15) provide for—

"(A) a process for annual reviews of and reports to the Secretary on the State program operated under the State plan approved under this part, which shall include such information as may be necessary to measure State compliance with Federal requirements for expedited procedures, using such standards and procedures as are required by the Secretary, under which the State agency will determine the extent to which the program is operated in compliance with this part; and

"(B) a process of extracting from the automated data processing system required by paragraph (16) and transmitting to the Secretary data and calculations concerning the levels of accomplishment (and rates of improvement) with respect to applicable performance indicators (including IV-D paternity establishment percentages and overall performance in child support enforcement) to the extent necessary for purposes of sections 452(g) and 458.".

(b) FEDERAL ACTIVITIES.—Section 452(a)(4) (42 U.S.C. 652(a)(4)) is amended to read as follows:

"(4)(A) review data and calculations transmitted by State agencies pursuant to section 454(15)(B) on State program accomplishments with respect to performance indicators for purposes of subsection (g) of this section and section 458;

"(B) review annual reports submitted pursuant to section 454(15)(A) and, as appropriate, provide to the State comments, recommendations for additional or alternative corrective actions, and technical assistance; and

"(C) conduct audits, in accordance with the Government auditing standards of the Comptroller General of the United States—

"(i) at least once every 3 years (or more frequently, in the case of a State which fails to meet the requirements of this part, concerning performance standards and reliability of program data) to assess the completeness, reliability, and security of the data, and the accuracy of the reporting systems, used in calculating performance indicators under subsection (g) of this section and section 458;

"(ii) of the adequacy of financial management of the State program operated under the State plan approved under this part, including assessments of—

"(I) whether Federal and other funds made available to carry out the State program are being appropriately expended, and are properly and fully accounted for; and

"(II) whether collections and disbursements of support payments are carried out correctly and are fully accounted for; and

"(iii) for such other purposes as the Secretary may find necessary;".

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to calendar quarters beginning 12 months or more after the date of the enactment of this section.

SEC. 444. REQUIRED REPORTING PROCEDURES.

(a) ESTABLISHMENT.—Section 452(a)(5) (42 U.S.C. 652(a)(5)) is amended by inserting ", and establish procedures to be followed by States for collecting and reporting information required to be provided under this part, and establish uniform definitions (including those necessary to enable the measurement of State compliance with the requirements of this part relating to expedited processes) to be applied in following such procedures" before the semicolon.

(b) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 404(a), 412(a), 413(a), and 433 of this Act, is amended—

(1) by striking "and" at the end of paragraph (27);

(2) by striking the period at the end of paragraph (28) and inserting "; and"; and

(3) by adding after paragraph (28) the following new paragraph:

"(29) provide that the State shall use the definitions established under section 452(a)(5) in collecting and reporting information as required under this part.".

SEC. 445. AUTOMATED DATA PROCESSING REQUIREMENTS.

(a) REVISED REQUIREMENTS.—

(1) IN GENERAL.—Section 454(16) (42 U.S.C. 654(16)) is amended—

(A) by striking ", at the option of the State.";
(B) by inserting "and operation by the State agency" after "for the establishment";
(C) by inserting "meeting the requirements of section 454A" after "information retrieval system";
(D) by striking "in the State and localities thereof, so as (A)" and inserting "so as";
(E) by striking "(i)"; and
(F) by striking "(including" and all that follows and inserting a semicolon.

(2) AUTOMATED DATA PROCESSING.—Part D of title IV (42 U.S.C. 651-669) is amended by inserting after section 454 the following new section:

"SEC. 454A. AUTOMATED DATA PROCESSING.

"(a) IN GENERAL.—In order for a State to meet the requirements of this section, the State agency administering the State program under this part shall have in operation a single statewide automated data processing and information retrieval system which has the capability to perform the tasks specified in this section with the frequency and in the manner required by or under this part.

"(b) PROGRAM MANAGEMENT.—The automated system required by this section shall perform such functions as the Secretary may specify relating to management of the State program under this part, including—

"(1) controlling and accounting for use of Federal, State, and local funds in carrying out the program; and

"(2) maintaining the data necessary to meet Federal reporting requirements under this part on a timely basis.

"(c) CALCULATION OF PERFORMANCE INDICATORS.—In order to enable the Secretary to determine the incentive and penalty adjustments required by sections 452(g) and 458, the State agency shall—

"(1) use the automated system—

"(A) to maintain the requisite data on State performance with respect to paternity establishment and child support enforcement in the State; and

"(B) to calculate the IV-D paternity establishment percentage and overall performance in child support enforcement for the State for each fiscal year; and

"(2) have in place systems controls to ensure the completeness, and reliability of, and ready access to, the data described in paragraph (1)(A), and the accuracy of the calculations described in paragraph (1)(B).

"(d) INFORMATION INTEGRITY AND SECURITY.—The State agency shall have in effect safeguards on the integrity, accuracy, and completeness of, access to, and use of data in the automated system required by this section, which shall include the following (in addition to such other safeguards as the Secretary may specify in regulations):

"(1) POLICIES RESTRICTING ACCESS.—Written policies concerning access to data by State agency personnel, and sharing of data with other persons, which—

"(A) permit access to and use of data only to the extent necessary to carry out the State program under this part; and

"(B) specify the data which may be used for particular program purposes, and the personnel permitted access to such data.

"(2) SYSTEMS CONTROLS.—Systems controls (such as passwords or blocking of fields) to ensure strict adherence to the policies described in paragraph (1).

"(3) MONITORING OF ACCESS.—Routine monitoring of access to and use of the automated system, through methods such as audit trails and feedback mechanisms, to guard against and promptly identify unauthorized access or use.

"(4) TRAINING AND INFORMATION.—Procedures to ensure that all personnel (including State and local agency staff and contractors) who may have access to or be required to use confidential program data are informed of applicable requirements and penalties (including those in section 6103 of the Internal Revenue Code of 1986), and are adequately trained in security procedures.

"(5) PENALTIES.—Administrative penalties (up to and including dismissal from employment) for unauthorized access to, or disclosure or use of, confidential data.".

(3) REGULATIONS.—The Secretary of Health and Human Services shall prescribe final regulations for implementation of section 454A of the Social Security Act not later than 2 years after the date of the enactment of this Act.

(4) IMPLEMENTATION TIMETABLE.—Section 454(24) (42 U.S.C. 654(24)), as amended by sections 404(a)(2) and 412(a)(1) of this Act, is amended to read as follows:

"(24) provide that the State will have in effect an automated data processing and information retrieval system—

"(A) by October 1, 1997, which meets all requirements of this part which were enacted on or before the date of enactment of the Family Support Act of 1988; and

"(B) by October 1, 1999, which meets all requirements of this part enacted on or before the date of the enactment of the Family Self-Sufficiency Act of 1995, except that such deadline shall be extended by 1 day for each day (if any) by which the Secretary fails to meet the deadline imposed by section 445(a)(3) of the Family Self-Sufficiency Act of 1995.".

(b) SPECIAL FEDERAL MATCHING RATE FOR DEVELOPMENT COSTS OF AUTOMATED SYSTEMS.—

(1) IN GENERAL.—Section 455(a) (42 U.S.C. 655(a)) is amended—

(A) in paragraph (1)(B)—

(i) by striking "90 percent" and inserting "the percent specified in paragraph (3)";

(ii) by striking "so much of"; and

(iii) by striking "which the Secretary" and all that follows and inserting ", and"; and

(B) by adding at the end the following new paragraph:

"(3)(A) The Secretary shall pay to each State, for each quarter in fiscal years 1996 and 1997, 90 percent of so much of the State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements specified in section 454(16), but limited to the amount approved for States in the advance planning documents of such States submitted before May 1, 1995.

"(B)(i) The Secretary shall pay to each State, for each quarter in fiscal years 1998 through 2001, the percentage specified in clause (ii) of so much of the State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements of sections 454(16) and 454A.

"(ii) The percentage specified in this clause is the greater of—

"(I) 80 percent; or

"(II) the percentage otherwise applicable to Federal payments to the State under subparagraph (A) (as adjusted pursuant to section 458).".

(2) TEMPORARY LIMITATION ON PAYMENTS UNDER SPECIAL FEDERAL MATCHING RATE.—

(A) IN GENERAL.—The Secretary of Health and Human Services may not pay more than $260,000,000 in the aggregate under section 455(a)(3) of the Social Security Act for fiscal years 1996, 1997, 1998, 1999, and 2000.

(B) ALLOCATION OF LIMITATION AMONG STATES.—The total amount payable to a State under section 455(a)(3) of such Act for fiscal years 1996, 1997, 1998, 1999, and 2000 shall not exceed the limitation determined for the State by the Secretary of Health and Human Services in regulations.

(C) ALLOCATION FORMULA.—The regulations referred to in subparagraph (B) shall prescribe a formula for allocating the amount specified in subparagraph (A) among States with plans approved under part D of title IV of the Social Security Act, which shall take into account—

(i) the relative size of State caseloads under such part; and

(ii) the level of automation needed to meet the automated data processing requirements of such part.

(c) CONFORMING AMENDMENT.—Section 123(c) of the Family Support Act of 1988 (102 Stat. 2352; Public Law 100-485) is repealed.

SEC. 446. TECHNICAL ASSISTANCE.

(a) FOR TRAINING OF FEDERAL AND STATE STAFF, RESEARCH AND DEMONSTRATION PROGRAMS, AND SPECIAL PROJECTS OF REGIONAL OR NATIONAL SIGNIFICANCE.—Section 452 (42 U.S.C. 652) is amended by adding at the end the following new subsection:

"(j) Out of any money in the Treasury of the United States not otherwise appropriated, there is hereby appropriated to the Secretary for each fiscal year an amount equal to 1 percent of the total amount paid to the Federal Government pursuant to section 457(a) during the immediately preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the 3rd calendar quarter following the end of such preceding fiscal year), to cover costs incurred by the Secretary for—

"(1) information dissemination and technical assistance to States, training of State and Federal staff, staffing studies, and related activities needed to improve programs under this part (including technical assistance concerning State automated systems required by this part); and

"(2) research, demonstration, and special projects of regional or national significance relating to the operation of State programs under this part.".

(b) OPERATION OF FEDERAL PARENT LOCATOR SERVICE.—Section 453 (42 U.S.C. 653), as amended by section 416(f) of this Act, is amended by adding at the end the following new subsection:

"(n) Out of any money in the Treasury of the United States not otherwise appropriated, there is hereby appropriated to the Secretary for each fiscal year an amount equal to 2 percent of the total amount paid to the Federal Government pursuant to section 457(a) during the immediately preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the 3rd calendar quarter following the end of such preceding fiscal year), to cover costs incurred by the Secretary for operation of the Federal Parent Locator Service under this section, to the extent such costs are not recovered through user fees.".

SEC. 447. REPORTS AND DATA COLLECTION BY THE SECRETARY.

(a) ANNUAL REPORT TO CONGRESS.—

(1) Section 452(a)(10)(A) (42 U.S.C. 652(a)(10)(A)) is amended—

(A) by striking "this part;" and inserting "this part, including—"; and

(B) by adding at the end the following new clauses:

"(i) the total amount of child support payments collected as a result of services furnished during the fiscal year to individuals receiving services under this part;

"(ii) the cost to the States and to the Federal Government of so furnishing the services; and

"(iii) the number of cases involving families—

"(I) who became ineligible for assistance under State programs funded under part A during a month in the fiscal year; and

"(II) with respect to whom a child support payment was received in the month;".

(2) Section 452(a)(10)(C) (42 U.S.C. 652(a)(10)(C)) is amended—

(A) in the matter preceding clause (i)—

(i) by striking "with the data required under each clause being separately stated for cases" and inserting "separately stated for (I) cases";

(ii) by striking "cases where the child was formerly receiving" and inserting "or formerly received";

(iii) by inserting "or 1912" after "471(a)(17)"; and

(iv) by inserting "(2)" before "all other";

(B) in each of clauses (i) and (ii), by striking ", and the total amount of such obligations";

(C) in clause (iii), by striking "described in" and all that follows and inserting "in which support was collected during the fiscal year:";

(D) by striking clause (iv); and

(E) by redesignating clause (v) as clause (vii), and inserting after clause (iii) the following new clauses:

"(iv) the total amount of support collected during such fiscal year and distributed as current support;

"(v) the total amount of support collected during such fiscal year and distributed as arrearages;

"(vi) the total amount of support due and unpaid for all fiscal years; and".

(3) Section 452(a)(10)(G) (42 U.S.C. 652(a)(10)(G)) is amended by striking "on the use of Federal courts and".

(4) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended—

(A) in subparagraph (H), by striking "and";

(B) in subparagraph (I), by striking the period and inserting "; and"; and

(C) by inserting after subparagraph (I) the following new subparagraph:

"(J) compliance, by State, with the standards established pursuant to subsections (h) and (i).".

(5) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended by striking all that follows subparagraph (J), as added by paragraph (4).

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall be effective with respect to fiscal year 1996 and succeeding fiscal years.

Subtitle F—Establishment and Modification of Support Orders

SEC. 451. NATIONAL CHILD SUPPORT GUIDELINES COMMISSION.

(a) ESTABLISHMENT.—There is hereby established a commission to be known as the National Child Support Guidelines Commission (in this section referred to as the "Commission").

(b) GENERAL DUTIES.—

(1) IN GENERAL.—The Commission shall determine—

(A) whether it is appropriate to develop a national child support guideline for consideration by the Congress or for adoption by individual States; or

(B) based on a study of various guideline models, the benefits and deficiencies of such models, and any needed improvements.

(2) DEVELOPMENT OF MODELS.—If the Commission determines under paragraph (1)(A) that a national child support guideline is needed or under paragraph (1)(B) that improvements to guideline models are needed, the Commission shall develop such national guideline or improvements.

(c) MATTERS FOR CONSIDERATION BY THE COMMISSION.—In making the recommendations concerning guidelines required under subsection (b), the Commission shall consider—

(1) the adequacy of State child support guidelines established pursuant to section 467;

(2) matters generally applicable to all support orders, including—

(A) the feasibility of adopting uniform terms in all child support orders;

(B) how to define income and under what circumstances income should be imputed; and

(C) tax treatment of child support payments;

(3) the appropriate treatment of cases in which either or both parents have financial obligations to more than 1 family, including the effect (if any) to be given to—

(A) the income of either parent's spouse; and

(B) the financial responsibilities of either parent for other children or stepchildren;

(4) the appropriate treatment of expenses for child care (including care of the children of either parent, and work-related or job-training-related child care);

(5) the appropriate treatment of expenses for health care (including uninsured health care) and other extraordinary expenses for children with special needs;

(6) the appropriate duration of support by 1 or both parents, including—

(A) support (including shared support) for postsecondary or vocational education; and

(B) support for disabled adult children;

(7) procedures to automatically adjust child support orders periodically to address changed economic circumstances, including changes in the Consumer Price Index or either parent's income and expenses in particular cases;

(8) procedures to help noncustodial parents address grievances regarding visitation and custody orders to prevent such parents from withholding child support payments until such grievances are resolved; and

(9) whether, or to what extent, support levels should be adjusted in cases in which custody is shared or in which the noncustodial parent has extended visitation rights.

(d) MEMBERSHIP.—

(1) NUMBER; APPOINTMENT.—

(A) IN GENERAL.—The Commission shall be composed of 12 individuals appointed jointly by the Secretary of Health and Human Services and the Congress, not later than January 15, 1997, of which—

(i) 2 shall be appointed by the Chairman of the Committee on Finance of the Senate, and 1 shall be appointed by the ranking minority member of the Committee;

(ii) 2 shall be appointed by the Chairman of the Committee on Ways and Means of the House of Representatives, and 1 shall be appointed by the ranking minority member of the Committee; and

(iii) 6 shall be appointed by the Secretary of Health and Human Services.

(B) QUALIFICATIONS OF MEMBERS.—Members of the Commission shall have expertise and experience in the evaluation and development of child support guidelines. At least 1 member shall represent advocacy groups for custodial parents, at least 1 member shall represent advocacy groups for noncustodial parents, and at least 1 member shall be the director of a State program under part D of title IV of the Social Security Act.

(2) TERMS OF OFFICE.—Each member shall be appointed for a term of 2 years. A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(e) COMMISSION POWERS, COMPENSATION, ACCESS TO INFORMATION, AND SUPERVISION.—The 1st sentence of subparagraph (C), the 1st and 3rd sentences of subparagraph (D), subparagraph (F) (except with respect to the conduct of medical studies), clauses (ii) and (iii) of subparagraph (G), and subparagraph (H) of section 1886(e)(6) of the Social Security Act shall apply to the Commission in the same manner in which such provisions apply to the Prospective Payment Assessment Commission.

(f) REPORT.—Not later than 2 years after the appointment of members, the Commission shall submit to the President, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate, a recommended national child support guideline and a final assessment of issues relating to such a proposed national child support guideline.

(g) TERMINATION.—The Commission shall terminate 6 months after the submission of the report described in subsection (e).

SEC. 452. SIMPLIFIED PROCESS FOR REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS.

Section 466(a)(10) (42 U.S.C. 666(a)(10)) is amended to read as follows:

"(10) Procedures under which the State shall review and adjust each support order being enforced under this part upon the request of either parent or the State if there is an assignment. Such procedures shall provide the following:

"(A) The State shall review and, as appropriate, adjust the support order every 3 years, taking into account the best interests of the child involved.

"(B)(i) The State may elect to review and, if appropriate, adjust an order pursuant to subparagraph (A) by—

"(I) reviewing and, if appropriate, adjusting the order in accordance with the guidelines established pursuant to section 467(a) if the amount of the child support award under the order differs from the amount that would be awarded in accordance with the guidelines; or

"(II) applying a cost-of-living adjustment to the order in accordance with a formula developed by the State and permit either party to contest the adjustment, within 30 days after the date of the notice of the adjustment, by making a request for review and, if appropriate, adjustment of the order in accordance with the child support guidelines established pursuant to section 467(a).

"(ii) Any adjustment under clause (i) shall be made without a requirement for proof or showing of a change in circumstances.

"(C) The State may use automated methods (including automated comparisons with wage or State income tax data) to identify orders eligible for review, conduct the review, identify orders eligible for adjustment, apply the appropriate adjustment to the orders eligible for adjustment under the threshold established by the State.

"(D) The State shall, at the request of either parent subject to such an order or of any State child support enforcement agency, review and, if appropriate, adjust the order in accordance with the guidelines established pursuant to section 467(a) based upon a substantial change in the circumstances of either parent.

"(E) The State shall provide notice to the parents subject to such an order informing them of their right to request the State to review and, if appropriate, adjust the order pursuant to subparagraph (D). The notice may be included in the order.".

SEC. 453. FURNISHING CONSUMER REPORTS FOR CERTAIN PURPOSES RELATING TO CHILD SUPPORT.

Section 604 of the Fair Credit Reporting Act (15 U.S.C. 1681b) is amended by adding at the end the following new paragraphs:

"(4) In response to a request by the head of a State or local child support enforcement agency (or a State or local government official authorized by the head of such an agency), if the person making the request certifies to the consumer reporting agency that—

"(A) the consumer report is needed for the purpose of establishing an individual's capacity to make child support payments or determining the appropriate level of such payments;

"(B) the paternity of the consumer for the child to which the obligation relates has been established or acknowledged by the consumer in accordance with State laws under which the obligation arises (if required by those laws);

"(C) the person has provided at least 10 days' prior notice to the consumer whose report is requested, by certified or registered mail to the last known address of the consumer, that the report will be requested, and

"(D) the consumer report will be kept confidential, will be used solely for a purpose described in subparagraph (A), and will not be used in connection with any other civil, administrative, or criminal proceeding, or for any other purpose.

"(5) To an agency administering a State plan under section 454 of the Social Security Act (42 U.S.C. 654) for use to set an initial or modified child support award.".

SEC. 454. NONLIABILITY FOR DEPOSITORY INSTITUTIONS PROVIDING FINANCIAL RECORDS TO STATE CHILD SUPPORT ENFORCEMENT AGENCIES IN CHILD SUPPORT CASES.

(a) IN GENERAL.—Notwithstanding any other provision of Federal or State law, a depository institution shall not be liable under any Federal or State law to any person for disclosing any financial record of an individual to a State child support enforcement agency attempting to establish, modify, or enforce a child support obligation of such individual.

(b) PROHIBITION OF DISCLOSURE OF FINANCIAL RECORD OBTAINED BY STATE CHILD SUPPORT ENFORCEMENT AGENCY.—A State child support enforcement agency which obtains a financial record of an individual from a financial institution pursuant to subsection (a) may disclose such financial record only for the purpose of, and to the extent necessary in, establishing, modifying, or enforcing a child support obligation of such individual.

(c) CIVIL DAMAGES FOR UNAUTHORIZED DISCLOSURE.—

(1) DISCLOSURE BY STATE OFFICER OR EMPLOYEE.—If any person knowingly, or by reason of negligence, discloses a financial record of an individual in violation of subsection (b), such individual may bring a civil action for damages against such person in a district court of the United States.

(2) NO LIABILITY FOR GOOD FAITH BUT ERRONEOUS INTERPRETATION.—No liability shall arise under this subsection with respect to any disclosure which results from a good faith, but erroneous, interpretation of subsection (b).

(3) DAMAGES.—In any action brought under paragraph (1), upon a finding of liability on the part of the defendant, the defendant shall be liable to the plaintiff in an amount equal to the sum of—

(A) the greater of—

(i) $1,000 for each act of unauthorized disclosure of a financial record with respect to which such defendant is found liable; or

(ii) the sum of—

(I) the actual damages sustained by the plaintiff as a result of such unauthorized disclosure; plus

(II) in the case of a willful disclosure or a disclosure which is the result of gross negligence, punitive damages; plus

(B) the costs (including attorney's fees) of the action.

(d) DEFINITIONS.—For purposes of this section:

(1) The term "depository institution" means—

(A) a depository institution, as defined in section 3(c) of the Federal Deposit Insurance Act (12 U.S.C. 1813(c));

(B) an institution-affiliated party, as defined in section 3(u) of such Act (12 U.S.C. 1813(v)); and

(C) any Federal credit union or State credit union, as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752), including an institution-affiliated party of such a credit union, as defined in section 206(r) of such Act (12 U.S.C. 1786(r)).

(2) The term "financial record" has the meaning given such term in section 1101 of the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401).

(3) The term "State child support enforcement agency" means a State agency which administers a State program for establishing and enforcing child support obligations.

Subtitle G—Enforcement of Support Orders

SEC. 461. FEDERAL INCOME TAX REFUND OFFSET.

(a) CHANGED ORDER OF REFUND DISTRIBUTION UNDER INTERNAL REVENUE CODE.—

(1) IN GENERAL.—Subsection (c) of section 6402 of the Internal Revenue Code of 1986 (relating to authority to make credits or refunds) is amended by striking the 3rd and 4th sentences and inserting the following new sentences: "A reduction under this subsection shall be applied 1st to satisfy past-due support, before any other reductions allowed by law (including a credit against future liability for an internal revenue tax) have been made. A reduction under this subsection shall be assigned to the State with respect to past-due support owed to individuals for periods such individuals were receiving assistance under part A or B of title IV of the Social Security Act only after satisfying all other past-due support.".

(2) CONFORMING AMENDMENT.—Paragraph (2) of section 6402(d) of such Code is amended by striking "with respect to past-due support collected pursuant to an assignment under section 402(a)(26) of the Social Security Act".

(b) ELIMINATION OF DISPARITIES IN TREATMENT OF ASSIGNED AND NONASSIGNED ARREARAGES.—

(1) Section 464(a) (42 U.S.C. 664(a)) is amended—

(A) by striking "(a)" and inserting "(a) OFFSET AUTHORIZED.—";

(B) in paragraph (1)—

(i) in the 1st sentence, by striking "which has been assigned to such State pursuant to section 402(a)(26) or section 471(a)(17)"; and

(ii) in the 2nd sentence, by striking "in accordance with section 457(b)(4) or (d)(3)" and inserting "as provided in paragraph (2)";

(C) by striking paragraph (2) and inserting the following new paragraph:

"(2) The State agency shall distribute amounts paid by the Secretary of the Treasury pursuant to paragraph (1)—

"(A) in accordance with section 457(a), in the case of past-due support assigned to a State; and

"(B) to or on behalf of the child to whom the support was owed, in the case of past-due support not so assigned."; and

(D) in paragraph (3)—

(i) by striking "or (2)" each place such term appears; and

(ii) in subparagraph (B), by striking "under paragraph (2)" and inserting "on account of past-due support described in paragraph (2)(B)".

(2) Section 464(b) (42 U.S.C. 664(b)) is amended—

(A) by striking "(b)(1)" and inserting the following:

"(b) REGULATIONS.—"; and

(B) by striking paragraph (2).

(3) Section 464(c) (42 U.S.C. 664(c)) is amended—

(A) by striking "(c)(1) Except as provided in paragraph (2), as" and inserting the following:

"(c) DEFINITION.—As"; and

(B) by striking paragraphs (2) and (3).

SEC. 462. INTERNAL REVENUE SERVICE COLLECTION OF ARREARAGES.

(a) AMENDMENT TO INTERNAL REVENUE CODE.—Section 6305(a) of the Internal Revenue Code of 1986 (relating to collection of certain liability) is amended—

(1) in paragraph (1), by inserting "except as provided in paragraph (5)" after "collected";

(2) by striking "and" at the end of paragraph (3);

(3) by striking the period at the end of paragraph (4) and inserting ", and";

(4) by adding at the end the following new paragraph:

"(5) no additional fee may be assessed for adjustments to an amount previously certified pursuant to such section 452(b) with respect to the same obligor."; and

(5) by striking "Secretary of Health, Education, and Welfare" each place it appears and inserting "Secretary of Health and Human Services".

(b) EFFECTIVE DATE.—The amendments made by this section shall become effective October 1, 1997.

SEC. 463. AUTHORITY TO COLLECT SUPPORT FROM FEDERAL EMPLOYEES.

(a) CONSOLIDATION AND STREAMLINING OF AUTHORITIES.—Section 459 (42 U.S.C. 659) is amended to read as follows:

"SEC. 459. CONSENT BY THE UNITED STATES TO INCOME WITHHOLDING, GARNISHMENT, AND SIMILAR PROCEEDINGS FOR ENFORCEMENT OF CHILD SUPPORT AND ALIMONY OBLIGATIONS.

"(a) CONSENT TO SUPPORT ENFORCEMENT.—Notwithstanding any other provision of law (including section 207 of this Act and section 5301 of title 38, United States Code), effective January 1, 1975, moneys (the entitlement to which is based upon remuneration for employment) due from, or payable by, the United States or the District of Columbia (including any agency, subdivision, or instrumentality thereof) to any individual, including members of the Armed Forces of the United States, shall be subject, in like manner and to the same extent as if the United States or the District of Columbia were a private person, to withholding in accordance with State law enacted pursuant to subsections (a)(1) and (b) of section 466 and regulations of the Secretary under such subsections, and to any other legal process brought, by a State agency administering a program under a State plan approved under this part or by an individual obligee, to enforce the legal obligation of the individual to provide child support or alimony.

"(b) CONSENT TO REQUIREMENTS APPLICABLE TO PRIVATE PERSON.—With respect to notice to withhold income pursuant to subsection (a)(1) or (b) of section 466, or any other order or process to enforce support obligations against an individual (if the order or process contains or is accompanied by sufficient data to permit prompt identification of the individual and the moneys involved), each governmental entity specified in subsection (a) shall be subject to the same requirements as would apply if the entity were a private person, except as otherwise provided in this section.

"(c) DESIGNATION OF AGENT; RESPONSE TO NOTICE OR PROCESS—

"(1) DESIGNATION OF AGENT.—The head of each agency subject to this section shall—

"(A) designate an agent or agents to receive orders and accept service of process in matters relating to child support or alimony; and

"(B) annually publish in the Federal Register the designation of the agent or agents, identified by title or position, mailing address, and telephone number.

"(2) RESPONSE TO NOTICE OR PROCESS.—If an agent designated pursuant to paragraph (1) of this subsection receives notice pursuant to State procedures in effect pursuant to subsection (a)(1) or (b) of section 466, or is effectively served with any order, process, or interrogatory, with respect to an individual's child support or alimony payment obligations, the agent shall—

"(A) as soon as possible (but not later than 15 days) thereafter, send written notice of the notice or service (together with a copy of the notice or service) to the individual at the duty station or last-known home address of the individual;

"(B) within 30 days (or such longer period as may be prescribed by applicable State law) after receipt of a notice pursuant to such State procedures, comply with all applicable provisions of section 466; and

"(C) within 30 days (or such longer period as may be prescribed by applicable State law) after effective service of any other such order, process, or interrogatory, respond to the order, process, or interrogatory.

"(d) PRIORITY OF CLAIMS.—If a governmental entity specified in subsection (a) receives notice or is served with process, as provided in this section, concerning amounts owed by an individual to more than 1 person—

"(1) support collection under section 466(b) must be given priority over any other process, as provided in section 466(b)(7);

"(2) allocation of moneys due or payable to an individual among claimants under section 466(b) shall be governed by section 466(b) and the regulations prescribed under such section; and

"(3) such moneys as remain after compliance with paragraphs (1) and (2) shall be available to satisfy any other such processes on a 1st-come, 1st-served basis, with any such process being satisfied out of such moneys as remain after the satisfaction of all such processes which have been previously served.

"(e) NO REQUIREMENT TO VARY PAY CYCLES.—A governmental entity that is affected by legal process served for the enforcement of an individual's child support or alimony payment

obligations shall not be required to vary its normal pay and disbursement cycle in order to comply with the legal process.

"(f) RELIEF FROM LIABILITY.—

"(1) Neither the United States, nor the government of the District of Columbia, nor any disbursing officer shall be liable with respect to any payment made from moneys due or payable from the United States to any individual pursuant to legal process regular on its face, if the payment is made in accordance with this section and the regulations issued to carry out this section.

"(2) No Federal employee whose duties include taking actions necessary to comply with the requirements of subsection (a) with regard to any individual shall be subject under any law to any disciplinary action or civil or criminal liability or penalty for, or on account of, any disclosure of information made by the employee in connection with the carrying out of such actions.

"(g) REGULATIONS.—Authority to promulgate regulations for the implementation of this section shall, insofar as this section applies to moneys due from (or payable by)—

"(1) the United States (other than the legislative or judicial branches of the Federal Government) or the government of the District of Columbia, be vested in the President (or the designee of the President);

"(2) the legislative branch of the Federal Government, be vested jointly in the President pro tempore of the Senate and the Speaker of the House of Representatives (or their designees), and

"(3) the judicial branch of the Federal Government, be vested in the Chief Justice of the United States (or the designee of the Chief Justice).

"(h) MONEYS SUBJECT TO PROCESS.—

"(1) IN GENERAL.—Subject to paragraph (2), moneys paid or payable to an individual which are considered to be based upon remuneration for employment, for purposes of this section—

"(A) consist of—

"(i) compensation paid or payable for personal services of the individual, whether the compensation is denominated as wages, salary, commission, bonus, pay, allowances, or otherwise (including severance pay, sick pay, and incentive pay);

"(ii) periodic benefits (including a periodic benefit as defined in section 228(h)(3)) or other payments—

"(I) under the insurance system established by title II;

"(II) under any other system or fund established by the United States which provides for the payment of pensions, retirement or retired pay, annuities, dependents' or survivors' benefits, or similar amounts payable on account of personal services performed by the individual or any other individual;

"(III) as compensation for death under any Federal program;

"(IV) under any Federal program established to provide 'black lung' benefits; or

"(V) by the Secretary of Veterans Affairs as pension, or as compensation for a service-connected disability or death (except any compensation paid by the Secretary to a member of the Armed Forces who is in receipt of retired or retainer pay if the member has waived a portion of the retired pay of the member in order to receive the compensation); and

"(iii) workers' compensation benefits paid under Federal or State law; but

"(B) do not include any payment—

"(i) by way of reimbursement or otherwise, to defray expenses incurred by the individual in carrying out duties associated with the employment of the individual; or

"(ii) as allowances for members of the uniformed services payable pursuant to chapter 7 of title 37, United States Code, as prescribed by the Secretaries concerned (defined by section 101(5) of such title) as necessary for the efficient performance of duty.

"(2) CERTAIN AMOUNTS EXCLUDED.—In determining the amount of any moneys due from, or payable by, the United States to any individual, there shall be excluded amounts which—

"(A) are owed by the individual to the United States;

"(B) are required by law to be, and are, deducted from the remuneration or other payment involved, including Federal employment taxes, and fines and forfeitures ordered by court-martial;

"(C) are properly withheld for Federal, State, or local income tax purposes, if the withholding of the amounts is authorized or required by law and if amounts withheld are not greater than would be the case if the individual claimed all dependents to which he was entitled (the withholding of additional amounts pursuant to section 3402(i) of the Internal Revenue Code of 1986 may be permitted only when the individual presents evidence of a tax obligation which supports the additional withholding);

"(D) are deducted as health insurance premiums;

"(E) are deducted as normal retirement contributions (not including amounts deducted for supplementary coverage); or

"(F) are deducted as normal life insurance premiums from salary or other remuneration for employment (not including amounts deducted for supplementary coverage).

"(i) DEFINITIONS.—As used in this section:

"(1) UNITED STATES.—The term 'United States' includes any department, agency, or instrumentality of the legislative, judicial, or executive branch of the Federal Government, the United States Postal Service, the Postal Rate Commission, any Federal corporation created by an Act of Congress that is wholly owned by the Federal Government, and the governments of the territories and possessions of the United States.

"(2) CHILD SUPPORT.—The term 'child support', when used in reference to the legal obligations of an individual to provide such support, means periodic payments of funds for the support and maintenance of a child or children with respect to which the individual has such an obligation, and (subject to and in accordance with State law) includes payments to provide for health care, education, recreation, clothing, or to meet other specific needs of such a child or children, and includes attorney's fees, interest, and court costs, when and to the extent that the same are expressly made recoverable as such pursuant to a decree, order, or judgment issued in accordance with applicable State law by a court of competent jurisdiction.

"(3) ALIMONY.—The term 'alimony', when used in reference to the legal obligations of an individual to provide the same, means periodic payments of funds for the support and maintenance of the spouse (or former spouse) of the individual, and (subject to and in accordance with State law) includes separate maintenance, alimony pendente lite, maintenance, and spousal support, and includes attorney's fees, interest, and court costs when and to the extent that the same are expressly made recoverable as such pursuant to a decree, order, or judgment issued in accordance with applicable State law by a court of competent jurisdiction. Such term does not include any payment or transfer of property or its value by an individual to the spouse or a former spouse of the individual in compliance with any community property settlement, equitable distribution of property, or other division of property between spouses or former spouses.

"(4) PRIVATE PERSON.—The term 'private person' means a person who does not have sovereign or other special immunity or privilege which causes the person not to be subject to legal process.

"(5) LEGAL PROCESS.—The term 'legal process' means any writ, order, summons, or other similar process in the nature of garnishment—

"(A) which is issued by—

"(i) a court of competent jurisdiction in any State, territory, or possession of the United States;

"(ii) a court of competent jurisdiction in any foreign country with which the United States has entered into an agreement which requires the United States to honor the process; or

"(iii) an authorized official pursuant to an order of such a court of competent jurisdiction or pursuant to State or local law; and

"(B) which is directed to, and the purpose of which is to compel, a governmental entity which holds moneys which are otherwise payable to an individual to make a payment from the moneys to another party in order to satisfy a legal obligation of the individual to provide child support or make alimony payments.".

(b) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV.—Sections 461 and 462 (42 U.S.C. 661 and 662) are repealed.

(2) TO TITLE 5, UNITED STATES CODE.—Section 5520a of title 5, United States Code, is amended, in subsections (h)(2) and (i), by striking "sections 459, 461, and 462 of the Social Security Act (42 U.S.C. 659, 661, and 662)" and inserting "section 459 of the Social Security Act (42 U.S.C. 659)".

(c) MILITARY RETIRED AND RETAINER PAY.—

(1) DEFINITION OF COURT.—Section 1408(a)(1) of title 10, United States Code, is amended—

(A) by striking "and" at the end of subparagraph (B);

(B) by striking the period at the end of subparagraph (C) and inserting "; and"; and

(C) by adding after subparagraph (C) the following new subparagraph:

"(D) any administrative or judicial tribunal of a State competent to enter orders for support or maintenance (including a State agency administering a program under a State plan approved under part D of title IV of the Social Security Act), and, for purposes of this subparagraph, the term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.".

(2) DEFINITION OF COURT ORDER.—Section 1408(a)(2) of such title is amended by inserting "or a court order for the payment of child support not included in or accompanied by such a decree or settlement," before "which—".

(3) PUBLIC PAYEE.—Section 1408(d) of such title is amended—

(A) in the heading, by inserting "(OR FOR BENEFIT OF)" before "SPOUSE OR"; and

(B) in paragraph (1), in the 1st sentence, by inserting "(or for the benefit of such spouse or former spouse to a State disbursement unit established pursuant to section 454B of the Social Security Act or other public payee designated by a State, in accordance with part D of title IV of the Social Security Act, as directed by court order, or as otherwise directed in accordance with such part D)" before "in an amount sufficient".

(4) RELATIONSHIP TO PART D OF TITLE IV.—Section 1408 of such title is amended by adding at the end the following new subsection:

"(j) RELATIONSHIP TO OTHER LAWS.—In any case involving an order providing for payment of child support (as defined in section 459(i)(2) of the Social Security Act) by a member who has never been married to the other parent of the child, the provisions of this section shall not apply, and the case shall be subject to the provisions of section 459 of such Act.".

(d) EFFECTIVE DATE.—The amendments made by this section shall become effective 6 months after the date of the enactment of this Act.

SEC. 464. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS OF MEMBERS OF THE ARMED FORCES.

(a) AVAILABILITY OF LOCATOR INFORMATION.—

(1) MAINTENANCE OF ADDRESS INFORMATION.—The Secretary of Defense shall establish a centralized personnel locator service that includes the address of each member of the Armed Forces under the jurisdiction of the Secretary. Upon request of the Secretary of Transportation, addresses for members of the Coast Guard shall be included in the centralized personnel locator service.

(2) TYPE OF ADDRESS.—

(A) RESIDENTIAL ADDRESS.—Except as provided in subparagraph (B), the address for a member of the Armed Forces shown in the locator service shall be the residential address of that member.

(B) DUTY ADDRESS.—The address for a member of the Armed Forces shown in the locator service shall be the duty address of that member in the case of a member—

(i) who is permanently assigned overseas, to a vessel, or to a routinely deployable unit; or

(ii) with respect to whom the Secretary concerned makes a determination that the member's residential address should not be disclosed due to national security or safety concerns.

(3) UPDATING OF LOCATOR INFORMATION.—Within 30 days after a member listed in the locator service establishes a new residential address (or a new duty address, in the case of a member covered by paragraph (2)(B)), the Secretary concerned shall update the locator service to indicate the new address of the member.

(4) AVAILABILITY OF INFORMATION.—The Secretary of Defense shall make information regarding the address of a member of the Armed Forces listed in the locator service available, on request, to the Federal Parent Locator Service established under section 453 of the Social Security Act.

(b) FACILITATING GRANTING OF LEAVE FOR ATTENDANCE AT HEARINGS.—

(1) REGULATIONS.—The Secretary of each military department, and the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy, shall prescribe regulations to facilitate the granting of leave to a member of the Armed Forces under the jurisdiction of that Secretary in a case in which—

(A) the leave is needed for the member to attend a hearing described in paragraph (2);

(B) the member is not serving in or with a unit deployed in a contingency operation (as defined in section 101 of title 10, United States Code); and

(C) the exigencies of military service (as determined by the Secretary concerned) do not otherwise require that such leave not be granted.

(2) COVERED HEARINGS.—Paragraph (1) applies to a hearing that is conducted by a court or pursuant to an administrative process established under State law, in connection with a civil action—

(A) to determine whether a member of the Armed Forces is a natural parent of a child; or

(B) to determine an obligation of a member of the Armed Forces to provide child support.

(3) DEFINITIONS.—For purposes of this subsection:

(A) The term "court" has the meaning given that term in section 1408(a) of title 10, United States Code.

(B) The term "child support" has the meaning given such term in section 459(i) of the Social Security Act (42 U.S.C. 659(i)).

(c) PAYMENT OF MILITARY RETIRED PAY IN COMPLIANCE WITH CHILD SUPPORT ORDERS.—

(1) DATE OF CERTIFICATION OF COURT ORDER.—Section 1408 of title 10, United States Code, as amended by section 463(c)(4) of this Act, is amended—

(A) by redesignating subsections (i) and (j) as subsections (j) and (k), respectively; and

(B) by inserting after subsection (h) the following new subsection:

"(i) CERTIFICATION DATE.—It is not necessary that the date of a certification of the authenticity or completeness of a copy of a court order for child support received by the Secretary concerned for the purposes of this section be recent in relation to the date of receipt by the Secretary.".

(2) PAYMENTS CONSISTENT WITH ASSIGNMENTS OF RIGHTS TO STATES.—Section 1408(d)(1) of such title is amended by inserting after the 1st sentence the following: "In the case of a spouse or former spouse who assigns to a State the rights of the spouse or former spouse to receive support, the Secretary concerned may make the child support payments referred to in the preceding sentence to that State in amounts consistent with that assignment of rights.".

(3) ARREARAGES OWED BY MEMBERS OF THE UNIFORMED SERVICES.—Section 1408(d) of such title is amended by adding at the end the following new paragraph:

"(6) In the case of a court order for which effective service is made on the Secretary concerned on or after the date of the enactment of this paragraph and which provides for payments from the disposable retired pay of a member to satisfy the amount of child support set forth in the order, the authority provided in paragraph (1) to make payments from the disposable retired pay of a member to satisfy the amount of child support set forth in a court order shall apply to payment of any amount of child support arrearages set forth in that order as well as to amounts of child support that currently become due.".

(4) PAYROLL DEDUCTIONS.—The Secretary of Defense shall begin payroll deductions within 30 days after receiving notice of withholding, or for the 1st pay period that begins after such 30-day period.

SEC. 465. VOIDING OF FRAUDULENT TRANSFERS.

Section 466 (42 U.S.C. 666), as amended by section 421 of this Act, is amended by adding at the end the following new subsection:

"(g) In order to satisfy section 454(20)(A), each State must have in effect—

"(1)(A) the Uniform Fraudulent Conveyance Act of 1981;

"(B) the Uniform Fraudulent Transfer Act of 1984; or

"(C) another law, specifying indicia of fraud which create a prima facie case that a debtor transferred income or property to avoid payment to a child support creditor, which the Secretary finds affords comparable rights to child support creditors; and

"(2) procedures under which, in any case in which the State knows of a transfer by a child support debtor with respect to which such a prima facie case is established, the State must—

"(A) seek to void such transfer; or

"(B) obtain a settlement in the best interests of the child support creditor.".

SEC. 466. WORK REQUIREMENT FOR PERSONS OWING CHILD SUPPORT.

Section 466(a) of the Social Security Act (42 U.S.C. 666(a)), as amended by sections 401(a), 415, 417(a), and 423 of this Act, is amended by adding at the end the following new paragraph:

"(16) Procedures requiring the State, in any case in which an individual owes support with respect to a child receiving services under this part, to seek a court order or administrative order that requires the individual to—

"(A) pay such support in accordance with a plan approved by the court; or

"(B) if the individual is not working and is not incapacitated, participate in work activities (including, at State option, work activities as defined in section 482) as the court deems appropriate.".

SEC. 467. DEFINITION OF SUPPORT ORDER.

Section 453 (42 U.S.C. 653) as amended by sections 416 and 446(b) of this Act, is amended by adding at the end the following new subsection:

"(o) As used in this part, the term 'support order' means a judgment, decree, or order, whether temporary, final, or subject to modification, issued by a court or an administrative agency of competent jurisdiction, for the support and maintenance of a child, including a child who has attained the age of majority under the law of the issuing State, or a child and the parent with whom the child is living, which provides for monetary support, health care, arrearages, or reimbursement, and which may include related costs and fees, interest and penalties, income withholding, attorneys' fees, and other relief.".

SEC. 468. REPORTING ARREARAGES TO CREDIT BUREAUS.

Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended to read as follows:

"(7)(A) Procedures (subject to safeguards pursuant to subparagraph (B)) requiring the State to report periodically to consumer reporting agencies (as defined in section 603(f) of the Fair Credit Reporting Act (15 U.S.C. 1681a(f)) the name of any absent parent who is delinquent in the payment of support, and the amount of overdue support owed by such parent.

"(B) Procedures ensuring that, in carrying out subparagraph (A), information with respect to an absent parent is reported—

"(i) only after such parent has been afforded all due process required under State law, including notice and a reasonable opportunity to contest the accuracy of such information; and

"(ii) only to an entity that has furnished evidence satisfactory to the State that the entity is a consumer reporting agency.".

SEC. 469. LIENS.

Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended to read as follows:

"(4) Procedures under which—

"(A) liens arise by operation of law against real and personal property for amounts of overdue support owed by an absent parent who resides or owns property in the State; and

"(B) the State accords full faith and credit to liens described in subparagraph (A) arising in another State, without registration of the underlying order.".

SEC. 470. STATE LAW AUTHORIZING SUSPENSION OF LICENSES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 415, 417(a), and 423 of this Act, is amended by adding at the end the following new paragraph:

"(15) Procedures under which the State has (and uses in appropriate cases) authority to withhold or suspend, or to restrict the use of driver's licenses, professional and occupational licenses, and recreational licenses of individuals owing overdue support or failing, after receiving appropriate notice, to comply with subpoenas or warrants relating to paternity or child support proceedings.".

SEC. 471. DENIAL OF PASSPORTS FOR NONPAYMENT OF CHILD SUPPORT.

(a) HHS CERTIFICATION PROCEDURE.—

(1) SECRETARIAL RESPONSIBILITY.—Section 452 (42 U.S.C. 652), as amended by section 446, is amended by adding at the end the following new subsection:

"(k)(1) If the Secretary receives a certification by a State agency in accordance with the requirements of section 454(30) that an individual owes arrearages of child support in an amount exceeding $5,000 or in an amount exceeding 24 months' worth of child support, the Secretary shall transmit such certification to the Secretary of State for action (with respect to denial, revocation, or limitation of passports) pursuant to section 471(b) of the Family Self-Sufficiency Act of 1995.

"(2) The Secretary shall not be liable to an individual for any action with respect to a certification by a State agency under this section.".

(2) STATE CSE AGENCY RESPONSIBILITY.—Section 454 (42 U.S.C. 654), as amended by sections 404(a), 412(b), 413(a), 433, and 444(a), is amended—

(A) by striking "and" at the end of paragraph (28);

(B) by striking the period at the end of paragraph (29) and inserting "; and"; and

(C) by adding after paragraph (29) the following new paragraph:

"(30) provide that the State agency will have in effect a procedure (which may be combined with the procedure for tax refund offset under section 464) for certifying to the Secretary, for purposes of the procedure under section 452(k) (concerning denial of passports) determinations that individuals owe arrearages of child support

in an amount exceeding $5,000 or in an amount exceeding 24 months' worth of child support, under which procedure—

"(A) each individual concerned is afforded notice of such determination and the consequences thereof, and an opportunity to contest the determination; and

"(B) the certification by the State agency is furnished to the Secretary in such format, and accompanied by such supporting documentation, as the Secretary may require.".

(b) STATE DEPARTMENT PROCEDURE FOR DENIAL OF PASSPORTS.—

(1) IN GENERAL.—The Secretary of State, upon certification by the Secretary of Health and Human Services, in accordance with section 452(k) of the Social Security Act, that an individual owes arrearages of child support in excess of $5,000 or in an amount exceeding 24 months' worth of child support, shall refuse to issue a passport to such individual, and may revoke, restrict, or limit a passport issued previously to such individual.

(2) LIMIT ON LIABILITY.—The Secretary of State shall not be liable to an individual for any action with respect to a certification by a State agency under this section.

(c) EFFECTIVE DATE.—This section and the amendments made by this section shall become effective October 1, 1996.

Subtitle H—Medical Support

SEC. 475. TECHNICAL CORRECTION TO ERISA DEFINITION OF MEDICAL CHILD SUPPORT ORDER.

(a) IN GENERAL.—Section 609(a)(2)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)(2)(B)) is amended—

(1) by striking "issued by a court of competent jurisdiction";

(2) by striking the period at the end of clause (ii) and inserting a comma; and

(3) by adding, after and below clause (ii), the following:

"if such judgment, decree, or order (I) is issued by a court of competent jurisdiction or (II) is issued through an administrative process established under State law and has the force and effect of law under applicable State law.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on the date of the enactment of this Act.

(2) PLAN AMENDMENTS NOT REQUIRED UNTIL JANUARY 1, 1996.—Any amendment to a plan required to be made by an amendment made by this section shall not be required to be made before the 1st plan year beginning on or after January 1, 1996, if—

(A) during the period after the date before the date of the enactment of this Act and before such 1st plan year, the plan is operated in accordance with the requirements of the amendments made by this section; and

(B) such plan amendment applies retroactively to the period after the date before the date of the enactment of this Act and before such 1st plan year.

A plan shall not be treated as failing to be operated in accordance with the provisions of the plan merely because it operates in accordance with this paragraph.

SEC. 476. ENFORCEMENT OF ORDERS FOR HEALTH CARE COVERAGE.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 415, 417(a), 423, and 469 of this Act, is amended by adding at the end the following new paragraph:

"(16) Procedures under which all child support orders enforced under this part shall include a provision for the health care coverage of the child, and in the case in which an absent parent provides such coverage and changes employment, and the new employer provides health care coverage, the State agency shall transfer notice of the provision to the employer, which notice shall operate to enroll the child in the absent parent's health plan, unless the absent parent contests the notice.".

Subtitle I—Enhancing Responsibility and Opportunity for Nonresidential Parents

SEC. 481. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

Part D of title IV (42 U.S.C. 651-669) is amended by adding at the end the following new section:

"SEC. 469A. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

"(a) IN GENERAL.—The Administration for Children and Families shall make grants under this section to enable States to establish and administer programs to support and facilitate absent parents' access to and visitation of their children, by means of activities including mediation (both voluntary and mandatory), counseling, education, development of parenting plans, visitation enforcement (including monitoring, supervision and neutral drop-off and pickup), and development of guidelines for visitation and alternative custody arrangements.

"(b) AMOUNT OF GRANT.—The amount of the grant to be made to a State under this section for a fiscal year shall be an amount equal to the lesser of—

"(1) 90 percent of State expenditures during the fiscal year for activities described in subsection (a); or

"(2) the allotment of the State under subsection (c) for the fiscal year.

"(c) ALLOTMENTS TO STATES.—

"(1) IN GENERAL.—The allotment of a State for a fiscal year is the amount that bears the same ratio to the amount appropriated for grants under this section for the fiscal year as the number of children in the State living with only 1 biological parent bears to the total number of such children in all States.

"(2) MINIMUM ALLOTMENT.—The Administration for Children and Families shall adjust allotments to States under paragraph (1) as necessary to ensure that no State is allotted less than—

"(A) $50,000 for fiscal year 1996 or 1997; or

"(B) $100,000 for any succeeding fiscal year.

"(d) NO SUPPLANTATION OF STATE EXPENDITURES FOR SIMILAR ACTIVITIES.—A State to which a grant is made under this section may not use the grant to supplant expenditures by the State for activities specified in subsection (a), but shall use the grant to supplement such expenditures at a level at least equal to the level of such expenditures for fiscal year 1995.

"(e) STATE ADMINISTRATION.—Each State to which a grant is made under this section—

"(1) may administer State programs funded with the grant, directly or through grants to or contracts with courts, local public agencies, or nonprofit private entities;

"(2) shall not be required to operate such programs on a statewide basis; and

"(3) shall monitor, evaluate, and report on such programs in accordance with regulations prescribed by the Secretary.".

Subtitle J—Effect of Enactment

SEC. 491. EFFECTIVE DATES.

(a) IN GENERAL.—Except as otherwise specifically provided (but subject to subsections (b) and (c))—

(1) the provisions of this title requiring the enactment or amendment of State laws under section 466 of the Social Security Act, or revision of State plans under section 454 of such Act, shall be effective with respect to periods beginning on and after October 1, 1996; and

(2) all other provisions of this title shall become effective upon the date of the enactment of this Act.

(b) GRACE PERIOD FOR STATE LAW CHANGES.—The provisions of this title shall become effective with respect to a State on the later of—

(1) the date specified in this title, or

(2) the effective date of laws enacted by the legislature of such State implementing such provisions,

but in no event later than the 1st day of the 1st calendar quarter beginning after the close of the 1st regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

(c) GRACE PERIOD FOR STATE CONSTITUTIONAL AMENDMENT.—A State shall not be found out of compliance with any requirement enacted by this title if the State is unable to so comply without amending the State constitution until the earlier of—

(1) 1 year after the effective date of the necessary State constitutional amendment; or

(2) 5 years after the date of the enactment of this title.

Amend the title so as to read: "An Act to enhance support and work opportunities for families with children, reduce welfare dependence, and control welfare spending.".

Mr. DOLE. There is an old saying that "everybody talks about the weather, but nobody does anything about it."

For the past several years, that saying could also apply to welfare reform. Everyone talked about it, but nobody did anything about it that really mattered.

That will change Monday, when we begin serious debate. In fact, it will change today because we will introduce the substitute here in a moment. But on Monday, the Senate will begin serious debate on the Work Opportunity Act of 1995.

There is a true national consensus to transform welfare from a program that does not work into one that does. It is my intention that once the Senate begins to talk about welfare reform, we will continue until we actually have done something about it. And when all the talking is done, I believe we will pass legislation that will transform welfare from a failed system into one that succeeds in providing work, hope, and opportunity for many, many Americans in need.

At the center of our debate will be the legislation introduced this week by 33 Senate Republicans including the entire Senate Republican leadership. I am also very proud that our legislation has the support of a majority of America's Governors. Hopefully, it is bipartisan, but I can say that there are 30 Republican Governors out of the 50 States, and 30 Republican Governors represent 70 percent of the people in America, and every one of the 30 Republican Governors support our legislation.

Our bill is based on three conservative principles:

First and foremost, welfare reform should be designed and run by those closest to the problem—the States. Not by Washington, not by some faceless, nameless bureaucrat but by the States, by the State legislators and by the Governors and the people they appoint. We believe this is the key to true conservative reform. The Congress has dedicated itself to restoring the 10th amendment to the Constitution and to getting the Federal Government out of the mandate business, and States should not have to play a game of

"mother may I" with the Federal Government when it comes to welfare.

Second: Welfare programs should include a real work requirement which in no uncertain terms requires able-bodied welfare recipients to find a job rather than to stay at home or stay in a training program forever. And make no mistake about it: our legislation contains real work requirements.

And third: No program with an unlimited budget will ever be made to work effectively and efficiently. Therefore, we must put a cap on welfare spending.

We will be discussing those principles in greater detail during the debate. I believe the entire Senate, Republicans and Democrats, begins this debate united in many ways. We begin united in the knowledge that our current welfare system is broke, and we begin united in a commitment to fix it.

We have made valiant efforts in the past. And I see my colleague from New York who is the expert on welfare and has been for some 30 years in my memory and who has made a lot of suggestions that had we followed years ago, we would not be in the trouble we are today; they were not followed. I hope that he will enlist in our efforts to make some rather radical changes.

That is not to say we are not going to have disagreements. I hope it is not going to be party line. In my view, the best we can do when it comes to the Work Opportunity Act of 1995, or whatever title other Members may have on their bills, is to work together, iron out some of the problems we have, and have a big vote for change in this Senate Chamber.

There will be a number of close votes during the debate, but by remembering what unites us, I feel confident we will pass a bill with wide bipartisan support. I hope this is a bill we do not have to go through the cloture exercise; that we do not have a filibuster either by amendment or by intent because it seems to me if we have—I know Senator PACKWOOD, the chairman of the Finance Committee, will be leading the debate on this side. He is a very early riser. He will be willing to start at 7, 6, 7:30, 8 o'clock, and so there will be—I do not know how many literally—not hundreds of hours but 40, 50, 60 hours of debate, so hopefully we can move very quickly once we start on Monday.

AMENDMENT NO. 2280

Mr. DOLE. I send to the desk my amendment to the underlying bill, H.R. 4 in the form of a first-degree amendment.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows.

The Senator from Kansas [Mr. DOLE] proposes an amendment numbered 2280.

Mr. DOLE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(The amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. DOLE. I know the amendment is probably several hundred pages.

The PRESIDING OFFICER. The Senator is correct.

Mr. DOLE. I just say for the information of all Senators, my first-degree amendment will be printed and available for all Members by late Monday morning. We believe we have introduced it in a way that when someone offers an amendment, they can be sure they are going to get a vote on their amendment. Nobody is going to be able to second degree it. If the Senator from New York has an amendment, there will be a vote on that amendment. It might be a tabling motion, but there will be a vote on or in relation to the amendment.

So I think we are ready to go, and I know the Senator from New York has been waiting to make a statement. I appreciate his patience.

Mr. MOYNIHAN. May I first thank the distinguished majority leader, the Republican leader, for the tone and the openness with which he begins once again a welfare debate.

We did this 7 years ago with the Family Support Act of 1988. I had introduced it a year earlier.

It was a bipartisan measure. It passed the Senate 96-1. President Reagan signed it in the company of the Governors who had been so much involved, then chairman of the association, Governor Clinton of Arkansas; the chairman of the committee of the Governors' Association concerned with this matter; then-Governor Castle of Delaware, now Representative Castle.

I regret that the time now has seemingly come when we will be asked to put an end to the Federal commitment to sharing State efforts to provide for the dependent children. They are a massive number. They overwhelm the capacity of our great cities. Would the Senator from Kansas believe, for example, that in the city of Los Angeles, 62 percent of all children are on AFDC, in Chicago 44 percent, in New York 28 percent, and in Detroit 79 percent? This is beyond—this is a social experience which we have had, of which there is no counterpart.

We put in place legislation in 1988, which has been working. States have been innovating. The results are beginning to appear. I will have a bill which is offered in the Finance Committee, the Family Support Act of 1995, bringing it up to date as I believe we should. The distinguished Democratic leader, with Senator MIKULSKI and Senator BREAUX, will have measures. We will have amendments. We will have a good debate. It need not be an endless debate. I hope the outcome will be better than is now forecast. And we will see.

Mr. President, I thank the Senate for giving me this time late in the day. I look forward to 10:30 on Monday morning when we will commence.

I yield the floor.

Mr. DOLE. I thank the Senator from New York.

MORNING BUSINESS

Mr. DOLE. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business with Senators permitted to speak for up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

BEST WISHES TO ELIZABETH MACDONOUGH

Mr. DOLE. Mr. President, the Senate will lose one of its most dedicated floor staffers today. Elizabeth MacDonough will be leaving us to attend law school this fall at the University of Vermont. Liz has worked in the Senate for the past 5 years, first in the Senate Library as a legislative reference assistant, and then as the assistant morning business editor of the CONGRESSIONAL RECORD. In addition to her duties preparing the morning business section of the RECORD, Liz can be found sitting at the corner of the Reporters' table in the well of the Senate, listening intently to our every word, ready to chase us down to retrieve those materials we have asked to have printed in the RECORD. We will miss her dedication and wonderful sense of humor. On behalf of all Senators, I say farewell and wish her good luck in all her future endeavors.

Mr. DASCHLE. Mr. President, let me also associate myself with the remarks of the majority leader with regard to Elizabeth McDonough. We will miss her. She has been a delight to work with. We wish her well as she goes on to school and hope that she comes back frequently. She has been a very, very important member of the floor staff, and we are delighted to have had the opportunity to work with her.

BASE CLOSURE COMMUNITY REDEVELOPMENT AND HOMELESS ASSISTANCE ACT

Mr. LAUTENBERG. Mr. President, the 1994 Base Closure Community Redevelopment and Homeless Assistance Act Public Law 103-421, signed into law October 25, 1994, applied not only to bases that would thereafter be designated for closure, but also to bases previously designated under the 1990 and 1988 Base Closure Acts, so long as the recognized redevelopment authority for the base elected within 60 days after enactment to proceed under the 1994 Act. The 1994 Act then set out a schedule for preparation, review, and approval of redevelopment plans and the ultimate disposal of property by the Government pursuant to such plans. This process will unavoidably extend beyond the end of the current fiscal year. Indeed, regulations to guide

FAMILY SELF-SUFFICIENCY ACT

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of H.R. 4, the welfare reform bill, which the clerk will report.

The legislative clerk read as follows:

A bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending and reduce welfare dependence.

The Senate resumed consideration of the bill.

Pending:

Dole amendment No. 2280, of a perfecting nature.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

UNANIMOUS-CONSENT AGREEMENT

Mr. PACKWOOD. Mr. President, I have a unanimous-consent request that has been cleared on both sides. I ask unanimous consent that only debate be in order on the welfare bill, H.R. 4, until the hour of 3 o'clock p.m. today.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PACKWOOD. Mr. President, "The lessons of history, confirmed by the evidence immediately before me, show conclusively that continued dependence upon relief induces a spiritual and moral disintegration, fundamentally destructive to the national fiber. To dole out relief in this way is to administer a narcotic, a subtle destroyer of the human spirit. It is inimical to the dictates of sound policy. It is a violation of the traditions of America."

So spoke Franklin Roosevelt in his second annual message January 4, 1935, the year that welfare, as we currently refer to it, was passed. As a matter of fact, we are almost 60 years to the day. One more week and we would be there. August 14, 1935, we passed the Social Security Act.

The act had two components. One was Social Security pensions and the other was welfare for widows and orphans. Both of the above, the pensions and the welfare for widows and orphans, were intended to cover really the same group of people at that time, in 1935. But they were covered for different reasons.

Social Security, the pension, was to be yours, of course, if you worked until age 65 and collected a pension for the rest of your life. But support for widows and orphans, enacted in the same bill, was to be yours if the breadwinner died.

This was done in 1935, Mr. President. In most cases in those days, women did not work outside of the home for money. They stayed home, and they raised the children. The breadwinner was normally a man.

So the Social Security Act said, all right, if the man works and he works until he is 65 and he retires, he gets a pension, and with the pension he will still be able to take care of his wife; his children by that time presumably would have been grown and off working on their own. If by chance, however, the breadwinner died before 65, then who was left to support the widow and the children? For that purpose, in the same act as Social Security, we passed what we now call Aid to Families With Dependent Children. We then simply called it welfare. It was presumed that the widow would have no more children unless she remarried, in which case she would not need welfare support any more. And in those days, almost all welfare, that is, as we now call it, AFDC [Aid to Families With Dependent Children], over 90 percent of welfare went to widows and orphans.

It was not until 1939 that what we call survivor coverage was added to Social Security. And we now said if the breadwinner—and this was still presumed to be the man—died prior to age 65, and if the breadwinner had a widow with children, the widow would get 75 percent of the pension benefits that the breadwinner would have gotten had he lived until 65 and in addition got 75 percent for each child that she had up to a capped amount. You could not have 20 children and get 75 percent each, but most people do not have 20 children.

I emphasize again, in 1935 we passed the Social Security Act. It has a pension part and a welfare part. And the two were really separated.

Then in 1939, 4 years later, we added this survivors coverage to Social Security, and an interesting thing happened after we added it. Because by and large the survivors pension to the widow and the children under Social Security was larger than welfare, and gradually from 1939 on, first as more people worked in the system and then as we added by statute more and more people to the system and covered more and more people—I think probably the biggest single coverage expansion coming in 1953 or 1954 under President Eisenhower—by the time we had gotten to 1960, most people were covered by Social Security, and therefore had Social Security survivor benefits for widows and children.

So the original purpose of welfare, to provide for the widows and the orphans, was supplanted by Social Security. And from 1960 onward, maybe 1970 onward, in a rapidly accelerating pace, welfare, Aid to Families With Dependent Children as we now call it, started tilting toward the support of unwed mothers and children who had never had a breadwinner in the house.

This was not a substitute for the deceased husband. For the first time, we began to see the welfare system turn toward a different concept from that upon which it was founded. The concept upon which it was founded was, if the breadwinner dies, there is money for the widow and the child.

As Social Security replaced and supplanted welfare, therefore, I sometimes wonder—I do not really say this with any assuredness—but I sometimes wonder if the bureaucracy that administered the old welfare system thought to itself, "We will soon be out of a job," Social Security having taken over the job, and, "We need to find some other function."

It happens in private enterprise all the time. A classic example, of course, would be the March of Dimes. Franklin Roosevelt started the March of Dimes. We eradicated polio, and the need for the March of Dimes could have gone out of existence. If you look at it in the phone book, it is now referred to as the March of Dimes, Birth Defects. The organization—I do not mean this any way critically—needed another cause after our having successfully conquered polio. I do not say this is what happened with the welfare bureaucracy from 1960, and certainly 1970 onward. But instead of welfare now being emergency financial support for an absent, deceased breadwinner, it began to become a lifetime support system for somebody that never had a breadwinner.

Then, unfortunately, it became not just a lifetime support system, but a generational support system of a woman, then a child, and then the child's child, and then the child's child's child, all on welfare. And, therefore, what we could presume at the start with welfare, we could no longer presume from—I will just pick the date—1960 onward.

When we gave money in 1935, 1937, 1938, and on up until Social Security took over the principal function of survivors' benefits, we were presuming, one, the woman would have no more children, or if she got married she may have more children but she would marry a breadwinner and be off welfare, and, two, if it was a widow's pension with a child, the child grew up and the woman had her pension until she died. And society could humanely justify and support that, because we knew that this was not going to be massive in cost. Most breadwinners do not die. And we knew that, as a matter of conscience and humanity, we could afford it.

But as we got into a situation where we were looking at lifetime support or generational support, we had to attempt to shift welfare from emergency support because the breadwinner died to an effort to teach and train people to get off of welfare. We did not intend welfare as a lifetime and generational support system.

So for a quarter of a century, the Federal Government has tinkered and tried to remedy the problem of work. Mr. President, the Federal Government has failed. It has not worked. Welfare, as the Federal Government hoped it would work, would be a trampoline. People would spring back to work. Instead of a trampoline it has become a hammock. And it is not working at all.

Let me ask you, Mr. President, has it failed because we have not spent enough money? This is often the argument. "All we need is a bit more money and we could take care of the problem."

Mr. President, I do not know how much "a bit more" is, but I do know that we have spent an increasing amount of money on welfare by any measure over the last half century. If we hoped that by spending more we would reduce the welfare caseload and get people off of welfare, we have failed. The Social Security Administration puts out a publication annually on what they define public aid. The Social Security Administration takes the various programs that we might generically call aid to the poor, not just aid to families with dependent children, but all the programs—Medicaid, food

stamps, anything that would go to the poor—and have added up how much we spend. They have done it using what we call constant dollars, current dollars, and per capita dollars. I will define what I mean by these.

"Current dollars" means what you spend today. It does not necessarily mean a dollar of the same value. Let us say you spend $100 on welfare today, and $100 will buy you a certain basket full of groceries. Let us say you have 100 percent inflation, and in order to buy the same basket of groceries the next year, you would need $200. So we spend $200 on welfare. That is called current dollar spending. Basically, it is just what we spend now and takes no account of inflation. The $200 does not buy you any more than the $100 did before the 100 percent inflation. That is one way to measure things.

If you take all of the programs that Social Security counts as public aid in terms of current dollars, in 1947 we spent $2 billion in this country, including what the States spent—$2 billion. We now spend $180 billion on roughly the same programs. Some programs have dropped by the wayside and others have been added, but on balance it's roughly the same types of programs.

A better test is what we call constant dollars. You assume that the value of the dollar has never changed, there has been no inflation. You adjust the spending backwards so you know what you would have spent based on today's dollars as if there were no inflation for 50 years. On a constant dollar basis, in 1947 we spent $10 billion, not $2 billion but $10 billion. Today it is $180 billion. We have gone in uninflated dollars from $10 billion to $180 billion.

Mr. WELLSTONE. Mr. President, would the Senator yield for a question?

(Mr. THOMAS assumed the chair.)

Mr. PACKWOOD. No, not until I finish, thank you.

Have we fixed the welfare problem? We have not even come close. Maybe the best figure, though, is per capita spending. How much do we spend per person in this country on a constant dollar basis? In 1947, we spent $70 per person in this country; in 1991, which is the last year we have figures for, we spent $713 per person. This assumes the dollar has never been inflated. The $70 has risen to $713, and the welfare problem is getting worse.

Last figure. What percent of our total gross domestic product do we spend on what Social Security calls public aid? In 1947, 0.7 percent of our entire gross domestic product of all the goods and services in this country was spent on public aid. We now spend over 3 percent.

So by any measure of money we have spent on welfare, we have spent it in spades. We have doubled and redoubled and redoubled and redoubled and redoubled the money we have spent on welfare. I would suggest, Mr. President, it has not solved the problem.

Next, has it failed then because of insufficient regulation? I have here in my hand the 1935 section of the Social Security Act for welfare. It is about two and a quarter pages long. That is it. That was the welfare law. There were no regulations. There was a little pamphlet that could not have exceeded 30 pages that sort of explained what this two and a quarter pages of law meant.

You know what we have today? Let me show you this. This is what an Oregon caseworker has to go through to make sure that they are meeting the eligibility standards of a potential recipient. This is not for all of welfare. This is only for welfare eligibility, not the administration of the program once you are on it. This is what we have come to.

Do you wonder why the States are asking us to give them a block grant and saying, "Let us try it." Can you imagine what it is like for a caseworker, who is a decent person who would like to help somebody, who would like to spend the bulk of his or her time working person to person with people who are deprived and genuinely entitled to welfare? That is what this caseworker would like to do. The caseworker does not want to spend time reading these kinds of regulations and filling out forms to make sure that what they are doing comports with the Federal regulations which are equally thick. And that is what we have come to year by year, year by year, year by year.

There was a wonderful example yesterday. It is unrelated to welfare. It involves the Drug Enforcement Administration. This tells you the folly of federal rules.

Portland has a drug-sniffing pig. It is a Vietnamese pot-bellied pig, and it can sniff out drugs better than a dog and it is cheaper than a dog. Here is the picture of Harley. People keep these things for pets.

The Portland police bureau applied to the Drug Enforcement Administration for funds for Harley and the Drug Enforcement Administration said, "No, only dogs, not pigs."

The Portland police bureau said, "But the pig can smell better, the pig is cheaper."

"No, only dogs."

We finally got them to admit that the pig was all right. This is the kind of thing that States have to go through to do perfectly normal things.

I realize we are not all used to drug-sniffing pigs, but they work. We ought to let States try it.

Here is the best statement I could find. This is from Duncan Wyse, who is the former executive director of the Oregon Progress Board monitoring welfare. This is his statement. Oregon comes very close to being the best, probably the best State, in terms of trying innovative welfare and Medicaid approaches. It has been like pulling teeth to get the Federal Government to give us waivers and to cooperate. This is what Duncan Wyse says:

> Almost all of the Oregon option undertakings require the use of Federal funds and, in many cases, the waiver of Federal rules and restrictions on how the money is used. We need the Federal Government as a partner. But Federal programs that provide money tend to be so severely prescriptive and riddled with redtape that stifles innovation. In the biggest area of Federal aid—welfare—at least 20 percent of our administrative time and money costs have been spent on Federal paperwork.

Twenty percent is spent on Federal paperwork. When people say, what happens if we give welfare to the State, will the State be able to administer it well and compassionately, to begin with, Oregon can save 20 percent off the top if they do not have to cross every "t" and dot every "i" of the Federal regulations.

So where are we after 60 years, 60 years this year, of Federal welfare almost divided in two with the dividing line coming maybe 1960, maybe 1970 when it moved from widows and orphans as survivors of the deceased breadwinner to what welfare as we know it now? I thought Senator CAROL MOSELEY-BRAUN from Illinois phrased it best at the Finance Committee markup on May 24, 1995: "In this $7 trillion economy, we still have 40 million people living in poverty; some 14 million of those people are in the welfare system in the States and 9 million of those people are children."

Mr. President, that is welfare as we know it. This is the welfare as we know it that President Clinton has said he wants to end. This is welfare as we know it that has been fostered, foisted, and directed by the Federal Government. Do we have any reason to assume after 60 years of toying and tinkering with the system that the Federal Government will do any better if we tweak it here, twist it there and hope that this beast will fly? It is like a hippopotamus, Mr. President. No matter how long you make his ears or how long you screw up its tail, it is not going to fly.

Every now and then, you run across a little pamphlet. I say to Senator MOYNIHAN, this was written 20 years ago, "To Empower People—The Role of Mediating Structures in Public Policy." Jack Kemp would like the title.

I mention Senator MOYNIHAN because almost 20 years ago—he came to the Senate in 1976, so it is not quite 20 years ago—he and I tried to get tuition tax credits for parochial, private school students. I think we would have settled for vouchers if we could get vouchers.

This book—book is the wrong word, pamphlet is better—is only 42 pages long. I do not know the two gentlemen who wrote it, but I was intrigued with their opening page statement:

> Two seemingly contradictory tendencies are evident in current thinking about public policy in America.

Do not forget, this is 1977.

> First, there is a continuing desire for the services provided by the modern welfare state. * * * The second tendency is one of strong animus toward Government bureaucracy and bigness as such. * * * We suggest the modern welfare state is here to stay, indeed that it ought to expand the benefits it

provides—but that alternative mechanisms are possible to provide welfare state services.

There are a number of us who would quarrel with whether or not we want to expand the services or not. What I was intrigued with was the authors' suggestion. They almost bypass States and local governments. What they refer to as the role of mediating structures in public policy they define as neighborhood, family, church and voluntary associations. They go through what could be done if we were willing to attempt to administer our welfare programs through these organizations, and they have any number of quotes. I am not going to quote them all, but there is one I find interesting:

If a policy furthers a legitimate secular purpose, it is a matter of legal indifference whether or not that policy employs religious institutions.

How many of us have been to a Salvation Army workshop or Goodwill workshop, or any of the sheltered workshops where private charities are doing a sensational job beyond anything that we seem to be capable of doing? And yet, in many of these areas, we have run up against the argument, "Well, it's a religious institution."

Mr. President, the time has come when institutions should not be prohibited from trying to help us, the Government, solve our welfare problems simply because they have a cross on the wall or a menorah in the hall. That does not disqualify some of the most extraordinary organizations in America from being able to help.

Lastly, and then I will go on to the bill itself, I will quote just very briefly from a speech that I made also in the same year, 1977, to an annual Republican conference in Oregon called the Dorchester Conference, in which I was attempting to delineate major differences between parties. I said I do not find overwhelming differences on foreign policy or on transportation, or on a number of areas, but I said there were two where they were significant differences.

One was in the providing of social services. And, on average—speaking generically because it is not of every Republican or every Democrat, but on average—Democrats would prefer that Government rather than private entities—be that business or religious entities, neighborhood associations, or anything else—deliver those services, whereas Republicans prefer private entities to deliver the services. The other was the feeling that if government had to deliver the services, the Democrats would prefer that the Federal Government did it. Republicans would prefer that State and local government did it. I am not sure that, generically, those two differences—Government versus private sector—and in the private sector, I include all kinds of nonprofit charities, let alone business—and central Government versus State and local government—have changed.

In that March 5, 1977, speech, I said:

In considering this difference, we first must get over our hangup about which government the taxpayers' money belongs to—local, State, or Federal. The money does not belong to any government. It is the taxpayers' money, and government—be it local, State, or Federal—simply holds it in trust for a time after collection and before disbursement. The argument that money collected by the Federal Government is Federal money and, therefore, the Federal Government has not only a right but a duty to say how it is spent is poppycock. But even assuming the Federal Government does have a right to say how it should be spent, there is nothing obtuse about saying that the Federal Government policy on spending money will be: Give it back to the State and local governments with minimal strings. Let them spend it as they like. We don't need dozens of housing, health, urban, and other kinds of programs, let alone 50 to 100 categorical grant education programs. If a local government doesn't know better whether it needs a park block or a fire engine or a day care center or a school librarian, then how can those in Washington, DC, possibly know better?

I want to get to the outline of the bill now, Mr. President. I want to emphasize once more what I just said and what Professors Berger and Neuhaus would say. In essence, we are saying that you cannot run this country well from Washington, DC. It is interesting that we are finding the same philosophy existing in some of the major businesses of this country. They realize they can no longer run their business well from corporate headquarters. Businesses are devolving, giving regional managers more authority than they ever had, giving plants more authority to organize than they ever had. You are seeing this devolution outward from the center in all areas of this country except the Federal Government.

The Federal Government has preempted one of the best sources of raising money and that source is, of course, the income tax. Some States have high income taxes. My State is one that has a high income tax as compared to other States. One of the reasons we have a high income tax is because we have no sales tax in Oregon. All States are pikers in comparison to the amount of money the Federal Government gets from the income tax. It is a progressive source of revenue from everybody, and we collect most of it.

There is nothing wrong with our saying we want to see if we can solve this welfare system. "We," being collectively the States, the local governments, Salvation Army, and the Catholic Church. We want to see if collectively we can solve this problem. We have failed to solve the problem since we first got into this area in 1935, and we have progressively failed in the last quarter of a century. We have geometrically failed.

Is there a possibility—just a scintilla of a possibility—that State and local governments, if we let them experiment and innovate, might come up with solutions that we have been incapable of thinking of, or if we have been able to think of them, for whatever reason we were incapable of administering and achieving? That, in essence, is what the bill before us today attempts to do.

First, I will describe the bill's provisions on what we call welfare, aid to families with dependent children. This bill has a number of sections to it of which this is one.

Mr. WELLSTONE. Will the Senator yield for one question?

Mr. PACKWOOD. Not until I finish. Thank you.

Mr. WELLSTONE. I hope later on we will have time for questions.

The PRESIDING OFFICER. The Senator from Oregon has the floor.

Mr. PACKWOOD. Mr. President, AFDC or welfare, as most people call it, is a section of this bill. I am going to take it section by section, but I will take this one first.

The bill takes the seven AFDC programs—they are, one, cash assistance; two, administration of the program; three, the so-called JOBS Program; four, emergency assistance; five, child care for the JOBS Program; six, child care for transition to work; seven, child care for at-risk families—we take those seven programs and consolidate them into one program called a block. We say to the States, we will eliminate these programs as we now know them, and we will give you the money instead, and you must spend this money on the needy, not airport tarmacs, or rebuilding piers for their port, but to spend it on the needy as you see fit.

Here you have a battle, a philosophical battle, because we have put some strings on this bill. The ultimate would be to say to the States, here is the money, you spend it on welfare as you want to define it. But because we did not want to be that broad and did not know what they wanted to do, there have been two very tough restrictions put in the bill.

The first one is work. Welfare recipients must go to work. They must go to work no later than after they have been on welfare for 2 years. But the States can make that much shorter if they want. If the State determines that somebody is work ready, then they have to go to work then.

The States have to have 50 percent of their total number of adults who are on welfare in work by the year 2000. Today, we do not even approach that. On occasion, people will give you a percentage that seems quite high, but that is because, under the present law, there are all kinds of exceptions to those who do not have to work at all. So say you had 1,000 people on welfare, but you say 200 do not have to work because they have a child under 3; another 100 do not have to work because they are disabled; and another 100 for another reason. You get down to 500, and then you say of the 500, 250 are working. That is 50 percent. Well, that is 50 percent of 500. It is 25 percent of a thousand. This bill says by the year 2000, 50 percent of what caseworkers would call your adult caseload, your welfare caseload, must be working. Second, we say that

you can only be on welfare for a maximum of 5 years in your lifetime, cumulative period, total. You run out the 5 years, it is zip, finito, gone. Those are the two major strings that we put into this bill.

The States and the Governors, by and large, find this acceptable, but there are some Governors who do not agree with what we have done. Most like what we have done because we have said to the States, this is no longer a Federal entitlement program as we call the words "entitlement," which means we determine who is eligible for welfare.

We are saying to the States, "Here's the money; you determine who is eligible, but you have to put a certain percentage of those you determine as welfare-eligible to work. That is basically all we are requiring of you." They cannot be on welfare for more than 5 years. That is the broad outline of the welfare portion of the bill.

We have a second section called SSI, supplementary security income. I do not find a great deal of dissent with what we have done to SSI. This is another welfare program, often for the elderly, but not always for the elderly. We have said that there will be three categories that will no longer be eligible. SSI is totally a Federal program. No State money and no State administration is involved in this at all. The bill says that you will no longer be eligible if you are disabled because of a drug addiction or an alcoholism addiction. You may be an alcoholic or a drug addict, and you may be eligible for this program for other reasons, but you are no longer going to be eligible solely for drug addiction or alcoholism. Noncitizens will no longer be eligible unless they do work and pay taxes for specified periods of time, and children with modest disabilities will no longer be eligible. I do not find overwhelming argument with the SSI provision of the bill.

The third part of the bill is child support enforcement. Here we have strengthened the Federal role, and the States agree. By "child support enforcement," we are talking about custody orders. The child's parent is ordered to pay $100 a month, $500 a month, $1,000 a month, and the parent moves to another State. The parent may not even disguise their name, but it is almost impossible to enforce child support orders between States. It costs more than it is worth. This particular provision of the bill significantly beefs up the interstate, between-State, enforcement of child support.

Next is food stamps. This part of the bill is somewhat controversial. I have to give great credit to the Agriculture Committee. They came forth with reforms of the program in their committee that were extraordinary in terms of both the reforms and saving money. The bill includes all of their reforms.

We have added a particular wrinkle to food stamps. We have given States the choice of taking a block grant for food stamps. The way food stamps work now is that the Federal Government determines if you are eligible, then you get food stamps and take them to the grocery store for groceries. You give the grocer food stamps, you receive groceries, and the grocer turns the food stamps in to the Federal Government, and we pay the grocer money.

Some States under experimental programs with waivers are doing what is known as cashing out food stamps. In some cases they are doing it statewide, and in some cases only in counties. What they do is take the money that a recipient would otherwise give for food stamps, use it as a subsidy with an employer, and put the person to work. Almost invariably the person has more money from working than they get from the food stamps and welfare. The food stamp money is used as a wage subsidy. You can only do that now if you get a waiver from the Federal Government. This bill would make it easier for States to do this.

As I said, the bill also gives States the option to take a block grant for food stamps. We have put a limitation in it. I would go further and say the States can cash out totally and use the money as they see fit. I recognize there are not the votes to go this far. Instead, this bill allows States to cash out food stamps, but at least 75 percent of the money must be used for food for the poor and the remaining 25 percent can be used for wage-subsidy programs which, if we are trying to get people off of welfare and into work, probably are a better use of the money than anything else that we might suggest.

On the child nutrition programs and the commodity distribution programs, we have included in the bill the Agriculture Committee reforms exactly as they reported them without change. They are good reforms. I think they are relatively noncontroversial reforms.

We have taken from the Labor Committee, Senator KASSEBAUM's committee, her child care and development block grants. She consolidates three Labor Committee child care programs into a single program, and we have put it in this bill with a minor modification. We have also included another bill that the Labor Committee reported which takes 90 different job training and education programs and consolidates them into one block.

Then we have taken suggestions on housing with relatively modest changes in rent subsidy eligibility rules and housing assistance rules. Again, I think there is no controversy. Those provisions came principally from the Banking Committee.

Then we have changed the rules on noncitizens for what are called Federal means-tested programs. Means-tested programs are those that determine eligibility based on how much income and money you have. If your income and resources exceed a certain level, you can not qualify for the program. The bill provides a uniform rule for noncitizens who apply for Federal means-tested programs. I believe there is some controversy about this provision in the bill.

But, Mr. President, I think the overwhelming bulk of the controversy falls in two or three areas of the bill and not most of the latter ones I talked about.

Then lastly, we have called for a reduction of 30 percent in Federal employees who administer the AFDC welfare programs and the work force job training programs.

Mr. President, that is it. It is not very often that we have a genuinely philosophical debate in this Congress. This is a genuinely philosophical debate. Do you prefer that the Federal Government continue to fund and administer the welfare programs in this country and the food stamp programs? If yes, in essence, you are saying you like the way they are working. Or do you say, I am not happy with the way the welfare programs are working, and try as we might, well-intentioned as we may be, the Federal Government has failed to make them work and we would like to let the States experiment?

Mr. President, the problems of the States in this country are difficult. A State that has immense immigration has different problems than a State that does not. A State that has a disproportionately large number of poor has a different problem than a State that does not. One size does not fit all.

This bill, as we debate it, and as we finally vote upon it, is going to be a touchstone showing the difference between the parties and between those who prefer a Federal system, no matter how badly run, to a State system which we cannot guarantee will work but I think we can guarantee it cannot work any worse than it is now working.

Is it worth a try? You bet it is.

Over the next 2, 3, or 4 days, or however long we debate this, keep in mind a few objectives: Federal versus State, and work. Those are the issues that we are talking about.

I thank the Chair.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER (Mr. KYL). The Senator from New York.

Mr. MOYNIHAN. Mr. President, I rise to continue the debate from this side of the aisle, but first to congratulate and, as always, to express appreciation to my colleague and friend, the chairman of the committee, for his thoughtful, persuasive arguments—not all of which have persuaded me; I am sure there are those who will feel the same way—and in particular to thank him for citing this, I will call it a booklet, "To Empower People, The Role Of Mediating Structures In Public Policy." This was the work of Peter L. Berger, who is a professor of sociology at Rutgers, and Richard John Neuhaus, who is the senior editor of World Review. He is a theologian, and a much-respected one.

This is a product of a research group the American Enterprise Institute had started. Nathan Glazer, my colleague

and friend, headed the section on welfare and social services.

Mr. President, once again I am proud and happy to report that this important social analysis was sponsored by the National Endowment for the Humanities. I cannot think of a more trenchant argument for securing its future and that of other such matters.

I thank my friend for having brought it to our attention. It is, curious—what they argue is the extension of the analysis by Professor Putnam of those communities in Italy over the last 700 years that have been successful and those that have not, and the degree to which empowering activities locally, a choral society in Tuscany or a volunteer fire department, characterized——

Mr. PACKWOOD. Or a local soccer team. I am indebted to the Senator for calling to my attention this book by Professor Putnam in which he studied all the provinces of Italy which had identical charters given to them in 1920. Professor Putnam discovered that the provinces governed themselves differently, although the charters were identical. And after extensive research and evaluation, Professor Putnam concluded that local and civic traditions was responsible for most of the differences and the charter did not make much difference at all. And the best example we have of that is the Soviet constitution, which hardly had a peer in the world as a Constitution.

Mr. MOYNIHAN. As a youth in New York City, I had more than one occasion to study the Soviet Constitution and see that this, obviously, had to be the finest society on Earth because it had the best Constitution.

I will try to argue that the outcomes of our efforts with dependent children and families will, in fact, depend less on statute and more upon the local energies and enterprise which either rise to the effort or do not. I will argue that in some cases we see there are dimensions of size that overwhelm individual effort. And I will argue that we did very well in 1988. We are beginning to see results with exactly this theory in mind.

With those facts in mind, on May 18 I introduced the Family Support Act of 1995, a bill "to enable each State to assist applicants and recipients of Aid to Families with Dependent Children in providing for the economic well-being of their children, to allow States to test new ways to improve the welfare system, and for other purposes."

The measure was referred to the Finance Committee. It was taken up on May 26, and failed on a 12 to 8 vote, whereupon the committee, by a similar 12 to 8 vote, adopted the predecessor of the Work Opportunity Act of 1995,.the bill which Senator DOLE has introduced as a substitute.

But, first, let me describe the thinking behind an earlier, quite significant revision of welfare law, the Family Support Act of 1988, basic legislation which I propose now we build on.

In his State of the Union Address in February 1987, President Reagan pledged his support for what he called "a new national welfare strategy." Democrats and Republicans in Congress saw a window of opportunity to redefine our welfare system, to replace the half-century-old AFDC Program with a program designed for the social realities of the last part of the 20th century.

The Governors led the way. Governor Clinton, chairman of the National Governors Association, and then Gov. MICHAEL CASTLE, of Delaware—now Representative CASTLE—was chairman of the Welfare Prevention Task Force, a bipartisan effort, and they presented the Governors' concerns: improve enforcement of parental child support obligations; permit flexible State-designed employment programs—include remedial education, training and work experience; mandate participation in such programs for parents with children over age 3, and create a "social contract"—I say once again a social contract—to obligate State agencies to provide opportunities to become self-sufficient while also obligating recipients to take advantage of these opportunities.

The Family Support Act of 1988 sought to turn the existing welfare system on its head. And we used that term conscious of the historical reference. Rather than beginning with a public assistance payment that is supplemented with sporadic child support payments and occasional earned income, it placed the responsibility for supporting children where it belonged: With parents—both parents. And the focus was to be on the long-term dependents—not the divorced woman who needs some help while she puts her life back in order, but the teenage mother who has a child and is at risk of spending most of her life on the dole.

On September 29, 1988, just this side of 7 years ago, the Family Support Act passed the Senate. We had 63 cosponsors and the vote was 96 to 1. It went out the door 96 to 1, a bipartisan judgment the like of which is rarely seen in this body and which, unhappily, evidently has now disappeared.

I was the manager on our side, and I recall the atmosphere, the emotion. At a Rose Garden ceremony that followed were Senators DOLE, BENTSEN, and BROWN, Speaker Foley, Mr. Michel, and Governors Clinton and CASTLE.

President Reagan, on signing the bill, told the assembled company that:

> They and the members of the administration who worked so diligently on this bill will be remembered for accomplishing what many have attempted but no one has achieved in several decades, a meaningful redirection of our welfare system.

It may seem unimaginable to us today. But the Family Support Act of 1988 was not a partisan political measure. Democrats and Republicans alike joined in near unanimity to do what needed doing, a good half a century into the experience of what we have called welfare under the Social Security Act of 1935, a history the chairman has set forth very ably and very accurately.

The Governors had asked for flexibility in designing State programs to help poor parents overcome their dependence on public assistance, and they got it. With the Job Opportunities and Basic Skills Program, JOBS, States were free to offer a variety of education, training and work activities. States were directed to involve the private sector in designing their JOBS Programs and to coordinate with other work-related programs, such as the Job Training Partnership Act.

The Family Support Act brought the statute in line with a new reality. Again, as the chairman has said, the original Social Security Act of 1935, adopted in the midst of the Depression, provided aid to dependent children wherein the Federal Government took over the widows pensions that had been adopted in almost half the States by this point. Those States were under severe economic stress in the Great Depression. The Federal Government assumed the responsibility for children.

In 1939, the mother of the children was included as well. So it became Aid to Families With Dependent Children, and it was expected to be a bridge until widows with their children were entitled to old age and survivors insurance, and, indeed, it was a bridge in the time that survivors insurance matured.

Then something new happened. In 1960's, Samuel H. Preston, in his address to the American Demographic Association in 1964, put it that "an earthquake shuddered through the American family—an earthquake shuddered through the American family." Family structure began to change. Out-of-wedlock births surged.

We now have a ratio of births of children in single-parent families that has reached an estimated 33 percent. By 1992—I have a table here. Can I bring that over?

Mr. President, this will give you some sense of what we are dealing with. These are the ratios in the 20 largest cities in the country: Baltimore, 61 percent; Boston, 48; Chicago, 56; Columbus, 41; the District of Columbia, 70; Indianapolis, 40; Milwaukee, 58; New York, 46; Phoenix, 42; San Antonio, 20.

These are numbers unknown to social conditions of the north, west, east, or southern man or woman. So far as I know it is without precedent in human experience. I have said this before and have been saying it for 15 or 20 years. And no one has ever contradicted this.

Early in the century, an anthropologist named Malinowski, who practiced and worked and lived in London, set forth the universal law of human society, which is that in any society, every society that has ever been known, ever examined, ever studied, ever recorded, all children knew who their male parent was. That was the first law of anthropology. And everyone agreed. Once it was said, it was obvious.

It no longer is, Mr. President. The ratios, Baltimore is 61 percent, Detroit 72

percent. They are without precedent. And the thing to know is that we are not alone in this. Something like the same phenomenon has overtaken the United Kingdom, France, and Canada. We find it difficult to explain what has happened here. But they find it difficult to explain what has happened there. What we cannot do is deny the reality.

We think this increase is largely a matter of demography.

In the 1950's, the child-bearing population was flat or even declined a bit.

Then starting in 1989, the caseload began to rise.

What I am trying to say, Mr. President, is that this obviously has led to increases in the Aid to Families Dependent Children Program of late. In the aftermath of our 1988 legislation, the number of children on the AFDC rolls has gone up again. It went from 3.5 million cases to almost 5 million in 4 years. You can see this right here. Here is where we passed the bill. Then, seemingly, after we passed the bill, things get out of control again.

You have to start this discussion, if it is going to be in any way honest and open, with acknowledging the fact that if anyone had supposed in 1988 the number of AFDC cases would go down—and we never said that, but if anyone thought that might happen—they would have been wrong. Indeed, they went up. We think we know why they went up.

The Congressional Budget Office has established that about 60 percent of the increase is simply the increase in the number of single-parent families. The demography of persons in that population, the number of people coming into the reproduction ages, suddenly bumped up. It will happen. It happens all the time—up, flat, up, and sometimes indeed declining, as was the case in late 1930's or late 1940's.

The thing is, we know very little about this. We know a certain amount about the duration of benefits. More than a quarter of new entrants onto the AFDC rolls remain there less than a year. Almost half are gone in 2 years. Data are elusive. The Federal Government has never collected systematic time series data on this information. And we would do well to remind ourselves of the maxim that you should never really do anything about a problem until you first learn to understand it.

Annual unemployment rates did not appear in the United States until 1948. We used to take the unemployment rate from the census. We took it in April 1930 and April 1940, and there was no Great Depression. We learned sampling and we did it by counting everybody. We learned to sample and get numbers. It was a development in the late 1930's and matured in the early or mid-forties.

We have not done this at all with respect to welfare dependency because we have not seen it, in part, as the problem it has become. By 1948, we knew unemployment was a problem.

I might say last year, in 1994, Congress enacted the Welfare Indicators Act.

It is a measure I had been seeking for many years, an annual report comparable to the Economic Report of the President which deals with unemployment or employment and which has begun long-term analyses of trends, disaggregating large numbers and finding significant subsectors.

The act specifies that with respect to welfare indicators, the following subjects be addressed: indicators of the rate and degree to which families depend on welfare income; predictors of welfare receipt; an assessment of the adequacy of existing data resources; and an annual report of welfare indicators.

For the moment, Donna Pavetti at the Urban Institute has compiled this distribution, one of the few things we seem to have. Note we get it from the Urban Institute, not from the Department of Health and Human Services.

This chart depicts "Distribution of Total Time on Welfare."

This is important, Mr. President, because both the bills that the distinguished Republican leader and the chairman of the Committee on Finance have introduced, the bill that our able and distinguished Democratic leader has introduced, have 5-year time limits.

I am sorry to turn this into a statistics exposé, but we are talking about numbers here, and we never learned to do anything about unemployment until we got hold of those numbers. And the numbers are simply that half the AFDC population who enter the system leave it within 24 months. We do not know who they are. There is no account kept. There are no samples taken. But we have a pretty good idea. These are mature women whose marriages have come apart, have been dissolved in some way or other. For them, AFDC is a form of income insurance just as unemployment insurance protects those persons working. They need it for a while, then they need it no longer and they leave.

We knew this much in 1988. We said not to worry about this group. It takes care of itself. You simply have a simple income insurance—as Social Security is income insurance—and let them be.

The Manpower Demonstration Research Corp. had established with great clarity that you can train such folk, you can educate such folk. They do not need the training or the education. They just need to get their affairs together, and they do.

On the other hand, sir, three-quarters of the recipients, adults and children, who at a given point in time are on welfare are on for more than 5 years. The mean duration is 13 years. That means half below 13, half above 13. The mean is 13—12.9 it says here.

So let it be clear. You are putting at risk an enormous population, about which we know very little in terms of what works and which we have only begun to attempt to know. Three-quarters of those who are on the welfare rolls at any one time are going to be there for more than 5 years, and half will be there more than 13 years. That is why this is a social crisis which we had best get hold of or who would want to be sure of the future of this society. And that is why, sir, in this Senator's view, and in the view of the whole Senate, not 7 years ago there was a national response.

The fact is that, as I said, divorce is one source of dependency and separation another. These are the people up here in the first two lines. But there is a much greater cause, and that is nonmarital births. In the State of the Union Message of January 25, 1994, President Clinton included this passage:

> We cannot renew our country when within a decade more than half of our children will be born into families where there is no marriage.

I repeat:

> We cannot renew our country when within a decade more than half of our children will be born into families where there is no marriage.

To my knowledge, no President in our history has raised this issue in a State of the Union Address, nor very possibly in any address. On the following June 14 in Kansas City, the President unveiled a new welfare reform proposal and his address contained this passage.

We also have to face the fact that we have a big welfare problem because the rate of children born out of wedlock where there was not a marriage is going up dramatically. The rate of illegitimacy has literally tripled since this Senator first called it to our attention 30 years ago. At the rate we are going, unless we reverse it, within 10 years more than half our children will be born in homes where there never has been a marriage.

Unless we reverse it, within 10 years more than half our children will be born in homes where there has never been a marriage.

These things happen, Mr. President, in a sometimes sort of random way. In 1993, I happened to see the nonmarital birth ratio for 1991 and said, "You know, that looks like a straight line going back to 1970 or so." And we took it and we plotted the actual ratio. And then we saw what would be the correlation with a straight line, and as I said on "Face the Nation" yesterday morning, anyone watching this, if you have a daughter or a son in high school, they will explain correlations to you. Otherwise, you have to take it on faith. Senator WELLSTONE can handle it, I am sure.

The correlation is 0.99. That means it is almost a straight line. The perfect correlation is 1.00. Well 0.99 does not happen in statistics. You reel back. And then you say, "Do it again; that cannot be." But there it is. And the slope is 0.86, which is almost 1 percent a year. We figure now we are almost at

one-third. But we figure—I say we figure because no one else figures, Mr. President, not the Census Bureau or the National Center for Health Statistics.

None of them does this. They have avoided this. And this is where we have gone. That is what avoidance will do for you. The President was citing that 50 percent ratio in a State of the Union Message. He got it in a conversation from me. In the main, Presidents have better sources of data. But that is how we have avoided this issue.

Let me show you something that ought to chill us all. What you are seeing here, sir, is that part of an exponential curve, when it begins to take off, is like a jet plane. Here we go back to 1940. In 1940, we had a ratio—here again we fit a curve, and we have come up with something almost as remarkable as our straight line. I said that correlation was 0.99. This correlation is 0.98. Again, things like that do not happen in statistics. But with this correlation, a slope of just about 0.5 percent per year. You start out a ratio of 4 percent, and like any of these curves you get very slow impact, but then it accumulates. Keynes referred to "the magic of compound interest." You did not have much. Nothing seemed to happen. Then suddenly you are soaring.

This curve right in here, if I showed you a straight line, that is when you start going steadily upward. If you followed this curve you would, in fact, be at 50 percent in the year 2003. Now, that makes me uneasy. It probably would make you, Mr. President, uneasy. But, sir, we are going to be at 40 percent within a decade. We are at 33 percent now.

I will put it this way. If, in 1970, when we had a ratio of 10 percent, someone had come along and said that by 1990, they thought it would be 30 percent, people would have said, "You are loony. Are you crazy?" No. Well, we did. And the thought that we will go further and reach 50 percent—I do not want to say 50 percent. I just do not think that is possible. I think something awful will happen in the country before we do. But we will get to 40 percent. We are not that far now. If we go on at the rate we have gone the last 10 years, we will be at 44 percent by the year 2000. It is as simple as that.

I want to acknowledge this work was done by Jack Fowle, a scientist who was on leave from the Environmental Protection Agency. He did this with a great deal of clarity and consistency, as you can see.

Mr. President, we have had this recent increase in the caseloads. In July 1993, the Congressional Budget Office issued a staff memorandum entitled "Forecasting AFDC Caseloads With an Emphasis on Economic Factors." What they found in brief is that the increase that followed from 1989 to the third quarter of 1992 is basically due to the increase in single-parent families. About two-thirds is that, and the remainder is economic. And the economy has an effect. We begin to see that. It particularly has an effect where you would expect, with AFDC-UP, which is aid for two-parent families which began in the 1960's. CBO found that 70 percent of the increase in the two-parent family caseload during the period is explained by the economic downturn.

That is exactly what you would predict. And it is somewhat reassuring. But the caseload of regular AFDC families responds to the change in family structure, and little else.

Now, sir, what did happen even as the caseload was going up? I want to say that in this Senator's view, what happened was exactly what we hoped would happen. The States were told to experiment. The States were told to innovate. The States were encouraged to think up things on their own. And they did. There is a basic fact which is that Aid to Families With Dependent Children, welfare, is not an entitlement to individuals. We have allowed it to be seen as such. A lot of waivers and regulations accumulated at the Federal level, and people thought it could be such. But it is not.

AFDC is an entitlement of States to have the Federal Government match funds States spend on this population. The matching rate varies, but if Wisconsin spends $1, the Federal Government will give $1, and $2 will be spent on the program. But States do not have to have AFDC. As a matter of fact, Wisconsin, at the end of 1997, will not have AFDC at all. Or a State may have AFDC, and what you pay individuals is $1 a month, $1 a day, $100 a month. It is a State option entirely. The notion that it is an entitlement of individuals gets us off into discussions which I do not think are very helpful.

Let me see if I cannot just talk a little bit about the kinds of waivers that the States have requested and have been granted by the Federal Government. The President, I think very properly, makes the point that he has been saying yes. President Bush said yes. There are various Secretaries that are very encouraging. Look at this. Thirty-three States have asked for waivers that increase the earnings disregard. That means you say to a mother, "The first $30 a month you earn, you do not lose any welfare benefits," or the first $50. This is encouraging people to get to work. For if you earn $1 and you lose 50 cents, that does not encourage work, obviously.

To me, a very important thing is that 31 States have asked for an increase in asset accumulation. This is a subject which is painful but necessary. One of the conditions we placed—and it is a Federal condition—one of the conditions we placed upon receipt of AFDC benefits, Federal moneys, in 1935 was that the child be a pauper—not a pleasant word, very much not a pleasant reality. The families can have $1,000 in assets, plus a car worth not more than $1,500. And there are places in the country where you cannot work without a car.

A worker who was laid off when a plant closes is not suddenly a pauper. I mean, there is a good car around. The house is around. There are some savings, some pension—not always, but normally. The welfare department is under these rules. I have a mother in one State that will come to mind—I think she was found to have secreted some $9,000 away in a bank account to help her daughter go to college in Connecticut.

They discovered it. They confiscated the money, and I do not suppose they sent the mother to jail. You cannot save. If you save, you are breaking the rules.

Another 29 States have asked to ease up on eligibility for unemployed parents [UP].

Time requirement. JOBS participation. Deny aid for failure to attend school—some 24 States have been allowed to say, "If your kid is not in school, you lose something."

Family cap: 16 States have applied, 11 States have been given the waiver, so that if you have an additional child while on welfare, you receive no additional benefit.

Further down the list we have: Deny aid for child support noncooperation, and teen parent residency requirement. Seven States have applied to do what I think we are going to do this week, which is to say that teenage children must stay with their parents.

Senator CONRAD has a proposal for maternity homes. Senator PACKWOOD has a provision which provides second-chance homes, if you like, for very young women with children who do not themselves have a home that is a promising place to raise a child. I think this is a point we have reached agreement on. There was disagreement for a while, but now we are reaching agreement.

All this innovation and experimentation at the State level which is being carried out under current law is finally starting to show results. Six weeks ago, we received the first numbers from the national evaluation of the Family Support Act being conducted by the Manpower Demonstration Research Corp. Of those placed in a program emphasizing rapid job entry, the number of cases dropped by 11 percentage points, employment rose 8 percentage points and expenditures dropped 22 percentage points.

If you recall, Mr. President, in 1988—1987 when we introduced the bill—we based our bill on the findings of the Manpower Demonstration Research Corp. based in New York, a very professional group trying to estimate what worked, what did not. Mostly nothing worked. Hence, this statement. They said the results they are finding from the Family Support Act programs "exceeds the savings achieved by experimentally evaluated programs of the last 15 years."

They have never before seen such results. Spectacular results? No. We did not tell anybody to expect anything

spectacular in the face of this demographic change. But real? Yes.

Moreover, of the two large States whose programs have been evaluated rigorously, California and Florida, earnings are up and caseloads down. In Riverside, CA, there was a 26-percent increase in the share of AFDC recipients working, a 49-percent increase in average earnings, a 15-percent decline in welfare outlays, all of which helped the program return to taxpayers almost $3 for every $1 spent.

Recently, Prof. Lawrence Mead of New York University, now visiting professor at Princeton's Woodrow Wilson Center, who has been a conservative critic of the welfare system, certainly, looked at the growth in the AFDC caseload between 1989 and 1993, the period during which the JOBS Program began to come into play.

He concluded that for every 1 percent of the caseload enrolled in JOBS, caseload growth was 1 percent lower, even when total caseloads were going up. For every percentage point that JOBS participation grew during this period, caseload growth was three-quarters of a point less. Not spectacular, but real and in the right direction, in the directions you had hoped for.

Again to say, States can do what they want in the system. They ask for a waiver, they get it. Just 2 months ago, George Allen, Republican Governor of Virginia, announced such an effort. He called it "the most sweeping and I think the most compassionate welfare plan anywhere in the Nation." It is 2 years and you are out, and President Clinton approved the waiver and said he approved of the program.

In any event, AFDC rolls are now coming down. Over the last year, caseloads have declined by 240,000 cases or 4.7 percent. It breaks out to 4.4 percent for the single-parent families and 9.4 percent in the two-parent families. You see that drop, Mr. President. I will say the old adage, if you turn the rudder on the battleship, it is a long while before you see the bow turn. I cannot prove it, but I do think we have seen this program taking hold.

Now, something we did not know, and we may have stumbled on new information—when we look at the numbers by State, where have these declines taken place? It is very important. It is a pretty rash person who suggests he has learned anything about welfare, but we may have done it.

In this period of decline, May 1994 to 1995, the decline for AFDC-R—which is what we call regular—in California and New York was zero. AFDC-UP was up a little bit. Not important. The two big States with a quarter of the caseload had no effect. There were good programs in Riverside, things like that, but nothing changed.

You go to a group of middle-sized States—Texas, Florida, Pennsylvania, Illinois, and Ohio—AFDC down 6 percent; AFDC-UP, down 20 percent. We are not used to numbers like that. Mr. President, I have been with this 30 years, you do not see numbers like this.

Then you go further down to the many States that have small caseloads—anyway, small numbers. They are down 9 percent for AFDC and 19 percent for the AFDC-UP Program. The real problem here is the regular caseload, as AFDC-UP is, again, a form of unemployment insurance. This is what matters: Zero in the big States, 6 percent in the mid-sized, 9 percent in the small States.

My friend, Dr. Paul Offner, who is with me on the floor today, was head commissioner of welfare in Ohio and who will shortly be the head of the health care financing agency for the District of Columbia, would say you go out to the small towns or cities in Ohio and you would go to the welfare offices and a kind of culture had developed. Yes, they knew who their clients were, the recipients and they knew what you might be able to do and they were doing it and feeling pretty good about themselves.

In New York City, about 23 years ago, the very able and distinguished head of the human resources administration with a million persons on welfare and a quarter million in her employ, put on a wig and an old coat, went around to four welfare offices and said she was applying for welfare and they handed her papers to fill out. She was their commissioner. They never once suggested that she might be interested in taking a job.

The contrast between welfare programs in big cities and elsewhere is something worth keeping a hold of. Last spring, as my friend, the distinguished chairman recalls, the Committee on Finance had a retreat down in Maryland in which we talked about welfare, among other things, and we discussed this question of whether teenage mothers with children should be required to live at home, or should receive welfare benefits at all. There is a movement to stop their benefits, and groups like Catholic Charities say do not do that, that is God's child, too.

One of our Members, a Senator from a Midwestern State, was back home and he was interested in this, so he called the State officials involved and he said, how many such cases do we have in our State? Let him identify it if he chooses. Cases of teenage mothers with children, living on their own? He said, yes, that is what I mean. Well, there is Mary Ann, she lives down there. And there is Sue Mary, and there is Alice, and then there is Florence. The last two just moved in from, like I say, West Virginia. They had four, and they knew them by name. In that State they have four.

The population on welfare in New York City is almost as large as the entire population of one of those States. So you have a problem of scale which I do think we begin to see. I make the point, Mr. President, that we know so little. There has been so little inquiry.

Here I would like to make a final point on nonmarital births. Senator GRAMM, my friend with whom I was debating this matter yesterday, along with a number of other Senators, notably Senator FAIRCLOTH of North Carolina, has raised the issue of the connection between the present welfare system and the extraordinary rise of nonmarital births over the last generation. I said to him yesterday privately that this certainly was an issue. I said it then and I will say it again—the most important thing to know about this subject is how little we know about it. Candid officials within the administration will grant that for much of the 1960's and 1970's and into the 1980's, the subject was taboo. Forces from the traditional left and traditional right, if such terms are meaningful in this context, simply did not want the matter raised.

A mode of denial was obviously in place. In this regard, Mr. President, may I say that the one honorable exception is the annual report entitled "Kids Count Data Book," published by the Annie E. Casey Foundation. It puts the annual laments of the other advocacy groups to shame. The Annie E. Casey Foundation comes out and tells you what they found about this central fact of being a child in the United States. The work is called "The Kids Count Data Book." It is the first time we have had an advocacy group that could speak up and deal with the reality of the problem of single parenthood.

However, if the argument that higher levels in welfare produce higher levels of illegitimacy cannot be proved, neither can it be disproved. Thus, the State of Texas ranks 50 in combined AFDC food stamp payments to welfare families, as of July of last year. At the same time, it has an overall illegitimacy ratio of 17.5 percent, which is half the national average. States with high benefit levels have twice that ratio.

For example, California had 34.3 percent, and New York had 34.8 percent. It would not be fair to say that the burden of proof is on California and New York to demonstrate that higher levels of welfare produce higher levels of illegitimacy. You cannot prove it but you cannot dismiss it.

On the other hand, if Texas, with its low level of welfare support has a low illegitimacy ratio, Mississippi, with equally low payment levels, has the highest illegitimacy ratio. I will read some more.

The lowest ratio, as you might suppose, is Utah, at 15 percent, which is four times the 1940 ratio, but 15 percent. Texas was 17.5; Idaho, 18.3. But now we get to South Carolina, 35.5; Arizona, 36.2; New Mexico, 39.5; Louisiana, 40.2; Mississippi, 42.9.

Mr. President, we have not got a purchase on this issue yet. We know that there is great variation and when there is variation, there are explanations. Some would say it is the weather. Well,

we can check that out. Longitude, altitude, Mormons. But you can begin to find out about these things. Unemployment was a mystery, a baffling mystery until we began to break it down to aggregate, correlate and learn.

I hope that we do that. I make the point, Mr. President, that we are beginning to see the effects of the Family Support Act of 1988. That is why I have sponsored the Family Support Act of 1995. The matter that I have proposed is a serious effort to continue and build on the base that we have now established. I hope that the Senate might understand the enormous value of continuing a bipartisan program, involving various levels of government, national and State, which is in place and appears to be working.

Remember, we did not promise a rose garden. We did not say it would be easy. I think we can find in our descriptions in the debate warnings that it will be worse before it is better. But it begins to seem like it may be taking hold. That is by far the most promising thing I have seen with this subject in 30 years.

I repeat one point. Examining the specific programs, Riverside, CA, and others, 6 weeks ago, the Manpower Demonstration Research Corp. said they are seeing the strongest results they have seen in 15 years. We seem to be getting the hang of working with the problem. We seem to have defined it reasonably well.

I hope we do not give this up, Mr. President. It would be a prelude to bitter political division and, far more importantly in my view, to a bitter experience for millions of dependent children throughout our country.

Mr. President, I am not through with the remarks I had intended to make this morning, but the morning has come and gone. I see the Senator from Texas is on the floor. He has been very patient. He is even smiling. Senator WELLSTONE was up earlier regarding questions on the opening statement.

Given this attractive choice on either side of the aisle, it might be prudent for me to yield the floor, unless the Senator wished to address a question.

Mr. WELLSTONE. Mr. President, I would like to ask a few questions of the Senator from New York, if I could.

Mr. MOYNIHAN. Please.

Mr. WELLSTONE. First of all, Mr. President, I wanted to ask my colleague from New York, in talking about the whole question of birth out of wedlock, is it not true that roughly speaking 80 percent of welfare families, AFDC families have two or fewer children?

Mr. MOYNIHAN. Yes, sir, I believe the number of children—Mr. President, you have to forgive statistics—it is unlikely, but the number of children is 1.9 children. Actually one, two, or three children averaging out to 1.9.

These are not large families.

Mr. WELLSTONE. Mr. President, let me just go on and let me get a response from my colleague from New York.

As I understand the premise that Senator PACKWOOD is proposing—and Senator GRAMM probably has, I argue, a more extreme version—there are two premises here.

One argument is that in most cases it is single parents, women, who do not want to work. That is the first argument. The second argument is welfare causes women to have more babies. It seems to me that is the case, if I had to get to the essence of it, unless you just sort of hate welfare mothers, and I doubt that is what is going on here.

Could I ask my colleague to just very briefly respond to each of these arguments. Let me take the first one. Franklin Delano Roosevelt in 1935 said, "I hope to be able to substitute work for relief altogether." He talked about the importance of work. Then we went to the family assistance program. In 1970, we had the WIN Program by President Ford. We had the Better Jobs and Income Program by President Carter. We have had any number of different programs. We had the Senator's important program in 1988.

I am trying to be empirical about this. Let me take the first argument. Does the Senator believe that, as a matter of fact, welfare prevents women from working? Is it not true that roughly speaking, 70 percent plus of AFDC members go to work within a 2-year period? The problem is that many then come back to welfare because they cannot afford child care. The job does not pay enough to support a family.

Is it true that welfare is the reason that women do not work?

Mr. MOYNIHAN. We certainly have never demonstrated that in any serious way.

Sandy Jencks, at Northwestern University, has done some case histories which argue that welfare is a mode of optimizing income when you both work and get welfare.

I give you my view, which is that this is all falling from nonmarital births to young people.

As we say, about half the people coming on welfare are on for less than 2 years. They are mature people whose marriages are in trouble one way or another. They do not need your advice or help. What a steelworker needs is a monthly check. And then they go away. It is income insurance.

The other group is more problematic. I said three-quarters of the children will be on for more than 5 years—not consecutively but intermittently. The median now, the mean duration is 13 years. Imagine that.

We cannot demonstrate—and one of the reasons we cannot demonstrate, surely, we have not tried to find out. Most of the data I have been presenting here will be found from Manpower, from the Urban Institute, or places like that.

I would not in any way dispute what I believe to be what you imply, that there is no evidence that people are on welfare because they do not wish to work, no.

Mr. WELLSTONE. If I could ask another question, is there any evidence of higher payments—understanding that there is not one State in the country that provides an AFDC benefit up to what we define as poverty, am I correct?

Mr. MOYNIHAN. The Senator is correct.

Mr. WELLSTONE. Understanding that point, is there any evidence that higher payments—that is, any correlation, much less causation, between higher payments and larger welfare families, women having children?

Mr. MOYNIHAN. No, none, zero.

Higher payments are not hard to explain. States with higher per capita income have higher per capita benefits. They just have higher everything, including higher cost of living.

If you adjust for cost of living, New York State has the sixth highest poverty rate in the Nation, but you would not know it from our numbers of dollars.

Mr. WELLSTONE. Just looking at this comparatively for a moment, in other countries that have more generous, if you will, more broadly defined welfare payments, do we see more children born out of wedlock in those countries?

Mr. MOYNIHAN. Sir, I will ask you to let me evade that question because I simply do not know. You can see the ratio of nonmarital births as being much higher in those Nordic countries which have high benefits, but I make this point, that in 1960—the Senator is very generous with his time, but I ask him to hear me—in 1960, in the United Kingdom, the illegitimacy ratio was 5 percent; by 1992, it was 31 percent. In Canada, in 1960, it was 4 percent; in 1992, it was 27 percent. In France, in 1960, it was 6 percent; in 1992 it was 33 percent. So you go from 6, 5, 5, 4, to 33, 31, 30, 27. You see the same change.

If I were to speculate, I would say in France, which began big programs of child support in the late 19th century—they thought they were dying out and they would have no soldiers to fight Germans, Prussians, literally—there was a pronatalist policy. It made it very suspect in Protestant circles in the United States, but the payments to familles nombreuses, the ordinary child allowance—the more children you have, the more you get—they had that in place in 1960 enhanced from 1930.

But they, even so, went from 6 percent to 33 percent.

I do not know how much of this is simply the absence of marriage, formal marriage, in what are nonetheless stable relationships. I do not know. I wish you could go and write a book and tell me.

I can say the Netherlands went from 1 percent to 12—that is 12 times. And the Netherlands had very generous benefits in 1960.

Italy, however went from 2 to 7—not high. Switzerland, 4 to 6.

We were entertaining the hypothesis that the critical variable might be distance from the Vatican. But then we

noticed Japan. Japan was 1 percent in 1960 and 1 percent today.

That was a joke.

The PRESIDING OFFICER (Mr. FRIST). Does the Senator yield? Is the Senator yielding the floor?

Mr. MOYNIHAN. The Senator yields the floor. May I say I understand we will alternate speakers. I hope Senator WELLSTONE might be the next speaker on our side.

The PRESIDING OFFICER. That is the Chair's understanding.

The Senator from Texas.

Mr. GRAMM. Mr. President, let me begin by saying I always find it informative to listen to our distinguished colleague from New York. Nobody in this country, in the last quarter of a century, has had more reasonable things to say about this subject than he has. I feel very strongly about this issue, and I know that he feels just as strongly as I do. And, while we have very great differences on this issue, even among Republicans, I think everybody should know that in my mind, and I think in the mind of any reasonable person, everybody who is debating this issue is sincere. Everybody understands what profound consequences await the Nation in this area. In fact, yesterday, as the distinguished Senator from New York and I discussed this issue, the one thing we agreed on was that a continuation of the current trend means a profound change in our country and the loss of the America we know.

I think, as we start this debate, it is important to begin it with this fact in mind. The Senator from New York and I are far apart as to what the remedies are in dealing with this problem, but we are in total agreement that a failure to deal with this problem means the end of America as we know it. It is from this premise that I want to start the debate today.

In the last 30 years, if you take all the means-tested programs in America—that is programs where money is allocated, directly or indirectly, or is spent on behalf of people who are poor—if you take all those programs and add them up, you find that over the last 30 years, in fighting this war on poverty, as Lyndon Johnson deemed it to be in 1965, the American taxpayer has spent $5.4 trillion on programs aimed at helping poor people.

Mr. President, nobody here, I believe, really knows what $1 trillion, or even $1 billion, is. I have a constituent from Dallas named Ross Perot who knows what $1 billion is. But I readily admit that I have a hard time fathoming what it means. But let me take a couple of cracks at what it means and why it is a very big number.

No. 1, the newest estimate by the Heritage Foundation of the value of every building or plant in America, the whole physical capital of the United States of America, the greatest economy in the history of the world—if you add up the value of every building and improvement, every factory and all the tools of all the workers in America, it is roughly $5 trillion in value. So, one measure of the commitment of the American taxpayer to fight and win the war on poverty, is that in the last 30 years we have spent slightly more than the total value of all the buildings, all the plants, all the equipment and all the tools of all the workers in our country. The net physical wealth of the Nation is roughly equal to what we have expended over the last 30 years in our efforts to try to help people help themselves.

A second figure which I think is equally revealing is that, if you simply look at the burden of the welfare program as it exists today—not how much we spent in the last 30 years but the amount we are spending today—and you distribute that whole burden among all the families in America that file a Federal income tax return, that burden adds up to $3,357 per family filing a Federal income tax return last year.

Most working Americans do not know what $1 billion is, but virtually every working family in America knows what $3,357 a year is, and that is what we are talking about in terms of our annual commitment, as compared to the number of families in America that filed an income tax return last year.

The point I am trying to make here is no one can say the American people have not made a legitimate effort to deal with this problem. In fact no society in history has ever made a similar effort over such an extended period of time. Never in the history of the world has a society taken more away from the people who are pulling the wagon and given more to people riding in the wagon; and, as I will argue later, in doing so has made both groups worse off.

If we look at what have been the fruits of this massive expenditure of money, I do not think anyone would find the results to be anything but disappointing. We have seen, under this program, the illegitimacy rate explode—from 5.3 percent in 1960 to almost a third today. Last year, in our big cities, about one-half of all the children born were born out of wedlock.

And nationwide, almost one out of three children born in America was born out of wedlock. And we might debate what, under the current trend, the illegitimacy rate is going to be at the end of the century. Is it going to be 40 percent? Is it going to be 50? We can debate how that will break down across various identifiable groups in America. But nobody can dispute the fact that under the current system the trend in illegitimacy is up, and no one can argue that we have seen, from this massive and unprecedented expenditure of money, tangible results in terms of people becoming less dependent, nor in terms of people breaking the cycle of poverty. That is not to say that you can spend $5.4 trillion without helping somebody. But when you look at America I think it is very, very difficult, if not impossible, to argue that after spending $5.4 trillion on welfare programs over the last 30 years that America is better off today than it was when we started. I believe.

Mr. WELLSTONE. Will the Senator yield?

Mr. GRAMM. Let me finish my statement and I would be very happy to yield.

I think that, by any definition, people are more dependent on Government today than they were in 1965. We have more people who are poor today than we had when we started. I think if you look at the quality of life in those areas where you have high concentrations of poor people, especially in our inner cities, by any definition of the quality of life, people are worse off today than they were when we started this program.

The first point that I want to make is that this is not the kind of debate—and we have many debates on the floor of the Senate that I think would qualify under this heading—where we are talking about whether to undertake an activity; where there is real debate about whether or not the problem would get better more quickly if we left it alone. This is not a marginal kind of debate. I think there is a consensus—whether you are a moderate Member of the Senate or more conservative—that this is an issue where the future of America is on the line, that our house is literally on fire. And I would argue—and I think the evidence is convincing on this argument—that what we have done in the last 30 years has not only failed to put this fire out, but rather has made it burn even brighter. The time has finally come for a dramatic change in public policy.

In a series of amendments today and for the next few days I, and others, will offer proposals that are aimed at dramatically changing the system.

Some will argue that if we can do anything that is an improvement on the current system, we ought to do it. But I would like to remind my colleagues that we have reformed welfare on numerous occasions. In 1988, we had what was touted as a dramatic change in welfare. The Senator from New York today announced that there may be a glimmer of hope that positive results are being produced and, obviously, I hope that he is correct. But again, let us look back at what the world looked like in 1988 in terms of poverty, and let us look at what it looks like today. I think that when we look at the numbers we cannot help but be discouraged.

Between 1988 and 1993, welfare spending in America has risen by roughly 50 percent. The poverty rate has risen from 13 percent of the population living in poverty in 1988 to 15.1 in 1993. So, in other words, as spending has risen by 50 percent, the percentage of the population living in poverty in America has actually gone up by almost 2 percent. During this 5-year period, from 1988 to

1993, 95,000 new bureaucrats have been added to the welfare system.

So we reformed welfare in 1988. But we clearly did not make any dramatic changes. And while the Senator from New York may see some glimmer of hope, I think his hope is very, very difficult to see in these statistics.

But the point is that these statistics represent a very small part of the cost of the failure of the American welfare system, because there is a human face behind each of these numbers—because not only have we spent record amounts of money, but we have made people more dependent and in the process we have changed behavior.

I was talking to my mother the other day about welfare, something that anyone who wants to be a leader on this issue would be well advised to do. My mother made the point that the problem today with welfare is that young people do not have the same pride that she had when she was growing up. And I argued. "Well, mother, I am not sure that is right. I am not sure that young people are so different today than they were when you were growing up. But I will tell you one thing that I know is different; the system is different."

I tried to explain to my mother that if we had back then, when she was young, had two little children, and was working at the mill, if we had then the kind of welfare system we have now, she would have probably taken it. And my mother argued she would not have taken it. She said that she would have starved to death before she would have taken it. I said, "Well, mother, you would have been better off taking welfare than you would have been working. Everybody you would have known would have been taking it. There would have been no stigma involved, and people would have made fun of you for not taking it." To which my mother responded by saying, "I would not have taken it, and if you ever say I would have taken it, I will go on television and denounce you."

Maybe my mother would not have taken it. But the point is that a lot of people have. We started out with the idea of helping people. We started out to build a social safety net. But what happened somewhere along the way, during these past 30 years, the social safety net instead became a hammock. We started to change people's behavior, which is not surprising because under the current system, generally, if a welfare mother takes a job she loses her welfare. If she marries somebody who has a job, she loses her welfare. But if she has more children, she gets more welfare.

So not surprisingly in spending this massive amount of money, $5.4 trillion, we have not broken the cycle of poverty. We have not helped people produce independence. But what we clearly have done is changed the way people behave.

The other day, in debating this issue, one of my colleagues said, "We are not going to solve this problem until we find a way to change how people behave." I would argue, Mr. President, that we have found the way to change how people behave. It is our current welfare system. Not only have we made people more dependent, not only have we taken away their initiative and denied them access to the American dream, but we have affected their spirit and their pride in themselves. Because, as people have turned more and more to Government to take care of them, to fix their every mistake, they have turned away from self-reliance, turned away from their family, and turned away from their faith in themselves.

How do we fix it? The Senator from New York says the plain truth is that we do not know. And I think that no one can definitively disagree with that statement. The question is, however, having traveled one road for 30 years—a road that is littered with the wreckage not only of the expenditure of $5.4 trillion but with the lives of people who were caught up in this whole crisis—is it not time for a dramatic change?

Let me try to define the debate, if I may. And I know that any time you try to define your position relative to somebody else's, almost by the very nature of the debate, you are unfair. But let me, at least as I see it, try to define where we are.

We have basically three proposals that are going to be discussed and voted on in the Senate. We have the Dole-Packwood bill, which is an effort to try to institute marginal change.

First of all, it deals with only 13 percent of means tested programs, even if you do not count Medicaid. And even within the areas where it provides block grants, for example, Aid to Families With Dependent Children, despite all the talk of removing strings, in truth the strings are still present. I will just give you an example.

According to the Dole-Packwood bill, if under the block grant of AFDC my State wants to require welfare recipients to wash windows on public buildings, but is currently paying State employees to wash these same windows, then they cannot use welfare workers because it would displace State employees.

Mr. President, clearly, when you are looking at this kind of restriction, you are looking at a focus being put on the interest of someone other than the taxpayer.

Let me run down other problems with the Dole-Packwood bill and how a group of some 24 Senators that I will be working with on this issue will try to deal with them. First of all, the Dole-Packwood bill fails to establish a real mandatory work requirement. There is clearly a consensus in the country on a mandatory work requirement, but right at the final stage of the bill's work requirement—when a decision is made whether or not to actually terminate somebody's welfare if they refuse to work—the Dole bill leaves the decision up to the States. The House, in contrast, has a real pay-for-performance provision that basically says if somebody shows up to work half time, they get half their welfare benefit; if they do not show up, they get none.

I do not believe the District of Columbia will terminate welfare benefits for people who refuse to work and I am not sure what other States will do. I do know that there are some people who say, well, let us just turn this whole thing over to the States.

I, too, want to give the States a massive expansion in independence, but there is an absolute consensus in America that able-bodied men and women riding in the welfare wagon should get out of the wagon and help the rest of us pull.

We will offer an amendment later today, or sometime this week when we have the opportunity, that would put a pay-for-performance provision in the bill. Members of the Senate can vote either for or against having a real pay-for-performance provision which will simply say that whether or not somebody gets AFDC—and our goal will be to expand this provision to food stamps and housing subsidies—depends on their willingness to work. If people refuse to work, we ought to cut off their benefits.

That is how it works in America. That is how it works in the real world, where families and businesses operate every day; if you do not show up for work, you do not get paid. So that is the first change we will institute, and it is a fundamental change. I believe that unless we are willing to have a real mandatory work requirement, not only are we not fulfilling the commitment that Republicans made in the election, I think we are not doing what has to be done in order to deal with this problem.

Let me remind my colleagues that we claimed in 1988 that we had a work requirement, but what happened was, when it finally went into effect, there was an outright exemption for 57 percent of the people receiving welfare. When you finally get down to the bottom line, less than 7 percent of the people ever complied with the work requirement. I want everybody in America who is on welfare to understand that able-bodied men and women are expected to work, and if they do not work, they are going to lose their benefits.

But the most serious problem with the bill before us is that it does not deal with illegitimacy. If there is one underlying problem in American welfare today, if there is one self-perpetuating quality to poverty, it is the explosion of the illegitimacy rate. This is not an easy problem to deal with, and the proposal that I and others will make is not a proposal that is easy to accept. What we are going to propose is that we stop giving people more and more money to have more and more children while on welfare.

A discussion occurred earlier in which someone pointed out that Western Europe has the same illegitimacy problems we have. I would argue that it largely has the same welfare program we have. We have tried for 30 years with a system that provides monetary reward for having more and more children on welfare. I believe the time has come to terminate that monetary reward. I think the time has come to say to people on welfare that we are not going to give you more and more money to have more and more children while on welfare.

This is a tough decision to make, but I believe that without this change, we are not going to fundamentally change the poverty problem in America. I am very proud of the fact that the House made the change, and they made it in two important ways. No. 1, they stopped giving direct cash payment to children who have children. The House bill ends the absurd system which allows a 16-year-old to escape her mother and her family by simply having a child; at which point she qualifies for AFDC, food stamps, and housing subsidies, and can immediately qualify for enough benefits to leave her family. I believe that the current policy basically represents a national policy of suicide. It is one that has to be changed.

We will offer two amendments. One will deal with teenage mothers, and the other will deal with a provision whereby we will deny additional cash payments to people on welfare who have more and more children.

We have had on occasion debate about how many children people on AFDC have, but I think the facts are pretty clear. First, people on AFDC have children at a younger age than do people in the population as a whole. And on average, if you look at the age groups roughly through age 34, the fertility rate among people who are receiving a financial reward for having children is about 25 percent higher than those who are not.

How outrageous is our current policy where we have working families—families that are saving money and delaying having children they want—paying taxes to encourage and even reward other people to have more children while on welfare.

I think clearly this policy has to be changed. The House bill has a bonus for those States that reduce the illegitimacy rate through their programs. It also has a provision—and we will add and strengthen that provision—to see that nothing we do encourages States to promote abortion in order to try to qualify for these bonuses. But I believe, and many people in America believe, that the solution to the poverty problem lies in trying to deal with illegitimacy.

I also believe we need to promote marriage. I believe there are only two things that can prevent or eliminate poverty: work and family. No great civilization has ever risen that was not built on strong families. No great civilization has ever survived the destruction of its families, and I am fearful that America will not be the first.

We need some clear incentives for the formation of strong families. I would like to eliminate the marriage penalty for moderate- and low-income families. Under the current system, if two working people fall in love and get married, they pay a higher tax rate than they would pay if they had stayed single. Clearly that cannot be good public policy. I want, as we promised in the Contract With America, to have a tax credit for families that adopt children, something we desperately want to promote. I would like to have favorable tax treatment for families that take care of parents in their own home.

We are trying to figure out now how to deal with these issues in a bill that is not a revenue bill from the House. And that is something that we are working on. But I think it is fundamentally important that in the last 30 years we have tried everything to deal with welfare except work and family. And I think if we are going to solve this problem, we are going to have to make that change.

I believe that the paternity provision in the Dole bill is a weak provision. It basically requires the unwed mother to cooperate in trying to identify the father, whereas the House language is very, very strong so that except in very extreme circumstances, if the mother does not identify the father, she does not get the benefits. I believe that is a change that has got to be made.

Probably the first amendment that we will offer will have to do with people coming to America to get welfare. I think most Americans are shocked to find that someone can come to America today and qualify for welfare tomorrow. I think we have room in America for people who want to come and work. I am not in favor of tearing down the Statue of Liberty. New Americans are often the best Americans. They bring new vision and new energy. And we have got room in America for people who want to come and work. But people ought to come to America with their sleeves rolled up, not with their hand out. We do not have room in America for people who want to come in here and live off the fruits of someone else's labor.

I want to make it clear that our amendment is going to be prospective. So what we are going to say is, as of the adoption date of this bill, from that day forward, anybody who comes to America comes here understanding that they cannot immediately qualify for welfare. Now, if they come here, and are productive members of society, and if in 5 years they meet the citizenship requirement, once they become citizens, obviously, under the Constitution they have the same rights as anybody else. And that is how it should be. But I do not believe that we ought to continue to provide incentives for people to come to America to look for welfare.

I want to see us block grant more programs. I think it is important that we vote on block grants for food stamps. I would also like to vote on block grants for housing subsidies. I would like to see us give the entire welfare program back to the States and set the States free to come up with a tailored program that will fit their individual needs.

A final major point in the bill which I think just defies logic is that, while we eliminate AFDC as a Federal program and give the money back to the States, the bill will eliminate only 30 percent of the AFDC positions in the Federal bureaucracy. In other words, in AFDC and in those training programs that will be block granted under the Dole bill, 70 percent of the Federal bureaucrats that are currently working for those programs which we are going to be eliminated at the Federal level will stay on the Federal payroll.

I believe that we need to eliminate those Federal bureaucracies when we eliminate the programs. I mean, is the only thing in life that is immortal a Government job or a Government position? It seems to me that it is impossible to justify keeping 70 percent of the bureaucrats that are running a program in place when we are going to eliminate the program.

Now, we are working, we hope, to negotiate a compromise where you might keep 10 percent of the people to help monitor the program. I would prefer to do that through a contract with some private accounting firm. But there is no way that I can be supportive of a bill in which we eliminate a program but we keep 70 percent of the people who were running it.

In short, the Dole bill does not live up to the commitments that Republicans made in the election. It will not solve the problem. It does not have a binding, mandatory work requirement. It does not deal with illegitimacy, and it continues to provide the resources to give people more and more money to have more and more children while on welfare. It continues to invite people to come to America, not with their sleeves rolled up but with their hand out in order to get welfare. And for even the programs it eliminates, it keeps 70 percent of the Federal bureaucrats in place with no other job, it seems to me, other than to interfere with the State's ability to truly reform the program.

The choice we must make, is to dramatically strengthen the Dole bill. With all due respect to my Democratic colleagues—and I have no doubt as to the sincerity of their position—when you get down to the bottom line, their position is basically that we can still make this thing work, that after spending $5.4 trillion if we could just spend more money, if we could just start a new entitlement we can fix the current system. They are going to propose, it is my understanding, that we

start a brandnew entitlement to give child care to welfare recipients. This will be a massive and expensive entitlement. But basically their argument is—not that they are going to make it, but when you get down to the bottom line—is that what is lacking in the welfare system is a greater commitment, that if we simply had more benefits, if we simply had more money, that we could make this whole thing work. I believe the American people passed that view 15 or 20 miles back down the road.

The tragedy, it seems to me, in this debate in the Senate is that the American people are far beyond us in terms of the proposals that they are ready to accept. The American people are ready to dramatically change welfare. The American people understand that our house is on fire, and they are willing to put the fire out. They are willing to make dramatic change.

I have no doubt that if the amendments that I and others will offer could be voted on by the American people, if you took the three bills that in essence we are going to be debating in amendment form, and you reduced them down to an agreed-upon, two-sheet summary of each, and put them on every kitchen table in America, I do not have any doubt about the fact that 80 or 90 percent of the people in America who do the work, pay the taxes and pull the wagon would be in favor of the changes that will be proposed by those of us who believe that the Dole bill is not strong enough.

This is not an issue where cutting a deal in Washington, DC, is going to solve our problems. We need, on this issue, to stand up and fight for a change because the future of America is on the line and we are going to lose our country as we know it if we do not make the necessary changes.

Finally, there are a lot of people who have worked in trying to put together an alternative that reflects the will of the American people. But there are two people that I want to talk about before closing. One is JOHN ASHCROFT, our new colleague from Missouri, a former Governor, who understands the functioning of welfare in the States, who probably has as much practical experience as any Member in the Senate with welfare, who certainly has administered a major welfare program more recently than any other Member of the Senate.

I think his contributions, in terms of wanting to change the system where we have the Treasury allocate the funds to the States and where the Federal Government gets out of the way and where we eliminate the Federal bureaucracy, are vitally important. I intend to follow his leadership on this issue, and I am very hopeful that the amendments he will offer will be adopted.

Finally, our relatively new colleague, LAUCH FAIRCLOTH, has probably been more courageous on this issue than anybody else. It is often easy in party meetings, regardless of which party, when people are trying to talk about supporting a bill to simply nod and hold your tongue.

I think the willingness of LAUCH FAIRCLOTH to stand up and say no, especially on this issue of illegitimacy, has been vitally important. I think it has awakened conservative Republicans to the fact that this is something that is worth fighting for.

I think if we pass a good bill, and I am hopeful we will, and when the dust settles—and I do not know when that is going to be—when we finally enact a bill, that we will have strengthened the bill's provisions on illegitimacy, we will have strengthened its provisions on work, and we will have strengthened its provisions in terms of denying benefits to people who come to America and get welfare. I think in the end, probably none of our colleagues will be due more credit for making that happen than LAUCH FAIRCLOTH.

So we will have a series of amendments. I am hopeful we reduce the number, though I have to confess, as of right now, we have about a dozen. Some of them will be very controversial, such as the illegitimacy reduction amendments. Some of them, I hope, will be accepted. I think we will see a split. Members on both sides of the aisle will vote for and against some of these amendments, but I think we have an opportunity to make history. I think we have an opportunity to write a welfare reform bill that will live up to its name. What we really ought to be debating is not simply reforming welfare but replacing it. I think the amendments that we will be offering represent a major step in that direction.

I want to thank my colleagues who have worked on this effort, and I yield the floor.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Thank you, Mr. President. I have tried this morning to engage my colleagues and put some questions to them, and I know later on we will have time for debate. They wanted to get through with their statements. So I am going to do the same thing. I think that is unfortunate because, frankly, I think rather than a series of speeches we ought to have a real debate about this.

Mr. President, as I was listening to my colleague from Texas, I heard a lot of apples and oranges, kind of mixed up together. I heard $5.4 trillion, and then I heard a lot about the AFDC Program. One would think we have spent $5.4 trillion since 1965 on Aid to Families With Dependent Children. Hardly the case.

In another point in time, because I am not going to yield my time, I want to put questions to my colleague later on—we will have time for debate—I simply have to say, it will be very interesting to find out what has been lumped together in this $5.4 trillion. I am sure it is financial aid for students and all sorts of different programs that are means tested. Let us not confuse the issue and spend 90 percent of our time on the floor bashing away at AFDC, welfare mothers and their children, and then every once in a while talk about $5.4 trillion, because I am afraid people who are listening to this debate will get the impression that that is what we have spent on the AFDC Program. That is hardly the case.

Mr. GRAMM. Will the Senator yield?

Mr. WELLSTONE. I will not yield for a question now. I tried to get colleagues to yield for a question all morning. I intend now to lay out what I think is a different perspective.

One would think from listening to some of my colleagues that we have seen an explosion in the number of children born out of wedlock within welfare families. That is not the case. As a matter of fact, we see smaller families. We see, over the last several decades, the typical welfare family is a smaller family. The average size now is less than two children: One mother, two children. One would think from listening to my colleagues that what we have is an explosion in the number of children in welfare families. That is not the case—that is not the case.

Mr. President, one would think that the reason for that is that we have seen a dramatic increase in welfare benefits, although the AFDC benefits have been cut in real dollar terms. I heard my colleague from Oregon earlier on—I wanted to put a question to him—talking about increase of benefits. But the AFDC benefit, in real dollar terms, has gone down about 40 percent or so since 1970.

But we only know, I say to my colleague from New York, we only know what we want to know and sometimes we leave out inconvenient facts. Mr. President, one would think, listening to my colleagues, that the reason for the $4 trillion-plus of debt, the reason for the budget deficits, the reason for the crime, the reason for the unemployment, the reason for difficult lives for all too many children in this country is the AFDC Program. This is just preposterous scapegoating. That is what this is all about. Scapegoating: Drive the cheaters off the rolls and the slackers back to work, and we can eliminate the total debt of the country and eliminate all the budget deficits.

Mr. President, who are we talking about? Let me just say at the beginning, when I listened to my colleague from Texas—and I am sorry to speak with some indignation, I will try to keep it to quiet indignation—speaking about the American people and what they are for, the American people do not want us to be reckless with the lives of children. The American people do not want us to be reckless with the lives of children. And, Mr. President, there is a big difference between reform and reformatory.

Let me tell you what reform is. The Senator from New York has been prophetic on this issue forever. I am almost embarrassed to be speaking while he is out on the floor, because I have so much respect for his work over the years. But at the very minimum, if we are going to be talking about welfare reform, we have to be talking about several things. The Senator's bill in 1988 talked about that. There is nothing new here. The Senator talked about the need to have education, talked about the need for job training and to focus on jobs and, as I remember, it had a transition period of time where you did not get cut off from Medicaid.

That is what it is all about. When we are talking about welfare recipients, the 15 million recipients including 5 million families, and we are talking about driving the slackers back to work and cheaters off the roll, 9 million are children under the age of 18, and the rest are overwhelmingly single parents.

Interestingly enough, and I will get to this later on in my comments when we talk about the States and leaving it up to the States, actually all too few States have been willing to have the AFDC-UP Program. Too few States have been willing to have that, if we want to talk about what quite often encourages the breakup of families.

But, Mr. President, I have to say to you today that there is a tremendous amount of scapegoating that is going on here. If you want to have welfare reform as opposed to reformatory, No. 1, what Minnesotans will say is, "Look, we think it's important, work is important, to be able to have a decent job is dignity." That is what all of us desire.

By the way, I might be one of the few Senators who spent 20 years, or thereabout, organizing with welfare mothers. I might know this community better than some people here. Maybe I do not. Maybe that means I do not have any objectivity.

But on the other hand, at least I do not perpetuate a lot of stereotypes. At least I have some examples that I can give based upon some personal experience. Most welfare mothers that I know want nothing more than to get out from under the thumb of the welfare department and work.

My colleague from New York wrote in his book, "The Politics of the Guaranteed Income." To be poor in America is one thing, but to be poor and dependent is all too often to be despised. There is a tremendous amount of stigma. We all want to work.

Mr. President, it is very difficult to work. If you want to have real welfare reform and not reformatory, No. 1, there has to be affordable child care. What are you going to do?

What are you going to do if you have small children and you are going to work? Is there going to be a way you can afford child care? By the way, Mr. President, that is not just an issue for welfare mothers. It is also an issue for many working families in this country. In this Congress, we have cut investment in child care. So at the same time that we say what we need in America is more workfare and less welfare—I say to my colleague that we have heard that for a long time—we are cutting money and we are retreating from an investment in resources in child care.

What are we saying? I thought we valued family. I thought we valued children. We are saying to welfare mothers, you take a job, and if you do not take a job, you are cut off from assistance. But if that mother cannot afford child care, if she loses her Medicaid coverage and the job she gets is $5 an hour, or thereabouts—which is exactly the job opportunity structure that many welfare mothers face—she is worse off.

I say to my colleagues, where in their alleged reform proposal is there any funding for child care? There is no increase in funding for child care. In fact, we are cutting child care assistance. So if we are going to speak for the majority of people in the United States, let us make a distinction on the floor of the Senate right now. People want to see reform, yes. People would like to see less welfare and more workfare, yes. But people do not want to see children punished. They do not want to see legislation in the name of reform which is degrading and punitive. They do not want to see us being reckless with the lives of children.

By the way, just because a child is in a welfare family, just because a child is low income and of a single parent, does not mean that child is a boy or a girl of any less worth or substance than any of the rest of us. These proposals—especially the proposal of the Senator from Texas—is not reform, it is reformatory.

It is based upon a tremendous amount of scapegoating. And you know what, Mr. President, there is not one former welfare mother on the floor of the Senate. Welfare mothers do not have the money to buy ads on CBS, NBC, and ABC to fight some of these cultural stereotypes. I have heard my colleagues come to the floor and give examples.

Are we going to now govern by anecdote? I have examples, too, Mr. President. I say to my colleague from New York, "There Are No Children Here" is a wonderful book. The title is troubling. Here is the basis of the title. The basis of the title is that a journalist from the Wall Street Journal is talking to a mother. He has come to know this family who lives in a housing project. He wants to write about the children. The mother says to him, Mr. President, "Well, if you want to write this book, you can, but there are no children here." What she is saying is, given the brutality of their lives, there are no children, there is no innocence; they do not have the chance to be children.

But, Mr. President, for all of these stereotypes about these welfare mothers, my God, we have heard it forever. "They have Cadillacs." You would not think that the maximum benefit in the median State is $366 a month, which is what it is. You would not think in every State the welfare benefits are way below poverty—in the State of Texas, not even 20 percent of poverty. From listening to my colleagues speak, you would think welfare mothers are receiving huge amounts of money, living high on the hog, all of them having tons of children. You would think that the average size of a family was 10. But that is not true. The average size of the family is one mother and less than two children.

Seventy percent of welfare families have one or two children. You would think welfare mothers do not want to work. But I raised the question with my colleague from New York earlier. As a matter of fact, about 75 percent of AFDC mothers go to work. But within 2 years, quite often, they return back to welfare. And then they go to work again. I will tell you exactly what happens, because I know some of the people we are talking about. It does not make me better than anybody else in the Senate, but at least, for God's sake, I am not operating on the basis of vicious stereotypes.

You have a mother and she goes to work and tries to make it, and it is a $5.50 an hour job, or whatever the case is; and then she tries to work out a child care arrangement and is able to do that for a while. But pretty soon she is further behind. So she goes back to welfare. Then she finds another job and she is doing pretty well at that job, but her child gets sick and she has to stay at home, and this time around, she loses that job. And then she seeks employment again. As a matter of fact, that is the pattern, that is what is so dangerous about the 5-year cutoff. That is the pattern. But this does not represent the pathology of welfare mothers. This represents a group of citizens—women—who are trying to work and support their families.

Mr. President, I have not heard one of my colleagues on the other side talk about how it is that in many of our large cities, small children go to school, all too often crossing through gunfire, and get home and graduate from high school, and some go on to college and some have rewarding lives. Do you know who takes them to school? Do you know who takes them home? Do you know who organizes against the drug pushers? All too often, they are welfare mothers.

I have not heard any stories on the floor of the Senate about any of those women. No, no, no. We only want to know what we want to know. Better to have all of the cruel stereotypes; better to do all of the scapegoating. That is the way we are proceeding right now on the floor of the Senate.

This is not reform, this is reformatory. Some of these proposals are very reckless with the lives of children. We should not be so generous with the suffering of other people. It is a great hot-button issue; you can push it and you

can get a lot of support. But I will tell you something, there is a lot of goodness in this country. When people see some of these proposals for what they are, people will be furious and they will object.

I know a woman in Minnesota, a welfare mother. I say to the Senator from New York, do you know why? Actually, she had a middle income and lived in a middle-income family. She was doing fine. She was full of hope. She had children. Everything was going right. There was only one problem: Her husband battered her.

For many women, like it or not, the welfare program, the AFDC Program, is the only alternative to an abusive relationship. That is correct. So she left her husband, and now she has small children and receives aid to families with dependent children. I do not hear any of my colleagues talking about such examples. I know another mother, and she has two small children. You know what, I say to my colleague from New York, it reminds me—boy, I am going to get in trouble politically for saying this—but it reminds me of the book entitled "Let Us Now Praise Famous Men." It should have been "Men and Women."

I would not praise all welfare mothers. I can give examples of abuse. But this woman should be famous. She is an AFDC mother. Her husband left her. He is not taking any responsibility for supporting the children. She has two small children that she takes care of. She goes to community college, and she works at a job, as well. She is trying to be independent. She takes good care of those children. She is amazing. I do not know how she does it. She is a welfare mother, folks. She is a welfare mother. I have not seen any of my colleagues out here with her picture. I have not heard any of those stories.

Mr. President, it is time to maybe talk about the basic facts on welfare. Let us not base public policy on the basis of stereotypes.

Mr. President, I remember a study by Gilbert Steiner, an institute study that quoted FDR. He gave a speech and said, "I hope soon to abolish relief altogether." Then he moved forward and talked about the WIN Program. Leonard Goodwin, of Brookings, wrote a piece in 1970. He was doing an analysis and found that what happened was very interesting. A lot of welfare mothers, rather than saying they heard about this work incentive program now, said they could not wait to work. The problem is we only ended up placing 2 percent of them in jobs that put them in a better position than they were in when they had welfare.

Does anybody want to look at the job opportunity structure in America? Do any of my colleagues have children in their twenties? I do. Have you taken a close look at the jobs that are available right now for people? Has anybody looked at that? Then I hear this wonderful argument on the floor of the Senate, and the argument goes as follows: What is going on here is welfare is causing poverty. And you get all these statistics. I think my colleague from Texas does this. You get all these statistics on the rise of poverty in America. That is true. The statistics about the state of children in America should shame all of us. One would think that welfare is the cause of the poverty.

Not a word about the political economy of the country. Not a word about the minimum wage of $4.25. Not a word about increasing minimum wage. Not a word about an expanded job opportunity structure. Not a word about the huge number of people today in our country who work 52 weeks a year, 40 hours a week, only to make poverty wages. Not a word about any of that.

The argument that welfare causes poverty is tantamount to arguing that Social Security causes people to get old.

Come on, colleagues. Get your independent and your dependent variables straight. This is the kind of argument that is easy to make when there are a group of people that you can bash because they are not the big political campaign givers. They do not make the big contributions. They are not the heavy hitters. They are not the players.

But that is still no excuse for bashing people and then basing policy on these myths.

Then we have the Family Allowance Program. Back then, maybe I made a mistake. I think my colleague from New York certainly would say I did. I thought it was equity within inadequacy. But I do not know. At least President Nixon and his chief urban adviser, now Senator MOYNIHAN, I think that they were right. They are trying to say, "Let's have some kind of income floor. Let's have some real reform." That was defeated. Certainly we lost that opportunity.

Then Jimmy Carter came in and he said welfare was a disgrace. He had his Better Jobs and Income Program. Ronald Reagan pulled hundreds of thousands of people off the rolls in the early 1980's. He thought it was encouraging people to get out of work and stay on welfare, and there was abuse there. But it actually did not lead to anything good for children. Not at all.

My colleagues talk about all of this discussion about illegitimacy and family caps. My colleague from New York, correct me if I am wrong, as I look at the New Jersey experience, Rutgers came out with a study recently and what they found was that, frankly, it did not seem to make any difference one way or the other in terms of the cap. The only difference it made was it took some food off the tables.

Am I correct?

Mr. MOYNIHAN. The Senator is correct. The study done at Rutgers University showed that.

Mr. WELLSTONE. This was a study, for the information of my colleagues, a study of the family cap; to have an additional child, there will not be any more assistance.

Initially, there were, as I remember—I am kind of going by memory—there were initially proclamations and claims that, as a matter of fact, this had cut down on the number of welfare children and the number of people who were obtaining welfare.

I think probably what happened, it was underreported. I think probably a lot of mothers just did not report it.

Mr. MOYNIHAN. Will the Senator yield?

Mr. WELLSTONE. I am happy to yield to the Senator.

Mr. MOYNIHAN. Reasonable persons learned there would be no additional money when an additional child was born; they did not report it, and in time these numbers got resolved and there appeared no effect of any kind.

Mr. WELLSTONE. For the record, the best known study of the effects of the family cap was the Rutgers study of the New Jersey plan. Here is the principle investigator for that study who recently reported that during the first year of the program, "There is not a statistically significant difference between the birth rates in the experimental and control groups. We find a 6.9 percent rate for women subject to the family cap, and a 6.7 rate for those in the control group."

As a matter of fact, Mr. President, there is not one bit of research that I know of that suggests policywise we are going to be able to do anything to stop out-of-work wedlock births.

Does the Senator know of any research that suggests we can do that?

Mr. MOYNIHAN. I ask unanimous consent to address the Senator directly.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Sir, I do not. I wish I did. I prepared for this debate by canvassing acquaintances around the Nation. Did they know? No, they did not.

Mr. WELLSTONE. Mr. President, we are talking about, we should listen to the foremost expert, not just among people in the Senate but in the country on welfare, Senator MOYNIHAN, if we want to base our policy not on stereotypes, some of them crucial stereotypes, but on whatever evidence there is.

As a matter of fact, I heard the Senator from Texas proclaiming we will do this all in the name of helping children. The only thing that happened was there was less money for food.

Senators, that is the only thing that happens. And we are profamily? And we are going to take food out of the mouths of hungry children?

Senators, if you have some studies that you can bring to the floor of the Senate, if you have some empirical evidence that these proposals will, in fact, make a difference in terms of reducing the rate of out-of-wedlock children, fine. If you have some evidence that a family cap or other harsh proposal will reduce the rate of "illegitimacy," fine.

If you do not have evidence, please understand on the basis of what studies have taken place so far, a family cap is no help whatsoever.

Also, remember, that over 70 percent of welfare mothers have one or two children at the most. But what you will do is you will, by this kind of change, make sure that these families—and, Senators, there is not one State in the lower 48 that has a welfare benefit up to the poverty level income—will have less income to feed their children.

Is that what we are about? Is that what we are claiming to be reform? That is not reform. It is punitive. It is degrading. It is reformatory. It is hot-button-issue politics. That is all it is.

It is not a policy based upon evidence. It is not sound public policy. We are being very reckless with the lives of children in the United States of America.

Mr. President, who receives AFDC? Eight percent of all AFDC families are headed by teens. The vast majority, 81 percent, are young families headed by mothers in their twenties and thirties.

How many people receive AFDC? Nine point five million children. Who are we talking about? These cheaters we want to drive off the rolls and the slackers we want to drive back to work, who are we talking about? Mr. President, 9.5 million of the 14 million AFDC recipients are children.

A little less than 5 million are mothers, and many of them are mothers of small children. And you do not have any additional funding for child care at all. You do not want to raise the minimum wage for working families. You do not want to have additional assistance for child care.

Some of you, I ask the Senator from Oregon, I assume that Medicaid is carried for an additional 2 years? I do not want to give up the floor, but let me say that I assume—I ask unanimous consent to ask the Senator from Oregon whether or not in his proposal there is a transition period of time, 2-year period of time, where a welfare mother is able to keep her Medicaid? Under the unanimous consent, I ask the Senator from Oregon, and I keep my time on the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PACKWOOD. One year.

Mr. MOYNIHAN. The Family Support Act, 1 year.

Mr. WELLSTONE. Mr. President, how many children do AFDC families have? I went over this, but we should be clear. The average family receiving AFDC has two children, about the same as a typical nonwelfare family; 73 percent of the families receiving AFDC in 1992 have only one or two children.

The average number—for my colleague from Texas—the average number of children in an AFDC family has actually dropped 33 percent since 1970. You would think, from what my colleagues are proposing, that we are having this explosion of additional children to welfare mothers. Quite to the contrary. But do not let the facts get in your way, because it is easy to bash these people. It is easy to bash them.

Are AFDC families mostly white or black? I tread on some sensitive ground here. But I have noticed all too often, when my colleagues come out with their pictures, we have African-Americans, usually. So let us be clear about this. Recipient families are about as likely to be white as black. In 1992, 39 percent of the families were non-Hispanic white, 37 percent non-Hispanic black, and 18 percent Hispanic.

Mr. President, are you ready for this? This is an important piece of information. How much do AFDC families receive each month? The maximum cash grant for a mother and two children in a typical State is $366 a month.

Now, my colleague from New York pointed this out earlier when he was talking about entitlements—actually, the State defines the benefit. The Federal Government is willing to make a contribution, but the State defines the benefit. And there is a tremendous variation. Mississippi, which is the least generous State, provides $120 per month. By the way, I am not picking—before my colleagues from Mississippi come out here, let me be clear. I think, and I would be willing to be corrected by the Senator from New York, usually what happens here is it is the per capita wage that sets the level of AFDC benefits. Those States which have lower working wages, those States that are poorer States have lower benefits, by and large.

Mr. MOYNIHAN. Plus food stamps.

Mr. WELLSTONE. Plus food stamps. I am going to talk about food stamps in a moment, I say to my colleague.

AFDC—I will get from my colleague in a moment the 1995 figures. In 1992, the AFDC payment programs cost the Federal and State Governments combined $22 billion; 1 percent of the Federal budget, and the States' share was about 2 percent. One percent of the Federal Government.

Now, the Joint Tax Committee, in talking about corporate welfare, says we have $425 billion a year in tax expenditures. We have a total of welfare for the poor, Federal and State, of $22 billion, or a little more now. One percent of the Federal budget. And now we have an all-out attack.

I am all for reform, by the way. But reform means affordable child care and reform means there has to be a job so a parent can support her or his children. That is what reform is all about.

You would think from the way in which we see this bashing of welfare that we were spending huge amounts of money. Mr. President, that average $366 per month is, roughly speaking, $4,392 per year. I do not know what the Federal poverty line is, it must be $13,000 per family of four?

Mr. MOYNIHAN. Fourteen.

Mr. WELLSTONE. Mr. President, about $14,000 for a family of four. We can get into a long debate about poverty. We will not today. We have a definition of poverty, first defined by Molly Orshanski—who I think regrets some of the ways in which it has been used—but we have a definition of poverty. Our definition of poverty is, we say this is the definition of what a family needs to purchase the minimum amount of needed goods and services. We are talking about children here. Now, when we define poverty, we say this is the income a family needs to purchase the minimum amount of goods and services.

The next piece of evidence is there is not one State in the United States of America with welfare payments and food stamps combined that even equals what we say a family needs to purchase a minimum amount of goods and services. And we are going after these mothers and these children.

Mr. President, from hearing my colleague from Texas speak especially, one would think we have seen this dramatic increase in welfare benefits. The Senator from Texas combined all the programs in this statement earlier. But, again, I do not think we can be talking about all the programs. If you wanted to have a debate about the welfare state broadly defined, let us have that debate. But do not keep mixing apples and oranges and throw out a $5.4 trillion figure here and talk about increases here. With the AFDC program, which is the program we are talking about, benefits have decreased 47 percent since 1970 in real dollar terms.

It is pretty amazing to me. You have an average benefit of $366 a month for a family of three, and then I think the maximum increase of a benefit for another child in a typical State is $72 more. We make $130,000 a year as Senators. Think about this for a moment. Think about what it costs to raise your child. Do you really believe that, with a typical benefit being $377 per month, and you get an additional $72 a month, that that is why women have children? Do you think they are further ahead? Do you think that is a good deal, with what it costs to raise a child?

There is no evidence of that. No evidence supporting that. No evidence for that whatsoever. And if you are honest with yourselves and you think about your own family, you will know that it costs much more than that to raise a child.

We have heard a lot. I will conclude just with a little bit more factual information. This is just an average monthly AFDC benefit per family, in 1992 dollars. From 1970 to 1992, the real value of the AFDC benefit fell 45 percent. If anybody wants to dispute me on the floor of the Senate, do so. Does anybody want to? Good. We have established that fact.

Mr. President, AFDC and food stamp benefits as a percentage of poverty line for a family of three, from 1980 to 1993—AFDC only, average benefit is now 38 percent of poverty line; AFDC and food stamps is 67 percent of poverty line. It was 83 percent in 1980, 74

percent in 1985, 72 percent in 1990. It is now down to 67 percent of poverty. So I guess we have not seen a dramatic increase in benefits. Not even on the average 67 percent of what we say it takes a family to purchase a minimum amount of goods and services; 1 percent of the Federal budget. And this is where we are targeting all of our guns. Right?

Mr. President, here is a chart called "Percentage Spending for AFDC as a Percentage of Total Federal Outlays, 1970 to 1992." In 1970, it was 1.40 percent; 1975, 1.5 percent; and 1992, 0.88 percent. Is it 1 percent now? Is there any dispute about that?

Mr. President, now we are going to talk about just block granting; cut child care, tell people they have to work, no affordable child care, do not even talk about the job opportunity structure, do not try to raise the minimum wage—not just for welfare mothers but for working families, and Medicaid for 1 year. Then what happens after 1 year, given the job opportunity structure, and how do you afford decent child care?

I am going to make a child care point. I am going to make a State point. And then I am going to sit down. But I cannot wait for us to get into some real debate on the floor of this Senate, because if there is any role I can play, it is to make sure that nobody gets away, with just impunity, with coming to the floor with all these stereotypes. Senators can disagree, and that is fine. I am all for that. I just want to make sure when the final policy is enacted it is not based on myths about many of these women who cannot fight back.

By the way, we are talking about women and children in the main. Women and children.

On the child care part—I will not go into child care. We will wait. We will have that debate.

Mr. President, let me just give you a feel for the AFDC benefits in States. I see my colleague from Texas. Texas—but I will not pick on Texas. I will talk about a lot of different States. The maximum monthly AFDC benefits, as of January 1994, was $184. That is for a family of three—$184. That is 19 percent of the poverty level.

Mr. President, the decline in the monthly benefits for a family of three, after adjusting for inflation, in the State of Texas was 67 percent, a decline.

In Alabama, it was $164. That is 17 percent of the Federal poverty line.

In Maryland—I am going through this at random—$366, 38 percent of the poverty line.

Minnesota, $533, 54 percent of the poverty line.

New York, $577, 60 percent of the poverty line.

This is just welfare benefits. This is AFDC, not the food stamp part.

New Jersey, $424, 44 percent of the poverty line.

Vermont, $638, 67 percent of the poverty line.

Arkansas, $204, 21 percent of the poverty line;

Mississippi, $120 per month, 13 percent of the poverty line.

Mr. President, let us just finish up this way. Quite to the contrary, people are not living "high off the hog." Quite to the contrary, people are trying to obtain work. Quite to the contrary, most welfare mothers and most policy analysts I know are for reform. But you have affordable child care, and I think the biggest job we have is job opportunity, to be able to get the job, to be able to support yourself. Look at the jobs available.

Let me say this to my colleague from New York. With regard to this whole notion of "get off your duff and get a job" mentality, a recent study on the availability of jobs in the fast food restaurants found that for each job, there were 14 applicants. As the study's authors put it, "In short, it is simply not the case that anyone who wants even a low-wage job can get one." This is the study "The Job Ghetto." This was in the American Prospect, summer of 1995.

Mr. MOYNIHAN. Mr. President, if I may say, the Senator is correct. That was the article.

Mr. WELLSTONE. Mr. President, I will conclude with the following poem that was just given to me. It comes from Julia Dinsmore, a welfare mother in my State of Minnesota.

My name is not "those people."

We always call them "those people," and we had a Member on the floor of the House refer to animals— "wolves and alligators," a shameful debate.

My name is not "those people." I am a loving woman, a mother in pain, giving birth to the future where my babies have the same chance as anyone. My name is not "inadequate." I did not make my husband leave us. He chose to and chooses not to pay child support. While society turns its head, my children pay the price. My name is not "problem" and "case to be managed." The social service system can never replace the compassionate concern of loving grandparents, uncles, fathers, cousins, community. Oh, the people who need to be but are not present to bring children forward to their full potential. My name is not "lazy, dependent welfare mother." If the unwaged working parent's home making, community building was factored into the gross national product, my work would have untold value.

By the way, Mr. President, this is really counterintuitive where this debate is going, and I do think it is very important to have jobs with decent wages. I want to remind my colleagues that being at home and taking care of children, whether you are a woman or a man, is important, vitally important, productive work.

My name is not "ignorant, dumb and uneducated." I live with an income of $621 with $169 in food stamps. Rent is $585."

This is from Minnesota. Our benefits are much higher than most.

That leaves $36 a month to live on. I am such a genius at surviving that I could balance the State budget in an hour. Never mind that there is a lack of living-wage jobs. Never mind that it is impossible to be the sole emotional, social, and economic support to a family. Never mind that single mothers can work another job outside the home and lose their children to the gangs, drugs, stealing, prostitution, social workers, kidnapping, street predators. Forget about putting money into our schools. Just build more prisons. My name is not "lay down and die quietly." My love is powerful and my urge to keep my children alive will never stop. All children need homes and people who love them. All children need safety and the chance of being the people they were born to be. The wind will stop before I let my children become a statistic. Before you give in to the urge to blame me, the blame that lets us go blind and unknowing into isolation that disconnects us, take another look. Do not go away, for I am not a problem but the solution. And my name is not "those people.

I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. PACKWOOD. Mr. President, I want to make sure the Senator from Minnesota does not misconstrue. In the play "Man for All Seasons" where Thomas Moore is being tried—and I will paraphrase the best I can recall—for he would not assent to the king's divorce, he never said anything about it. He just did not assent to it. But he would not sign on it. And in the trial they accused him of opposing the divorce. He said, "No. I said nothing about the divorce." And the prosecutor said something about the law and presumptions, and Moore says, in that case, it is not to presume that silence assumes assent. He said nothing.

I do not want my silence—in response to his papers when he is holding them up saying "anybody here disagrees"—to be assent. He said nothing.

I do not want my silence—in response to his papers when he is holding them up saying "anybody here disagrees"—to be assent. At the appropriate time, I will respond to those. But I do not want to leave you with the impression that I agree with everything or barely anything that he said.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, for the first time in 30 years or more, I believe the Senate is beginning a broad range of debate over a system of welfare, not a single program such as AFDC or Medicaid or any of half a dozen or more others, but a system of welfare.

During that period of at least 30 years, the debate over particular aspects or programs that are a part of that system has always been on what additional program, what additional help the Government can provide to deal with what was a serious problem of family breakdown, of dependent single parents, of illegitimacy and occasionally homelessness. During the course of those three decades, AFDC, supplemental Social Security income, subsidized child care, job training, Medicaid, and other programs have all been debated as a part of the solution to our Nation's social pathologies. And, in most cases, these programs have either been brought into existence or

have been expanded in an attempt to alleviate social conditions. But each one of those additions, each one of those increases, has been accompanied by not by a decrease in welfare dependency—both in terms of families and illegitimacy, but an increase in those terrible social challenges.

So it is appropriate that we debate this issue at this time. I must say that simply the fact that increases in the challenges and pathologies which have accompanied increases in programs does not create an irrefutable inference of cause and effect. But it certainly does state the proposition that at the very least, these increases, these new programs, these new requirements have not alleviated the conditions at which they were aimed at the time of their creation or increase.

Each liberal attempt at reform which was offered as a way out, or as a partial solution to the way out, has proved at the very least not to have provided that way. So what we have today is a system elaborate in its complexity, requiring a huge Federal bureaucracy to establish and to enforce rules related to welfare here in Washington, DC, mirrored by huge State bureaucracies designed to administer and to enforce those rules and, of course, in the case of each State, to add to them.

The total, the net result is a set of programs and of benefits that clearly provides at a certain level a disincentive to entry-level work, and as a consequence or as an accompaniment, the social pathologies continue and grow.

And so we are now presented with roughly three alternative proposals for reform. Maybe there is a fourth. In listening to the extended statement by the Senator from Minnesota, the clear implication is that we simply need to do more in the way of programs to provide a greater degree of income and comfort and benefits for those on welfare. But I do not believe that implied solution—and I put the word "solution" in quotation marks—finds much support either in the American people or even on that side of the aisle in this debate.

The proposal which seems to have the most support over there is essentially more of the same thing masquerading under a set of work requirements and limitations on the time during which an individual can draw AFDC benefits. But these apply to only a modest handful of the total beneficiaries.

The second alternative presented eloquently by the senior Senator from Texas an hour or so ago was to substitute for the detailed liberal requirements somewhat less detailed but nonetheless significant ideological requirements from the conservative side of the spectrum on the ground that rules which limit benefits going to teenage unwed mothers and single parents will reduce the rate of illegitimacy.

The third alternative is the alternative proposed by the majority leader, building on the proposal from the Finance Committee and from its distinguished chairman, the Senator from Oregon. While it includes significant work requirements and significant limitations on the amount of money and time an individual can draw these various welfare benefits, its philosophy is that far more experimentation should be permitted on the part of individual States; that we should not have one centralized system but allow 50 different systems for dealing with welfare.

I imagine that the goals of each of these proposals are to try to see to it that there is less dependency, to provide fewer incentives for illegitimacy and single-parent families, to provide relatively greater incentives for work, provide more effective requirements of support on the part of the absent parent—almost always the father—and to terminate or limit the misuse of the SSI disability policies.

I think with respect to some of these, particularly absent parent responsibility and SSI, there may not be too great a difference among these various proposals. It seems to me, as one of the sponsors of the third proposal, that identified by the Senator from Oregon and the majority leader, that it has at least the virtue of modesty—modesty, that is, in the sense of our saying that we are not certain what program, what reforms will work to reach the goals that I and others have outlined. We can be, I think, reasonably confident, maybe overwhelmingly confident, that what we have now has not worked, and we can be reasonably confident that not only has it not worked but it has actually exacerbated the very situation, the very set of conditions it was designed to alleviate in the first place. Of that we can have a fair degree of confidence.

I submit that I do not have a great deal of confidence in attempting to outline a system that I know will work. The Senator from Minnesota seems to be very confident without much evidence that all we need to do is more of what we have been doing in increasing amounts for the last 30 years. I submit that he will find relatively little agreement with that position.

If it is the case that none of us, not only U.S. Senators but all of the panoply of professionals and so-called experts and academics in this field, cannot be certain of how we can deal successfully with these social pathologies, then this third alternative, the Dole-Packwood alternative, is clearly the way in which to go because it is clear that if we pass this proposal, 50 States will engage in 50 different experiments.

It is doubtful that any two States will pursue the quest for a better welfare system in exactly the same way. There is a fear that some will not engage in a maintenance of effort. That may indeed happen. But if there are failures, we will learn from those failures and have a clearer idea of what works and what doesn't work.

It is true that some States will incur severe penalties, at least when we compare it with the present system, for illegitimacy and for teenage births, and we will determine whether or not that works as against more liberal States that retain something like the present system.

It may be, Mr. President, in 5 years or 6 years or 10 years of such experimentation, we will have learned that certain State welfare systems work—that is, if the conditions they are designed to alleviate are, in fact, alleviated. Others will not have worked—they will have increased the amount of dependency. Others, finally, will have had no impact at all. And it may be that we here in this body, or our successors here in this body, will, with that experimentation, be able to have a greater degree of confidence in how we should design a national system.

But, Mr. President, we cannot claim that confidence here today. We only know that what we have done cumulatively over the last 30 years has been a disastrous failure, not only for the public Treasury, but even more so for the American social condition.

So, Mr. President, let us take the great advantage that a Federal system like ours offers to us, the ability to have different solutions in different parts of our country, the ability to use the 50 States as a laboratory for experiment, the ability under those circumstances to determine what may help us to solve this tremendous social problem and meet this social crisis, and what may not.

And it is for that reason, Mr. President, that while the history of the last 30 years has shown us that the liberal prescription for welfare has been an almost unmitigated disaster, so perhaps may be the conservative prescription for welfare. Let us exercise our voices and our votes with a degree of modesty, a degree of uncertainty, a degree of the point of view that we are not quite certain what the answer is, and in doing so, accept the amendment that is before us at this point, allow for experimentation and innovation and see how, through our Federal system, we can learn what will work to solve the problem of welfare.

Mrs. HUTCHISON addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mrs. HUTCHISON. Thank you, Mr. President.

Mr. President, I think from the debate that we have heard so far on this issue, that we see clearly the fundamental differences about what welfare should be and how we make it what we want it to be. We are taking up a reform of historic magnitude. We have laid the framework for a revolution in the way our country goes about giving help to those who have been told for too long that they are incapable of helping themselves.

Over the past 30 years, our welfare system has become an agent of despair

for those who are trapped in its coils. And if we know one thing about our current welfare system, it is that we are not getting our money's worth. There are two constituencies that we must serve in this reform—the taxpayer and the welfare recipient. Neither the taxpayers, who foot the bill, nor the beneficiaries themselves are getting fair treatment under the present welfare program. You do not help anyone by encouraging self-destructive behavior.

The original intent of welfare was something very different from what we have in place today. In the 1930's Americans wanted to open our hands and our hearts to the most desperate victims of the Great Depression, indigent widows and their children. Then beginning in 1965, our War on Poverty attempted to nudge those on the bottom rung of the ladder in the direction of middle-class security. But we have failed miserably.

The percentage of Americans living in poverty has risen steadily at the same time that our welfare apparatus has grown. What we have created instead is a self-perpetuating monster that sustains the most distressing ills of our society—illegitimacy, the disintegration of the family, weakening of the work ethic, and crippling dependency. Indirectly, it feeds ever-rising levels of functional illiteracy, violence, and juvenile crime.

The American people are demanding to know why, after an expenditure of $5 trillion, there are more people living in poverty today than ever before in our country. A partial explanation is the growth of the welfare delivery sector of the Government and the private sector hangers-on. It is in their interest to make sure that more and more money is spent on poverty programs without regard to whether we are reducing the number of people living in poverty.

The American people also wonder, after spending $5 trillion, that anyone could think a continuation of the present system with more money could be even a step in the direction of solving this problem. The fact is, those who administer these programs and those who advocate them have no incentive to encourage welfare beneficiaries to move forward with their lives. Dependency is presented as acceptable and inevitable. Individual responsibility and all it implies is discounted. This is neither beneficial nor benign.

We have lured those in need down a dead-end street. The welfare reform measures we are considering today would short circuit the bureaucracy which the Federal Government has created and hand most of the responsibility over to the States. This will free each State to experiment with new strategies for welfare, new approaches to giving beneficiaries incentives to work and contribute to the American economy.

This State involvement with the welfare apparatus is a pivotal element of our reform plans. Unless the Federal Government steps aside and lets the States go forward, we will lose the innovation that the States have put into the system. That is where the creativity has been. And in many instances this has happened in part because the States, unlike Congress, are required by their constitutions to come up with a balanced budget every year. Because they are closer to the people and can respond to changing conditions more quickly than the Federal Government, the States have been able to come up with effective, innovative programs in their reform efforts.

Nearly 30 States have requested waivers from the Federal Government to enact reforms. Wisconsin Gov. Tommy Thompson says the welfare rolls in his State have dropped 19 percent while the national rate has increased to 32 percent. Here are some of his innovative programs: learnfare, which requires welfare teenagers to stay in school; marriagefare, which creates incentives to marry and have no additional children while still on welfare; and workfare, which ends cash assistance after 2 years and requires work in return for other benefits.

Because of forward-looking programs like these, the States have earned the reputation for being laboratories for innovation. Passage of the bill we have under consideration today will encourage the States to achieve reform quickly and give them the freedom to continue their experimentation. It is time for the Federal Government to step aside and let the States run with the ball. Mr. President, the American people are entitled to know that we mean business here today. The Republican welfare reform bill we are debating will:

End welfare as a way of life by limiting the amount and time of assistance that can be made available.

It will require able-bodied recipients to work, not enrolled in an endless series of job training programs, but begin to work, showing up every day like the rest of us do, no later than 2 years after the assistance begins.

Reinforce families and cultivate personal responsibility. States will be able to deny cash payments to teenage mothers but instead require single teens to stay in school and live with adult supervision, preferably their parents or grandparents. Applicants for benefits will be required to cooperate in establishing the paternity of their children. Deadbeat parents will be confronted with the painful consequences of their irresponsibility.

That is how our bill will affect welfare beneficiaries. But it has other ramifications as well. No State will lose its present Federal allotment, and growth States will have an increase each year to help with growing needs. I am going to talk about this later in the debate when there will be an amendment on allocation of Federal dollars. I have worked very hard on a formula that I think is fair, fair to the States that are not growing, fair to the States that are growing, and fair to the States that get more in the beginning and fair to the States that get more in the end. It is a good formula. It takes into account each specific State's unique problems.

The Federal welfare bureaucracy will be reduced by 30 percent. Federal welfare spending will drop by more than $65 billion below current projected levels over the next 7 years. We must not lose sight of the goalpost. We are actually going to reduce the cost of welfare in this country for the first time in a long, long time.

This bill will empower the States as never before. What is more, moving the responsibility for these programs to the States will give taxpayers more direct say in the targeting of welfare assistance.

Last, and perhaps most important, Mr. President, I, like most Americans, believe that no one should have an unrestricted right to live off the toil of others. The crucial element in this welfare legislation is its work provisions. Under this bill, work means work as most Americans understand it. It means participants will have to go to work every day and, yes, maybe do things they do not particularly like to do. We have all had that experience in life.

The decisions of welfare beneficiaries, like ours, will have consequences. A welfare recipient whose assistance is reduced for failing to work will no longer be able to turn around and get a handout from another source in the form of food stamps or housing assistance increases. States will be able to require welfare applicants to look for a job before they ever get a welfare check. That will be their option.

This bill requires 25 percent of each State's welfare caseload to be working by 1996 and 50 percent to be working by the year 2000. The States can exceed these requirements if they choose, and we hope they will. The bill imposes a 5-year lifetime limit on welfare benefits.

Mr. President, when we have enacted this legislation, we will be able to look the American people in the eye and tell them that we have made a difference, that we are trying to make things better for both constituencies: The taxpayers who are footing the bill and the welfare recipients who we want to give a hand up to. We want the welfare beneficiaries to have the dignity that comes with making a contribution, with giving an honest day's labor for the money they receive. They will be better off and their children will be better off if we can make individual responsibility a part of this country once again.

If everyone would work together on a bipartisan basis, we can have a bipartisan victory, a victory for the recipients who will know the pride of earning a living, paying their own way in society, and a victory for the taxpayers who are working people who are trying to meet their own family responsibilities.

Mr. President, that is what this bill is all about. I hope that at the end of this week, we will be able to go back home and tell the American people that we have made a giant step forward for both the recipients of welfare and the taxpayers who have carried a heavy load and know it has not worked.

Thank you, Mr. President, and I yield the floor.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I am pleased—very pleased—that we are finally debating a very important issue: The issue of welfare reform. I am happy for two reasons.

No. 1, I think if there is any issue I heard over a long, long period of time the constituents have asked us to do something about, it is the issue of welfare reform, and also from the standpoint of those who are on welfare, to give them a better opportunity and a better environment to move from welfare to work and to move from Government dependency to being independent.

We all know that the President needs credit for highlighting this issue. I suppose maybe every President has had welfare reform to some extent in his platform. But this President in 1992 made it a very important issue, because he said, "We are going to end welfare as we know it." Probably it is his ability to use words, to use them well that brought attention to this issue that maybe other Presidents before were intending to bring as an issue and could not. There was also the necessity of a Democratic President to highlight it, because you remember in that 1992 campaign, he was going to run as a new Democrat, not the typical tax-and-spend Democrat. We were going to have a whole new Democratic Party approach to Government.

So the President was elected, and I suppose the American people found out he was not a new Democrat, more the typical type of Democrat. Maybe that is why it took another election in 1994 to show the President's inaction and to question whether or not he was really serious about dramatic change of welfare.

The people demonstrated in 1994 that they wanted change, and they have not seen it from the Democratic President and the Democratic Congress on the issue of welfare reform.

So the American people have now placed their confidence in our party and given us an opportunity, as well as a responsibility, to change the system, to end welfare as we know it, as the President said he wanted to change it.

So we have taken the people's challenge expressed in the last election, and we Republicans bring this bill to the floor.

As our good friend, Senator MOYNIHAN, discussed this morning, in 1988, we passed welfare reform with 96 votes, one person opposing.

Unfortunately, I believe that it failed our hopes and expectations. I know there are a lot of people in this body who would disagree with that point, and I would be happy to speak at great lengths as to why I feel it has not met our hopes and expectations. In doing that, I do not in any way express resentment toward those who feel it has been very successful. It is probably a difference of opinion of what was supposed to be accomplished by that bill.

But one of the ways I measure it is that we have more people on welfare today than we did then. I do feel that one positive thing that did come out of the 1988 Family Support Act was the movement toward more experimentation at the State level, which I think the Republican bill today is a fulfillment of the ultimate goal that has been expressed here for a decade.

Under the 1988 bill, the States took the initiative to try new ideas in welfare reform. It was 20 years since the States had that sort of an encouragement, or if they had the encouragement, a willingness to do it. In spite of the need to come, as they must, hat in hand on bended knee, for permission from the Federal Government, the States still tried new ideas. That spirited example of the States is what spurred some of us toward giving States maximum flexibility in addressing the crisis in our current welfare system, as we do through the Dole-Packwood legislation.

Last year, Senator KOHL of Wisconsin and I introduced a bill to give States a block grant for the AFDC JOBS Program and for the AFDC Food Stamp program. We introduced that bill back then because we believed the States had shown the initiative to reform the current welfare system. Leaders in States like Iowa, Wisconsin, Michigan, and some might be surprised that Eastern seaboard States like New Jersey and Massachusetts, where generally you think there is a more liberal political philosophy, all of these States were coming up with the best ideas to change the system and to move people from welfare to work. I think the State of Iowa has demonstrated the great benefits of a system designed with the citizens in mind.

Two years ago, my State legislature proposed a bill to totally revamp the welfare system. State leaders, after it was passed, came to the Federal level, HHS, to receive the waiver necessary to implement their ideas. Yes, the State of Iowa wanted to very dramatically reform welfare, move people from welfare to work, and save the taxpayers money.

They could not do that on their own. They could only do that within the Federal law, and then they had to come, as I said, on bended knee to the officials at HHS to get permission to do what I think everybody recognizes is working so very well, not only in the State of Iowa, but in several other States.

To the President's credit, he has granted these waivers more expeditiously in late months than in early months, and he has granted waivers to several States—I do not know whether every State, but I think well over 20 States have requested waivers.

But why, when dealing with a subject like welfare reform, should States that want to move people from welfare to work and, hopefully, in the process, save the taxpayers money, have to get the permission of some lowly bureaucrat at HHS? We even had to make some modifications to satisfy the Federal bureaucracy. It took several months to get the waiver approved. But my State of Iowa began the implementation of its program in October 1993. In the last 2 years, the number of AFDC-employed recipients has increased from 18 percent of all welfare recipients to 34 percent—I believe now the highest of any of the States—as a percentage of welfare recipients who are working.

I think this dramatic increase shows the ingenuity of people at the State level. Specifically, in my State—but not to any greater degree than other States—you hear about them trying to do these things, to move people from welfare to work. I think it also shows the importance, though, of providing much greater flexibility for State leaders, so more of this reform of welfare can be accomplished where people seem to be willing to accomplish it. Because, you see, we passed legislation in 1988, but here it is, 7 years later, and we are just now talking about welfare reform. In the meantime, there are 3.2 million people on welfare.

It was the creative approach of State leaders like Governor Branstad and Director of Human Services Chuck Palmer that allowed for such a dramatic increase in the number of people working. It was not here in Washington. We did not get any encouragement out of Washington. It was almost like fighting the bureaucracy to do this very modest reform. They had to negotiate changes in our claim to get the permission to do that.

Now, that is micromangement from the Federal level. It is the type of micromangement that this Republican bill will eliminate, so that the people of our 50 States, through their own State legislatures, can prescribe their own welfare system if they want to meet their own unique ways and needs, moving people from welfare to work, moving people from dependency to independence.

I think it is impossible, Mr. President, with a country that is geographically as vast as our country, a population that is so heterogeneous, for us to pour one mold in Washington, DC, and say you have to take care of your welfare people in New York City the same way you do in Des Moines, IA. No, because of the differences of our people, because of the geographical vastness of it, I think it dictates that we not try to do this from Washington, DC, not only from the standpoint of saving the taxpayers' money, but also

from the point of building on the ingenuity of our local people, closer to the grassroots.

So the whole idea behind the proposal that I spoke about just recently of Senator KOHL and mine, which we introduced last year, and also, I think, the bill before us—although, quite frankly, the bill goes much further than anything that was anticipated by any political party in either House a year ago—that says something, that the people at the grassroots are making changes faster than we are willing to make them.

The bill before us, as well as the one Senator KOHL and I introduced last year, is to block grant these programs to the States so that the States can change the system in ways that fit the culture of that individual State.

In the leadership bill, we remove the need for permission from the Feds before States can experiment to help the people of their State.

It is amazing to me when I hear that if we give authority back to the States that children will be left starving in the streets. Somehow, many have brought into this debate the idea that we, at the Federal level, know best and that we are the only ones who can fix a social problem.

Frankly, I think it is very arrogant to assume that only Federal leaders are compassionate toward the needs of those less fortunate in our society. It is a way of saying that we in the Congress have more compassion toward the needs of the people than our State legislators do. I say that for each of our 50 State legislators that I do not think that that is an accurate assumption.

Clearly, it is not the basis for this legislation, because this legislation gives so much flexibility. If there is going to be compassion, and there will be, it will be demonstrated at the State legislatures. I can say that there is compassion—probably more so—in the State plan of the State of Iowa than anything we have had on the books for the last 40 years in Iowa.

Clearly, as I have pointed out, States have already demonstrated their ability to creatively manage welfare programs. Unfortunately, in 40 years of Federal control, all we have seen is the ongoing destruction of the historic and traditional American family under the programs that we have had at the Federal level.

If we as Republicans and Democrats agree on anything, it is that the current system must be changed. It must be changed dramatically.

Now, in this body of 100 people, 46 Democrats and 54 Republicans, there still may be a legitimate debate about whether the welfare state is worthy of our time and consideration and an instrument for delivering public policy. There is no disagreement that the welfare system within the welfare state is broken and needs to be fixed.

The statement of the President of the United States in both State of the Union Messages and in his own campaign rhetoric as a Democratic leader demonstrates that better than anything a Republican can demonstrate.

The way, then, to make the necessary change is to give the authority back to the ones who have been coming up with the most innovative ideas in recent years, the ones who have demonstrated that they are worthy of our trust—the people at the State and local level. I believe that States will live up to that trust. They will meet the needs of the less fortunate in ways that are compassionate and as caring as anything we can do, and yet require and enable people toward independence.

This is the American way. It says that we, as a society, now more so under the State legislatures than under the Federal Congress, if you have a need, we are going to extend a helping hand if you need it. We will help you over a period of trial and tribulation in your life. We are not going to help you forever if you have the capability of helping yourself.

We hope that when you move from welfare to work, when you have been helped over the hump, that you then will be in a position to give back to the community by helping others as they have helped you.

I think the leadership bill meets three of four chief goals that I want to accomplish in legislation: To provide for a system that meets the short-terms needs of low-income members as they prepare for independence; next, to provide for much greater State flexibility; next, to prevent the incidence of out-of-wedlock births; finally, to save the taxpayers some of their hard-earned money.

The leadership bill provides for a block grant for the AFDC Program to the States so they can meet the needs of low-income Americans in the most community-oriented, cost-efficient manner. That is good. It also gives the States greater flexibility in designing their programs to meet the needs of their individual citizens. It also saves the taxpayers some of their hard-earned money.

The one goal that I had that still needs some work is the issue of reducing out-of-wedlock births. The House bill set a clear goal for the States of reducing the number of out-of-wedlock births. In my judgment, however, the House bill goes too far in telling the States how they had to reach this goal.

I do not support exchanging liberal prescriptiveness for conservative prescriptiveness. It is just as wrong to have conservative micromanagement in the future as we have had 40 years of liberal micromanagement of welfare programs.

The whole idea behind the leadership bill is to set clear goals for the States and to give the States the flexibility to reach the goals in ways that work best for those States. I support that approach in getting more people to work. I also support the approach of reducing out-of-wedlock births. I will promote efforts to strengthen this portion of the bill without mandating prescriptive approaches.

Mr. President, the real difference here is not between those who want strings attached or do not want strings attached in this welfare block grant, as some of the media has wanted to concentrate on a few minor differences between Republicans; the real difference here is between a philosophy that has dominated welfare reform debate for the last 40 years, and a new approach.

The old approach is micromanagement from Washington, DC, versus State flexibility. That real difference of liberal micromanagement came from Federal control that came through the welfare system being an entitlement program. There are still a lot of people, particularly on the other side of the aisle—the more liberal Democrats—who do not want to give up that Federal control and that Federal entitlement. It is that side versus those who want to give control to the States.

It is interesting to me that many Members will oppose this bill because they say it will hurt children. Yet they fail to admit that the current welfare system hurts children, as well. The research shows that children born into families receiving welfare are three times more likely to be on welfare when they reach adulthood. How, then, is the current system good for children? If we truly care about these children, we will reform the current detrimental welfare system.

What about the children, then, who are not on welfare? We have equal responsibility for all children. What about them? Are we concerned about these children?

With our current budget debt of almost $4.9 trillion, each man, woman, and child owes $18,000 toward that debt. A newborn babe right this minute owes $18,000. If we do not reverse the deficit crisis, our children will pay 80 percent of their lifetime earnings in taxes.

What do we do about these children? Are we concerned about them? It is appropriate for us to be concerned for the children of low-income members. Frankly, I think we should be concerned for all the children of America. That means that we have to reduce the deficit while we change the welfare system to free those currently trapped in governmental dependence.

If we take steps to move people from welfare to work, if we give more flexibility to the States, and if we reduce illegitimacy, we will, in the long run, save the taxpayers money. This will be the natural result of positive changes to the current system.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, the distinguished leader is on the floor. I know he wants to speak. I will not delay him but 90 seconds, perhaps, to thank the Senator from Iowa for his remarks about the energetic new program that has been developed in Iowa,

which was done in the context and under the rules of the Family Support Act. It is exactly what we looked for. Federal money is involved. They had to get a waiver. It took a few months. They got it. What more, I do not know, could be asked of a level of government that is participating in the financing.

I wish we did not have to have this rhetoric of liberal micromanaging. The AFDC Program has been in place for 55 years. During those 55 years, we have had a Democratic Presidency for 27; a Republican Presidency for 28. It is about even.

The Aid to Families with Dependent Children Program—the programs are set by the States, not by the Federal Government. You can have a large and generous program, you can have no program. Wisconsin, at the end of 1997, will have no program. That is its right.

Finally—I do not want to keep the majority leader waiting—a certain touch of reality here. We have heard all day long about this suffocating, all-embracing, ever-expanding Federal bureaucracy that runs the welfare programs. Mr. President, I have here a letter from Mary Jo Bane, the Assistant Secretary for Children and Families. It reports that in the 55 years of the AFDC Program, the monster Federal bureaucracy here in Washington running that program has reached 92 persons—92 persons—the JOBS Program, 26 persons. In the regions, AFDC is 144 persons; JOBS, 65 persons.

In the entire Nation there are 327 Federal employees dealing with what we generically call welfare; 327. That is not a staggering number. There are 327 elevator operators in the U.S. Capitol and we have automatic elevators—or some such number. It is being said of the majority leader's bill that he only cuts this bloated bureaucracy back 30 percent. If you cut it back 30 percent, Heaven help us, that might mean 100 people. If we cut it in half, that could mean 150.

I do not know what we need do, but we surely need not begin a serious debate like this with such little respect for data, which data is not difficult to obtain.

I have also heard at some length this morning about how little we know about so much of this problem. The Senator from Washington made that point with great clarity, I thought. But we do know how many people are working on AFDC in Washington and the Department of Health and Human Services. The number is 92. They are dealing with 15 million people. I leave it there.

Mr. President, I ask unanimous consent that this letter from the Honorable Mary Jo Bane be printed in the RECORD.

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

DEPARTMENT OF HEALTH & HUMAN SERVICES. ADMINISTRATION FOR CHILDREN AND FAMILIES,

Washington, DC, August 7, 1995.

Hon. DANIEL PATRICK MOYNIHAN,
U.S. Senate,
Washington, DC.

DEAR SENATOR MOYNIHAN: As you requested, the following table shows the number of staff, expressed as full-time equivalents (FTEs), who work with the AFDC and JOBS programs in the Administration for Children and Families (ACF).

Program	Central Office	Regions	Total
AFDC	92	144	236
JOBS	26	65	91
Total	118	209	327

This table includes employees in the Office of Family Assistance here in Washington, D.C. and in the ten Regional Offices.

Thank you for your attention. If you need additional information, please let me know.

Sincerely,

MARY JO BANE,
Assistant Secretary for Children and Families.

Mr. MOYNIHAN. The majority leader is present. I yield the floor.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, I know there are a number of people who desire to speak. I will not take but a few moments.

I had a chance to speak briefly on Friday, and I have listened to both Senators MOYNIHAN and PACKWOOD and others today. It is my hope that in the end we will end up with welfare reform, or whatever we want to call it. We call ours—the word "work" is in ours—Work Opportunity Act of 1995. On the other side, the Democratic bill, the first word is "work." So that is where the emphasis is. That is where 62 percent of the American people say they have the deepest interest—they want to find work for the people.

I felt the same way back in 1988. I offered, with Senator Armstrong, at the time a workfare amendment. It was the first time we had one. There was an effort to table the amendment. The vote was 49 to 41. It failed, and the first workfare amendment was adopted in 1988. It also dealt with participation rates.

Some people opposed work, and it has not worked that well since, I might add. But at least there was an effort made. It turned out to be bipartisan effort after the initial skirmish. Now everybody is focused on work 8 years later. Maybe we should have been focused on it before. I offered, along with Senator Long, in 1979, a block grant on AFDC—in 1979.

So, some of us have had these ideas for a long time. But I hope in the end we have a bill that will have enough support to get out of the Chamber and, hopefully, support on both sides of the aisle. We have had bipartisan support. The vote was 96 to 2?

Mr. MOYNIHAN. Ninety-six to one.

Mr. DOLE. It was 96 to 1, with three absent.

This is, really, the first day of debate. I have listened to most of it carefully. I think there is probably enough debate to last for another 2 or 3 hours, and I hope we can continue the debate. But before that, I do want to modify my amendment.

I send the modification to the desk. I do not need consent to do this, it is simply a modification. I will explain what the modification does.

The PRESIDING OFFICER. The Senator has a right to modify his amendment. It is so modified.

The modification of the amendment (No. 2280) is as follows:

On page 32, line 19, strike "and".

On page 33, line 3, strike the end period, and insert "; and".

On page 33, between lines 3 and 4, insert the following:

"(F) vocational educational training (not to exceed 12 months with respect to any individual).

On page 33, strike lines 9 through 10, and insert the following:

"(1) reduce the amount of assistance otherwise payable to the family pro rata (or more, at the option of the State) with respect to any period during a month in which the adult so refuses; or".

Mr. DOLE. Mr. President, let me explain what the modification does. It modifies the bill to include the House provision regarding sanctions on those who refuse to work. While our amendment does require the States to sanction, it leaves it up to the States as to the actual reduction, and some suggest this leaves in doubt our commitment to work. There is not any doubt about our commitment to work. I have had one since 1988. But to clarify it, we say at a minimum, the States must reduce the benefits by at least the amount not worked.

We have also heard from a number of Governors with reference to the second modification, and I talked this morning with Gov. Mike Leavitt, of Utah, who says we were shortsighted in this in excluding vocational education in the list of those activities permitted under our definition of work. That concern has been expressed by a number of my colleagues.

Our view was, some people get in these vocational education programs and they never do work. They are in it for a year, 2 years, 3 years. So we tried to strike a balance because of the interest of many of the Governors and many of our colleagues, by permitting vocational education for up to 1 year. We do not expect it to be a career. But I do believe that some of the Governors believe they have very good vocational education programs in place and they would like to keep them.

Mr. MOYNIHAN. That makes sense.

Mr. DOLE. It made sense to me, so we have made that change.

I heard my friend from Texas refer to this bill as "the Dole bill." This is the leadership bill. This is a bill sponsored by every Republican Member of the leadership and 28 other Republicans, and we hope to have more. We hope to have 54, and we hope to have some Democrats.

And I believe there is some opportunity here because I am getting hit by

the White House on the one side and my friend from Texas on the other. The White House says that "the Dole bill," which is the leadership bill, is unacceptable. And that is pretty much what the Senator from Texas, Senator GRAMM, said: It is unacceptable; only his is acceptable, which I have not seen.

So maybe if that is the case, there is some room for adjustment here.

I read here from a press release from conservative Governor Branstad of Iowa who said that conservative micromanagement is just as bad as liberal micromanagement. So the Governors are concerned, and we have 30 Republican Governors. We are very fortunate to have 30 Republican Governors. I am very proud of it. They represent States that have 70 percent of the population in those States, 70 percent. Every Governor supports the leadership effort, the Republican leadership effort. Every State, every Governor, including the Governor of Texas, including the Governor of New Hampshire, including the Governor Iowa, including the Governor of Arizona, to name a few early primary States.

So this is an important matter that we are debating. I hope we can resolve it this week. This is not about Presidential politics. It is about welfare, about work, about opportunity, and about changing a failed system. And I want to mention what this debate is not about.

I do not think this debate is about which party cares the most for those in need. It is not about which party has the biggest heart, because every Senator knows there are some Americans who need help.

I do not care what bill we pass. Some Americans are going to need help, and they ought to have it. Every Member knows, and you probably know of someone in your hometown or neighborhood right here, who is struggling every day to keep their head above water. Some of us know it because we have watched our parents and our grandparents and others go through it—to do everything they possibly could to make ends meet. And I will bet half of the Members—maybe not half—I will bet a fourth of the Members in this body are in that category; not now, but when they were growing up.

So it is not about which party has the most compassion. It is not about which party wants to do the most to hurt someone who finds themselves in a condition where they have to have help. It is not about that either.

In my view, I think we are all pretty much in agreement around here that the system has failed.

I remember being in North Carolina with the Senator from North Carolina—now a Senator, but he then was a candidate—that was his total, No. 1 issue in his campaign: welfare reform. And he has not changed his commitment. He has not changed it, and it should not change. And I know other of my colleagues who have done the same.

We all know the system has failed. It has failed American taxpayers, and it has failed the Americans who we tried to serve. I think we made every good effort, and maybe we have not given the 1988 bill enough time to work. But there are a lot of people out there with no hope. That is what this debate is all about: How do we change the system? It is not how many people we dump on the street and how many children we left to go to bed hungry, or how much more we spend.

I carry around in my pocket a copy of the 10th amendment. It is only 28 words in length. It simply says:

> The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to States respectively, or to the people.

That is what this debate is all about, as far as I am concerned—giving power back to the Governors and to the State legislatures, Democrats or Republicans, in either case—on the theory that they are closer to the people.

There are some who think we can fix the system by just tinkering around the edges here and apply a Band-Aid here and a Band-Aid there. It is not going to work. And I think that is a prescription offered, frankly, by the distinguished Democratic leader, Senator DASCHLE. The American people want to go forward, far beyond fine tuning.

So I am proud to be joined by at least 32 of my colleagues, and I hope more, in the process, and by every one of our Republican Governors in supporting, along with Senator PACKWOOD, S. 1120.

We have been criticized because we could not get a tough bill in the Finance Committee. You have to count votes when you have tough bills around here. I have learned from experience. The bottom line is, how many votes do you have? It is not how many speeches do you make or how many times you criticize somebody else; it is, how many votes do you have?

This is a legislative body. I cannot stand up and say, "This is going to pass."

I happen to believe that S. 1120 will change the very principles and values on which the system is based. It is going to change that attitude that "Washington knows best."

So what we are trying to do in our approach—certainly it can be changed, it can be improved, it can be strengthened by what the words may be, and some people may interpret those words differently and have a different idea about what improvement or strengthening or whatever might be. But we are going to combine AFDC, child programs under AFDC, and job training programs under AFDC into one block grant, and the States are free to spend the money as they see fit.

I, for one, advocate food stamps as a block grant. I said that publicly in the Senate Agriculture Committee. We did not have the votes. I think it is a great idea. It would also go a long way in solving some of our formula problems in this bill, and there will be some debate on it. It may not have the votes, but we will find out.

As a result of the work of the Senate Labor Committee and my colleague, Senator KASSEBAUM, we will consolidate and put into another single program 88 job training and training-related educational programs, including the Job Training Partnership Act and the Carl Perkins Vocational Training and Education Program.

For some reason, returning power to the States makes President Clinton nervous. And he has been a Governor. Maybe he learned from other Governors who are nervous because they do not believe the Governors or the States can handle it. I hope that is not the case. But he said giving our States control will incite a "race to the bottom." I do not know which States he has in mind. I hope not Kansas or Missouri or any other State represented here.

I have asked the President in Burlington, VT, and would question him today, which States—rhetorically, because he was not there at the time—which States will participate in such a race? Not my State, not New York State, not Arkansas.

And I want to thank the Senator from Arkansas, Senator BUMPERS. He voted for Work Fair in 1988, one of a number of Democrats who joined us.

Which Governor does he think does not care about the people in need? I do not know of any, Democrat or Republican.

And which State legislatures cannot be trusted with the welfare of their people? I do not know of any. Maybe there are some out there. Maybe they would take this money and spend it for bridges and highways. That is not going to happen. It cannot happen.

So I would also say that in our bill, the leadership bill, the Work Opportunity Act of 1995, that we want to reduce the very disturbing number of children born out of wedlock just as much as everybody else, and there are no magic solutions out there that this Senator knows about. We do not believe the best way is to do it through more Federal control.

Our bill recognizes that States are better able than the Federal Government to determine what programs will best reduce illegitimacy.

S. 1120 recognizes the importance of the family. It recognizes that families that stay together are far less likely to be on welfare than those that do not.

Mr. KENNEDY. Will the Senator be willing to yield?

Mr. DOLE. I want to finish my statement. This is the first statement I have made except a brief introductory statement.

Mr. KENNEDY. I thank the Senator.

Mr. DOLE. But I would ask unanimous consent that we continue debate on the bill without amendments until 5:30.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. DOLE. Mr. President, it takes the commonsense approach of requiring that single teenaged parents receiving welfare must stay in school and live under adult supervision. I know this is a breaking point with some of my colleagues on this side. I am not certain about that side.

In S. 1120, we give the States authority to deny benefits to teenage mothers and to place family caps. Again, I believe the Governors can make that choice. Many will make that choice. Others, for reasons that they feel are justified, and maybe better than ours, just want to do it at the Federal level. They want to mandate that you have to do it. We want it so the Governors can do it without asking Federal approval. Give them a little flexibility, give them a little freedom.

S. 1120 also requires that welfare applicants cooperate with paternity establishment of their children and requires the States to achieve a 90 percent success rate. Now, if some mother out there identifies the father and the search is begun, they cannot find the father, should we go so far as to say she cannot have any benefits even though she cooperated? I do not think so. Others would deny benefits until the father is apparently located.

One of the reasons the present system has failed is it provides no time limit for receiving welfare. And it offers in effect motivation for recipients to leave the welfare rolls for a payroll. We have long fought to put work back in. As I said, in 1988, with the former Senator from Colorado, Bill Armstrong, we made a number of modifications to the Family Security Act which many of my colleagues and then the chairman, Senator MOYNIHAN, accepted because he was just as genuinely sincere as we were in trying to make changes.

So there was a feeling back then by the American people and by the Members of Congress in both parties that work was important.

We also introduced at that time what we now know as participation standards that required States to make certain a percentage of their population was actually engaged in work.

S. 1120 goes further. With no exceptions, every adult recipient must start working and stay working. In our bill, work means work—no year-long job searches, no graduate degrees, no moving from one training program to another. And as I said, in the modification I just made, you cannot stay in vocational education forever either. There is a 1-year limit. I assume some Governors would find this to work because that would satisfy their concerns.

And then there is the question about whether we have strong work requirements in S. 1120. The bottom line is that S. 1120 contains the same provisions that are in the House bill with respect to the number of hours that must be worked, and it actually contains tougher participation requirements because States must sanction beneficiaries who refuse to work. And we have made a modification in that area, too. But I would just say that the general thrust is hopefully we can work out any differences on this side. As I have said, let us have a jump ball. We will throw it up in the air, and whoever gets the tip wins, and we are all still in the game. We do not say, well, if I lost, I am out of the game. Some will win and some will fail.

According to the Congressional Budget Office—and I think Senator PACKWOOD mentioned this—we will save in S. 1120 over the next 7 years—and these are estimates, CBO estimates which could be off either way—$70 billion. That is a lot of money. The House saves—they do not have a 7-year figure; they have a 5-year figure—$65 billion. So I would assume they save much more in 7 years, at least according to assumptions.

The point I wish to make today is this is the first day of the real debate. I would like to complete action on this bill this week. I do not see why we cannot. We will only have one or two distractions. We are still trying to work out an agreement on the DOD authorization bill. I think as we speak Senators are meeting to see if they can modify a couple of things that might permit us to complete action on that. If not, that will not be taken up.

But we will have 5 long days here, and maybe—I said Saturday we would not have a Saturday session, but if it meant completing action on this bill Saturday, obviously that would be different. I am not trying to threaten anybody. I say we ought to finish this before we leave. I am not saying if we just stall it until Friday we are out of here. That is not what I am saying. We ought to finish it before we leave, and that can be interpreted differently by different Members.

I hope we do not become overly partisan in the debate. As I said at the outset, it is not about compassion. It is not about generosity. It is about a system for some reason that is not working, despite all the good efforts by many and some in this Chamber now. I think it is our duty to fix it.

It is our duty to fix it. We ought to get it fixed this week. We ought to get it fixed before we leave here for what may be left of the August recess, so we will be in a position to go to conference with the House.

I must say, in the White House release that I referred to earlier, one thing that was encouraging, Mr. McCurry, the White House spokesman, made it very clear that they were not threatening a veto. "A long way from a veto" and "wants to cooperate with Capitol Hill." Their biggest objection is that "It does not require States to offer child care opportunities for welfare recipients going to work."

That is the big objection the White House has apparently at least today with the so-called leadership bill, the Work Opportunity Act of 1995. And I might say there are some on this side who have the same concern.

That is what it is all about. How do you get enough people together with different views to pass it? You cannot pass it with 23 votes. You cannot pass it with 33 votes. You cannot pass it with 43 votes. We might have to have 60 votes, though I am told, at least by inference, there will be no effort to filibuster or cloture will not be necessary on this bill, because I believe everybody wants us to come up with some change.

If that is the case, it is out there somewhere. There are 51 or 61 or 71 votes out there somewhere. And that is what this debate is all about. It is not about the toughest. It is not about the easiest. It is about substantial, meaningful change because the system has failed.

I hope as we continue the debate we will have a coming together of ideas. The leadership does not suggest S. 1120 is perfect. I might say there are one or two provisions that divide the people on this side of the aisle like cash payments to teenage mothers. That is opposed by the Catholic bishops and by the Catholic Charities and the National Right to Life Organization but supported by the Christian Coalition, and you have the same lineup on family caps; also opposed by the 30 Republican Governors.

So it is not a question of—I mean I assume those groups are viewed as conservative groups. In this particular instance, they do not agree with one another, just as we do not agree with one another on some of these provisions. Hopefully we can work those out, plus others that are of particular concern to my friends like Senator FAIRCLOTH and others on this side of the aisle.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. SANTORUM addressed the Chair.

Mr. KENNEDY. Will the Senator yield?

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. KENNEDY. Will the Senator yield for a brief question?

Mr. DOLE. Speech or a question?

Mr. KENNEDY. Question.

Mr. DOLE. Sure.

Mr. KENNEDY. We will have the chance to debate the different features of the Senator's proposal, but I wanted to have the Senator's response to one of the primary areas of concern, and that is in the area of day care for children. As the Senator is familiar, the Finance Committee put approximately $1 billion of the child care program, day care program into the AFDC, and the budget has reduced the approximately $1 billion in the child care program, made 30 percent of it to be available to the States. So that means that there is only about a third of the total funding for the child care program.

Today there are 400,000 children under AFDC that receive any kind of child care. We have 10 million children

and 4 million adults under AFDC. If half of the adults are going to have to go to work and their children are going to have to go to day care, it means there will be 4 million more slots that are going to be necessary for day care programs, as there will be 2 million of the AFDC parents that will go to work.

I am just wondering and asking the Senator where the funding is under the Dole proposal for the child care proposal, whether he is willing to try to find ways—perhaps it is already there. The Senator might be able to respond to the question or at least try to designate ways that issue could be addressed.

Mr. DOLE. Let me just respond this way to the Senator from Massachusetts. I said just a few moments ago—I do not think the Senator was on the floor—that was an area of concern today raised by the White House, the same general area. As I said, it is a concern raised by a number of my colleagues on this side of the aisle.

We had our first meeting on Friday. And Senator KASSEBAUM, the chairman of the committee, who did a lot of work in that area, was present. So I can say to the Senator in all candor, it is something that we are looking at. We know there is a problem, and we are looking at it because under the present provision of S. 1120, it would be block granted to the States. But there is a great deal of concern expressed. I can only say that we are going to sit down, I think, again either tonight or tomorrow morning, to try to address that on this side.

We will be happy to discuss it with the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I just say that I appreciate that, because as the Senator has pointed out, the initial block grant program was worked out on a bipartisan basis with Senator DODD, Senator HATCH, Senator KASSEBAUM, and others, and in the Finance Committee, Senator MOYNIHAN and others. The Republicans worked out the $1 billion program. The concern that many of us had is that the $1 billion program, which was used for the 400,000 day care slots for children, has gone into the AFDC. That figure, of course, is capped at the 1994 level.

The other block grant program, a third of that is no longer going to be necessarily designated for child care, which only leaves about $600 million. That is to go not to welfare parents, but to low-income working families. So this is an area of considerable concern.

We will look forward to try to work with the majority leader because it is an area of great concern.

I thank the Senator.

Mr. DOLE. I thank the Senator.

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Parliamentary inquiry.

I thought we were going to alternate one side to the other side.

The PRESIDING OFFICER. That is not the Chair's understanding.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. There is no order for that.

Mr. MOYNIHAN. There is no order, but that has been our agreeable practice throughout the day. There was an informal agreement, and the chairman of the Finance Committee would so attest.

The PRESIDING OFFICER. Is there any advice from the chairman of the Finance Committee?

Mr. PACKWOOD. Yes.

The PRESIDING OFFICER. I was not informed of the rule.

Mr. PACKWOOD. The Chair is correct. There is no rule.

Senator MOYNIHAN and I agreed we would try to go back and forth. I must say, in fairness, we have had four or five speakers on our side. The Democrats had none on theirs. Just to the extent we are on the floor, we are going back and forth on the floor informally. If no one is on the floor, we will recognize who is there to speak.

The PRESIDING OFFICER. I was not aware.

The Senator from Iowa.

Mr. HARKIN. I thank the President and the chairman of the committee and the ranking member.

Mr. President, it is about time, at long last we are debating welfare reform on the floor of the U.S. Senate. This is a debate welcomed by this Senator, and I know by others on this side of the aisle and on the other side of the aisle. It has been a long time coming.

Reform of the welfare system is a serious issue. It is my hope that we will have a serious, thorough, and thoughtful debate, a debate that rises above partisanship, a debate that says let us not make politics as usual, business as usual, especially with this issue. The American people want us to work together to make welfare work for America.

Of course, there is disagreement about how to achieve that goal. But there is also a lot of common ground. All of us agree that today's system is broken. It discourages work, it rewards dependence, it cripples opportunity, and it wastes tax dollars. I have said many times, Mr. President, that the present welfare system is unfair. It is unfair to the people who are on it and it is unfair to the taxpayers.

But for too long, that is just about as far as it has gotten. Politics as usual has crowded out good ideas and practical solutions. And what has been the result?

Families on welfare have been stuck in the dependence trap and taxpayers have been stuck with the bill. So how do we escape it? Well, the key to real reform is to start with the basic questions—not what makes the best sound bite, not what pushes the most hot buttons, but what makes common sense and what works.

My work on welfare reform over the last several years has led me to five fundamental conclusions about how to not just reform welfare, but how to once and for all say really farewell to welfare as we know it. And I would like to go through those five conclusions.

Conclusion No. 1. Welfare reform must be built on a foundation of responsibility. We must stop looking at welfare as a Government giveaway program. Instead, it should be a contract demanding mutual responsibility between the Government and the individual receiving the benefits. The contract should outline the steps a recipient will take to become self-sufficient and a date certain by which they will be off of welfare. Responsibility should start on day one with continued benefits conditioned on compliance with the contract's requirements and, I might add, continued benefits conditioned on the compliance with the contract's requirements by both sides, by both the State and the recipient.

Conclusion No. 2. The goal is self-sufficiency. We have to have a shift in our thinking about welfare, that somehow it is going to be welfare to work, or welfare to a job. I think we have to now begin thinking about welfare to self-sufficiency. Self-sufficiency is a term different from a job. Maybe in the past, we could have the luxury of training someone for a job, giving that person a job, and maybe they could have it for 20 or 30 or 40 years. We know right now that the average worker in America changes jobs, I think, seven times during his or her lifetime. For those at the lower income of the economic scale, it is probably twice that many times.

So I believe that we have to stop thinking about just getting someone a job. We have to prepare people to be self-sufficient. And that encompasses a whole different concept than just training someone for a job.

We do not want just to get families off of welfare and a job, we want to keep them off permanently. That means providing incentives that encourage work and savings, but it also means not just issuing empty promises about child care, but building up people's skills, assisting with child care, education, job training and other basic skills that welfare recipients need to find and keep good jobs. I mean, it could be everything from how to interview, how to keep a budget, how to shop, how to dress, language skills, how to communicate. All of these things need to be built into this concept of being self-sufficient.

So the bottom line in welfare reform is not in short-term budget savings. But the bottom line is the number of families who are able to climb up that ladder of opportunity and escape for good, knowing that they have the necessary skills and fundamentals so that, if they do lose a job, they can go out in the marketplace and find another one.

Mr. President, I also, just as an aside here, want to say that in Iowa—I will refer to this periodically throughout my remarks, and I know the majority

leader said something about hoping that we could have a good bipartisan program of welfare reform. That is possible. We did it in Iowa. I might just add as a preface to some of the other things I am going to say, we passed a welfare reform bill in Iowa 2 years ago. It has been in effect for 1½ years. It got the support of, as I have always liked to say, Pat Robertson conservative Republicans and Jesse Jackson liberal Democrats. Only one person in the Iowa House voted against it. It was signed into law by a conservative Republican, Governor Branstad. We were able to work in a bipartisan fashion. But the way we did it, I think, was the right way, rather than just throwing a bill out and having an ideological debate about welfare.

Back in the 1980's, the legislature, again working in a bipartisan fashion in Iowa, established some pilot programs around the State to find out what would work. They were demonstration programs to see what would and would not work. This went on for a few years. As a result of these programs, the legislature took up the bill 2 years ago and passed a welfare reform bill based upon those demonstration programs. And it has been in existence for a year and a half, and I will talk more about that in a few minutes.

Iowa's Governor, Terry Branstad, said last December, "There has been much recognition that welfare reform requires an up-front investment with long-term results." Even Governor Thompson of Wisconsin echoed the same words when he said, "Welfare reform requires cash investments up front. But that investment eventually turns into savings."

Conclusion No. 3 is that one size does not fit all. An inflexible 2-year time limit on welfare benefits, as I have said before, is too permissive. If put in place, a 2-year maximum becomes a 2-year minimum. Time limits should be based on individual family circumstances, not some cookie-cutter approach. The plain fact is that many require far less than 2 years on welfare to achieve self-sufficiency. States also should not be strapped with a welfare Federal straitjacket. We should cut Federal redtape and leave the States with the option of choosing the policies best for them. After all, what works in Brooklyn, NY, may not work very well in Brooklyn, IA.

But we also should not abandon the basic national framework that assures protection for children and demands responsibility from all recipients. Without that, we risk trading in one large failed dependency-inducing system for 50 smaller varieties of the same thing. I will repeat that. If we do not keep our basic national framework that assures protection for children and demands responsibility from recipients, if we are going to turn this back to the States, we are going to have 50 varieties, basically, of what we have right now.

Conclusion No. 4. The private sector must be a full partner in fixing welfare, not in the end but in the beginning. Too often, we have put people through welfare programs, training programs, and then at the end we say, "OK, go out to the private sector and get a job." I believe that what we have done in Iowa has shown that to be absolutely the wrong approach. The private sector must be pulled in up at the beginning when a person is on welfare and when they have signed the contract and they begin that process for self-sufficiency. There must be ways for the private sector to be involved right from the beginning.

Also, instead of creating costly and inefficient Government make-work jobs, the focus ought to be moving people into permanent jobs in the private sector and not some dead-end, make-work job in the beginning.

Mentoring programs by the private sector must be encouraged. They work great in Iowa. And microenterprise development—and I will have more to say about that in a few minutes—must be enhanced and promoted. Businesses should be encouraged with whatever we have to encourage them to do so, to get in on the ground floor of welfare reform and work with clients in the beginning.

I mentioned microenterprise development. Look at the work of the Institute for Social and Economic Development in Iowa. It has been helping low-income individuals start their own businesses. While most small businesses fail within the first year in America, most businesses established with the assistance of ISED, since this program started in 1988—and this is a program where with a very little amount of money, welfare recipients who have the ability and desire to establish their own businesses through microenterprises are given intensive training periods in accounting, bookkeeping, buying and selling; setting up a business. This lasts for about 3 months, and they are then given low-interest loans, very low-interest loans, to help start that small business.

Guess what has happened? While most small businesses fail in the first year, this program has had a 72 percent success rate. Think about that. Since 1988, for every 100 businesses started under this program, 72 percent are still surviving today, providing former welfare clients with a business of their own and providing them with self-sufficiency. That is better than SBA can ever hope for—72 percent. And yet, under the bill we have in front of us—I will say more about this later—that funding is taken away for microenterprise development. That is one of the most successful things we have seen.

I had an example here of some of the people who were involved in this program. Jo Sires, owner-operator of Again and Again Consignment, buys clothes from garage or yard sales. Some of it she gets on consignment and resells. She has owned and operated that business for 5 years. She started in June of 1990. She was laid off from Rath Packing Company due to plant closure. She had been on and off AFDC for 4 years. She is a divorced mother with three children. She started working with the Institute of Social and Economic Development in July 1989. She opened her store in 1990. Right now, she has pursued her business and has relocated her store after the first year to a place with twice as much floor space. Her sales range from $3,000 to $6,000 per month. Here is a person who was on welfare, AFDC, for almost 4 years. Now she is totally self-sufficient.

I have a lot more cases here of people that have started their own small businesses and how they have gone on to operate those businesses with their families and become successes. We ought to encourage more of this and not pull the rug out from underneath them. We have a success rate of 72 percent, and that is something to crow about.

Conclusion No. 5. Bipartisanship is essential. Neither political party has a corner on the market of good ideas. We can learn from each other and come together on a plan that includes the best ideas of both. I was proud last year to have joined with Senator KIT BOND of Missouri to introduce the first bipartisan welfare reform legislation last year. It encompassed much of what we did in Iowa and much of what Missouri had done also. As I said, no party has a corner on the market of good ideas.

Mr. President, I have worked to develop an approach that is rooted in these five core principles. The centerpiece is the family investment agreement, which requires all families on welfare to enter into an individualized contract with the State. Under the plan, each family will sit down with a case manager and chart a course to self-sufficiency. Basically, it means taking people who are on welfare now, putting them through the family investment program, having them sit down with a case manager and getting an assessment, a thorough assessment of that individual—background, capabilities, test scores, whether they have disabilities, what their family is like, how many children, do they have disabilities in the family, do they need transportation, and where they live.

You need a good profile of people so that you can come up with a contract that individualizes the approach, as I said earlier. One of my conclusions is that one size does not fit all. We have proven that in Iowa. When you individualize a contract, when you have a case manager, when you do a good profile of an individual and of her or his situation, then you can draw up a contract that is realistic and that provides that person with a pathway up and out of welfare and into self-sufficiency.

Flexibility is critical in welfare reform. We should be inflexible when it comes to one bottom line: We must demand results.

Under the legislation that Senator BOND and I introduced, 90 percent of the recipients would be required to sign agreements and find work. This plan may sound unrealistic.

The fact is those ideas are based on reform that has actually worked. Under Iowa's revolutionary bipartisan welfare reform plan, which adopted the family investment agreement 1½ years ago, the number of welfare recipients holding jobs has grown by 93 percent.

Mr. President, here is a chart that illustrates what has happened in Iowa, through June 1995, starting in September 1993. Actually, I said a year and a half, and you might say, well, you have been on the program almost 2 years. Most things did not go into effect until January of 1994. We took this as the starting point of that fiscal year and the beginning of the next fiscal year.

At that time, we had 6,553 families on welfare in Iowa who were working. We now have 12,351. That is an increase of 93 percent. That has happened in Iowa. People might say, well, you have low rates of unemployment, and maybe the economy has gotten better. Maybe there are things to account for that.

Mr. President, because we had to go to the Department of Health and Human Services to get a waiver for our program, they demanded we set up the control group. There are people in Iowa who are not under this program, they are operating under the old program. So we are able to see whether or not they have been able to do the same thing as this group.

Guess what? Under the old group, looking at this chart, right in the beginning we had 18 percent of our families working who were on welfare. That is now up to 34.8 percent. In the control group, it is still operating under the old system. They are still down at 18 percent working. Under the new system, we have almost doubled it—93 percent increase. You cannot say it is just because the economy has gotten better or low unemployment, because we have the control group there under the old system. We are able to compare. We know under the new system we have almost doubled the number of people on welfare who work.

I am proud to say that right now Iowa leads the Nation, we have a higher number of our people on welfare who work than any State in the country. Iowa leads the Nation in moving recipients from welfare to work. The costs to taxpayers are steadily going down and welfare caseloads are declining.

Since the program began on October 1, 1993, the number of Iowa welfare recipients who are working and earning a paycheck, as I said, has almost doubled. Since more welfare recipients are working and earning income, the average size of the welfare grant has declined from $373 down to $336.

Mr. President, here is a chart showing what has happened to our average grant, $373, now down to $336. Again, keep in mind, we have almost doubled the number of people on welfare who work and we have cut the average size of the grant from $373 to $336.

Now look at what has happened to our caseload. The number of families on welfare has declined. Now, Mr. President, I said earlier, to echo Governor Branstad and even Governor Thompson, sometimes it takes investment up front to get long-term investments. We knew in Iowa—Republicans and Democrats alike—that when we made the changes the number of people on welfare would blip up in the beginning, but we had confidence that because of what we had seen on some of the pilot programs in Iowa earlier, we knew after the initial blip up they would start to come down. That is exactly what has happened. This chart proves it.

We started out our caseload with 36,404. Immediately, up until May of last year, it boomed up. Once we worked through the system, we got these people because of the transportation, and things like that, it leveled off, and since that point in time, it has dramatically come down, and we are down now to 34,806. This is what we have to keep in mind.

Sometimes an investment up front will yield long-term investments. We are so concerned around here about cutting this, we want to see what will happen in the first year. Cut everybody down the first year. What will happen is it will boom up later on because people simply will not have the wherewithal, the training, to be self-sufficient.

That is what we have done in Iowa. We took the long view. We said maybe in the first few months it may cost a little bit more. We may get a few more people on welfare. But we know what will happen, and what happens statewide is what happened in every pilot program that we had before that.

So it is working. I urge my colleagues, keep in mind the long term, not just the short term, but the long term. We know what has happened in Iowa.

Lastly, what has happened on the macro scale to the State of Iowa with this program? Total cash payments have declined by 20 percent from $13.8 million per month to $11.7 million per month. Two million a month, $24 million a year—that is not bad for the State of Iowa.

Here, this chart shows it. The blue line is fiscal year 1992. The green line is fiscal year 1993. The yellow line is fiscal year 1994, total expenditures on welfare grants in Iowa. Here is what happened after we instituted our welfare reform program—the red line. It has been coming down constantly. Compared to just here in 1994, we are down to about $2 million a month.

Let me sum it up. What have we done in Iowa? We doubled the number of people on welfare working. We cut the number of total caseloads on welfare. We have cut the cash grant to families. We have cut the total expenditures that the State of Iowa has to come up with. It is working.

I have said many times, we in Iowa did it right. We are sort of the Rodney Dangerfield of welfare reform. We did it right, but "We don't get no respect." We have done it right in Iowa. As I said, it got the vote of conservative Republicans and liberal Democrats, and they put it through.

It has worked. It has worked well. Taxpayers have saved money, welfare recipients have gotten jobs, fewer families are on the welfare roll. I call that a triple play.

I had some editorials I was going to read. Mr. President, I will have printed an editorial about the mentoring projects in Iowa, where we bring in private businesses to mentor people who are working on welfare, and how good a program that is. I ask unanimous consent that be printed in the RECORD.

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

MENTOR PROJECT A GOOD IDEA

The Iowa Invests Mentors Project aims to pair people who have made it with those who want to.

The basic idea is to help people on welfare by providing guidance from those who have learned how to survive in the methods and skills of job hunting and job retention.

The program is not designed to provide a cheerleader, but someone who can give practical, real-life advice.

But there is more to the program. Participants are required to sign a contract agreeing to obtain training and get jobs with phased-out assistance payments.

This is an Iowa program that grew out of a 1988 pilot program, giving state jobs to former Polk County Aid to Families with Dependent Children recipients.

In 1993, the project expanded into the Family Investment Program-Promise Jobs, an outgrowth of a bill passed by the Iowa Legislature in response to Iowa Commission on the Status of Women requests.

This is the kind of program which critics of the welfare system have been demanding for years.

Now it has arrived. But, ironically, there has been little response from the community.

According to program managers, there are as many as 2,000 eligible people in the eight-county southwest Iowa area. yet no more than 25 to 30 volunteers are expected by the most optimistic organizers.

We might be forgiven for suspecting that opponents of welfare are not putting their time and money where their mouth is.

We are sure that in our area there are many who could give substantial guidance to those seeking self-sufficiency.

For women who have faced the humiliating need for public assistance, often after being abandoned by a spouse, this first step is critical toward establishing self-esteem and a secure economic future.

We think they deserve our support.

For those unable to mentor, there will be the opportunity to offer pledges to those who will be "rocking" in a rocking chair marathon Saturday at WalMart, 3201 Manawa Center Drive, from 10 a.m. to 6 p.m.

It is of no use to complain about state-sponsored welfare and then refuse to participate in programs that provide grassroot support for those among us who need our help to establish themselves.

Mr. HARKIN. A good editorial from the Cedar Rapids Gazette entitled, "Take Good Ideas and Run With

Them." I might point out this was in last year in December.

As the reins of power in Congress are passed to new hands over the next month, the incoming Republican majority should not only take note of the voter unrest that made this change possible, but other circumstances outside the Washington beltway.

For instance, TOM HARKIN, heretofore a well-positioned Democratic member of the United States Senate, and Terry Branstad, the Republican poised to set a longevity record for Iowa governors, find themselves on the same wavelength about a traditionally dicey issue—welfare. Both have had good things to say about efforts in Iowa to reform welfare programs. Both regard the Iowa experiment as a potential model for Federal welfare overhaul.

Anyway, it went through what happened in Iowa and concluded by saying:

That's how government is supposed to work, of course. Forget the partisan sideshow and concentrate on making good public policy out of good ideas regardless of their origins.

Mr. President, I ask unanimous consent this be printed in the RECORD, also.

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

TAKE GOOD IDEAS AND RUN WITH THEM

As the reins of power in Congress are passed to new hands over the next month, the incoming Republican majority should not only take note of the voter unrest that made this change possible, but other circumstances outside the Washington beltway.

For instance, Tom Harkin, heretofore a well-positioned Democratic member of the United States Senate, and Terry Bradstad, the Republican poised to set a longevity record for Iowa governors, find themselves on the same wavelength about a traditionally dicey issue—welfare.

Both have had good things to say about efforts in Iowa to reform welfare programs. Both regard the Iowa experiment as a potential model for federal welfare overhaul.

Iowa has instituted a plan in which recipients of public assistance must agree to gradually re-enter the work force, thereby easing themselves off welfare. Some don't like this imposition of deadlines, complaining that life doesn't necessarily mesh with such mandates. True, but absence of specific targets merely encourage the status quo.

Other gaps probably exist, too. But though the Iowa plan isn't perfect, the system it replaces has long since become inefficient. And in the relatively short time the new program has been in place, results have been encouraging. Greater numbers of assistance recipients are able to share in their own support through earnings.

Never will society be entirely free of an obligation to help the less fortunate who cannot help themselves. But neither should it be burdened with supporting those who will not contribute to their own well-being.

What Iowa policymakers crafted for this state shows promise, and under Harkin's guidance, could become a pattern for federal welfare reform. He's losing chairmanship of a key Senate committee, by virtue of being relegated to minority status, but Harkin is shrewd enough about the ways of Congress to know how to get a good idea considered. He and Sen. Kit Bond, a Missouri Republican, will reintroduce legislation next year on welfare reform.

That's how government is supposed to work, of course. Forget the partisan sideshow and concentrate on making good public policy out of good ideas regardless of their origins.

Mr. HARKIN. Mr. President, this is an editorial more recently, on May 11, from the Des Moines Register, which is titled "A Welfare Winner—Iowa's Family Investment Plan Could be a National Model."

With a solid year's worth of experience behind it, Iowa's innovative new welfare program looks like a winner. If the numbers hold up over time, the state's Department of Human Services will have succeeded where the nation and practically every state have either feared to tread or have tried and fallen short.

As Senator Tom Harkin has pointed out, the Iowa idea could be a model for the Nation. But rather than looking at Iowa, congressional GOP leadership is focusing on block grants to states, with no guarantee that they won't use Federal tax money to perpetuate formulas for failure that have characterized welfare from its inception.

Mr. President, I ask unanimous consent this editorial be printed in the RECORD.

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

[From the Des Moines Register, May 11, 1995]

A WELFARE WINNER—IOWA'S FAMILY INVESTMENT PLAN COULD BE A NATIONAL MODEL

With a solid year's worth of experience behind it, Iowa's innovative new welfare program looks like a winner. If the numbers hold up over time, the state's Department of Human Services will have succeeded where the nation and practically every state have either feared to tread or have tried and fallen short.

As Senator Tom Harkin has pointed out, the Iowa idea cold be a model for the nation. But rather than looking at Iowa, congressional GOP leadership is focusing on block grants to states, with no guarantee that they won't use federal tax money to perpetuate formulas for failure that have characterized welfare from its inception.

There remains a very long path toward a complete weaning of Iowa's poor from the dole. It will never be complete; a core of hard cases is inevitable. And the Iowa reform plan, known as the Family Investment Plan, has yet to make a serious dent in Medicaid, the welfare health program that costs seven times as much in Iowa as do the cash grants to the poor to pay for necessities. (Besides serving young, needy families, much of the Medicaid expense goes to the elderly poor in nursing homes.)

But the welfare that hits the public's hot buttons—Aid to Families with Dependent Children—involves cash grants given to women who have babies instead of jobs. In that area, Iowa is making progress by substituting the Family Investment Plan.

The March 1995 welfare caseload in Iowa is down 9 percent from March 1994.

The cost of welfare grants for the month of March '95 is 12 percent lower than for the same month a year ago.

Before Iowa began phasing in the Family Investment Plan program in October 1993, fewer than one Iowa welfare family in five had any earnings from a job. By March '94, the number was roughly one in four. By March '95, it was one in three.

"Getting that first job is the big step," said Ann Wiebers of Iowa's DHS.

To make getting that job more attractive, the state allows welfare recipients to keep more earnings than they did under AFDC. Welfare grants decline as earnings increase, but they don't fall as fast as under the old AFDC formula. That means giving more bucks to beginning wage-earners—but the investment pays off for taxpayers.

The new Family Investment Plan includes penalties as well as rewards. Those who refuse to sign a contract to get a job or get training, or sign a contract but refuse to abide by it, can lose their cash grant.

For the first three months, non-cooperators continue to get full benefits; for the next three, benefits for adults in the family go. After that, it's over, and as of April 1, the DHS had canceled grants to 1,112 families. They continue to get health care, and food-stamp allotments actually increase. Iowa public-health officials visit families to make sure the children are getting along.

The program is not yet fully implemented. The Family Investment Plan has replaced AFDC in 90 counties, and has taken much of the caseload in the other nine.

The only valid rationale for having maintained 50 separate state welfare programs through the years is to enable states to improvise and innovate. Iowa has sought reform through increased incentives, and it works. But as Harkin told a Senate Finance Committee hearing, "No one seems to be paying any attention."

They should be. And the lack of attention makes one wonder if congressional leadership is less concerned with successful reform than with who gets the credit.

Mr. HARKIN. Mr. President, I ask unanimous consent, at the end of my statement, at the end of my time, a series of other editorials in support of the Iowa program be printed in the RECORD.

The PRESIDING OFFICER (Mr. SANTORUM). Without objection, it is so ordered.

(See Exhibit 1.)

Mr. HARKIN. Mr. President, let me comment a little bit about the bill we have before us. I guess it is called the Dole-Packwood bill, S. 1120.

I think, basically, this bill strikes out. As I have said, the Iowa program is a triple play. This bill strikes out. It fails the test of moving people from welfare to self-sufficiency. Again, do not take my word for it. The Congressional Budget Office estimates that 44 of the 50 States will not meet the work requirements as outlined in the bill.

We need a welfare system that empowers people and promotes independence. Today's system fails to do it and, I believe, so does the bill before us. The Dole-Packwood bill merely changes the means of delivering welfare programs but will not affect the end. Families will remain trapped in a cycle of dependency and poverty. The pending legislation replaces this one failed dependency-inducing system we have with 50 varieties of the same. It boxes up the problem and ships it off to the States. It will not ensure reform. Nor will the pending legislation provide opportunity, real opportunity for welfare recipients, the real opportunities to become self-sufficient. That should be our goal. If you do not have an education and skills, you will not get a job. If you do not have transportation, you cannot get to a job. And if you do not have child care, you cannot keep a job.

That is the reality for most families on welfare: No one to take care of the

kids, no way to get to work, no skills, no education. And, to them, the bill before us, the Dole-Packwood bill, says "No way out. No luck. No exit." That is not welfare reform, that is welfare fraud.

What we did in Iowa—I might add, some of the things that increased the caseload, that made this caseload up in the beginning, is we let people keep more of their earnings. We raised the ceiling for automobiles. Under Federal law, a welfare recipient getting AFDC cannot have a car valued at more than $1,500. What do you get for $1,500? You get a car that breaks down all the time. So the welfare client, they have a car worth $1,000 or $1,200, it breaks down, they cannot get to work, they lose their job, and go right back on welfare.

We in Iowa raised that to $3,000. Now people on welfare can have a little better car and be assured they can get to work.

If you think that is liberal you ought to try Utah. Utah raised the value of the car, I believe, if I am not mistaken, to $7,000 or $8,000. You can have a car valued at that much and still get AFDC, still qualify for AFDC.

So these up-front investments are necessary to move people out of welfare and achieve real, long-term savings. I am afraid the Dole-Packwood bill is nothing more than just shifting the costs onto the State and local taxpayers.

In talking with people in Iowa in town meetings, especially with boards of supervisors, they know what is going to happen. It is going to fall in their lap. This is just going to be a shift down to general relief. Since people will be at the county level, they know these people, then it is going to mean an increase in property taxes. The Dole-Packwood bill, I think, if nothing else, means that. It is going to increase property taxes for people in this country at the local level and it is not going to provide for any pathway to self-sufficiency.

Again, to repeat, the goal of reform should be self-sufficiency, so people can get off of welfare and stay off of welfare. The Dole-Packwood bill will not do this and it should be rejected. But we should work together to try to change, to modify, to make sure that we have legislation that I believe is more in keeping with what we did in Iowa. The bill that Senator DASCHLE has come up with, I think, takes a different approach—realistic, forward-looking, profamily, and prokids. The Work First proposal requires a contract between welfare recipients and the State similar to that in the Iowa Family Investment Plan.

Now the Dole-Packwood bill also has a contract in it, but it does not say what the contract has to do. The bill over here, the Work First proposal, does set that out. The Work First plan also offers the Iowa plan as one of three models that States may adopt in their effort to reform the current system and move recipients from the welfare rolls to the job rolls. In other words, under the Daschle bill, the Work First bill, if a State wants to adopt the Iowa plan, it can do so and not be burdened with any Federal regulations, Federal rules. They do not have to come under the other purviews of the welfare bill.

As I say, it is one of three: That; the Oregon plan; and I believe the Riverside, CA, plan.

So this may be someplace where both sides can work together and that is to make sure at least the contract is one that is realistic, that is binding, that holds the recipient to be responsible from day one, but also holds the State responsible. What we have done in Iowa, under the contract, once that initial assessment is done and a contract is worked out, the recipient signs it and the State signs it. The State has to live up to its side of the bargain, too; in other words, to provide child care, transportation, we provide education, tuition—that type of thing. Whatever is the best for that person, to get that person through the program and into self-sufficiency.

As I said, we found in most cases it does not take 2 years. I think, if you have 2 years, as I said before, the maximum becomes the minimum. But every contract, every contract in Iowa, has a time limit. And every contract should have a time limit—whatever time it requires to get that person through and into self-sufficiency.

There are always going to be the hard cases. The 18-year-old girl who has two children and has no high school education. One of her kids is severely disabled. She may have a disability herself. And she may have no family support anywhere. To think that that person may get through in 2 years is foolish. It may take 4 years. It may take 5 years. Those are the hard cases. But the vast majority of cases will take less than 2 years. That is why I say it has to be individualized and not "one cookie-cutter plan fits all."

So instead of simply slashing welfare and dumping all the responsibility and all the bills onto the States and local taxpayers, I believe the Work First plan represents real reform and real change.

Like the Iowa plan, the Work First plan demands responsibility from day one, not after 2 years. And it ends the "something for nothing" system of today with one that truly turns welfare into work. The Work First plan is built on the concepts of accountability, responsibility, opportunity, and common sense. It will liberate families from the welfare trap and it will strengthen families and help today's welfare recipients finally walk off this dead end of dependence and on the road to self-sufficiency.

Mr. President, I close by urging all my colleagues to please take a close look at the Iowa plan, what the Iowa plan has done, the success it has had. I hope we can work together in a bipartisan fashion. We have two bills out here now. I am sure amendments will be offered and debated. They should be.

What we are talking about here is nothing less than perhaps the most profound change in social policy that we have had in 20, 30, 40 years, perhaps—maybe more. We should not take it lightly. We should not rush to judgment. But we should not be stampeded into making changes that are not based upon sound data and experience that we have had.

We should not be making decisions just based upon anecdotal stories or ideology or what feels good or what makes a sound bite or what scores the most political points. This is a very serious debate long overdue. It should be thoughtful and thorough. Amendments ought to be offered. I have some that I will offer maybe to both—I do not know—that will incorporate a lot of what the Iowa plan does because I think it does make common sense. There are some other provisions that other people have worked on that, quite frankly, I like, some that are on the other side of the aisle.

So I am hopeful that we will do this in a thoughtful and thorough manner. I do not know if we can get it done this week or not. I do not intend to filibuster it. I have never heard anybody talk about a filibuster. But I do believe it ought to be thorough and thoughtful and take whatever time is necessary. If it takes more than a week, maybe it ought to take more than a week. I do not know. I hope we have our debates and have our amendments, and vote them up or down. Hopefully, we can come up with a welfare reform program that truly is revolutionary. I do not think that this Congress could do any better for the American people than adopting what we have done in Iowa to move families off of welfare.

I thank the Chair.

EXHIBIT 1

[From the Burlington Hawk-Eye (Iowa), Feb. 8, 1995]

WELFARE REFORM SHOWS PROMISE

(FIP program: More welfare recipients getting jobs under new rules designed to get people off the public dole)

(By Roger Munns)

DES MOINES.—Welfare recipients in a test group who still get benefits under Iowa's old law are much less likely to have jobs than the majority who get benefits under a reform law, according to state officials.

Only 18 percent of a test group of families who get Aid to Families with Dependent Children have members with part-time jobs.

ADC was replaced last year with the Family Investment Program in which recipients must sign a contract detailing how and when they'll get off the dole.

The 18 percent compares to 33 percent of FIP recipients who have jobs.

"To me, this says that the families under the old policy are continuing to behave in the way they always did," said Deb Bingaman, welfare reform waiver coordinator for the state. "That percentage isn't increasing."

When Iowa switched to the new law last year, some recipients were deliberately selected, at random, to be part of a control

group that still receives AFDC. There are 2,158 families in the test group, all from nine counties: Polk, Black Hawk, Clinton, Des Moines, Jackson, Jones, Linn, Pottawattamie and Woodbury.

Of those families, only 390 had a member with a part-time job in January. That's the same percentage of AFDC recipients who had jobs before the reforms went into effect.

By comparison, almost exactly a third—33.4 percent—of the vast majority of cases who are getting benefits under the new law have outside income. In December 37,925 Iowa families were getting FIP grants, and of those, 12,667 had family members who had jobs.

Bingaman said state officials are encouraged by the numbers, since more and more welfare recipients are getting work experience that will help them become self sufficient.

The key reason for the disparity is that the new law has an incentive for work. Recipients get to keep higher amounts of outside income before benefits start to decline.

"This encourages people to become involved," said John Kneeland, director of welfare services in the Ottumwa region. "The old system sort of gave things to you with one hand and took them away with the other."

Charles Bruner, director of the Institute for Social and Economic Development in Des Moines, said there hasn't been enough evaluation to determine the success of the new law. But he said the early numbers are encouraging.

"I think Iowa is pretty much a model. It's one of the best efforts to create a ladder out of poverty, and it's showing positive results," said Bruner.

"More people are working and more are on welfare, but average grants are less, and it's not costing us any more than the old system. So overall, it looks good."

In addition to the outside income allowances, there are other differences between the old and new laws. Recipients are allowed higher assets without being disqualified, it's easier for two-parent households to qualify, and recipients must sign agreements on how they'll become self sufficient.

Those who don't play by the rules have benefits cut off.

When the program began, the caseload shot up dramatically, up to a peak of more than 40,600 last April, and has been dropping since. Last December, there were 37,925 families receiving welfare.

The average grant was $344.64 in December, and it, too, is declining as people earn more money in their jobs, Bingaman said. By comparison, the average AFDC grant in September 1993 was $373.75. FIP recipients also receive food stamps and medical care.

Bingaman said there is no data on the test AFDC group other than the percentage of those with jobs. The state has hired a Washington, D.C., group to conduct research on the test group.

Bruner said one factor that might skew the results is Iowa's robust economy.

"Obviously, welfare reform is going to be far better in areas where there's a lot of demand for workers. We're looking at this in a climate of a fairly healthy economy," he said.

Bingaman concurred, but said the robust economy didn't increase the percentage of those in the test group with jobs.

[From the Cedar Rapids Gazette, Apr. 17, 1994]

THIS ONE'S DIFFERENT

Iowa Senator Tom Harkin is teaming up with conservative Missouri Republican Sen. Christopher Bond to introduce a "Welfare to Self-Sufficiency Act" that would limit benefits more than the welfare proposal espoused by President Clinton.

Clinton's plan would stop paying benefits after two years. But the Bond-Harkin plan would provide full benefits for three months, reduce them for three months and then stop them.

And listen to Harkin's rationale for such a short term: It requires welfare recipients to take responsibility for themselves and their families "from day one, not year two." Harkin said he is concerned "that a two-year limit on the welfare rolls will actually become a two-year minimum. If people aren't encouraged, or in some cases required, to help themselves, many simply won't."

Key to the plan is a contract between the government and participants that outlines the steps recipients would take to resume self-sufficiency. The plan also allows families to keep more of their earned income and to save money, according to Associated Press. The plan is based on reform already in Iowa and Missouri.

Of course, such plans depend a lot on employers creating jobs that people in these circumstances are able to fill. Also, this plan, introduced last Monday, joins a growing list of welfare reform efforts. But it could stand out both for its conservative provisions and its sponsorship by the liberal Tom Harkin.

That last point alone could make a difference. It's like that line, "Only Nixon could go to China."

[From the Waterloo Courier (Iowa), Oct. 17, 1994]

WELFARE SYSTEM FINALLY WORKS

Iowa taxpayers who have long demanded accountability from welfare recipients started getting it.

Under reform legislation enacted last year, welfare recipients must sign Family Investment Agreements that detail how and when they will become self-sufficient. . . .

Failure to sign pulls the plus on public assistance. . . .

But the triumph of the program is not necessarily in who will not benefit. Instead, praise and support should go to the vast majority or recipients who are cooperating, and the people making the program work.

The Family Investment Program is a shining example of responsible, responsive government.

The law's passage last year made it clear that there are limits to the public's patience and obligation for individuals. . . .

It sends an irrefutable message that Iowans will help those people in need who show the desire and responsibility to help themselves. And, especially important, the new policy tells that small group of freeloaders who are unwilling to better themselves that they are—finally and deservedly—on their own.

[From the Ottumwa Courier (Iowa), Oct. 3, 1994]

PROGRAM HELPS IOWANS GET OFF WELFARE

Iowans don't mind lending a hand now and then.

Unfortunately, our state welfare system has become more than a helping hand to many families. It has become a way of life, a culture, an expectation, a cycle of dependence that has been passed from one generation to the next.

The state decided to do something about that cycle last year, and the results are beginning to take hold. About 250 families have been cut off from welfare benefits because they refused to take part in a new program that forces families to take specific steps to wean themselves from welfare.

Many taxpayers believe it is long overdue. Some welfare recipients believe it is unfair—particularly to children.

At the beginning of this year, most Iowa families that receive Aid to Families with Dependent Children were forced to sign contracts called Family Investment Agreements.

The agreement spells out steps that families must take to leave welfare and enter the workforce. In return, families will be able to keep more of their earnings and accumulate more assets without hurting welfare payments. To assist, the state is spreading a safety net that includes such support as child care, job training, education and health insurance.

For years, critics have argued that one of the main flaws in the welfare system—not just in Iowa, but nationwide—is that it provides too many incentives to stay on welfare, and makes it too difficult to get off of it.

The Iowa program is designed to provide incentives to leave welfare.

In addition, the new program provides welfare recipients plenty of opportunities to enroll. They receive written notice before payments are trimmed, then cut off. And people who lose benefits may apply again in six months.

But the philosophy seems simple enough: Take steps to find work and the state will help you. But if you won't do anything to help yourself, why should the state be expected to take care of everything?

It only seems fair.

[From the Omaha World-Herald, May 5, 1995]

WELFARE CONTRACT A WORTHWHILE IDEA

The idea that welfare should involve form of social contract continues to deserve attention.

Sen. Tom Harkin, D-Iowa, has introduced a bill in the Senate that reflects ideas from a welfare reform plan enacted by Governor Branstad and the Iowa Legislature. One idea is that welfare isn't run automatic entitlement. A recipient must sign a contract with state government. The contract spells out the services the government will provide, and it contains specific steps to be taken by the recipient to become self-reliant.

A similar provision has been included in the welfare reform program under consideration in Nebraska. Jerry Oligmueller of the State Department of Social Services said that recipients would sign a "self-sufficiency contract" charting a two-year course to self-sufficiency.

Emphasis on personal responsibility, he said, is part of the state's effort to recognize and encourage a change in attitudes about welfare.

The idea of changing society's thinking about welfare is all to the good. In the case of people who have no physical or mental ailments, welfare should not be an open-ended arrangement. It's not fair for the government to take money from tax-paying citizens to provide for the permanent support of an able-bodied person. State and federal officials who are trying to re-establish welfare as a temporary, rehabilitative program are doing the right thing.

[From the Waterloo Courier (Iowa), Oct. 3, 1994]

CHANGES IN WELFARE RULES FULFILL WILL OF THE PEOPLE

Iowa taxpayers who have long demanded accountability from welfare recipients started getting it on Saturday.

Under reform legislation enacted last year, welfare recipients must sing Family Investment Agreements that detail how and when they will become self sufficient. The agreements can include education, training, community service and other options.

Failure to sign pulls the plug on public assistance.

Benefits stop this month for the first 286 families who failed to take steps toward self sufficiency as required by the state's welfare reform law enacted last year. Not surprisingly, some have reconsidered and now want to get into the Family Investment Program, as welfare is now known.

But a state official said benefits for those people would not be restored until they actually signed a contract with the state. That could take at least a month, according to Gloria Conrad, bureau chief for the Family Investment Program division.

Those who made no effort to sign the self-improvement contract by Friday will have their benefits shut off for a minimum of six months.

Benefits are being stopped only for people who were in the first wave of recipients contacted six months ago and who have refused to participate in the reform law.

The cutoffs will not come as a surprise to any of the affected recipients. Those who failed to respond were given numerous changes—including in-person visits by state Human Services workers whenever possible—to change their minds.

"There aren't really very many who have simply ignored the program," said John Newland, a welfare administrator of a 10-county area based in Ottumwa. "But we have had some people who have simply said no, they won't choose to do any of this stuff. The feeling, I guess, was that we were intruding on their own business, that we didn't have the right to tell them what to do. That's their decision to make"

Those people have to right to feel that way if they wish, but they don't have a right to expect taxpayers to continue carrying them.

But the triumph of the story is not necessarily in who will not benefit. Instead, praise and support should go to the vast majority of recipients who are cooperating, and the people making the program work.

About a third of the state's welfare cases have gone through the system and most—more than 12,000—have signed the agreements.

To encourage recipients to take jobs, they are now allowed to earn higher wages and still get partial benefits. For the same reason, the average monthly grant is now lower than a year ago—$348 in August compared with $373 in September 1993.

The Family Investment Program is a shining example of responsible, responsive government.

The law's passage last year made it clear that there are limits to the public's patience and obligation for individuals.

Its implementation reflects the fact that the General Assembly and the governor are capable of hearing—and delivering—on the values and policies desired by the "silent majority" that pays the bills.

It sends an irrefutable message that Iowans will help those people in need who show the desire and responsibility to help themselves. And, especially important, the new policy tells that small group of freeloaders who are unwilling to better themselves for the common good that they are—finally and deservedly—on their own.

Mr. PACKWOOD. Mr. President, could I make a request that those on the Republican side who wish to make opening statements offer them so we can get them in order.

I thank the Chair.

Mr. DEWINE addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. DEWINE. Mr. President, we have begun today in the U.S. Senate a historic debate. My colleague and friend from Iowa has just said it is a debate that is, frankly, long overdue. It is a debate about an issue that deeply troubles the American people. As I have traveled in my home State of Ohio over the last few years, I have not been able to find anyone who thinks that our current welfare system works very well or that it cannot be improved. I have talked to people on welfare. I have talked to people who have been on welfare who are now working in the private sector. I have talked to other taxpayers. No one, Mr. President, thinks our current system works.

This is truly a monumental task that we have begun today. The tragic fact is that there are too many people in this country who are literally trapped in a cycle of welfare dependency.

Mr. President, America simply cannot afford to continue in this direction. It is fundamentally, morally wrong that a sizable portion of Americans, a sizable number of Americans, should be excluded from what most of us consider the American mainstream.

Mr. President, let me state what I do not mean by "mainstream." I am not talking about a narrowly defined lifestyle or conventional set of values on controversial issues. That is not what I am talking about. What I am talking about is the bare essentials of participation in American life, holding down a job, being responsible for your own children, and living in the reasonable expectation of physical safety for you and your loved ones.

Mr. President, I strongly support the current welfare reform effort that is being undertaken, for one simple reason. I believe it has the potential to help rescue a whole generation of Americans. It will give them the bare essentials of American life, a chance at the American dream.

If we are to succeed, I believe we must tackle the welfare system in a truly fundamental and comprehensive way. As we know, Americans on welfare today may get, in addition to AFDC, cash payments and a whole host of other benefits—housing, food stamps, job training, education, child care, and other services. These are things that, as we discuss the issue, most of us just lump together and refer to as "welfare."

Mr. President, some would have us focus our welfare reform efforts just on AFDC or just on a few of these programs. I think to limit reform just to that would be a mistake because it really does not go far enough. It would not go far enough to solve the problem. To solve the problem that we face, we need to tackle the welfare system in its totality.

The welfare reform approach I am supporting would block grant as much as is prudently possible of the Federal welfare responsibility back to the States. I believe that we should end the decades-long practice of dictating welfare policy from the Federal level. Why? Because, if you look at the welfare debate today, one key fact becomes astoundingly clear. We just do not know the answers. We know what does not work. We have seen that for over 30 years. But we really do not know what works nor what will change things.

We have heard on the floor, and we just heard from our colleague from Iowa examples of what his State is doing. We have heard examples of what other States are doing. And many of these, I think, are great ideas. But we have not been about these changes long enough that we in Congress should feel confident enough that we should turn to a State and say, "This is the one way to reform welfare. This is how you have to do it. This is what we know works." Because the truth is, Mr. President, we do not know for sure what will work. We have had 30 years of experience in knowing what does not work.

We as a nation are only just beginning to come to grips with the collapse of this decades-old experiment with welfare. Most people concede that this experiment has failed, but we have not developed a new consensus on what kind of system should take its place.

Mr. President, as a Senator who has served in State and local elective office for a number of years, let me say that I do not—I repeat, I do not—believe that it is bad. I do not think it is bad that we do not yet have a consensus, because the lack of a new consensus gives the States a great opportunity to experiment; an opportunity to experiment, though, Mr. President, only if we allow them to do that.

Mr. President, welfare today is an area which we know does not work. Our current policy does not work and has not worked for decades. But what we do not know is what works. We do not have the answers on how to get people off welfare onto work and into the American mainstream with a chance at the American dream.

Some States, as we have discussed, have experimented on welfare, but we do not have enough history on these experiments to totally judge their success. As we used to say when I was a county prosecutor and we were waiting for a jury to come back with the verdict, the jury is still out. We just do not have the experience level to give us enough confidence to impose on the States mandates. To impose these programs on all States, to impose Federal uniformity of programs we are not sure of would be, I think, a serious mistake and would not be true and meaningful welfare reform. It is not the way to change the direction of this country.

That is why, Mr. President, this is exactly the kind of problem that ought to be turned back to the States. By focusing on federally written programs and forcing State welfare policy to conform to a mold shaped in Washington, DC, Congress in the past has seriously weakened the ability of States to adapt, to experiment, to find out what

really works to solve their own problems in their own way and maybe to point out useful directions for other States.

It is very important to note that in the kind of block grants I support, we stop telling the States step by step how to do welfare. We want to tell the States, this is what we should do; here is the purpose you can spend the money on; but we in Washington will no longer dictate the means you can use to achieve that purpose.

In some of the block grant proposals that are before us, there is even some additional flexibility. States can take up to 30 percent of the block grant and use it for any welfare purpose at all, still serving people but giving the States that needed flexibility.

Make no mistake about it: Welfare needs are different from State to State. They are even different from county to county. The needs of my Adams County, OH, and Cuyahoga County, OH, are fundamentally different. They both have needs; they both have people on welfare; but they are fundamentally different counties with different problems.

Some counties may need more child care, some may need more child welfare service. I favor an approach that gives Governors the flexibility to solve problems. I think that would be a huge step forward.

Let me summarize it this way. I think our goal should be not to fund programs. Rather, our goal should be to solve problems, to get people off welfare and into the work force. That should be the goal in any welfare reform bill that this Senate adopts.

As we move forward in this debate, we must be careful not to succumb to the desire to tell States how to meet the goals in these block grants. We must be vigilant and avoid a refederalization of welfare through the back door. We cannot on the one hand say the States have this flexibility and then on the other hand tell the States what to do. We cannot on the one hand say that a problem in the past has been that Washington has mandated too much, and now that the complexion of the Senate and the Congress has changed, we who happen now to be in the majority party know best and we should write the dictates and mandates from Washington. That, in my opinion, would be a mistake.

I find some of these mandates that have been discussed to be quite troubling. We are just beginning to unburden the States from a Federal system that for too long has prevented States from making changes, trying new approaches. It would be a serious mistake to move from that system to a system in which we force States to implement various reform measures prescribed by the Congress.

Let me give you a couple of examples. I think we all agree that when a large portion of the children in society do not have two parents, society is going to be a lot worse off. We agree that America would be a better place if there were fewer out-of-wedlock births. When two-thirds of the children in some of our major cities—two-thirds, Mr. President—are born outside of marriage, we are ensuring permanent poverty and hopelessness for a very large group of young Americans. The result will be extremely dangerous not only to those children but to American society.

According to the Congressional Budget Office, half of all teenage unwed mothers are on public assistance within 1 year of having their first child and within 5 years, 77 percent are on public assistance—77 percent. Children who do not have fathers around are five times more likely to be poor than children who do. Those are the facts. They are 10 times more likely to be extremely poor, to live in the kind of grinding poverty from which it is very hard to ever escape.

Do we have a Federal cure for illegitimacy? Are we in this Chamber certain enough about whatever that cure might be that we are prepared to mandate it and to say every State has to impose it?

Let me tell you, I know one Senator who is not so sure of what that answer is.

In this context, let us talk for a moment about the proposed family cap. In New Jersey, they have experimented with denying additional welfare benefits to mothers who have more children on welfare. An initial study released late in 1994, which has been referred to on this floor, seemed to indicate the New Jersey family cap had caused a serious decline in the birth rate to welfare mothers, somewhere between 19 and 29 percent.

So the family cap is a great idea, right? Well, hold on a minute. We have another study, and this study has been referenced in the Chamber today as well. This study, based on a more complete sample, was conducted by Rutgers University. This study indicated that the denial of benefits made very little difference in the births, very little difference in behavior of welfare mothers. It found the drop in the birth rate was roughly the same among a control group, women who were exempt from the family cap law, as it was among those who were subject to the cap.

There is also some indication that the New Jersey cap might have led to an increase in the number of abortions. This Senator is deeply concerned about that, as I know a number of Senators are. I think it is a concern that we should not just dismiss.

Clearly, we do not yet know what works in this area. Therefore, now is not the time to impose Federal uniformity based on guesswork. We are in the middle of a controversy that is far from resolved, and what we need more than anything else is facts. State experimentation will help us find these facts.

Mr. President, are we certain enough about the wisdom of the family cap at this time, at this place to write it into Federal law? Are we certain enough to make every single State live by it? I know one Senator who is not.

Let me turn to another issue, and that is the work requirement. If there is one thing that will change welfare more than anything else, it is getting people to work. The statistics are overwhelming, that if an individual can get a job and hold that job for any reasonable period of time, the odds are that person then becomes a part of the mainstream. Part of them has the opportunity for the American dream. And that person may not have that same job in a year, year and a half, but if they get the first job and are able to hold it, it makes a fundamental difference.

So there is more we can do. Debate has already indicated Senators on both sides clearly agree about the necessity of work. We all agree that work should be a condition for receiving public assistance. But I believe—I want to put out one cautionary comment at this time as we begin this debate—it is important we make the work requirement achievable by the States. The work requirement will have to be tough, but it will also have to be believable and achievable. In short, a strong work requirement has to work.

Mr. President, I think one way that we can encourage work, the most effective way, is through the block grant proposal that is in front of us. By doing this, States will clearly have a direct incentive to get people off welfare and to allow them to become workers. This pressure will make a difference. Mr. President, tough choices on how to divide up a no longer unlimited stream of Federal dollars will cause the States to become innovative, to become bold, to experiment, and, I think, ultimately to learn from the experience of other States as well. And that will make a difference.

Mr. President, when you are a government with limited welfare dollars, and you are trying to reduce your welfare caseload, you are going to start looking at the people who are able-bodied and refuse to work. And by necessity, States will have to have a strong work requirement.

I think the spending cap will also help us reduce the tide of out-of-wedlock births as well. Mr. President, fiscal pressure caused by the spending cap is going to do a great deal to focus people's attention on this tremendous problem of illegitimacy. As I mentioned before, the Federal Government does not know how to make people act responsibly, but we do know this, a State with limited resources and a serious poverty problem will have to make the wisest possible use of its limited resources.

What is the best way, Mr. President, to balance our two goals, the goal of the need to help children who are born out of wedlock, help them, and the need at the same time to discourage people from having children born out of

wedlock? I am not sure any of us really know. But I believe that capping the block grant proposal with a tough, yet achievable, work requirement will set the States on the road toward finding out.

Let me talk about a positive Federal role, Mr. President. There are some areas in which the Federal Government can play a very helpful role. And I would like to talk about one such area right now.

We are all angry, as the public is, about the men who father children and then run off without paying child support. Fifteen, 20 years ago in the late 1970's, when I was a county prosecuting attorney in Greene County, in the southwestern part of Ohio, I learned about this problem. I had to spend a lot of my time, my staff's time, chasing after these bums, trying to locate them, trying to get them to live up to what should have been their obligations. I had some very aggressive assistant prosecutors who helped me in this and who learned a great deal, as I did, about this problem. Nancy Nevins, Susan Goldie, they headed up our child support enforcement unit. And we found, as we delved into this problem, how big a problem it was and how oftentimes these absent fathers were individuals who had taken off across the State line, almost as if they knew, and I guess many of them did, that if they could get across the line and they could go into another State, that it was going to make it much more difficult to get them to live up to their obligations.

Today, Mr. President, the statistics are staggering. I am told that 40 percent of the unsolved paternity cases nationwide are unsolved because the fathers have left the State. In Ohio that figure is closer to 45 percent. Clearly, a nationwide paternity data bank would be a big help to the State officials who are trying to track down these deadbeats. And we might even go further, Mr. President. We might even want to consider a national collection system to collect back child support from these deadbeats. Mr. President, clearly this is an area in which Federal coordination would actually help the States and not hinder their efforts to reform.

But I do believe it remains generally true that the Federal Government does not have the answers on welfare reform. The Federal Government, Mr. President, needs to be honest about the real lessons of its three decades of failure. The welfare policy of the Federal Government is intellectually bankrupt and the U.S. Senate needs to put it into receivership. The receivers in this case are the 50 States, the 50 laboratories of democracy, 50 laboratories of reform. Many States, as we have already discussed today, are already showing terrific leadership in reforming their welfare systems.

Mr. President, instead of taking the glimmerings of success of any single State and then imposing a rigid, absolutely uniform model on every other State, we need to make sure all States continue to experiment. Ohio, to take a single example, has been a leader in the drive for experimentation. Let me just give a couple examples. In 1989 Ohio received a waiver to try the LEAP program. LEAP stands for learning, earning, and parenting. The LEAP program created incentives for welfare clients to continue and then to complete their high school studies. And that program has met with modest success. In 1991, another example, Mr. President, Ohio received a Federal demonstration waiver for the Parents Fair Share program. That State program made noncustodial parents, parents who do not live with the child, either work or receive job training with a view toward supporting the child. It targeted those individuals.

We have had success. Ohio, another example, received a Child of Opportunity waiver to help keep the children in school by punishing parents for the child's absenteeism. Another program, the Communities of Opportunity waiver allowed us to exchange AFDC and food stamp cash payments for employment subsidies. We were able to use this waiver to get private-sector jobs for welfare clients across the State, Cleveland, Akron, Columbus, Cincinnati.

Another example, 1994, we wanted to decrease the penalties for moving from welfare to work. We received a microenterprise development waiver so we could remove some of the limits on the assets, the income of welfare recipients. Early on in the debate I heard the distinguished Senator from New York talk about that as being a problem, people not being able to keep enough of their assets. We encouraged them to move into the work force.

Mr. President, what is interesting about all of these examples that I have given, and the Senator from Iowa and my other colleagues have given today, is not that they are good ideas, though I believe probably most of them are. What is notable is that each State has had to petition Washington, DC, for the right to try any of them.

The President is now talking about speeding up the waiver process. And that is a good idea. President Bush, and now President Clinton, have granted waivers. That is absolutely true. And I think that the leadership from the top has been to try to get as many of these waivers granted as possible. But I believe that we still have a basic problem. And that is, the basic problem is, that these waivers are required at all, and in a time when we need to encourage not discourage State experimentation in solving problems.

I asked one time, Mr. President, our director in Ohio, Mr. Tompkins, about what percentage of the waivers we asked to have granted were granted by the Federal Government? And he told me something very interesting. He said, "The percentage will be relatively high. The problem is that we generally only ask for a waiver if we have a pretty good indication we are going to get it." It does not tell you or does not tell the reader of those statistics how often we wanted to do something, how often in our own experience we felt, we knew that some program would work or had a good chance of working and yet we were told off the record by the Federal bureaucracy that, "No, look, don't ask us for that because we are just not going to give you that one." And so when we look at the statistics of waivers being granted, it does look good and it does look high. But what it does not show is the many times when the State was told, "Just don't ask about that one because we are not going to grant it."

Now, earlier this year, Mr. President, the Ohio General Assembly passed a major welfare reform bill. That bill contains a provision saying that a welfare client who gets a job can keep the first $250, plus one-half of the additional income earned for 1 year after starting work—an incentive to ease people off welfare. The goal, again, Mr. President, is to avoid penalizing the welfare client for trying to work in the real economy. To do this, we now need Federal permission. In fact, there are 15 other provisions in Ohio's newly passed welfare reform package, 15 other ways Ohio wants to experiment to see what works, for which we are awaiting the Federal go-ahead.

Mr. President, we have to let the States be more flexible. Arnold Tompkins, who I referenced earlier, Director of Ohio's Department of Human Services, says he is frustrated by a system that really is too much like an on/off switch. Our department in Ohio, as is true in other States, is only allowed to help people when the people go on welfare.

If you are "on" welfare, all kinds of benefits are going to be available to you. If you are "not on" welfare, many times nothing is available to you.

Mr. Tompkins says that we need an approach that is more like a dimmer switch—a system that allows the human services officials flexibility to intervene in helping people to keep them off of welfare before they go on welfare. Maybe helping someone find other resources, Mr. President, like helping pay their rent or electric bill for a couple of months, will do a lot more good than waiting for them to be evicted and only then being able to sign them up for the full welfare program. I think it will be more cost-effective, and I think it will work.

Mr. President, the States need to stay focused on the overall goal of keeping people off welfare. That is why we should, in addition to rewarding States that reduce their welfare case loads, reward States that help their citizens avoid having to go on welfare at all. I intend to return to this question later on this week, as the amendment process begins.

Mr. President, for 30 years, Congress has created programs and trusted the

programs to work. It is time to move the focus from programs to people.

Mr. President, this is the whole welfare reform debate microcosm: Do we want the Congress to write yet another program? Or do we want States to come up with solutions?

I think the American people do not want another program. They look at the problems of poverty in this country and they want answers. That is something the Federal Government really just does not have.

Mr. President, I am proud to be a participant in the Senate's very historic welfare reform debate. It offers some real hope for a solution to America's social crisis. That is why I intend to work over the next few days with my colleagues on the floor to ensure that the bill we pass does as much as it possibly can to let the States succeed in truly reforming welfare.

Mr. President, thank you very much. I yield the floor.

The PRESIDING OFFICER (Mr. GRAMS). The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I rise, first off, in support of the Dole substitute. And I want to congratulate the leader, the leadership, the leadership of the chairman of the Finance Committee, Senator PACKWOOD, and many others who contributed to this bill and taking what was, by all accounts in the newspaper, an issue that was dead and gone for the summer and maybe for a long time after that and resurrecting that issue and bringing it to the floor with, I think, a very solid base of support on the Republican side of the aisle, and I am hopeful a very strong base of support on the Democrat side of the aisle.

I think we have a good bill here, one that can attract bipartisan support, one that, the majority leader has said, is not veto bait—at least yet—at the White House.

I hope that is a good start, and I hope over the next several days we can work in a bipartisan fashion to structure a bill that will truly make substantive and great reform in an area that probably needs it worse than any other single area in Government—not just for the taxpayers, who we hear so much about, but for the people in the welfare system.

I have been fortunate enough to be able to work on this issue quite some time now—at least quite some time in my career here in the Congress. I worked 3 years ago in crafting a bill that came to the Republican position in the House of Representatives in the House Ways and Means Committee, and it became the basis for the bill that passed the House, which I am very proud of. It was a good bill.

I think what we have done here in the Senate is a very good bill. In some respects, it goes farther. It is more dramatic than what the House Republican measure has done, particularly in the area of food stamps. Food stamp reform here is at least as tough—the reforms themselves. But we in the Senate in this bill give the States an option to take block grants. It is their option. In the House bill, they cannot do that unless they have electronic benefits transfer.

So, in a sense, we have gone one step further here in the Senate than they have in the House bill. The AFDC work requirement—the standards are tougher here in the Senate bill than they are in the House bill. The work requirements are equally as tough as the House bill.

So you could even make the argument that the AFDC provisions of this bill are tougher than the House bill. I think that is a very big plus. It is a look at certain areas and to say we have come out, after reviewing what the House has done, and think we can go a little farther. In some areas we do not go as far as the Senator from Texas, Senator GRAMM, and Senator FAIRCLOTH from North Carolina would like to go; frankly, as far as I would like to go. I think we can go farther, and should, in doing block grants.

Child nutrition programs, school lunch programs, and the like—I think the reforms done in the House were good, solid reforms, well thought out, and actually better targeted the resources at the people who need them. But they turned out to be very controversial measures. One that elicited, I think, a public outcry and one that, I think, we determined in putting this bill together was better left to maybe the next round of welfare reform, which may not be too far in the offing, but to focus in on the things that we can accomplish, hopefully, in a bipartisan manner, and that is focusing in on AFDC, what most people consider welfare.

It is only a part of the welfare pot. Some would say it is 7 percent. Others would say it is a little bit more than that. But it is a very small portion of what we spend on means-tested programs, in other words, programs that are directed toward low-income people. The biggest single program is Medicaid. That is the largest welfare program, means-tested entitlement program. Most people think AFDC is second. It is not. The second largest means-tested program is SSI, which I will talk in somewhat detail about during my opening statement.

Then we get down to programs like food stamps; on down the list is AFDC. But AFDC is considered welfare because it is the program that was designed in 1935 to help mothers with dependent children. It is the program that gets the most publicity. It is important to reform that program. But it is no less important to look at the other means-tested entitlement programs and appropriated accounts and reform those programs, too, and to make the reforms work together.

One of the good planks in this bill is the fact that States can work together with housing benefits and food stamps and Medicaid and others to make sure that when you cut off AFDC benefits, if, in fact, someone is cut off, that their food stamp benefits do not go up to compensate for the reduction in the AFDC. So they can work with those two programs together to make sure one is not offsetting the penalties of the other.

Another very good part of this bill, something the Senator from Missouri, Senator ASHCROFT, has brought to the table and I think is a very good idea, is how the private sector can get more involved in providing welfare; for the States to be able to contract to community providing organizations, including churches, who are in there in the community right now doing the work that is necessary to help the poor in their community. Why not have them be the local agency that helps that community and the people in that community solve their problems of poverty? Why not give them the resources and the responsibility to help people in the community? That is a great idea. It gives flexibility to the States which they have never had before.

We know historically in this country what works to help poor people get out of poverty. It is not just passing a check. I think, if there is anything that we can all agree on, it is that just handing a check over to someone does not solve the poverty problem. What helps people get out of poverty is not a guaranteed income from the Government, but an opportunity to go out and work and earn it for themselves.

We know that check does not encourage what we know works, which is work. That guaranteed income does not encourage work. What does encourage work is people who care, people who care about that individual and know that they are going through the trouble to take the time to listen. This is no fault of the caseworkers in the welfare system. They are processing thousands of checks a day. They cannot afford and do not have the time. The caseworkers do not have the time to sit one on one to go through the life history of the person, whether it is a problem with their husband, whether it is a substance abuse problem, or satisfy a problem with their parents, or whatever else; an illness. They do not have the time to sit and care. They do not have the resources to do it. We need a system that is more friendly to people who need help, not just saying, "Well, here is your check. Leave us alone. You should be OK. You have been provided for."

Actually, we should start turning this program, this welfare bureaucracy, over to the people who live in that community, who see that neighbor at church, who walk past them in the aisle in the grocery store, and who care because a better person in their community means a better community and a better life for them. Let us use what we know works, and that is people helping people.

That is what we are saying in this bill—let us get it back to the folks who care the most, and it is not us. We say we care a lot. But I do not consider it particularly compassionate on my part to take your money—the people who are out working in America—and then give it to somebody else who is not working. It may make me feel good that I am helping someone who is poor, who maybe cannot work, who maybe is having problems and needs to get their life together again. That may make me feel good. But that certainly is not compassionate.

A lot of people around here will define the terms in this debate on how much money we take from some people to give to other people, that the more we take from workers to give to other people, many of whom do not work, the more compassionate we are. I would say, that is not a very good judge of compassion on my part. To know how much money I give out of my salary to my church or to the community group—that is compassion. That is money otherwise I could spend. But taking other people's money is not compassion. That is how we have measured compassion in this country for a long, long time. I find it absolutely unbelievable that we do.

I tell you, it would be very easy for me to just hand out all the money that I can get my hands on around here. It is fun. We enjoy doing that. But it is not compassion. More than anything else, it is not helping anybody. I think we, hopefully, have come to that determination in this body; that just handing it out makes a bunch of people who pay for the program very resentful and the people who receive the money very dependent. It does not help either.

Let us get back to something that we know works—getting it back to the local level, getting it back to the people who care. And that is what this program is all about. Some will say, "Well, it is just passing the buck." My initial response to that is, if the buck is being misspent here, let us at least give someone else a try. Maybe passing the buck in this case is the best thing to do because we know what the current system is doing.

The Senator from New York, who knows more about welfare than anyone in this Chamber, having studied it for years and years, presented the case very well for why the system does not work. I mean, the statistics do not lie about the problems that we have in poverty in America today and the growth in illegitimacy and the lack of work in the inner cities where welfare is the highest, the destruction of communities, the increase in crime, the destruction of the family, lower rate levels of education among the poor. I mean the scenario is very clear what is going on here. We know it is not working.

The question is how much courage do we have to say that what we have tried has failed? What we know historically in this country that has worked has not been given a chance, at least from the Federal perspective, in a long time. Let us try that.

You will hear this quote often throughout the discussion on welfare. In fact, I have heard it many times already in this body. But I think it is so appropriate. It is such a good codification of the American spirit and what the greatness of America is all about in solving the problems of the people who are of lesser means, and that was de Tocqueville's analysis of America.

When he came to this country over 100 years ago and looked at the private sector, the institutions, the volunteer organizations, the people who went out of their way to help their neighbors, the sense that Americans cared for each other and supported each other, there were not the Government programs—there was no AFDC Program when de Tocqueville was here, no SSI Program. There was none of that. Not to say those programs are bad, but none of that was here. It was private charity, people helping people. And de Tocqueville commented that "America is great because it is good." And when America ceases to be good, it will no longer be great.

We need to draw on the goodness of people. We need to entrust the people to be good. That is what this bill is all about. It says that we, standing on high, are not going to dictate what is good for everyone but in fact put the resources back into the community so those people can determine what is good for themselves and their neighbors.

It is a very dramatic turnaround in policy in this country. It is one that will frighten a lot of people because a lot of people think, as the Senator from Kansas, the majority leader, said, there will be a race to the bottom; that States will race to the bottom and they will cut benefits on everybody, as if Governors and State legislators have little care about the welfare of the poor in their State but we in Washington care supremely for them.

I do not think anybody truly believes that, but that is the comment you are going to hear many times repeated here, that States simply will not provide for the poor; that we cannot trust them; that they will try to export them to another State, which will in turn try to export them to another State, and they will go to another State. I do not know what all is being suggested, but that is pretty much how it is going to play out.

I do not think that is going to happen. I think there are a lot of States—the Senator from Iowa got up and talked about how wonderful a job Iowa is doing in reforming the program. And I would say there is nothing in the bill the Senator from Oregon and the majority leader have put forward to stop Iowa from doing it. In fact, it would provide more flexibility to Iowa. I do not understand what he thinks the trouble is, but it would enable Iowa to do more that works.

I think this is the mentality. The problem is we know, or I know that this works in Iowa, and therefore I am going to tell everybody this is what they have to do. Well, just because it works in Iowa does not mean it is going to work in Alaska or Pennsylvania or anywhere else. And it has been working in Iowa for 1 year, so now we should take the Iowa experiment and tell everybody to do this?

What if Pennsylvania has a good program, and we have some good things in practice, and what if we made Iowa do that? What if we told Iowa: You cannot do what you are doing anymore because we in Washington now think something works in Pennsylvania and we should make you do that. The Senator from Iowa, I am sure, would have objection to that. And you know what? He would be right in objecting.

So I do not think that is a very serious objection to this bill. This bill is one that I would think Members who come from States that like the welfare program they have, that have popular support for it, would embrace it, would embrace this bill as an idea whose time has come. We do a lot in this bill. We reform AFDC. We require work. We have some illegitimacy programs, not as far as I would go, but we will have amendments and we will have good debates on that here on the Senate floor.

It provides the flexibility that I discussed, which I think is so important to States and communities, to deal with it. It ends the entitlement to AFDC; allows States to determine who is eligible for those benefits. I think it is very important to do that.

We reform the school lunch programs and nutrition programs, child nutrition programs. We block grant job training and day care, and we do it, as I think everyone will agree, with a substantial amount on child support enforcement, including interstate enforcement of child support orders, which, as the Senator from Ohio commented earlier, is absolutely essential if we are going to get our arms around the problem of over $50 billion in uncollected child support.

Let me repeat that: $50 billion are owed mostly by fathers to support their children and is simply uncollectable because we do not track that.

I want to move on to another area where I hope we can have agreement, an area of welfare that as I mentioned before is the second largest single welfare program in America, and that is the SSI Program.

The SSI Program was created back in 1974. It is the Supplemental Security Income Program. As I said before, it is the second largest means-tested entitlement program, second to Medicaid. In 27 States, the average child SSI payment is greater than the AFDC payment for a family of four. So if you have a child on SSI, you get more money in 27 States than a family of four on AFDC. This is a big dollar program, and as you can see, it is growing, particularly since the late 1980's, at a

tremendous rate, close to $30 billion—in fact, as of 1994, it is over $30 billion this year.

AFDC payments, as we have discussed here, in 1994 figures, are around $17 billion; SSI, as you can see there, almost $28 billion. Federal outlays in the year 2000, if we do nothing, for AFDC are projected to be $20 billion. That is $3 billion more than today. On the other hand, SSI is going to go up to about $43 billion—a much faster growing program, and SSI does not get a lot of the ink.

An individual cannot receive SSI and AFDC simultaneously, but members of an AFDC family may receive SSI benefits. That results in a situation that was quoted in an article here earlier, the Rivera family of Boston. Eulalia Rivera has 16 children, 89 progeny, and they collect in benefits from the Federal Government between $750,000 and $1 million a year in means-tested welfare benefits. Most of that benefit, by the way, is not AFDC. It is SSI, supplemental security income.

What is this program, SSI?

Well, the program was created back in 1974, which was intended to be a work supplement for people who were disabled and could not work but did not work enough quarters to be able to qualify for Social Security disability. I want to differentiate in the discussion here between SSI, which is supplemental security income, and SSDI, which is disability income out of the Social Security trust fund. SSI is not out of the Social Security trust fund. It is out of the general fund. People do not have to have any work history to be able to collect.

Who qualifies for SSI? Well, the disabled, the elderly, the blind, drug addicts and alcoholics, children. You might ask: Well, wait a minute. Why are children covered under an act that was created to supplement income for people who are not able to work? Children obviously do not earn income anyway, so why do we have a program here in place to support children who do not earn income? That is a good question to ask. I do not think there was ever a good answer to it at the time it was created.

But it has evolved over to say, well, it is used because parents of people with disabilities cannot work, and so it indirectly supplements their income. Of course, you lose that point because a lot of parents do not work anyway, at least second parents do not work where the mothers or fathers do not work if you have a primary income earner.

Nevertheless, that is in place. You can use the argument it is there because there are medical needs for the people who are disabled and you need the cash to pay for that, except for the fact that if you qualify for SSI, you also qualify for Medicaid, which, of course, pays your medical benefits. So, in a lot of cases SSI is a nice chunk of change. And it is, in fact, a $458-a-month Federal benefit per child.

Now, we have reforms in this bill that address three areas of SSI: children on SSI; drug addicts and alcoholics; and immigrants, aliens, sponsored aliens in particular.

Let me first talk, if I can, about children. It is a controversial area to talk about, one that a lot of folks do not like to address. Most people do not like the fact of targeting disabled children and say, "Why do we want to cut off benefits to children who are disabled?" I would suggest to you that the leader's proposal does not cut off benefits to children who are truly disabled. In fact, that is the whole point.

If you look at what has gone on in the past few years with the number of children receiving SSI, in 1990 there were 300,000 children on SSI. That number was fairly flat from the 1970's through 1990, I mean, increasing gradually but not substantially. In 1990, 300,000; to 900,000 by 1995, which is this year, and they expect another 200,000 people on the caseloads. You will have 1.1 million kids, estimated, by the year 2000, 1.4 million on SSI.

You say, "Wait a minute. What has happened here that we have had this explosion of children on SSI rolls?" There was a decision made by the U.S. Supreme Court in the Zebley decision, which changed the criteria for which children could be eligible for SSI. This is sort of an amazing little thing that was not well known and is becoming more well known. That is why you see these numbers go up. Before, you had to have a severe disability to be able to receive these benefits. You had to be mentally retarded, you know, or have cerebral palsy or some debilitating disease or illness or condition that would require the Government to support this child.

No longer. The new criterion is called an individual functional assessment. And what is an individual functional assessment? They actually go in and talk to the child and try to figure out if their behavior is—this is the standard—age appropriate. So if you have age and appropriate behavior—who here has not?—but if you have age and appropriate behavior, you now qualify for $458 a month. That is true.

So, what is happening? I am sure this will not be a surprise to a whole lot of people here. What teachers and pediatricians and social workers are saying is that SSI puts marginally disabled or nondisabled children on the dole for their life, hides children's real problems, such as abusive or neglectful parents, and results in creating a class of people who are at a very early age determined disabled when their disability is not such that they should be labeled disabled.

Are we helping these children? Most of the people who look at this program say, no, we are not. We are not helping these children at all by labeling them as "disabled."

Most of these people that have come on since the Zebley decision in 1990, two-thirds of them, in fact, have come on because of a mental impairment. Learning disabilities; a learning disability qualifies you for $458 a month; attention deficit syndrome, $458 a month.

Let me tell you a couple of comments from school administrators. This is a school administrator in New York Central Park East Secondary School. "Parents whose children have minimal handicaps try to get their children into special education classes so they can qualify for SSI."

Here is a student at one of the schools in a New York City elementary school. She is acting out her tale with dolls. This was a play-acting thing that she was going through in the school. She described a mother of four who had adopted two more children. Although the new siblings were not working out, the mother planned to keep them anyway, the girl explained, because she wanted the extra money in SSI payments that they were bringing in. "[The child who described this] is a special education student. She doesn't understand much," says school psychological aide, Beth Mahaney, "but she understands how the system works."

Disability checks are there to help replace lost earnings. And what have we turned it into? Again, parents do not need this money for medical supplies. Attention deficit syndrome does not require medical supplies, and a lot of these mental conditions do not require it. And if they did, again, Medicaid is there to provide for it.

This is a program that harms children. One of the ways mentioned earlier that it harms is that it masks abusive and neglectful parents. A lot of the problems—and we have a caseworker or a psychologist who has done a lot of work with SSI for kids come in and talk to me. She cannot give me any of the names of the kids because of confidentiality, but she has given me a list of examples of abuse, horrible abuse of these children. As a result of the parent's abuse, the parents get $458 a month because their child is so messed up because of them.

Is that not a great reward for parents who abuse their kids? They get a check. In fact, a Philadelphia psychiatrist, Kenneth Carroll told the Washington Post,

> Many of the problems these children manifest are largely traceable to parental neglect or abuse. Behavior and emotional problems or conduct disorders are directly attributable to inadequate parenting and have often been called disabilities. And the parents are receiving a cash award for having achieved the problem.

What the Packwood bill does, Dole bill does, in fact what the Gramm bill does—same thing—it says we are going to eliminate individual functional assessments. We are going to get back to giving benefits to children who are truly disabled and stop disabling another generation of Americans for all the wrong reasons at a big, big expense of taxpayers' dollars and of children's lives.

The next area we are going to get into in SSI reform is expenditures on

drug addicts and alcoholics. Yes, believe it or not, if you are so addicted to drugs and alcohol that you can no longer work, you can get a check from the Federal Government, $458 a month in benefits because you are so addicted to heroin or alcohol that you can no longer work. These are the numbers.

See, in dollars spent, we spent $14 million in 1985 on drug addicts and alcoholics. In 1990, it was $84 million. In 1994 it was $433 million, and climbing. You might say, what is the reason for the dramatic increase in these numbers? There are a couple. Let me give you probably the biggest. This started under the Bush administration, so it has bipartisan blame, but it has been continued, in fact expanded, under the Clinton administration.

What is this program that I talk about that is responsible for this dramatic growth in this program? You see the dollar growth. Let me show you the number of people. We were at 5,000 drug addicts and alcoholics in 1985 in this program, 5,000. Ten years later 120,000 people are on this program. Two years from now it will be almost 200,000 people on this program. And you can see numbers going up and up.

You may say, what is causing this? Is alcoholism and drug addiction going up? No. That has not gone up dramatically. If you look at some of those numbers, the numbers have leveled off and, in many cases, gone down. So why the increase? Well, it is because of a program that was instituted by the Bush administration on a pilot basis, but has now become a program that is all over the place in the United States and most of the major cities already. It is an outreach program. You say, an outreach program? Yes, an outreach program. We now spend Federal dollars to go out to the communities, to go into the homeless shelters, to go into the clinics, to go into the streets and the alleys and find drug addicts and alcoholics so that we can give them money.

It is working. The program is working. We are finding them, and we are giving them money. Now, you could say, OK, what is the next logical question one would ask? We are going to go out and find them and give them money.

What would be the next thing you would ask? I would ask, are you helping these people? Is it working? Are people being helped by being on this program? Well, let me give you the opinion of one person who testified before the Aging Committee this year. In fact, he has testified in the past. A person, by the way, who has done a lot of work on this issue and whose ideas are partly reflected in this bill by Senator COHEN of Maine. It is Bob Cote, who runs a drug and alcohol halfway house in Denver, CO, says:

> Our compassion literally kills them. I know of 41 individuals who received SSI checks and died from the binge they went on. Others just go on drinking it month after month. They call the first day of the month "Christmas Day," because it is when the checks come. They take those checks directly to the bars, and when the money is gone, they are back in my shelter. Taxpayers should not be subsidizing addictions.

There is an article—a series of articles, in fact—by the Baltimore Sun, about this program. Not only, again, is it a fast-growing program, but what is the impact on the people in the program? Bob Cote will tell you people are dying. What will Shirley Chater say? Shirley Chater is the Administrator of the Social Security Administration. When she testified before the Ways and Means Committee last year on this subject and I asked her, "In the history of the drug addicts and alcoholics program under SSI, how many people have you documented that have been cured, have received the check, gone in and got the required treatment, gotten off the program, stopped the checks, and have gone on to productive lives?" Do you know what her answer was? "In the 20-year history of the program, documented cases of recovery are zero." Zero documented cases of recovery.

Now, does this program work? Are we helping drug addicts and alcoholics? Let me give you a couple of examples of people.

This is from a Baltimore Sun article, and I ask unanimous consent that this article be printed in the RECORD.

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

ADDICTS SQUANDER CHECKS ON DRUGS, ALCOHOL—YOUR CASH SUPPORTS ABUSERS' HABITS

(By Jim Haner and John B. O'Donnell)

They found Delmont Williams' body in an alley off Harlem Avenue, lying under the bald branches of a withered willow tree, staring up at the afternoon sky through dead eyes on "check day."

He had enough alcohol and heroin in his veins to intoxicate three men.

And you paid for it.

The homeless Army veteran overdosed with money from a Social Security program that doles out monthly checks to 8 million people who are too old or disabled to work. But 250,000 of them are believed to be hard-core substance abusers who routinely squander the cash on drugs and alcohol.

Beginning Jan. 27, the new Republican-led majority in Congress will examine the problem in hearings on Capitol Hill. Some are already vowing to give addicts the ax.

But they will soon learn that it's easier said than done because of one little-known fact: Most of the addicts and alcoholics on the rolls—perhaps as many as three out of four—are retarded, blind, crippled or suffer from some other disability that would still entitle them to the $458 monthly checks.

And Congress has refused for two decades to provide treatment for addicts in spite of a chronic shortage of even the most basic rehabilitation. Fearing that any appearance of coddling drug abusers would invite voter backlash, the nation's lawmakers have ignored social workers and drug counselors who say that intensive long-term treatment is the only answer.

"The first reaction of right-wing conservatives will be to gut the program completely," says Dr. Sally Satel, a Yale psychiatrist. "And the real liberal types won't want it touched. But either of those courses would simply perpetuate this crisis."

Says Pam Rodriguez, a Chicago drug counselor: "We have never seen a population like this before. For years, Social Security saw its job as to simply write checks. Now, we're getting [people] and they're ruined. We don't even know where to start."

Checks for the drug abusers are costing taxpayers $1.4 billion a year. Most are alcoholics. The vast majority are men. Almost half are black. Their average age is 42. And few ever kick their habits. Rather, they usually end up dead or in prison within seven years of receiving their first check.

The case of Delmont Williams is typical.

A bearded father of two who drifted from North Carolina to Baltimore, his medical records show that Social Security knew he was a hard-core alcoholic when it mailed him his first check in 1987.

His liver was swollen from years of heavy drinking. His heart was congested. Half his teeth were missing. And his skull—bashed in years earlier in a drunken brawl—was webbed with cracks like a piece of glued-together pottery. He suffered from seizures and mental illnesses.

There could be little question that he wasn't capable of holding a job, or that he would squander the money Social Security gave him for his fractured skull and manic depression unless he got off drugs and alcohol. But the agency offered him no help. Just a check.

"Delmont knew he was dying," says Curtis Mann, a drug counselor at the Health Care for the Homeless free clinic on Park Avenue. "All the dealers came circling around him on check day like vultures. A week later, he'd crash from whatever dope he was using and feel terrible.

"Those were the times that he'd go looking for help. The problem was that we could never find it for him before that damn check came in the mail on the first of the month and the whole cycle started all over again."

In a city with some 2,400 addicts on the disability rolls and the highest per capita rate of hero-in-related emergency room admissions in the country, there is not even short-term treatment available for nine out of 10 addicts, the nonprofit Abell Foundation found last year.

And the kind of in-patient care that removes hard-core addicts from their drug-infested haunts long enough to learn a new way of life is not available at all in Baltimore.

Time and again, Delmont Williams was confronted by waiting lists of up to a year, then headed back out onto the street to blow his aid money on blinding binges that ended in trash-strewn alleys, jail cells and hospitals all over the city.

On the afternoon of June 1, police came upon his corpse in a West Baltimore alley wrapped in a filthy red polo shirt. Just four hours earlier, he had picked up his $446 check from a small drop at the clinic and cashed it at a nearby liquor store.

Delmont Williams died homeless, stoned and alone at 49.

"With his history, there's no way he should have been walking around with that much money in his pocket," says Lauren Siegel, a social worker at the free clinic. "But they gave it to him anyway. Every month, no strings attached, the check would come and Delmont would spend it on drugs and alcohol. Until it finally killed him."

The money came from a program known as SSI, for Supplemental Security Income—a plan set up by Congress two decades ago with little deliberation or debate. The idea was to provide food, shelter and clothing to disabled poor people.

It is one of two such programs for the disabled run by the Social Security Administration. The other is called DI, for Disability Insurance. Since 1956, it has let workers who have paid into Social Security's retirement trust fund draw benefits early if they become injured, ill or addicted.

Both programs are in trouble.

CONTRADICTORY LAW

Envisioned as modest proposals to help a few million aged and disabled Americans, SSI and DI now cost $65 billion a year—fueling the national debt and sappling the fund that retired Americans rely on to pay their bills.

Both are covered by the same set of 1972 disability rules.

Even then, thousands of recipients were known drug addicts and alcoholics. But the rules placed few controls on how they spent the money—except that they could not use it to buy drug treatment until they first paid their rent, utilities and living expenses.

In a glaring contradiction written into the law, Congress deemed that letting handicapped addicts spend their checks on treatment would violate the philosophical underpinnings of the aid program: to provide for the basic needs of those who couldn't work.

That decision set blind, retarded and mentally ill addicts adrift in lives of despair because it effectively cut them off from private clinics, where treatment is generally available to anyone who can pay for it. And the prohibition has remained unchanged for more than 20 years. Further, tucked inside the law was one sentence that said addiction alone could qualify as a disabling disorder, making it possible for virtually anyone hooked on dope or booze to get a monthly check even though they have no other disability.

Before then, an addict or alcoholic had to prove that his substance abuse were so severe that it had caused disabling brain or liver damage, conditions that usually took decades to develop.

But under the 1972 rules, an addict has only to prove that his drug abuse is bad enough to keep him from holding a job—opening the door for thousands of young substance abusers who aren't physically disabled and who probably never would have qualified for aid under the old rules.

They are men like Ernie Hernandez.

The 34-year-old heroin addict and father of two sits in the brown grass outside the San Joaquin County drug clinic in French Camp, Calif., a desolate farm town east of San Francisco.

He fidgets with his beefy hands as he describes his six years on SSI.

A one-time cannery worker and farm laborer, he has no apparent physical problem that would keep him from working. He is lucid in conversation. And at 6 feet tall and 225 pounds, he's built like a weight lifter.

"I admit it," he says. "I don't look sick."

But he's collecting $458 per month in SSI, which qualifies him for a $200 supplemental payment from the state, bringing his tax-free monthly take to $658—about the same amount that the average retiree gets from Social Security after a lifetime of labor.

"The money definitely changes you," he admits. "I just ain't going to risk losing that money by working at some minimum-wage job. Next thing I know, I get too stoned, I lose the job. Then what am I gonna do to feed my kids?"

"You can tell them congressmen, if they stop SSI, the crime rate around here is going to go through the roof. It's all a lot of us have."

And Ernie Hernandez knows about crime. He says he's been using heroin and cocaine since he was a teen-ager, landing in prison at least nine times.

He'd like to get himself clean and back to work—if for no other reason than to get his family off his back and to "be able to spend a weekend in the mountains without having to come home early because I ran out of dope."

But he has never been able to rehabilitate himself. Even when he wants it, there is little in the way of intensive treatment available.

On this sweltering day in July, he wants it in the worst way.

Jittery from a dose of black tar heroin he shot into his leg the night before, he considers his options as he fingers a small, gummy "booger" of heroin in his pocket.

'I'M REALLY GONNA KICK'

Cheap and plentiful, black tar has spawned a plague of addiction in the cities and towns along Interstate 5 that has helped make California—with at least 34,000 addicts on the aid rolls—the "Disability Capital" of the nation.

"You back again, Ernesto?" asks Floyd Brown, the chain-smoking assistant director of the clinic.

"Yes, sir," Ernie Hernandez replies, hoisting himself up from the grass. "I want to get on the waiting list. I'm really gonna kick this time."

Both men know his chances of getting off heroin are nil. Since he's been on SSI, he's been in and out of the clinic so many times that they've both lost count.

He is one of 6,000 heroin addicts in the valley who rotate on and off the out-patient treatment program throughout the year. In a region that has become a hotbed of disease, many of them suffer from tuberculosis and AIDs. Three out of every four are getting disability checks, according to a recent county survey.

"They'll test positive for heroin and we'll flunk them out of the program," Mr. Brown says. "Then they'll sign back up on the waiting list and the whole thing starts all over again. I can honestly say that in my 21 years in this business, I have never had a disability recipient successfully complete the program."

When Congress first decided to let addicts like Ernie Hernandez get aid for merely being addicted, it ordered Social Security to herd them into treatment as a condition of their getting checks.

Any addict who refused was to be cut off—except for DI addicts, because Congress deemed that they had "earned" their benefits when they were working and should be free to spend them as they saw fit.

The treatment rule was supposed to keep poor addicts on SSI from simply using the money to feed their habits. But former agency officials and legislative aides say they warned Congress as early as 1969 that there were nowhere near enough in-patient treatment slots for them. And no one expected out-patient treatment to work.

But the nation's lawmakers were less interested in accountability for addicts, the aides say, than they were in insulating themselves against outraged taxpayers should the program go wrong. Then-Sen. Russell B. Long, the legendary Louisiana Democrat, was the prime mover.

"He told us there was no way in hell he would support giving checks to dope addicts without at least making it look like we were getting tough with them at the same time," says Tom Joe, a Washington social policy analyst who helped write the disability rules. "Everybody knew that they probably wouldn't be able to actually find treatment."

Then or now.

Today, a minimum of 3.2 million addicts and alcoholics need help, according to federal, state and private estimates. But there are slots available for less than half. And at least 100,000 people are on waiting lists for those slots at any time. For others, there are no lists.

Consider North Carolina, a state with 6,200 addicts on the federal disability rolls and few publicly funded in-patient treatment slots.

In Asheville, a small town in the pine-blanketed foothills of the Great Smoky Mountains, a downtown Social Security office draws scores of disabled people from the surrounding countryside. Many are illiterate, hobbled by years of hard labor in mines and lumber mills, and suffering from addiction to rot gut wine and moonshine.

"We're basically telling them to get treatment when there isn't a treatment facility within 200 miles of here," says Sharon DeLong of the American Federation of Government Employees, who represents local caseworkers.

"We try to push them to Alcoholics Anonymous or something like that. But how long can they last when all they're getting is a couple of hours of group therapy before they head back out to sleep in the woods with a dozen other alcoholics? It's utterly demoralizing."

Her frustration is echoed by caseworkers and drug counselors from Baltimore to Seattle who say Congress and the Social Security Administration have never been serious about rehabilitating addicts—or in understanding how treatment works.

Counselors surveyed by The Sun say programs like the San Joaquin methadone clinic and Alcoholics Anonymous that bring addicts in off the street for a few weeks of detoxification of a few hours of group counseling every day are the least likely to succeed with hard-core substance abusers.

"It amounts to drive-by therapy," says Dr. Satel, a professor of psychiatry at Yale and the University of Pennsylvania who has worked with addicts for seven years. "It may work fine for the early stage addict who still has a home, a family and a job. But that's not who you see on disability.

"These people are seriously debilitated drug abusers, and they need months of heavy-duty residential care that cuts them off from their addict friends and their old hangouts, and teaches them a new way of life."

And it is precisely this kind of treatment that Congress has refused for 20 years to provide to the destitute substance abusers on federal disability. Today, there are only 68,000 federally funded in-treatment slots in the entire country.

"It's one of the terrible ironies of the disability program," says Dr. Satel. "Congress tells addicts, 'You have to be in treatment, but we're not going to give it to you—and you can't use your check to buy it on your own."

Under the rules set up by Congress, Social Security is required to stop checks to addicts who are caught spending them in a residential program.

Adding insult to injury, counselors say, Congress ordered Social Security last summer to carry out a plan to cut off addicts' checks after three years. The agency says the move will trigger $275 million in notification processing and legal costs—enough to buy residential treatment for 35,000 addicts.

"Instead, we're spending it to shove these people back out onto the street in 36 months," says an exasperated Jack Gustafson, who represents state rehabilitation directors in Washington. "We'll buy their drugs for them for three years, but we won't give them inpatient treatment. It's insane."

Nor will the crackdown achieve the results that Congress promised to taxpayers when it vowed to purge addicts from the rolls. That's

because most of them suffer from other physical or mental disabilities that will still qualify them for aid.

"The fact is that drinking and drugging is usually just part of the problem," says Joe Manes, a Washington mental health activist. "They usually have a complex of ailments that may or may not be related to their substance abuse."

Willard Redpaint is a walking illustration.

'PINTS AWAY FROM DEAD'

Most mornings, the 42-year-old Dakota Indian can be seen stumbling down Larimer Street on the graffiti-scrawled industrial fringe of downtown Denver, a bottle of Wild Irish Rose wine in his trembling hand and a glassy film across his bloodshot eyes.

At 10:30 on a bright, clear morning in August, he is already drunk. So drunk that when he blows into a Breathalyzer at a nearby homeless shelter he registers a potentially lethal .42 blood alcohol level—four times the amount to be considered legally intoxicated.

"God almighty, Willard!" blurts Bob Cote, director of the shelter. "You're about two pints away from dead!"

He breaks into a heated lecture, brow-beating, accusing. He reminds Willard Redpaint that at least 41 men have killed themselves on Larimer Street with disability aid money in the past few years.

"You knew a lot of those guys, didn't you?" Mr. Cote demands. "You want to end up like them?"

"I like my wine," Willard Redpaint replies sleepily. "I like to drink."

Reeking of urine and garbage from four nights of sleeping in an alley, he says he can't remember how long he has been getting disability checks. Court records show it has been at least since 1985.

But alcoholism is far from his only problem.

Willard Redpaint is mentally retarded. And his brain is damaged from a car accident that sent him hurtling through the windshield of a pickup truck when he was a child. He signs his name with an "X" because he cannot read or write.

When he was 4, a gang of thugs strangled his father during a robbery. A few years later, his mother was taken away to a mental institution. By the time he was 15, he was drifting the Western high country alone.

His earliest notice in Denver is recorded in court files at age 25, when police found him stumbling drunk down the center of a six-lane interstate in the middle of the night. Since then, he has been arrested 16 times in alcohol-related incidents.

In 1988, he beat another homeless man to death with a slab of concrete over a stolen radio. Convicted of manslaughter, he served three years in prison, feeding his habit with homemade potato wine.

"It gives you a hangover in the morning," he says of his drinking. "And I'll end up dying, but that's the only bad part."

Each morning, he goes to a homeless aid station where social workers dole out his monthly check to him in $10 installments.

"I can buy four bottles of wine with that much," he says. "That's a lot of wine."

Left without treatment, counseling or supervision, Willard Redpaint receives just enough money every day from U.S. taxpayers to drink himself to the edge of death.

And the crackdown launched by Congress last summer with much election-year rhetoric will do nothing to stop him. If Social Security cuts off the checks because of his alcoholism, all he will have to do is reapply, citing mental retardation and brain damage.

Nor do drug counselors and social workers expect any of the other measures Congress passed in August to have much effect. Among the mandates were orders for Social Security to force addicts into treatment programs that don't exist and to hire special inspectors to make sure they don't misuse their checks.

But the agency has had inspectors in 18 states for years. And they say they have been consigned to failure by a lack of funding.

LITTLE SUPERVISION

In California, Social Security monitored addicts so poorly that it continued to send checks to 119 of them while they were in prison, the state attorney general found last year. And in Illinois, a Chicago firm lost track of 7,000 more because Social Security never provided a list of their names.

And Social Security does not expect to be able to tighten supervision with the money Congress wants to spend on the job. Rather, private firms will be paid roughly $600 per addict to monitor their whereabouts and make sure they are signed up on waiting lists until their checks run out in 36 months.

"Obviously, one long-term goal is to rehabilitate people," says Commissioner Shirley S. Chater, the agency's head. "And the way we do that is to have these monitoring agencies encourage the addict's sense of individual responsibility to find treatment for himself."

But Social Security estimates that the majority of substance abusers on disability—perhaps as many as 200,000—will continue to get checks and go untreated long after the three-year cutoff because of loopholes in the law.

As many as three out of five are exempt because they have other disabilities. And another two out of three are collecting DI checks that can't be cut off until three years after they are actually accepted into a treatment program because Congress decided that they "earned" their benefits.

Meanwhile, new addicts continue to pour onto the rolls. Social Security estimates that the number drawing checks today will almost double by the turn of the century.

"It's insane to go on giving them cash," says Dr. Satel, the Yale psychiatrist. "But it also makes no sense to just take that money away and plow it into some other program. Congress has to wake up to the fact that we need hard-nosed treatment to interrupt this cycle of addiction, crime and punishment that is costing taxpayers a fortune in more ways than one."

Estimates by the National Association of State Alcohol and Drug Abuse Directors are that every dollar spent on drug treatment saves $14 in police, court, emergency room and prison costs.

But so far, Congress and Social Security have been unwilling to spend the money—even in the case of men like Delmont Williams who desperately want treatment and will surely die without it.

"It's not our job to solve the problems of the addict population," says Deputy Social Security Commissioner Larry Thompson. "Our job is to write checks."

Mr. SANTORUM. This is about 34-year-old Ernie Hernandez. This part of the article says:

The 34-year-old heroin addict and father of two sits in the brown grass outside the San Joaquin County drug clinic in French Camp, CA, a desolate farm town east of San Francisco.

He fidgets with his beefy hands as he describes his 6 years on SSI.

A one-time cannery worker and farm laborer, he has no apparent physical problem that would keep him from working. He is lucid in conversation. And at 6 feet tall and 225 pounds, he's built like a weight lifter.

"I admit it," he says, "I don't look sick."

But he's collecting $458 a month in SSI, which qualifies him for a $200 supplemental payment from the State, bringing his tax-free monthly take to $658—about the same—

States supplement the SSI benefits, California being one, with an additional $200, in addition to being eligible for Medicaid, food stamps, and other programs.

—about the same amount that the average retiree gets from Social Security after a lifetime of labor.

"The money definitely changes you," he admits. "I just ain't going to risk losing the money by working at some minimum-wage job. Next thing I know, I get too stoned, I lose the job. Then what am I gonna do to feed my kids?"

Are we helping Ernie Hernandez? Well, Ernie is one of 6,000 heroin addicts who rotate on and off in the outpatient treatment program provided in French Camp throughout the year. In a region that has become a hotbed of disease, many of them suffer from tuberculosis and AIDS. Three out of every four are getting disability checks, according to the recent county survey.

"They'll test positive for heroin and we'll flunk them out of the program," Mr. Brown says. "Then they'll sign back up on the waiting list and the whole thing starts all over again. I can honestly say that in my 21 years in this business, I have never had a disability recipient successfully complete the program."

That is Floyd Brown, director of the drug treatment center in French Camp, who said, "If SSI was around 20 years ago, when I was trying to get straight, I would probably be dead right now."

Is this a program that is helping people? The answer is, obviously, no. We get rid of it. Under this bill, there are no checks for drug addicts and alcoholics anymore for this program. We are not going to continue to subsidize people who break the law by consuming illegal drugs.

Finally, the issue of non-citizens. This gets to be a very touchy issue for a lot of people. I want to associate myself with the remarks of the Senator from Texas when he says that most non-citizens who come to this country—immigrants—come here with their sleeves rolled up ready to work, to provide for themselves, their families, and the opportunity to live the American dream. I stand here as a product of that.

My father is an immigrant. He came here during the Depression. His father worked very hard in the coal mines for many, many years. It is, in fact, the American dream that the son of an immigrant can stand on the floor of the U.S. Senate, as many have before me.

No one wants to deter people from coming to this country, no one wants to take away the opportunities that come with living in America, nor do we want to be the beacon of the world for the handout. We want to say to people, if you want to bring your mother here, who is 70 years old, to come and live with you, and you sign a sponsorship agreement that says you will provide

for them—which you do under current law—then you should provide for them, and not as many do, turn them over to the SSI Department or the Social Security Administration through the State, in some cases, turn them over so they can collect Government benefits because they are out there and therefore qualified for SSI.

Here are the numbers of non-citizens. In 1982, about 125,000 non-citizens received SSI. We were up to 700,000 as of 1993, and that number is growing fast.

It is a serious problem and one that we have to address. It is a philosophical decision, one the House made in favor, and I am hopeful we will make it here, too. People who come to this country should come for the opportunities provided to them and not for the benefits that could inure to them because of welfare. So what we say is, simply, reap the benefits of the fastest-growing economy in the world over the past many years—jobs and opportunities—but not for welfare benefits.

If you are a sponsored immigrant—let me finally explain the difference between other immigrants and sponsored immigrants. We are not talking about refugees, people who were in a war-torn country, like Bosnia, who come on the shores or who are fleeing the former Soviet Union.

Now, those people would not be affected by the change being proposed here in SSI. Only people who come to this country who are sponsored to be here by—in almost all cases—a family member; where the family member signs a document saying that they will provide for this person if they come here, and the person signs a document that says, "I will not be a charge or ward of the State" when they come here.

We are saying, we should enforce this agreement. If families want to be reunited on American soil, fine; but it should not be the role of the American taxpayers to be the retirement home for millions of people who want to bring their parents to this country to retire with them. That is what is going on, if you see the numbers of seniors, in the vast majority of these numbers. That is the problem.

What we are suggesting is, the door is open to reunite families, but it should not be at the expense of the taxpayers of this country, given the fact that these seniors have contributed nothing and worked, in many cases, not at all in this country and paid nothing in taxes.

Mr. President, I wanted to focus on the issues of SSI as, hopefully, issues that by and large can bring us together in this debate. I think they are issues that we can find consensus and agreement. I will remind people again that this is the second largest of all the means-tested entitlement programs, one that needs dramatic and sound reforms that have been put forward by the Finance Committee and the leadership bill as well as Senator GRAMM's bill. I am hopeful we can work together on this particular area.

I yield the floor.

Mr. ASHCROFT. Mr. President, I ask unanimous consent that the Senate continue with debate only on the pending welfare bill until 6:30 this evening.

The PRESIDING OFFICER (Mr. INHOFE). Without objection, it is so ordered.

Mr. ASHCROFT. Consistent with our informal arrangement to go back and forth between the sides, I yield now to the Senator from Louisiana.

Mr. BREAUX. I thank my colleagues who have been participating in this debate this afternoon.

Let me start by commenting on the comments of the Senator from Pennsylvania about the SSI Program and to commend him for pointing out what he has, in fact, stated. The problem is severe and it is serious.

Also, I want to point out that there is no disagreement, essentially, between Democrats on this side of the aisle and our Republican colleagues on that side of the aisle about this issue.

President Clinton appointed our former colleague from Kansas, James Slattery, to a commission to study in detail this very problem that the Senator spoke of, the problem of some parents in some parts of the country utilizing SSI programs in order to qualify children who, in the minds of both experts, should really not be considered to be disabled and entitled to benefits. They made some strong recommendations about how those determinations should be made in order to protect children who are legitimately disabled, who have mental disabilities, who have physical disabilities, who truly qualify as disabled.

There is no argument that those children deserve our care and those children deserve our help and assistance. Those recommendations, I think, are in the Republican proposal. They are in the Democratic proposal.

The question of SSI benefits, cash benefits, going to people who somehow get qualified because of being a drug addict or an alcoholic, there is no basic disagreement in the provisions of both bills. The Dole bill and the Democratic alternative clearly says that a person will not be able to be eligible for cash benefits because they are a drug addict or because they are an alcoholic.

That is not to say that they should not get medical attention. Drug addicts and alcoholics and drug abusers who do not get medical attention, I suggest, become a much more serious problem to society if they are not treated, if they do not receive medical help and medical care. That is different from giving them cash benefits.

Our legislation clearly says that they would be entitled, if they qualify, for Medicaid assistance but not for any cash benefits. I think in those areas we are in substantial agreement.

Let me talk about the basic proposals that are pending before the Senate dealing with so-called welfare reform. I do not think there is a Senator in this body, whether he or she be a Republican Member or a Democratic Member, who would argue that welfare as we know it and see it and experience it today is not broken and does not need fixing. There is no disagreement on that.

There is no one on this side of the aisle who says that we should, in fact, not make any changes, that everything is working perfectly, when, in fact, we all know that welfare does not work very well for those who are on it, nor does it work very well for those who are paying for it. There is no disagreement with regard to that proposition.

We all agree that major changes should be made. How we go about bringing those changes are where some may have differences, which is the subject of legitimate debate on this floor.

I am concerned that it seems that the argument portrayed by some is an argument that suggests who should be responsible for solving the problem. Some would suggest that, well, the States ought to solve the problem because the Federal Government has not done a very good job. Some may suggest, although I have not heard that, that, no, the Federal Government should do it, because we know best.

In truth, the argument and the real question that I think should be before this body is not whether the Federal Government should do it or whether the State government should do it, but rather, how do we both, working together in a true partnership, solve this problem.

I suggest that this problem is too big for the Federal Government to solve it by ourselves. We cannot know what is best for every State in the Union here in Washington. I do not know what works best for States I may never have been to or where I have not spoken to welfare recipients or welfare administrators in that particular State. Being here in Washington does not give me some type of intelligence that is better or smarter than anybody on a State level.

I reject the argument, if anyone would make it, that welfare reform should be a Washington program. I also reject the argument that the States should do it by themselves, because I think the States do not necessarily have the financial ability to do it by themselves. And if you are going to have major Federal contributions to the programs, there should also be substantial standards on how those national Federal dollars, in fact, will be spent.

Therefore, I argue and I suggest that the answer is not the Federal Government versus the State government but truly a partnership between the Federal officials and the State officials in trying to craft a program that puts the best of both together and comes up with a program that truly solves the problem and ends welfare as we know it today.

Now, for 60 years we have had a partnership. For 60 years the Federal Government has put up some of the money, and for 60 years we required the States to put up some of the money. That has always been the partnership arrangement that has existed.

It is like that in every other program, Mr. President, if you think about it. In the highway program, the Federal Government puts up some of the money, the States put up some; on water projects, the Federal Government puts up some of the money, the States put up some of the money.

There is a reason for that. It binds and ties the concept that it is a partnership. It reinforces the fact that both of us have to work together to solve the problem.

What disturbs me in the Dole proposal, in the Packwood proposal, is that it breaks that partnership for the first time in 60 years, because for the first time it says the Federal Government will put up the money and the States, if they want, have to put up nothing. That is not a partnership. That, if anything, is the Federal Government being responsible for all of it.

The Republican plan eliminates the requirement that the States contribute. How many times have we heard proposals from the Republican side of the aisle that have talked about copayments in health care being extremely important because copayments from a person who has health insurance establishes in that person's mind that he is contributing or she is contributing to the solution, and therefore they are going to be more careful in how they use their health insurance? Without any kind of a copayment requirement, they do not have a connection with the cost, they do not have a connection with the solution to the health care problem.

Therefore, time after time I have heard Republican colleagues argue about the necessity of even increasing copayments. But for the first time—for the first time in my years in the Congress, in this body and in the other body, we have a proposal from our Republican colleagues that eliminates the requirement that the States put up their share to solve problems that their citizens and their partners are experiencing by being on welfare assistance. We have called it the maintenance of a State effort, a State maintenance of effort to get the States to do something so they can see that this problem is not one that can be solved without this partnership. I think that is wrong.

Poorer States have always had to put up less. My State of Louisiana is probably one of the lowest, but we contribute, I think it is, about 28 percent. The Federal Government puts up 72 percent, my State of Louisiana contributes 28 percent for the welfare program in my State. In some States the State has to put up as much as 50 percent, where it is dollar for dollar; the Federal Government puts up a dollar, the State puts up a dollar. But there has always been this partnership requirement.

The States who are helping to solve the problem also have to be responsible for contributing financially to that solution. We all know it is a lot easier to spend somebody else's money. I am concerned this will happen if the Republican proposal is adopted. If all of a sudden they see a pot of gold coming down from Washington and we say, "Here, spend it pretty much like you like, and, by the way, you do not have to put up anything; you can use the money that you used to put up for anything else you want because the Federal Government will continue to send the same amount," States, for instance, could take the 50 percent or the 28 percent they had to put up in the past and say, "All right, if the Federal Government tells us we are not going to have to do it anymore, I am going to take that money I was putting up for welfare and I am going to use it to get maybe more highway funds. I will use the 28 percent of the dollars that I raise on the State level to do the welfare program, and I am going to use it instead to match to get more highway funds, to build more bridges and more roads. Let the Federal Government take up the entire tab for welfare in my particular State."

An even worse example than that, what about a State that says, "All right, if I do not have any maintenance of effort, if I do not have to do anything, if this partnership is terminated, I will take the money that I used to put into the welfare program and, guess what, I am going to use it to build a new building so the Governor will have a new set of offices. Or, better yet, I am going to use it to give raises to all the State employees. Let me use the money for that." Is that really solving the welfare problem as we know it? Of course not.

Some States may even think like this. Listen to this example. The Food Stamp Program is 100 percent federally funded. When a person's income goes lower and lower, they qualify for more and more food stamp assistance because their income is less. So if a State decides not to make a contribution to the welfare program, reducing the amount of money an individual gets, the Federal Government is going to have to increase the amount of food stamps that the same family gets.

Is this what our Republican colleagues want? Is this what they are trying to establish in their proposal? Are they seeking to make the Federal Government spend more money than we are spending now on the Federal Food Stamp Program?

I suggest that is not a good idea at all. Therefore, what I am arguing for is a partnership between the Federal Government and the States. Give the States a great deal more flexibility, absolutely. I am not suggesting that not be done. I support that. Give them the maximum degree of flexibility that they can.

But I, as a taxpayer in Louisiana, want to know that when my citizens are taxed for this program that people in New York and people in Oregon and people in all the other 49 States are going to spend my tax dollars with some degree of national responsibility, some degree of national goals and guidelines in partnership with the other States that will be receiving money from my State as well.

One of our colleagues, I think it was Senator FAIRCLOTH from North Carolina, when he testified before our Finance Committee, made a wonderful point which I agree with.

"If you want to block grant the Federal welfare program to the States and just give it to them with no strings attached," he said, "you ought to cut any Federal assistance going to that State. If there is not a national interest in how we spend welfare dollars on this program, if there is not a Federal interest, then there is no Federal need or responsibility for the Federal Government contributing any money to the State."

Let me repeat that, because this concept came from Senator FAIRCLOTH from North Carolina, and I agree with him. I am not disagreeing at all. I am complimenting him for pointing out something I agree with. Let me say one more time what he said.

He said, "If you are going to give it all to the States with no strings attached, there is no reason why the Federal Government should give them anything. Let the State raise the money if they want to spend it any way they want."

And I agree with that. But I think there is a national responsibility when we start paying the tab to make sure that there are some national parameters and national goals and national standards that are going to be followed, with a maximum degree of flexibility to the States to devise the program that best fits the needs of their State. It should not be written in Washington, but it should be a program that has national goals and national standards. That is what we are talking about.

Therefore, my point No. 1 is that: If we have a Federal program, we ought to have a partnership, a State maintenance-of-effort requirement that the States also contribute something to be partners in this program and not just to be receivers. A partnership is absolutely, incredibly important.

I think we ought to work together. Let me tell my colleagues something. We cannot pass this by ourselves. But you cannot pass it by yourselves. You do not have the votes to pass it without us, and we do not have the votes to pass it without you.

So we have a decision to make as to whether we are going to cooperate and work on this together—or make political points and get nothing done. That is an option. But if that option is exercised, I suggest the real losers are the

American public and the American taxpayer. We will make short-term political points for short-term political gain. But in the long run, the real losers will be the taxpayers and those who are on welfare who will not have had an opportunity to have a program passed in a bipartisan fashion.

One of the things about the Republican plan, the second thing that gives me a great deal of concern, is the question of mandating to the States that they double the number of people who are on welfare that are working. That sounds great. But talk is cheap. Talk is cheap. You cannot just say we are going to tell the States that they are going to double the number of people in their State who are now on welfare who are going to be working without helping them create those jobs and pay for those programs that create those jobs.

Recently we passed an unfunded mandate bill. Everybody on both sides of the aisle, really, talked about how wonderful it was. No longer are we going to tell the States to do something and not help them pay for doing it. This legislation, when it tells the States that they have to double the number of jobs for people that are on welfare in their State boundaries under this program and does not give them financial assistance in order to do it, is the largest and biggest unfunded mandate that this Congress will have ever passed. We will be saying to all of the States that Washington is going to tell you to put people to work. But we are not going to help you provide the money to put those people to work. Does anybody think that is somehow going to happen with magic? There has not been a Governor that has come before this Congress through our committee systems that has ever said that goal can be accomplished without additional financial help from the Government here in Washington or from a greatly increased tax burden on their citizens.

Without the partnership that I talked about, the Republican plan is the largest and biggest unfunded mandate to have ever been adopted, if it were to be adopted, in the history of this Congress. The ink is not dry on the legislation outlawing unfunded mandates, and this bill hits the floor with the largest unfunded mandate I think in the history of this Congress.

You cannot require States to double the number of people working and do it by freezing the amount of money they get at the 1994 level. That is what this bill does, and that is the second reason why I think it needs to be changed and modified.

The third reason that I have great concern with their proposal is what it does with child care and what it does for children. Children cannot be punished for the mistakes of their parents. There are innocent victims in this country who did not ask to be born into this world but are here in many cases because of mistakes of their parents and perhaps, yes, they were unwanted children. But they are here. They are alive and they are humans, and they deserve the attention of this Congress and this Government.

I have heard our colleague from Texas, Senator GRAMM, talk about, "Well, you know, it is just time that the people who have been riding in the wagon get out of the wagon and start helping to pull the wagon." And that is great rhetoric and everybody has a little mental picture of what that must look like. But his proposal takes innocent children and babies and throws them out of the wagon into the street because it is clear that without help a 3-year-old or a 12-year-old or a 4-year-old little boy or little girl cannot pull the wagon. They are not old enough. They are not strong enough. They are not smart enough. And this is America which has a concern about innocent children.

The legislation to say that when a child is born to a teenager who is not married and we are somehow going to deny that child the benefits of what that child needs to survive is un-American, it is unfair, and by and large it is totally absolutely unworkable. That proposal punishes a child who did not ask to be born. That proposal is misdirected in that it does not do what we should be trying to do, and that is to punish the parent.

Our bill, on the other hand, says the parent has to live at home; if there is no home—which is the case in many cases—that teenage mother has to live with adults in adult supervision, that teenage child who had that baby has to go to school, has to be in a work program, and there are requirements against the parent but not requirements against the child.

The Dole bill treats it a little differently. The leader's bill says, "Well, the State can have an option to do that if they want." That is back to the national responsibility, the national partnership, that we should be concerned about if we are raising the money for the program.

I cannot believe that our colleagues would agree that it is perfectly acceptable to have the benefits cut off to the child. That is one option that I think States should not be able to do when they in fact are using tax dollars that have been raised throughout this country.

Having said what I have said, I also want to repeat that we are not going to be able to pass a welfare reform bill unless we work together.

I will say here today that I think that can be done. The differences that I have outlined I think, while substantial, are not that complicated to fix. I think the requirement that States have to put up their share, a maintenance of effort by the States, can be fixed—and should be fixed—came close with an amendment that I offered in the Finance Committee of fixing it. We still can fix it. The work requirements requiring people to work and helping the States to pay for that work can be fixed.

Finally, I think treating the child, who is an innocent victim, fairly also can and must be fixed.

There are some other things that need to be addressed. The SSI that I mentioned I think we are very, very close, and almost substantial agreement with what needs to be done in that particular area.

So, Mr. President, my colleagues, I look forward to engaging our Republican colleagues in debate. I hope that our "Work First" legislation, which has been put together with a number of our colleagues working very, very hard, drawing on the experience of our distinguished ranking member of this committee, the Senator from New York, Senator MOYNIHAN, who has probably forgotten more about this issue than most of us know. We have drawn on his experience and his knowledge and his legislation that he has put forth in the past on this effort, and we are delighted to have him and proud to have him managing this bill. I know that it is going to be a better product because of his involvement.

But now is the time for us to be involved together in an effort that is going to affect every single American for a generation to come. I hope we can do it. I am confident we can.

I yield the floor.

Mr. ASHCROFT. Mr. President, I ask unanimous consent that the Senate continue with debate only with the pending welfare bill until 7:30 this evening.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ASHCROFT. Mr. President, I want to take this opportunity to make some comments on the question of welfare reform. We have awaited this discussion for months, weeks. We are finally confronting the issue of welfare. And there is much agreement, and there is much disagreement.

My colleague on the other side of the aisle just said that one of the reforms we have will put children in the street. Mr. President, the reason we are concerned about reform is that children's lives are being ruined. The real tragedy of welfare is not the tragedy to be found in numbers. It is not the tragedy to be found in how much this system costs. It is not a tragedy about the share of the Nation's output that welfare occupies or how much money the various competing welfare reform bills would save. This debate properly understood is not a debate about numbers. It is a debate about lives. It is a debate about the lives of individuals that have been trapped in a web of a "Washington-knows-best," "one-size-fits-all" welfare system. The lives of people are welfare's casualties.

Mr. President, in the first 8 months of this Congress we have accomplished an extraordinary amount of work. We passed a balanced budget resolution which signals to the public the right

message about integrity and responsibility. We have advanced the telecommunications bill that brings our laws in line with the technologically advanced times, a bill that makes laws apply to Congress itself, and previously we have been enacting legislation to which we did not adhere, and many other achievements.

As important as these achievements are, I believe they will be seriously compromised if we fail fundamentally to dismantle and replace the current Washington based "one-size-fits-all" welfare system with direction from this capital to the State capitals, and foot dragging on the part of this city in terms of allowing innovation and creativity at the State level.

Our efforts and our ability to replace welfare will be viewed by the American people and by history as a measure of our commitment to the American people—a bright line in our public life between cheap talk and real action. It is easy to call for a revolution, more difficult to achieve the purposes of a revolution. But that is the difference between administration and leadership. People want real leadership here.

Across the world, our enemy for nearly 50 years no longer exists. It is not a result of someone conquering the Soviet Union from without, but it was a defeat from forces within. What communism did to the Soviet Union is not unlike what welfare threatens to do to America. It stifled her spirit, it lulled her into dependence, and it compromised her greatness.

Our danger today is not to recognize the threat. Our danger is to believe that doing anything so long as we do something is sufficient. If that occurs, we will have failed, the welfare state will have survived, our pathologies will metastasize, and an America which now stands on the brink of chaos will tomorrow be thrown into the abyss of mayhem.

Today, we have a welfare system that was designed with the best of intentions but, frankly, the poor have received the worst of all worlds—a world of despair, where a future is not seen, a world of no opportunity where advancement is not conceivable, a world of no family for support, to nurture or care.

A couple years ago, it was my privilege to chair a task force on America's urban families. I was shocked, going into America's cities and meeting with children who did not know who their fathers were, but really appalled to know they lived in neighborhoods where no child knew his or her father and some of these children had no acquaintances who knew their fathers. It is a world with which many of us are unfamiliar but a world in which success is very difficult and a world from which escape is almost impossible. It is a world in which people are raised by welfare, fed through food stamps, but starved of nurture and deprived of hope. Results of this kind of system are frequently tragic.

During the past week, I have come to this floor to talk about some of the stories, to talk about and highlight this human side of the welfare system. Some of the cases are of children who have been killed or neglected, some are testimonies of people trapped in the system, but each one of the stories was real. They have all been documented. They all appeared in the mainstream press. They are tragically true. They are all stories which we should remember as we debate the welfare reform issue.

For 30 years and more, we have been told that all we need to do is spend more money and we would be able to solve the problems we face. We have been told that Government had all the answers, that Washington knew best how to help.

Good intentions have carried us to a sorry state. Today, all the evidence points to the fallacy of that argument. Today, there are more people in poverty than ever before. There are more children being abused and killed. There is less hope, less opportunity. We must reverse the consequences of the actions we have taken.

Today, again, I wish to make this point and by way of doing it I just relate another one of the case histories of a child who paid the full price of our welfare system. His name was Jason Allen, Jr. He was only 2 months old at the time of his death in September 1994, just last year. Born in Bakersfield, CA, to an unwed mother who had two other children besides Jason, her main source of income was $723 a month she received from the Federal Government through AFDC. Also, she had a drug problem, and the Federal funds helped her maintain that, too. Ms. Henderson was addicted to a methamphetamine drug known on the street as "crank." In fact, by the time she became pregnant with Jason, it is suspected she was using a significant portion of her welfare check just to finance the drug addiction. Unfortunately for Jason, his mother used crank regularly throughout and after the duration of her pregnancy.

As the New York Times reported in September of last year, 3 days after Jason was born, he had to be hospitalized for withdrawal from the methamphetamines his mother had taken. As Jason recovered, his mother continued to use crank—later claiming that the high she got from taking the drug helped her cope with the demands of motherhood. But when Jason was released from the hospital and his mother began to feed her son naturally, Jason took a turn for the worse. As the New York Times wrote last year, "Ms. Henderson awoke [one day] to find her son lying still in his crib not breathing, his lips blue. Throughout the subsequent criminal prosecution of Ms. Henderson, prosecutors maintained that 2-month-old Jason died on his way to the hospital from his mother's drug-laced milk."

Mr. President, there is no happy ending to this story. Ms. Henderson is currently serving a 6-year sentence on a felony conviction of child endangerment after the jury deadlocked 11 to 1 on the more serious charge of second-degree murder.

The life of little Jason Allen, however, is tragically lost forever. In truth, he did not have a chance. His is the face against which our reform must be judged. The reform that we pass need not be perfect, but it must be substantially better than the system we have today, a system that finds us with individuals trapped on welfare and a system which projects the abuse from one generation to the next.

The Senator from Pennsylvania spoke just a short time ago in this Chamber, and he talked about the intergenerational problems of welfare, and he cited a case that was recounted in the Boston Globe of a generation on welfare that began just a generation or two ago and the family now consumes almost $1 million annually. It is an intergenerational problem, a web of dependency that has entrapped almost all of those who are a part of the family. We must make sure that we change this record of failure.

For 30 years and more, the Federal Government has determined it would tolerate a welfare system that allows this kind of dependency, that says you do not have to work to earn benefits, and it takes no action to discourage irresponsibility. We have, as a matter of fact, said if you are irresponsible, we will continue to write the check. As a matter of fact, we have said worse than that. We have said the more irresponsible you are, the bigger the check we will write.

That has really found us in the validation of irresponsibility and impairing survival values which are essential to the well-being of Americans.

So when this debate concludes on welfare, be it Wednesday or Thursday or Friday of this week, or whenever it concludes, what will be the earmarks of what we have done that can assure us we have been successful in pursuing genuine reform? Let me suggest to you a five-part test.

First, I believe we must end welfare as an entitlement, the notion that people should receive Federal welfare benefits even if they do not work, even if they abuse their children, even if they are more and more irresponsible. It is a pernicious notion. It is a notion which reinforces the wrong values, that underscores the wrong commitments. Real reform would end welfare's entitlement status. It will free people from the shackles of governmental dependence, and it would allow them to embrace the responsibility and opportunity that are the hallmarks of America's survival values. It is essential that we reinforce a system of responsibility, and an entitlement does not have regard for responsibility.

Second, we must radically limit Washington's intermeddling, micromanaging, counterproductive control of welfare. I spent 8 years in the Governor's office of the State of Missouri—the great privilege of my life—to shape the future, along with the citizens of the State of Missouri. A number of things we sought to do in welfare reform, ways in which we sought to change the system, an effort to upgrade what we were doing to make it more efficient, to make it more productive, to make it consistent with our values, having to come for each change hat in hand to Washington, DC, and being badgered, being argued out of one position or being slowed down in our progress, saying we will not tolerate real change; we will only allow you to do a pilot program. We will only allow it if it begins this way or that. It really curtailed our ability to serve the people that had elected us and to chart a new course that would break the web of welfare dependency instead of reinforcing it with unbreakable strands of reliance on the Federal Government.

Even now I look this year to the department of social services in Jefferson City and they talked about Medicaid and how inefficient Medicaid is as a result of this intrusive control from Washington. The Medicaid director who works under my successor—and my successor is not a Republican, as am I—but the Medicaid director said that if the Federal control were out of the system so that they did not have to comply with this micromanaging, counterproductive demand for the way things are done, that for the same amount of money that they are caring for 600,000 people on Medicaid, they could care for 900,000 people on Medicaid.

The productivity penalty, the service penalty of this invasive, micromanaging control system of Washington, the Washington-knows-best, the one-size-fits-all system, is cheating 300,000 Missourians out of medical care, according to the director of social services in the State of Missouri.

It seems to me if we are really interested in helping people, the bureaucratic tax against the poor, of robbing them of that resource by having this control mechanism and by being unyielding and being stingy about what we want to do in terms of allowing for States to exercise responsibility and develop procedures whereby real efficiency could be managed—that is counterproductive. We do not want to do that. We should put it behind us.

For 30 years our welfare system has been premised on the belief that Washington knows best. Well, there is a fallacy that is underlying the belief that anyone could know best. Because it suggests that there is a best solution for the entirety of America.

Mr. President, I suggest to you that there is not any single best solution for America. I suggest to you that a variety of communities could come up with different solutions that might be best in the instance of their community and that we need to move forward in an evolution of thought on this matter. I think it was understandable that at one time it might have been thought by well-meaning individuals that Washington did know best, that we simply ought to figure out what was best, and then make the rest of a less-enlightened country comply with our demand. I think the effort to do that has met with substantial failure.

So the next step in the evolution was to think that, well, maybe we should have had pilot projects that we could put around the country and we could learn what would be best. Then we would take the information from the pilot projects, having learned what was best for everyone, and we could impose it on them because they were less enlightened than we would be, having had the benefit of all those wonderful pilot projects and studies that were mandated every time a State wanted to have a waiver or do something creative.

But the truth of the matter is that there is not a single strategy, a single pilot project that would work in Baton Rouge or Bangor. The truth of the matter is, there are various strategies that will work in various ways around the country. For us to presume even from our immense data base and from all the information and statistics that might be available in Washington, DC, that we could know best what would be appropriate for everyone, is an assumption that is false. It also ignores the fundamental component of our human existence; and that is, that we tend to believe whenever we are trying to work things best, we participate in the formulation of the strategy.

Why do we not adopt a system which allows States to be invested in the formulation of strategy, allows them to participate in developing the ideas that they then put into practice, and we get the additional vitality and additional energy in the system that comes from people participating and shaping the strategy which they will employ to solve their own problems? Really that is what freedom is all about.

One of the reasons freedoms flourish and societies of freedom flourish is they tap that special energy. We need to tap it in this system and the welfare debate.

This afternoon, the Senator from Iowa stood on the floor here and did an interesting job of talking about how Iowa had a special program that encouraged even small businesses from individuals who were on welfare, and how the number of people on welfare that went into business had, I think, doubled in just the last couple years. I think that is a marvelous thing to think that we could have a system that would allow a State to do that.

Iowa went through a pretty substantial process of asking the Federal Government for waivers. Why should we ask States to come here and beg for waivers? Let us provide a system where States have the authority to move right into these creative responses.

But to say, if it worked in Iowa, it has to be done in Indiana or that it has to be done in Idaho or that we must mandate that system in New Mexico, Arizona, California, Texas, or Georgia, is to again make a bad decision. It is a decision of imposition. It is not a decision of innovation.

We need to allow the States to be involved in rejecting this idea that one size fits all. It is like sending off to the catalog and saying, "The average weight of a person in my family is 120 pounds. Send us five pairs of pajamas to fit a 120-pound person." Well, I tell you what, there is no 120-pound person in my family. All five of us would be ill-fitted with the pajamas. But the one-size-fits-all mentality makes you think you can take the one-size-fits-all type mentality and make it fit everywhere. We need to provide for tailoring. Let us let these States make investment in their future, and let us let them tap that creative energy that comes from participating in the design process of those investments.

I think it is a real chance for us to succeed. Some on the other side of the aisle have complained, well, the States will not be asked to contribute as much as they previously contributed. The truth of the matter is, we should hope that the States are so successful they will not have to contribute all that they previously contributed.

The idea, the mandate from the people of America, is not that we should maintain welfare or not that we should grow welfare. The idea is that we should employ innovative and creative strategies to reduce the caseload.

The idea of copayments was brought up. As if there is some analogy between a block grant which is limited in terms of its expenditure and an insurance policy which allows people to consume health care regardless of the amount expended. Nothing can be further from the truth than to think that a limited block grant and an unlimited capless health care policy are the same things. As long as there is a limit in a block grant, States will have an incentive to work within that limit, copayments are unnecessary in that sort of setting.

So I really believe that we must end entitlements. There are benefits to doing so. But, second, in addition to ending entitlements, we have got to free States to work effectively within their communities to develop these plans which will help us get the job done and get it done well.

Bureaucracy has levied a sort of tax on the poor, taking up money and preventing it from reaching those in need. Every time there is a need for a report in Washington, someone has to generate it in the State. So the report reader has a drain on the system and the report generator has a drain on the system.

Who should be the real judges of welfare and welfare reform? Who do we

really want to satisfy? Is this a game in which we satisfy the U.S. Senate or the U.S. Congress? Is this some sort of exercise in which we should seek to satisfy the bureaucracy in Washington, DC? I do not think so. I think we really are trying to satisfy the people of America. I do not see any reason why we cannot trust them to make judgments about the success or failure of what is being done in their own jurisdictions where they are up close, where they see on a daily basis, where they walk past and work with individuals who are involved with the system. No one will know better than the group of individuals we call citizens.

Incidentally, if we are looking for the boss in America, if we are looking for the final authority, let us go no further than to read the words, "We the people." If we want to design a welfare system and we want to set up a jury to judge the welfare system as to whether it works or fails, let us not try to set up a jury so that somehow the system has to come to Washington to please the Congress or the system has to come to Washington to please the bureaucracy.

Let us put a system in place that gives the people the opportunity to shape the future in which they live. That is the definition of freedom. And let us put them in as judges and arbiters of whether what they are doing is successful. The beauty of a free society is not just that you make decisions in the first instance; the beauty of it is if those decisions do not suit you or are not working effectively, you change the decision.

Let us give the States the opportunity to make decisions which will result in the kinds of graphs that Senator HARKIN brought in for his State and proudly presented. Let us give States that opportunity, and let us not make them come here to act as if what a State is supposed to live for is to get the approbation and "attaboy" and a pat on the head from the Congress or the bureaucracy. But let us be consistent with the real purpose of Government and allow these jurisdictions to do what is important and what can succeed in their jurisdiction, so that the people can assess whether or not this has been done well. And if it has been done effectively, they will stick with it; if not, they will reject it and build a different bridge.

First, reject entitlements. We cannot go on with entitlements that do not have a relation to behavior and activity. Second, empower States through block grants. Third, we must encourage a national debate on an epidemic of illegitimacy in America. Illegitimacy has robbed so many in this culture of a future, and, indeed, unless it is reduced—not just contained, but reduced—it will rob this country of our future.

Most of the problems surrounding welfare can be tied, in one form or another, I believe, to this epidemic. It is at the root of the family's breakdown in the inner city. It is tied to everything from educational noncompletion and failure to crime. It is the lifeline of dependency.

Now, much progress has been made. I think our society and our country has made a lot of progress in the last couple of years in just learning that we can talk about it and that we can confront the issue and we can say about it what we believe to be the truth about it. There were people who did so long ago, some in this Chamber, and for whose voice I am grateful. But it is only in the last couple of years that our country has decided that it is fair to talk about this as a threat to our future, and talk about it we ought.

Much progress has been made, but we must encourage further debate and discussion, and we must expect States and communities to take positions and to deploy strategies which they believe will help curtail this epidemic. I was encouraged to see that even here in Washington, DC, which is not thought to be necessarily mainstream, but the city council of Washington, DC, has voted to deny certain benefits to individuals who continue with illegitimacies while they are on welfare. There is a recognition at all points on the political spectrum about the threat that illegitimacy makes to the future of this country, and, frankly, the disastrous impact it has on individuals.

The fourth test, I believe, is a test that should reflect our understanding that laws alone will probably not solve this problem. As much as it is gratifying, rewarding, makes one feel good to stand in the Chamber and debate policy and to think about shaping the tomorrows in which we live, I believe that we have come to an understanding from our experience that Government probably will not alone solve this problem. Government will not alone solve this problem at the State level. Government alone certainly has not solved this problem at the Federal level. We need to develop a strategy which will elevate substantially the participation in this challenge by nongovernmental institutions, by charitable organizations, by religious institutions. We not only need to have these institutions involved, but we need to have the average citizen become involved. I believe that there is a different character in governmental programs than there is in the programs of nongovernmental and charitable institutions. When volunteers get involved with individuals, they have a way of saying, "I love you," by the fact that they are giving their lives to participate beneficially in the lives of others. That is not the message of government. It cannot be the message of government. It will never succeed as well, because it is not.

It is time for us to emphasize the opportunity and to encourage the participation by the private sector, and I think we ought to do that by recognizing individuals not only who give money to charities but who also give their time and energy. We need, for the citizens of America, to come together, some on welfare, some not on welfare, but the interchange and interface between them can provide the connection which directs some over the bridge from dependence to independence. The people who are working jobs, we need to find ways for them to be in contact with people who need jobs, and that is part of the solution.

Lastly, I think we must realize that it is unlikely that we will have unanimity when we decide on a form. We cannot try to be all things to all people. We have seen that when we do, we are detrimental to all. It is as unlikely to be all things to all people as it is to have one size that fits all. People are different, and there may be disagreements here, but these differences and genuine efforts—a resolution of these differences deserve our best efforts. We must work together in order to achieve a positive result.

Well, today, we have a lot of work to do if we are going to get a bill that meets these tests, a bill that does more than just tinker at the margins and embrace the label of reform. We cannot allow just tinkering at the margins and labeling to satisfy us.

We must call the Nation to greatness. We must signal that ideas and principles are more powerful than Washington's politics and pragmatism. We must refuse to compromise our struggle without ever trying to retake our city on the hill. We cannot settle for being rhetorically impressive while simultaneously being substantively lacking. Half measures which tinker with the margins are predestined to fail.

And most importantly, let us never forget that they fail the very people that they need to help the most, and they are the people who find themselves in the system. They are the population which is more pervasively trapped now on welfare than there has been for quite some time.

We can do better than we are doing. We can do better, and we must. And so we will work hard to achieve real reform that, in fact, eliminates entitlements and empowers the States with the opportunity for real creativity, that in fact makes it possible for reform which will shape the way in which we live, that will challenge the epidemic of illegitimacy and reduce this pathology which shakes at the very foundation the potential of the success of our Nation.

With that in mind, I think we have an opportunity to be of great service. I thank the Chair.

I yield the floor.

Ms. MOSELEY-BRAUN addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Ms. MOSELEY-BRAUN. Mr. President, I am actually anxious to engage in this debate on reform of our welfare system. I was reminded earlier today of a time several years ago. I was in

Paris, and I was walking down the street with a friend. We were talking about issues having to do with poverty, and at some point in the conversation, my European friend made a remark the following remark: "You Americans are so Calvinist in your viewpoints."

First I was a little mystified and then angry that he would make that kind of a statement. He went on to say there was a tendency in America to blame the poor for their problems. I pointed out to him that was not the truth; indeed, on the contrary, this country has had a welfare system in place since the 1930's.

There are obviously problems that we need to work out, but the issue of addressing poverty is bigger than any welfare program. It is a larger issue than that. Welfare is just a response to poverty. It is not the cause of poverty. It is not the cure to poverty. It is a response to poverty.

The Senate is now engaged in a debate regarding the future of welfare and how we address the system that we have put together to respond to poverty. I submit, Mr. President, however, that the American sentiment regarding this issue, both in the larger sense as well as the specific one, is still a very noble one.

We start with the notion that everybody who can work should work. But that those who cannot work should be provided subsistence so they can live in some dignity. At the heart of that sentiment, Mr. President, and at the heart of the sentiment—I know Mr. MOYNIHAN for years has tried with the Family Support Act and the like, which has not been given the chance to work in the way the potential would allow it to work—at the heart of the sentiment we should provide subsistence so people who cannot work can live with dignity. I think is a very logical analysis.

That is, how we will deal with poverty in our midst. How we deal with poverty in our midst does, in fact, is not just a local issue. It is not an issue of States rights versus the Government in Washington. It is how we define our national character, the quality of life in our country as a whole. Frankly, it reflects the health and vitality of our economy as a whole.

Most people, I believe, instinctively recognize that this is not just an "us versus them," the taxpayers against the dirty welfare cheats, in spite of the efforts, frankly, of some, for political or otherwise, reasons to blame the poor for the anxieties of working people. The fact is that all taxpayers have a vested interest in seeing a system that works and that reflects the best of American values.

Mr. President, I believe among those values, an important value, is the recognition that children are our future. We recognize the importance of providing the children with subsistence with dignity, and support and hope for a better tomorrow.

No 5-year-old is responsible for being born poor. So at the outset, I believe that the measure of any proposal for Welfare reform: How does it treat children? Does it provide a means for their parents to care for them? Does it provide a safety net for those parents who are unwilling or unable to care for them?

Mr. President, some 22 percent of American children today live in poverty. That is 15 million children, one in five of our children—of our children—live in poverty. Our child poverty rate is two times that of Canada and Australia. It is four times that of France, Germany, the Netherlands, and Sweden. Nine million of those fifteen million children are currently the object of public assistance or AFDC; what we are talking about is welfare. Nine million of those children.

So the fact of the matter caring for children should really be the subject of all of the words flowing around this Chamber—two-thirds of those on welfare are children. We must never let go of that fact.

Many of those children are in female-headed households. In fact, 90 percent of the AFDC children live in families headed by just a mother. Mr. President, 53 percent of the families in poverty are single female-headed households.

Senator MOYNIHAN has spoken authoritatively about the phenomena we are facing. Quite frankly, as he points out, nobody quite knows why that is the case, and nobody quite knows what we should do about it.

The point is that I believe a second objective that should command our attention is providing for an environment, a climate, for family creation and family maintenance as an anecdote or response to our objective of resolving and alleviating child poverty.

That is to say, the welfare of the child is not just a woman's problem, it is a parent's problem. It is a male and a female problem. It is a mom and dad problem. It is not simply a problem of "the war against illegitimacy" in the abstract. It is a real problem with a real face.

The fact is, Mr. President, when both parents are in a household, the likelihood that a child will be in poverty is diminished. That has been demonstrated time and time again.

However, I think as we all know and without speaking to it, by perverse operation of practice over time, frankly, in all too many instances, the men are too often seen as an impediment to providing for the welfare of that child. That is something, clearly, that we have to face.

What we have now, though, in the context of this debate is the beginning of a debate of historic implications, one which I submit will shed more light, hopefully, than heat on this issue. That has been the subject of conjecture and stereotypes and myths which do not help the debate very much.

I submit, Mr. President, that S. 1120, the Work Opportunity Act, the Dole bill, does not in my opinion address the reforms that we need to have in ways that are reasonably calculated to combat child poverty. I want to tell Members why.

First, it maintains that child poverty is a local and not a national problem or an issue. Federalism, seems to be how this debate is being characterized. The fact is, that by handing over the problem to the States, by way of block grants, while it gives the States flexibility, which is a good thing, the fact is it gives the States so much flexibility as to be formless in terms of our national interests. It shifts the costs of addressing the problem to the States. It caps the Federal assistance at 1994 levels, and that is one of the reasons why, frankly, we are going to continue to hear bickering over the allocation formula.

The high-growth States worry they will lose money. High child poverty States are afraid they will lose money, stuck with a formula developed at a time when there was a national commitment to help resolve child poverty.

In the absence of a national commitment with regard to child poverty, what we will have, Mr. President, is a race to the bottom among the various States to see who can come up with the most punitive measures, who can save and pennypinch the most, the welfare of the children notwithstanding.

I raised the question in the Finance Committee during markup of the committee bill—What about the children in other States? I live in Illinois. What if I look up and discover in some State a Governor has decided on a plan that leaves children homeless and hungry? That a situation arises like Brazil. The answer that I got back was if that happens, we will just have to come back in a couple of years and fix it.

Mr. President, I do not think that is the right response. The fact that the system needs to be fixed and there needs to be reform should not mean that we just give up, that we just say the Federal Government, the National Government, our people, Americans across this country, have no interest in the welfare of a child who happens to live across an artificial border of a State. That is what this bill does.

It says that people who live in Illinois have nothing to say at all about the welfare of children in New York, or the welfare of children in Iowa, or the welfare of children anywhere else in this Nation.

I believe that turning our backs on a national commitment to children is an error of the gravest proportion and one that we should not allow to happen.

The second issue, Mr. President, that I think may be defective in this legislation is that it does not provide a safety net for children. The fact is that the kids will be punished for the conduct of their parents.

Ask yourself the question, "What if"—what if the parents are so irresponsible, or alternatively so unlucky that they do not jump the proper hoops

that get created by the States. We have already said in this bill the States can decide what they want to do, so if the States say you have to tap dance three times with one foot tied behind your back, theoretically there is nothing on the national level we can do about it. Assume for a moment some child's parents do not meet the rules, do not make the cut, and get thrown off. What happens to the children in that situation?

What if a child's parents are teenagers? Does that mean that child then starves because their parent is underage? The fact is, Mr. President, it is one thing to tell single mothers that they should not have a child, and it is quite another to tell that child that their mother should not have had them. And that is what this bill calls on us to do. The children are left with no safety net whatsoever. Whether you want to use the hot-button phrase of calling it an entitlement—we are not talking about an entitlement to States. We are not talking about an entitlement to parents, for that matter. What about the children? Are they not entitled to a guarantee from all of us, all Americans, that they will not be left to starve, that they will not be left homeless, that they will not be left to such grinding poverty that any hope of a future is extinguished when they are yet 5, and 4, and 3, and 2 years old? I do not think so, Mr. President.

Third, and I think this is another significant flaw in this legislation, clearly the bottom-line issue for parents is that they should support their own children. I cannot imagine anybody who would argue with that proposition. A person who brings a child into this world should take care of that child.

But to do so, since we are talking about poor people here, to do so they have to work. The reality there, of course, is people can only work when there are jobs to be had. Frankly, the absence of any job creation is one of the dirty little secrets of S. 1120. The Field of Dreams, I call it. It is legislation that says, "If you kick them off the rolls, they will find jobs." Mr. President, I believe that is an assumption that has less relation to reality than most of the fictions we hear around here.

What jobs, I ask you? In some communities, even communities in my own State—and I am sorry to say that—we have areas of the State in which there is 1 percent private employment, 1 percent. If you can imagine 1 percent private employment anywhere, that is not a recession, that is not a depression, that is economic meltdown in those areas—whole communities in which our economy does not work.

I heard one of my colleagues talking a moment ago about the breakdown of the family in the inner city. Frankly, if I hear that one more time I think I am going to get sick on this Senate floor. The fact of the matter is, it is not a matter of breaking down the families in the inner cities. The inner cities still have strong families, as least as strong as they can manage under circumstances where there are no jobs, under circumstances where men who want to work cannot work and the only employment is the drug trade. Let us make honest statements on this floor about what is going on in America as we address what Americans can do to rise to the occasion, to fix this problem.

Fourth, Mr. President, I think this debate—we know there will be amendments and alternatives. But that gets to another point I would like to make, and that is I certainly hope that part of the contribution that this debate makes, the debate here on the Senate floor, is that we will begin to dispel some of the myths about welfare. The face of welfare in this country, unfortunately, is that of a black woman with several children by different fathers who stays on welfare because she is just too lazy to go to work.

Mr. President, that is not the truth and it never has been. The statistics—I know everybody here has staff to go and pull up numbers— the statistics do not bear that perception out. That is not reality. Frankly, to use the examples—and I am sure we can all find them—of the welfare cheat, is not the real story. There are always examples. We can find somebody to be an example. I heard Members on the floor talking about, yes, and here is a case of so-and-so-and-so and she had these many babies and she got welfare and she is addicted to welfare, et cetera.

To throw those kinds of inflammatory statements out here on this floor is the equivalent of saying that every mother of two children, is going to be like Susan Smith and run them into the river and drown them. It is an illogical analogy, it is a false analogy, it is an analogy which I believe distorts the important nature of this debate.

Let us strip this debate of the myths. Let us dispel the stereotypes and the preconceptions, and let us have a debate in honest terms, about real numbers and about real people. Let us address this debate in a way that says that we want to provide a safety net, if you will, for children; that we want to treat fairly with the States in the development of this system; that we are not going to just turn over to the States what has been called the granddaddy of all unfunded mandates. Because, frankly, I think it can be said with pretty much certainty under this bill, most States will probably have to increase State and local taxes to deal with the issue of poverty in their midst.

What you will have is another set of burdens foisted on local governments that they will not be able to pay for and they will not be able to handle. In any event, that will shift the burden from being one that is shared by all of us to one that is shared just by a few. Frankly, it will put additional pressures on already fragile communities.

I believe we need to help communities to create gainful employment for poor people; for poor parents, to help them to break the cycle of dependency. We have the wherewithal to do that. We are a rich nation. We have a $7 trillion annual economy. The budget of this United States, the Federal budget that we make decisions on here in this Chamber, is $1.2 trillion annually. We have the means to help people to work, to do for themselves, to pull themselves up by their bootstraps and to provide for their children. But it is not in this legislation. It is not in this bill. And, frankly, it is the dirty secret of this entire debate. "We are going to kick them off, and when we kick them off they are going to find jobs, but we do not know where they are going to find them. But if it is broken and the children start dying in the streets, we are going to come back in a couple years and fix it."

That is not the response the American people expect from us regarding this very serious problem. To do so, I think we will have to put aside—and I want to associate myself with the remarks of the Senator from Louisiana a few minutes ago—we are going to have to put aside partisanship and phony inflammatory rhetoric and try to address this critical issue in the spirit that, as Americans, we are indeed all in this together.

We are not a mean-spirited people. We want to do the right thing. We want to be able to provide for our children in a way that gives them hope. We want to give parents hope and to encourage families and to encourage personal responsibility.

But, Mr. President, S. 1120 does not do any of those things, and for that reason I believe it should not pass.

I yield the floor.

The PRESIDING OFFICER (Mr. DEWINE). The Senator from Iowa is recognized.

UNANIMOUS-CONSENT AGREEMENT

Mr. GRASSLEY. Mr. President, this unanimous-consent request has been cleared on both sides.

I ask unanimous-consent that the Senate remain in status quo with respect to the pending welfare bill until 8 o'clock this evening.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FAIRCLOTH addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. FAIRCLOTH. Mr. President, before coming to the Senate I spent 45 years in the private sector, meeting a payroll as a businessman and a farmer. Every year I watched as the Congress went into session and adjourned, leaving it more difficult for working taxpayers to make ends meet because of the out-of-control Government spending programs that have put our country on the path to fiscal disaster.

Of all the spending programs implemented by the Federal Government, none has been a bigger failure than

those programs collectively known as welfare. President Johnson's "war on poverty" was launched with good intentions, but it has been a miserable failure. And in many ways, it has made the plight of the poor worse instead of better. The current welfare system has become a national disaster.

The problem is not a lack of spending. Welfare spending has cost taxpayers $5.4 trillion since 1965 when the war on poverty began. Currently, the Federal Government runs approximately 76 means-tested welfare programs at a cost, in 1994, of $350 billion. This amount is projected to reach $538 billion by 1999, if current trends continue.

A simple, commonsense principle has gotten our Nation and the poor into the present fix. That is, you get more of what you pay for. And for the past 30 years, the Federal Government has subsidized and thus promoted self-destructive behavior like illegitimacy and family disintegration. Almost one in three American children is born out of wedlock. In some communities the out-of-wedlock birth rate is almost 80 percent.

What is needed is a dramatic change; a reversal of the trends of the last 30 years, and not another failed Federal Government program, like the Family Support Act of 1988, which perpetuates the problem of welfare dependency, and created 95,000 welfare bureaucrats; that is, State and Federal.

I know from first-hand experience in the private sector that if you have a problem with your business you have to fix it immediately.

If you tinker around the edges and do not address the problem you will be out of business. Unfortunately, far too few of my colleagues have had the benefit of that sort of business experience. For many here in the Senate, there is no problem that can not be fixed with a future Federal spending program, or a continuing resolution for a future appropriation for another program.

Mr. President, these people may mean well and they may think that they are being humane, but the way to solve a problem is to address the root cause. And the root cause of the tragedy of welfare dependency is illegitimacy, the rise in out-of-wedlock births. Only by seeking to curb the rise in out-of-wedlock births can we possibly hope to reform welfare.

That is why I have consistently urged the leadership, including Senators DOLE and PACKWOOD, to include provisions in this bill to take away the current cash incentives for teenage mothers to have children out of wedlock. Only by taking away the perverse cash incentive to have children out of wedlock can we hope to slow the increase in out-of-wedlock births, and ultimately end welfare dependency.

Senator PACKWOOD made it clear in a meeting with me and other Senators that he would not include in his bill any provisions to curb the rise in out-of-wedlock births because he was opposed in principle to anything that would infringe on a woman's reproductive rights.

Mr. President, I do not know of anyone who wants to infringe on a woman's reproductive rights to have as many children as she pleases, but as I said in that meeting, the working taxpayers of this country should not have to pay for them.

It is unfair for the working taxpayers of this country, and I mean people who drive a truck for 14 hours a day, wait tables all night, or make beds all day; it is unfair to ask these people to send their hard-earned tax dollars to support the reckless irresponsibility of a teenage mother who has children out of wedlock, and continues to have them.

If you really want to see the working taxpayers of this country mad, just stand in line at the grocery store and watch the reaction of working people. I mean people that work, people that work in chicken dressing plants, people who run sewing machines, and leave 35, or 40 percent of their paycheck with the checkout counter in the grocery store and see men who obviously have not struck a lick and they know have not struck a lick in years, walk out with a $100 cart of expensive groceries paid for with their tax dollars.

Mr. President, middle-class American families who want to have children have to plan, prepare, and save money because they understand the serious responsibility involved in bringing children into the world.

But welfare recipients do not prepare or save money before having children because they know they will get money from the Federal Government, and that the taxpayers of the country will take care of their children.

They do not take responsibility because they do not have to. We will.

And what is even worse is the same middle class families who are saving money and working two jobs in anticipation of having children are seeing their own tax dollars go to support the irresponsible behavior of welfare recipients having children out of wedlock. That is wrong any way you look at it and it must stop.

Individual States can gladly raise their own tax dollars and subsidize this irresponsible behavior if they so choose, but those of us in the Congress have a responsibility to all the taxpayers in this country, and I can not believe that the American people think that we should subsidize the very cause of welfare dependency, illegitimacy, by paying teenage mothers to have children out of wedlock.

There are some who argue that federalism would be infringed if the Federal Government does not continue to subsidize out-of-wedlock births with direct cash payments to unmarried teenage mothers. However, that is not the case. States would still have the freedom to subsidize out-of-wedlock births if they want; the only restraint is that they can't use Federal tax dollars. Let the taxpayers of the individual States decide if they want their hard-earned money going to subsidize this behavior.

Let the State legislatures say to the people within that State we are going to tax you to continue to subsidize out-of-wedlock births.

Mr. President, welfare should no longer be a one-way handout which destroys the desire of able-bodied people to work. Real reform would transform welfare into a system of mutual responsibility in which welfare recipients who can work would be required to contribute something back to society in return for assistance given. We need workforce, not welfare.

There is no substitute for the discipline and responsibility that work instills in people, particularly young people who have lacked attention from their parents or have never seen their parents work. Real work means you do not get your benefits unless you work, this is called pay for performance work. If you do not do the work, you do not get paid.

In the private sector, in business, if you do not work, you do not get paid—why should welfare recipients be treated differently?

Mr. President, one of the worst aspects of the welfare system is its destructive effect on the family. Our welfare system tells a young woman, in effect, that she can collect over $15,000 per year in benefits as long as she does not work or marry an employed male. Under such conditions, it makes more sense to remain unmarried. Welfare has transformed the low-income working husband from a necessary breadwinner into a financial handicap.

When the Great Society antipoverty programs were instituted in 1965, the out-of-wedlock birth rate in the United States was 7 percent. Thirty years later, the rate has jumped to 30 percent. As I said earlier, you get more of what you pay for. At this rate of growth, the out-of-wedlock birth rate is projected to reach 50 percent by the year 2015, a prospect that President Clinton correctly pointed to with alarm, although he offers no plan to prevent this looming disaster, which threatens the very existence of our country.

The breakdown of the family contributes to a number of other social problems. Children raised in a single parent home are six times more likely to be poor than those raised by two parents. They are twice as likely to commit crimes and to end up in jail. Girls raised in a single parent home are 164 percent more likely to become teenage mothers themselves. That is why we have two and three generations on welfare living in the same household.

Mr. President, the Senate should follow the lead of the House of Representatives and deny unmarried mothers under 18 years of age direct cash benefits for children born out of wedlock. Only by denying this current cash incentive can we alter the self-destructive behavior of those trapped in the vicious cycle of welfare dependency.

I especially want to thank my friend, Congressman JIM TALENT, for his strong leadership on this issue and the rest of the leadership in the House of Representatives for having the courage to directly confront illegitimacy by including provisions in the House welfare reform bill to end the cash incentive for teenage mothers to have children out of wedlock.

Here in the Senate I wish to thank my friend PHIL GRAMM for his strong leadership and willingness to stand firm in helping to stop the tragedy of illegitimacy, and it is a tragedy.

We all recognize the need to reverse the corrupting incentives in our current welfare system. Welfare recipients must work for their benefits and must not have children they cannot afford. This is the foundation on which real welfare reform must rest.

As the Senate now takes up welfare reform, we must be willing to make the kinds of tough decisions necessary to reduce illegitimacy and promote work or we will condemn yet another generation to the crippling effects of welfare dependency. The state of our welfare system demands that we take immediate action because if trends continue as they are, our situation, especially regarding crime and illegitimacy, will get dramatically worse before it gets better.

That is why I have grave reservations about the bill in the Chamber as it is now written. Senator DOLE has himself said that real welfare reform requires more than tinkering around the edges, and I wholeheartedly agree. But the Packwood bill will do nothing to address the root cause of welfare dependency, the growing rate of out-of-wedlock births.

Real welfare reform demands more than mere tinkering with the status quo. It requires a whole new approach, and that is what we need.

By simply giving States the option to deny cash benefits to women who have children out of wedlock, the Packwood bill does nothing more than reinforce the status quo, the status quo that has given us a 30-percent illegitimacy rate. It is time to change it. In business, people do not get paid for work they do not do. They are paid for work they perform and perform well. Under the Packwood bill, welfare beneficiaries who refuse to work in return for their benefits will now have them reduced on a pro rata basis. If you only work 1 day a month, then you only get 1 day's pay. I applaud this change in the bill. It is a dramatic improvement, and I was delighted when Senator DOLE came to the floor this morning to amend the bill so that this would be the case. Without such pay for performance standards, welfare work requirements are virtually meaningless and a national joke.

Mr. President, it is my intention to amend this bill and try to make it live up to its name of welfare reform. I plan to offer a series of amendments to address the root cause of welfare dependence—illegitimacy. I hope my colleagues will support my efforts to stop this national tragedy that is fueling the fire of welfare dependency.

Mr. President, the American people clearly want welfare reform. I hope the Senate will have the courage and the fortitude to attack the welfare problem at its source. If not, then the Senate will repeat the mistakes of the past and produce yet another failed big Government program that results in a Rose Garden ceremony where politicians can pat themselves on the back and take credit for something they failed to do.

Mr. President, I yield the floor.

Mr. MOYNIHAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. DOLE. Mr. President, there will be no votes tonight.

We had hoped to be on the DOD authorization bill at this hour, but in order to do that we had to reach some agreement, which has not been reached yet, on the ABM and missile defense and other areas that are very complicated, very important. Our colleagues are meeting as we speak on that issue. If we can resolve that issue, we still hope to complete the DOD authorization bill this week.

I think the distinguished Democratic leader wishes to speak on welfare reform, and then we will be out tonight and start on welfare 8 or 9 o'clock in the morning. There are still people on either side who have not had a chance to make opening statements so we will try to accommodate them first. But there are no votes tonight.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

Mr. GRASSLEY. I ask unanimous consent that there now be a period for the transaction of morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGE FROM THE PRESIDENT

A message from the President of the United States was communicated to the Senate by Mr. Thomas, one of his secretaries.

EXECUTIVE MESSAGE REFERRED

As in executive session the Presiding Officer laid before the Senate a message from the President of the United States submitting a nomination which was referred to the Committee on Armed Services.

(The nomination received today is printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 12:39 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 2077. An act to designate the United States Post Office building located at 33 College Avenue in Waterville, Maine, as the "George J. Mitchell Post Office Building."

H.R. 2108. An act to permit the Washington Convention Center Authority to expend revenues for the operation and maintenance of the existing Washington Convention Center and for preconstruction activities relating to a new convention center in the District of Columbia, to permit a designated authority of the District of Columbia to borrow funds for preconstruction activities relating to a sports arena in the District of Columbia and to permit certain revenues to be pledged as security for the borrowing of such funds, and for other purposes.

H.R. 2127. An act making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies, for the fiscal year ending September 30, 1996, and for other purposes.

MEASURES REFERRED

The following bills were read the first and second times by unanimous consent and referred as indicated:

H.R. 2108. An act to permit the Washington Convention Center Authority to expend revenues for the operation and maintenance of the existing Washington Convention Center and for preconstruction activities relating to a new convention center in the District of Columbia, to permit a designated authority of the District of Columbia to borrow funds for the preconstruction activities relating to a sports arena in the District of Columbia and to permit certain revenues to be pledged as security for the borrowing of such funds, and for other purposes; to the Committee on Governmental Affairs.

H.R. 2127. An act making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies, for the fiscal year ending September 30, 1996, and for other purposes; to the Committee on Appropriations.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CHAFEE, from the Committee on Environment and Public Works, without amendment:

H.R. 535. A bill to direct the Secretary of the Interior to convey the Corning National Fish Hatchery to the State of Arkansas (Rept. No. 104-130).

the rigorous academic standards of its courses.

I wish to congratulate all those who have had a partnership in the growth of Concordia College, its faculty, staff, and students. I would also like to mention the outstanding leadership of Concordia's president, Charles E. Schlimpert, its Board of Regents and the Concordia College Foundation Board of Directors. The direction they are providing will lead Concordia University into a bright future.

Mr. President, I ask that Concordia University's formal mission statement be printed in the RECORD.

The statement follows:

MISSION STATEMENT

Concordia University, of the Lutheran Church-Missouri Synod, is a center of higher learning that assists students in their lifelong quests for full realization of spiritual, intellectual, social, physical, relational and emotional development. Professional education, grounded in the liberal arts and enriched by relevant co-curricular activities, will strengthen the Church and world community by encouraging the development of Christian values, and an attitude of service among Concordia University students.•

CONGRATULATING MARTIN C.M. LEE ON RECEIVING THE 1995 INTERNATIONAL HUMAN RIGHTS AWARD BY THE AMERICAN BAR ASSOCIATION LITIGATION SECTION

• Mr. MACK. Mr. President, tomorrow, in Chicago, the American Bar Association's litigation section will present its 1995 International Human Rights Award to Martin C.M. Lee, the chairman of the Democratic Party in Hong Kong. The award is a high honor which Mr. Lee has earned for his efforts to win full democracy for the people of Hong Kong and to safeguard the rule of law as the territory nears its June 30, 1997, reversion to the People's Republic of China. I would like to take this opportunity to extend my warmest congratulations to Martin Lee and submit for the record an article by former Attorney General Dick Thornburgh which appeared on July 30, 1995, in the Washington Post.

The article is called, "A Blow to Hong Kong's Future." The blow Dick Thornburgh refers to is the recent agreement by Great Britain and the People's Republic of China to set up a new high court for Hong Kong according to terms that violate the 1984 Joint Declaration. The terms, which include restrictions on jurisdiction and limits on foreign common law judges, have dealt a powerful blow to the colony's long tradition of judicial independence. Dick Thornburgh's article reports that the Hong Kong Government of Chris Patten has criticized the American Bar Association for bestowing its award on Mr. Lee. As the article says, the Hong Kong Government is disturbed that "Lee, one of several leading lights in the democratic community, has been calling the court deal what it is: A sellout."

China has made the future of Hong Kong's democrats painfully clear by announcing its intention to abolish Hong Kong's Legislative Council [Legco], abrogate the bill of rights ordinance, and destroy the rule of law. Over the next 2 years, we Americans must stand with Martin Lee and his fellow democrats as they stand up for the future, and autonomy they were promised.

I ask that the article be printed in the RECORD.

The article follows:

[From the Washington Post, July 30, 1995]

A BLOW TO HONG KONG'S FUTURE

(By Dick Thornburgh)

What government recently denounced an organization that was planning to bestow an international human rights award on its most prominent democrat? No, not Burma. Not Nigeria. It was the British government of Hong Kong, which, although not yet in its final days, is conducting a fire sale of the protections that the rule of law built up over a century.

This month the American Bar Association's litigation section announced it would award Martin Lee, chairman of the Democratic Party of Hong Kong, its 1995 International Human Rights Award at its meeting in Chicago on August 8. A top Hong Kong government official promptly denounced the ABA, and continued the Hong Kong government's mounting attacks on Lee himself.

The Hong Kong government of Chris Patten has reason to be alarmed by the ABA award. It will bring Martin Lee and his criticisms of Great Britain's double-cross of Hong Kong to the attention not only of the ABA's approximately 350,000 members but to all Americans distressed by China's arrest of American activist Harry Wu, and the PRC's long record of human rights abuses.

Less than two years from now, Hong Kong will be transferred to the PRC under the terms of the Sino-British Joint Declaration. Under that 1984 agreement, both Great Britain and China pledged Hong Kong would thrive under an arrangement Deng Xiaoping called "one country, two systems." Since then, however, China has reneged on virtually every one of its commitments, pledging to abolish the Legislative Council (Legco) and abrogate the bill of rights ordinance, and seeking to destroy the rule of law. The British Hong Kong government has stood by and done nothing.

In early June, the Hong Kong government signaled its final retreat. British and PRC negotiators cut a deal on the Court of Final Appeal, the new court needed to replace London's Privy Council as Hong Kong's high court. The deal violates the Joint Declaration in a number of respects, including restricting the number of foreign common law judges on the bench. Such judges have contributed to Hong Kong's highly regarded judiciary, and they will be crucial to the court's ability to resist PRC interference.

The deal also injects the future Beijing-appointed chief executive into the judicial selection process, another break with tradition. Most important, the British capitulated to Beijing on the court's jurisdiction. The court may not rule on acts of state "such as" defense and foreign affairs. These two words, to be interpreted by a party organ in Beijing, could prevent the court from hearing virtually anything Beijing chooses, including challenges to state power.

Finally, British and the PRC agreed not to set up the court until July 1, 1997, despite previous agreement to get it up and running much earlier. British appointees and pro-China members approved legislation establishing the court as proposed on July 26.

So why is the Hong Kong government so worked up over the award to Lee? Lee, one of several leading lights in Hong Kong's democratic community, has been calling the court deal what is a sellout. After building up a successful law practice and chairing the Hong Kong Bar Association, he entered politics in 1985, becoming the legal community's first representative in Legco through the government's byzantine "functional constituencies" system. These Legco members are chosen by tiny franchises representing business and professional groups such as real estate developers and bankers.

In Hong Kong's first-ever democratic elections in 1991, Lee won the most votes of any candidate, while pro-democracy candidates overall took 17 of 18 democratically selected seats. Lee, his Democratic Party and independent democrats are expected to outpoll pro-China candidates for the 20 seats open in elections this Sept. 17, the last elections before the PRC takeover. (The increase in democratic seats from 18 to 20 was the centerpiece of Patten's highly touted 1994 reform package.) China has pledged to abolish Legco, and recently announced that it will set up a parallel, appointed legislature well before 1997.

Beijing already had its sights on Lee—having ejected him from a committee to draft Hong Kong's so-called "mini-constitution" for supporting the demonstrators at Tianamen Square. Lee is a thorn in Governor Patten's side. And he will be a thorn in China's side. Unless something changes, we can all look forward to the time, a few years on, when Beijing in turn denounces an organization for bestowing a human rights award on Martin Lee.•

ORDERS FOR TUESDAY, AUGUST 8, 1995

Mr. GRASSLEY. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 9 a.m., on Tuesday, August 8, 1995; that following the prayer, the Journal of proceedings be deemed approved to date, the time for the two leaders be reserved for their use later in the day, and the Senate then immediately resume consideration of H.R. 4, the welfare reform bill, status quo until the hour of 12:30 p.m.; I further ask unanimous consent that the Senate recess from the hours of 12:30 to 2:15 p.m. for the weekly policy conferences to meet.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

PROGRAM

Mr. GRASSLEY. Also, on behalf of the leader, for the information of all Senators, the Senate will resume consideration of the welfare bill tomorrow at 9 a.m., status quo until the hour of 12:30. Rollcall votes can be expected to occur during Tuesday's session of the Senate, possibly in relation to the welfare reform bill or the Department of Defense authorization bill. All Members should expect a late night session on Tuesday in order to make progress on both of those bills.

a delaying tactic. I think that is all it is, quite frankly.

I said a moment ago our OSA fleet has been studied to death. As chairman of the Department of Defense Commission on Roles and Missions, Mr. White concluded that the fleet of airplanes was too big and that it should be cut down to size. Well, this is where the rubber meets the road. Mr. White is the top dog over in the Pentagon now. He occupies a very top position. Mr. White is now in a position to give some direction and guidance, and his recommendations in the roles and missions report tells me that he already knows what that direction should be.

So what is he waiting for? The time has come to stop studying the issue. More study is a waste of time and, most important, a waste of money. The Department of Defense, under Mr. White's direction, should develop a plan to downsize this fleet of aircraft. How many of these airplanes are really needed? How should the fleet be managed? How should the Department dispose of the unneeded airplanes? Those are the questions that must be addressed.

I do not see my amendment as the magic solution, by the way. My amendment was merely a starting point. I am not convinced that my proposed number, whatever I might pick, whether it be 20 percent, 30 percent, 40 percent, or 50 percent, might be the right number. But I do not think we can settle for ignoring the recommendations of Colin Powell, the recommendations of General McPeak, the recommendations of the roles and missions report under Mr. White's directive. I do not believe we can ignore the General Accounting Office that there are more airplanes than are needed. Only 9 percent of these planes were used in the Persian Gulf war. It is time to downsize the fleet. I think that we ought to take a first step this year during the debate on the defense authorization bill to make a downpayment on the recommendations that have been made by Colin Powell, General McPeak, and by Mr. John White. I want to see us start down the road in that direction, the direction proposed by the Deputy Secretary of Defense, White, and I want that first step to be meaningful and to be significant.

I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DASCHLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

Mr. DASCHLE. Mr. President, few debates have had greater importance than the one we have begun this week. A number of us have been working now for many months in preparation for this debate. I want to thank Members on both sides of the aisle for the work that has been done thus far, and let me in particular commend the ranking member of the Finance Committee, Senator MOYNIHAN, for his leadership and the continued effort he has made to bring us to this point.

I also feel the need to, again, reiterate my gratitude to Senators BREAUX and MIKULSKI for the leadership they have given our caucus on the issue of welfare reform; Senators DODD and KENNEDY for all of the help they have given us with regard to the need to consider children as we deal with this issue; and Senators MOSELEY-BRAUN and CONRAD on the Finance Committee for their efforts.

Let me also cite the tremendous cooperation and support that we have been given from the administration, Democratic Governors, and local officials. For many months now, all of them, and many more within our caucus, have come forth to give us their best ideas and to produce what we hope will be one of the best work products that we have had since this Congress has begun.

Mr. President, the result of that effort has been a remarkable degree of unity within our caucus about the need for welfare reform and about the way we bring it about. We support a new concept which we call Work First, a concept which incorporates many very critical principles that we as Democrats feel strongly about, that we as Democrats can unite on and reach out to our Republican colleagues and hope that, working together, we can achieve meaningful welfare reform on a bipartisan basis this year.

First and foremost, as we consider those principles, Mr. President, our belief is that the emphasis needs to be put on work; that we end welfare as we know it; that we abolish the old infrastructure; that we create the incentives and the opportunities that must be created if, indeed, we are going to put work first.

So we begin by requiring that all able-bodied people go to work, get jobs, obtain the skills, do what is necessary to ensure that they break their dependency on welfare. We recognize that in order to do that, we have to provide tools that do not exist today. So as we abolish the AFDC Program and the old JOBS Program, we recognize that new tools must be put in place if indeed we are going to give people opportunities and the real hope that they can break that cycle of dependency, that they can go out with confidence and get the jobs that they need to get.

We also recognize that even though it may not be a part of welfare reform, it is very difficult to tell anybody today that they are to go out and get a minimum-wage job, work 40 hours a week, 52 weeks a year, and still be below the national poverty level. That is unacceptable.

If we are going to make work pay, we have to provide not only the economic incentives, but the opportunities and the confidence necessary so that indeed we can break the cycle of poverty, as well as the cycle of dependency. Breaking the cycle of poverty, hopefully this year, will mean an increase in the minimum wage, to ensure that men and women can work 40 hours or more a week and not be condemned to poverty in spite of their best efforts.

The second principle, Mr. President, is a recognition that there are impediments to ending welfare as we know it and to getting those jobs that exist today. We must address those impediments if indeed we are going to get the job done. Our belief is that the two most critical impediments are the fear of losing their health insurance and the lack of adequate child care.

First, they fear that once they get a job, especially if it is a minimum-wage job, they will lose their health insurance, they will have no protection for themselves or their children, because Medicaid will no longer be provided.

They also know that they have a Hobson's choice of getting a job or staying on welfare and taking care of their children. They do not want to be in a position of saying, I want to get that job, I want to go out into the private sector and obtain a good, meaningful, good-paying job—but I do not want to leave my children at home unattended. What am I going to do with my kids? How many families would be willing to leave their young children at home while they went out to get a minimum-wage job, which is, in part, what we are asking people to do today. That, too, is unacceptable. We cannot ask a young parent to do that. We have to find a way to ensure that their legitimate concerns are addressed in terms of health care, as well as in terms of child care.

So what we do in our Work First plan is extend Medicaid for another year to give people the opportunity to create the financial means to buy their health insurance. We do the same thing with child care. We tell them, look, we are going to care for your children, we are going to find a way, working with the States, to create the infrastructure necessary to see that your children are cared for. We are not going to effectively force you to leave them at home. We are not going to make you leave them unattended. We recognize how many problems are created at home when there is no adult supervision. That is the second principle—recognizing the impediments to work today and dealing with them.

The third principle is to ensure the safety net for children continues. Children should not be required to pay for the problems created by their parents. If we are going to break the cycle of dependency, it ought to be the goal of every Senator to strengthen the child, to give them the care, the direction, the nutrition, the protection that they need so that they never find themselves on welfare in the first place. Creating that mechanism of ensuring that children are protected has to be a fundamental principle of welfare reform, regardless of what else we do with their parents looking for work.

A fourth principle is to recognize today that we actually penalize husbands for staying at home and staying

married. We actually penalize them for living at home and playing the role of father. Today, if a welfare recipient is married, that person is ineligible for the full benefits created through the welfare system. That is wrong. So we eliminate the penalty for married welfare recipients. We say we want to encourage families to stay together. We want the mother and father in that house together. We want to do everything we can to preserve the family unit.

We require tough child enforcement mechanisms and expand job placement and training for absent fathers. We have had the opportunity to consult with scores of people from around the country, and the word we get time and time again from virtually every expert is that if indeed you really want to stop welfare dependency, if you want to break out of the problems we have today, you have to find ways to keep the family together. We want to do that. We do that by eliminating the penalty for married welfare recipients, strengthening child support enforcement, encouraging absent fathers to stay home and to get the job skills they need, without penalizing them.

Fifth, Mr. President, we recognize, as so many people have alluded to today, that if we are going to do this, we recognize the big differences between and among States. Ohio and South Dakota are dramatically different in many respects. South Dakota's largest city is about 125,000 people. We have only 10 communities with more than a thousand people, and 300 communities with fewer than a hundred people. We recognize that welfare in South Dakota is vastly different from welfare in other parts of the country. So we must give States the flexibility and the opportunities to create new mechanisms that adapt to the problems, needs, and concerns of people within each State. We recognize that the current system is too constrained, is too prescriptive, is too dictatorial in coming up with ways to allow States the opportunity and the freedom and flexibility to do what they know, in many cases, has to be done to combat the problems in the welfare system.

Next, we want to combat teen pregnancy. Here, too, there is no secret, magical, one-size-fits-all solution. We realize, as Senator MOYNIHAN and others have spoken about many times, we have no way of knowing for sure what we can do to break the cycle of illegitimacy, to ensure that teen parents will not continue in the practices and the direction they often take at an early age. We want to stop children from having children. We want to create whatever mechanisms are necessary to ensure that children are children first and parents second. To do that, we require that teen mothers, if unfortunately they become pregnant, stay in school and stay at home; and that, in those cases where home is not the appropriate place, they be given second-chance home opportunities, living in an environment that is loving, caring, protective, and reassuring. Second-chance homes can do that.

We believe very strongly that whether it is at home or whether it is in a new home, teen mothers cannot be put by themselves, cannot be forced to take all of the responsibilities that comes with rearing a child, with little or no resources, and expected to rear that child properly. That does not work.

So once a child has a child, and that child has a child, and that cycle goes on and on, it is no wonder we have the incredible delinquency problems and the problems with childhood abuse and the many serious problems that come with it.

Finally, we recognize that there are many loopholes in the Food Stamp and SSI Programs that we believe have to be addressed. We clamp down on waste and abuse and recognize there are ways not only to save money but to administer these programs much more effectively. So we believe that, through all of these principles, we can enact a substantial degree of reform and bring about a change in welfare to the degree that it has never been brought about before. We are optimistic that in working with these principles, we can do a great deal to change the direction of welfare as we know it in this country.

I believe that, in many cases, the Work First plan stands in contrast to the bill offered by many of our Republican colleagues. The latest version of the Republican bill is a significant improvement over the Finance Committee draft that passed a couple of months ago. But I would cite among the many differences between Work First and the current Republican plan four fundamental differences that I think have to be addressed.

The first has to do with work. We both recognize that work has to be a priority. We both recognize that we have to put new emphasis and a new direction to the opportunities there are for work. The big difference, of course, comes in resources. Both of us have a requirement that, by the year 2000, 50 percent of those people on welfare will be required to work. Fifty percent.

I am told today that about 10 percent of those people on welfare ultimately get jobs. So we are asking for a 5-fold increase in our success rate in the next 5 years. A 5-fold increase, from 10 percent to 50 percent. I am not talking about "participation." I am talking about actual work.

Today we judge our success largely by participation. That is, if you come into the office and you demonstrate you are looking for a job, you can qualify for all the welfare benefits that may be provided.

We say participation is not good enough anymore. Now what we want to do is say you really have to have a job before we consider this case closed. You have to be out there working prior to the time we are willing to call this particular case a success.

The problem is that, to obtain that 5-fold increase in the next 5 years, I believe we will need resources to do it. It is not just going to happen. We are talking about providing skills. We are talking about education. We are talking about a new infrastructure which will make welfare offices employment offices.

If we are going to do that, the States and the Federal Government must work in partnership to ensure that we can accomplish all that we know we can accomplish in a very short period of time. A five-fold increase in real jobs is a major responsibility.

The difference between the Democratic bill and the Republican bill is that over the next 5 years, the Republican bill will cut $70 billion in the assistance to be provided to the States to do just that.

What we are telling the States through the Republican bill is that we want you to get the job done, but we will cut $70 billion in resources before you are given the chance to do it.

Mr. President, I do not see how that is possible. If, over the course of this debate, we can figure out how we can ask the States to accomplish five times what they are doing today with $70 billion less in resources, that explanation, I think, is one the Governors will want to hear for themselves.

The second major difference between the Republican plan as it has been presented and the democratic Work First plan is our emphasis on children. There are about 14 million welfare recipients today. Mr. President, 9 million of the 14 million are children. We believe if those children are going to be cared for, if those children are going to get out of this incredible dependence they find themselves in as a result of being born into welfare families, then indeed we have to ensure that they are nourished, they are given the education, they are given the loving care they need and deserve. If they are given all those things we had when we were growing up—we had the encouragement, we had the nutrition, we had the education, we had the loving care—then maybe they will have a fighting chance. The reality is that these children are too often born into situations where none of that exists.

Mr. President, I think it is very critical if we want to ensure that those children have a chance, then it seems critical to me that we create and ensure that the safety net continues for those children, so they never have to face what their parents are facing.

Second, as I said a moment ago, it is so important that if we are honest and serious about telling mothers they have to get a job—telling young mothers and fathers, for that matter—it is not going to be enough to be dependent upon welfare in perpetuity, if that is going to happen, we have to realize that 60 percent of all AFDC families have at least one child under the age of 6. Mr. President, 60 percent of all AFDC families today have one child at least under the age of 6.

In a recent study, these families said that the biggest reason they cannot go out and get a job is because there is no one there to take care of that child. We do not want a bill that says we are going to have to leave them at home if indeed you want benefits at all. This ought not be what we call the home-alone bill. We do not want to see children left without protection and care.

The big difference here is how do we handle child care? In addition to the safety net, not punishing children, how do we ensure that those children are taken care of when the parents leave in the morning to go to work? No one can tell me that we will ever solve this problem if we do not resolve that one. Child care and welfare reform are inextricably linked. We cannot have one without the other. People need to understand that. It is too much to ignore. We must have some realization of the

essential connection between child care and welfare reform.

The third big difference, Mr. President, has to do with funding. I mentioned earlier that there is a $70 billion reduction in the availability of funds. The Republican bill freezes funding at 1994 levels for the next 7 years. We are told that is a $70 billion reduction. That is just the beginning. It is not just the amount of money but how that money is provided.

There is no needs determination in the Republican bill. That is, there is no system by which the more severe the situation, the greater the resources. It is all done on a formula. That formula is really based on a first-come-first-served theory.

A block grant is sent out based upon this formula. Whether or not it is enough, the money is there so long as it is available. If there are more people than there are funds, it will be up to the States to decide who gets it. There is no match requirement. States are not required in any way, shape or form to come up with a reciprocal amount of money—some supplemental amount, some pool of resources—that would enable them to benefit from the resources provided at the Federal level.

No needs determination, no match whatever. A formula that is determined in Washington, not based on severity, not based on the number of people on welfare, not based on the degree to which there are imaginative approaches being employed.

Mr. President, there is a very significant difference in the approach used by the Republican plan and the approach incorporated in the Work First plan.

Our view is that need ought to determine availability; that in some cases there is a greater need, regardless of population, for a lot of different reasons. We ought to take that into account prior to the time we arbitrarily make some formula decision that may or may not help some States.

Finally, there is also a big difference with regard to the availability of assistance for teenage pregnancy. The Republican bill makes assistance to be provided for curtailing teenage pregnancy simply an option to the States. They can do it or not. Regardless of their choice, there is no funding available to the States to do whatever it is they may do. Whatever they do, they are on their own. One can guess what choice most States will make under such circumstances.

There is encouragement to use second-chance homes. There is encouragement to require that teenagers be required to stay in school or at home, but there is no funding. No availability of additional resources to see that might be something we should look at.

Mr. President, at least on those four principles, we have some fundamental philosophical differences that I think have to be addressed if, indeed, we are going to succeed in breaching the differences in arriving at a bipartisan bill some time this Congress.

Let me make two final points with regard to welfare reform. First of all, as we can see from the debate already today, and for that matter last Saturday, this ought to be a lively debate, a spirited debate, a debate in which very good points are raised—likely on both sides. I sincerely hope that Members of the Republican caucus will look at the Work First bill. I have every expectation they will consider even voting for it, at some point, given the significant new concepts incorporated in it.

I hope we can have a good debate but I hope we do not arbitrarily decide this thing can be resolved—this whole debate can be resolved—in a matter of a couple of days. I do not think it can be. This is one of the most consequential debates we will be taking up this year. It has broad ramifications. And if we do it right we may not have to visit this issue again for a long time to come, at least as it relates to our infrastructure. So I do not think we ought to be rushed into final passage. I do not think our success ought to be judged by how few days we actually take to resolve these differences and debate these points and come up with the best piece of legislation. So I sincerely hope we can have a good debate and not arbitrarily come to any conclusion as to how long a good debate may take.

Finally, let me say I hope it can be a bipartisan effort. I do not see it as necessarily a Democratic or a Republican issue, but it is going to be hard to be bipartisan if Republicans engage, once again as they did earlier this year, in negative political attacks when the debate has barely begun. It is wrong and deeply disappointing that Republicans would attack five Democratic Senators who have participated in the debate, who have made significant contributions to this effort, who may differ in some cases with Republicans on how we resolve these outstanding issues—but in good faith participate in the debate—and then be attacked politically simply because they may disagree. I would add that they have been attacked erroneously. Some of the attacks now being leveled against five of my colleagues in the Democratic caucus are wrong. They are outright fabrications. I hope the media take the time to look into the claims and then check the facts, because if they do they will find that not only are these attacks wrong and shortsighted, but they simply do not represent the facts or the voting records of those who have been the subject of these unfortunate attacks in the last couple of days.

We can do this either way. I recall vividly some of the criticism Republicans had last year, for the partisan nature of some of the debate on health care. I recall how unfair they thought it was when some of the debate was politicized. On the other side, there was great concern about the Harry and Louise ads. We heard a lot about targeted ads in States and districts around the country. Both sides raised a lot of questions about whether or not that was the right way to debate an issue as important as health care was.

It was wrong then and it is wrong now. It is wrong now to politicize this debate at the very beginning of what I hope will be an opportunity for us to deal with this issue in a productive, meaningful way, coming to some resolution sometime this session of Congress to one of the most important and challenging issues of our day—welfare reform. I believe we can do it. I believe we can work together and, in spite of some of our deep differences philosophically, overcome those differences and come up with a plan that works a lot better than the one we have today.

That is not going to happen if we contaminate the debate with sharp political attacks against Members on either side. So I hope cooler heads will prevail, and I hope those responsible for those ads will have second thoughts and the good common sense to pull them before it is too late.

Mr. President, noting no other interest in debate, I yield the floor.

RECESS UNTIL 9 A.M. TOMORROW

The PRESIDING OFFICER. Under the previous order, the Senate now stands in recess until 9 a.m., Tuesday, August 8, 1995.

Thereupon, the Senate, at 8:14 p.m., recessed until Tuesday, August 8, 1995, at 9 a.m.

NOMINATIONS

Executive nominations received by the Senate August 7, 1995:

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

JOHN A. KNUBEL, OF MARYLAND, TO BE CHIEF FINANCIAL OFFICER, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, VICE G. EDWARD DESEVE.

United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 104th CONGRESS, FIRST SESSION

Vol. 141 WASHINGTON, TUESDAY, AUGUST 8, 1995 No. 132

House of Representatives

The House was not in session today. Its next meeting will be held on Wednesday, September 6, 1995, at 12 noon.

Senate

TUESDAY, AUGUST 8, 1995

(Legislative day of Monday, July 10, 1995)

FAMILY SELF-SUFFICIENCY ACT

The PRESIDENT pro tempore. The clerk will report the bill.

The assistant legislative clerk read as follows:

A bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence.

The Senate resumed consideration of the bill.

Pending:

Dole modified amendment No. 2280, of a perfecting nature.

Mr. PACKWOOD addressed the Chair.

The PRESIDENT pro tempore. The able Senator from Oregon is recognized.

Mr. PACKWOOD. Mr. President, as I understand it, we are not under controlled time. I believe the Senator from Delaware is prepared to speak.

The PRESIDENT pro tempore. The Senator from Delaware.

Mr. ROTH. Mr. President, I am pleased to join Senator DOLE, Senator PACKWOOD, and my other colleagues in introducing this comprehensive welfare reform legislation, S. 1120, America's Work and Family Opportunities Act of 1995.

The American people know our welfare system is fatally flawed. The present welfare system is not serving the best interests of either the beneficiaries or the taxpayers. S. 1120 is a bold initiative that will help prevent even more Americans from falling into the trap of dependency.

Mr. President, in 1965, the average monthly number of children receiving aid to families with dependent children was 3.3 million; in 1992, there were 9.3 million children receiving AFDC benefits. While the number of children receiving AFDC increased nearly threefold between 1965 and 1992, the total

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

number of children in the United States aged 0 to 18 has declined by 5.5 percent.

The Department of Health and Human Services has estimated that 12 million children will receive AFDC benefits within 10 years. To do nothing to prevent this growing tragedy is unacceptable.

Congress has created a confused and confusing welfare system which rewards idleness and punishes work. At a recent hearing I chaired on welfare reform, former South Carolina Governor, Carroll Campbell, testified that his office found a family in which four generations were dependent upon the welfare system in which no one had worked. That is a system which does not protect children. That is a system which is cruel and heartless.

Properly understood, welfare reform is about reforming government. Under our present system, no one is accountable for results. One of the basic flaws in the system is that there is always someone else to blame for failure.

More than 90 Federal programs administered by 11 separate Federal agencies provide education, child care, and other services to young children from low-income families. The Department of Agriculture administers 14 food assistance programs for low-income individuals. Yet the Departments of Housing and Urban Development and Health and Human Services also run separate food programs. There are 163 Federal programs scattered across 15 Federal agencies providing employment and training assistance.

Let us be clear, however, that the individuals in need of assistance will still receive it. Children will still be fed. Child care will still be provided. Individuals with disabilities will still be provided with the full range of services they need. This legislation presents the opportunity to restore the proper role of the States to consolidate funding from many of these separate programs and design their own solutions. Under the present system, for example, a low-income mother with 2 children may need to visit several different offices to obtain benefits from 17 different programs. I firmly believe the States can improve the quality of services at lower costs to the taxpayers.

Mr. President, to be successful in welfare reform, we must change the structural status quo. The transformation of these programs into block grants will yield tremendous savings over time. It costs $6 billion just to administer the AFDC and food stamp programs. When you include the cost of errors, fraud, and abuse in these two programs alone, another $3 billion of the taxpayers' money is wasted. Some of the smaller categorical programs have administrative costs as high as 40 percent of the cost of the benefits.

The welfare system is a complex array of about 80 means-tested programs which provide not only cash assistance, but also medical care, food, housing, education and training, and social services. In this fiscal year, Federal and State governments will spend approximately $387 billion on these programs. It is clear that the failures of the current welfare system are not caused by a lack of money, but rather by the structure of the system itself.

Here is what the General Accounting Office recently said about this collection of programs:

> The many means-tested programs are costly and difficult to administer. On one hand, these programs sometimes overlap one another; on the other hand, they are often so narrowly focused that gaps in services hinder clients. We note that although advanced computer technology is essential to efficiently running the programs, it is not being effectively developed or used. Due to their size and complexity, many of these programs are inherently vulnerable to fraud, waste, and abuse. We also point out that some of our work has shown that the welfare system is often difficult for clients to navigate. Finally, administrators have not articulated goals and objectives for some programs and have not collected data on how well the programs are working.

At best, we have created a masterpiece of mediocrity. But I think it is much worse. Government has trivialized what it has professed to esteem, specifically family and work. The welfare system which was designed to protect children has failed to consider the consequence of idleness.

Thirty years of experience have ratified what many of us have known all along—Government programs and our welfare system cannot replace stable families. Perhaps the greatest mistakes the Federal Government has made during this period is to act as if family life can be reduced to a mathematical diagram and that the wisdom of Solomon can be reproduced in the Federal Register.

The moment to truly change our welfare system is here and now. It has been said that the first act of common sense is to recognize the difference between a cloud and a mountain. It is time to recognize that the system created to end poverty has helped to bring more poverty. It is time to recognize that the cost of the system is excessive and wasteful. The American people clearly see that Washington has failed. And it is time we act accordingly.

True reform has been quietly evolving in the States. Our objectives should be to unleash the latent creativity of these States. We need to test new approaches, to experiment with new methods that seek to address the varying conditions to be found in our 50 States. That is what the Dole-Packwood bill does, and I urge my colleagues to support it.

Mr. PACKWOOD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. FRIST). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. FRIST. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. PACKWOOD). Without objection, it is so ordered.

Mr. FRIST. I thank the Chair.

My fellow colleagues, it has been 30 years since President Lyndon Johnson launched his unconditional War on Poverty. One overriding fact remains, the War on Poverty has failed. In welfare, as in most government policies, you get what you pay for.

For 30 years, the welfare system has paid for nonwork and nonmarriage and has achieved massive increases in both. By undermining the work ethic and rewarding illegitimacy, the problems of the poor and the inner city have actually gotten worse, not better, in the subsequent years. Not only are there more people living in poverty today than ever before but, thanks to welfare, whole generations of Americans have lived and died without every owning a home, holding down a steady job, or knowing the love and support of both a mother and a father.

This failure is not due to a lack of Government spending. In 1993, Federal, State, and local governments spent $324 billion on means-tested welfare programs for low-income Americans. To date, welfare now absorbs 5 percent of the gross domestic product, up from 1.5 in 1965 when the War on Poverty began. According to Congressional Budget Office figures, total annual welfare spending will rise to nearly $500 billion and 6 percent of gross domestic product by 1998.

Though President Johnson declared that "the days of the dole are numbered," welfare now involves an ever-expanding share of the population. Today nearly one out of seven American children is enrolled in aid to families with dependent children [AFDC], with Uncle Sam's welfare check serving as a surrogate father. About half of the children currently on AFDC will remain on welfare for over 10 years.

The core problem behind this growth is that the current welfare system promotes self-destructive behavior: nonwork, illegitimacy, and divorce. Mr. President, in my practice as a heart transplant surgeon in Tennessee, I witnessed the effects of our misguided welfare system every day.

One out of three of my patients was below the poverty level. Some tried, but couldn't get a job. Some didn't want to work. But almost all felt trapped by the current welfare system which pulls families apart.

Caring for these individuals, I heard the same stories, again and again. Young teenage mothers would explain that the Government would pay them $50 more a month if they moved out of their parents' home, away from their family and away from the only support system they had to pull themselves out of the welfare trap.

Mr. President, we must act now to reverse this disintegration and destruction of the American family. We cannot afford to pass on the opportunity to put forward a proposal that will end

the generational cycles of welfare dependence. The American people elected us to do the very thing we are now trying to do.

They asked us to return control of their lives and their government to local communities.

They asked us to spend their money wisely.

They asked us to create a system of mutual responsibility in which welfare recipients would be granted aid but would be required to contribute something back to society for assistance given.

They asked us to change incentives, and create a welfare system that promotes work, that reduces illegitimacy, that strengthens families, and that provides an opportunity for all Americans to succeed.

Mr. President, I believe the Dole substitute amendment, No. 2280, goes a long way toward doing what the American people have asked us to do.

It consolidates AFDC cash benefits, JOBS, and related child care programs into a capped block grant to States and gives States a large degree of flexibility to address their unique problems. The Dole substitute also requires a 30-percent reduction in Federal staff currently administering AFDC and the JOBS Program. By consolidating programs, we can reduce the costs of bureaucracy and get the money to our children.

The Dole substitute requires able-bodied adult welfare recipients to work. Welfare recipients will no longer be able to avoid work by moving from one job training program to the next. They must begin work no later than 2 years after getting on the rolls and cannot receive benefits for more than 5 years.

Finally, it contains several provisions designed to strengthen families and require personal responsibility. States can deny cash payments to teenage mothers and place family caps on cash assistance. Single teen parents must stay in school and live under adult supervision. And deadbeat parents will face financial penalties and tough sanctions, including the loss of drivers and professional licenses.

Mr. President, a number of amendments will be offered this week which can strengthen the Dole substitute.

For example, I believe a welfare bill should include a pay-for-performance work requirement, so that there is a proportional reduction in benefits for work missed by a welfare recipient—no work, no benefits.

I would support an amendment to reward Governors for their efforts in reducing illegitimacy rates within their States.

And we should strengthen the requirements that unwed mothers establish the paternity of their children in order to get benefits.

Mr. President, we have a chance to make history here this week. We have the opportunity to regroup, to restructure, and to find new ways of helping those in need.

Those of us who are committed to change have behind us the full force of the American people. Those who argue against those changes have nothing on their side but the dismal history of the past 30 years.

Mr. President, I thank the Chair and yield the floor.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DASCHLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. FRIST). Without objection, it is so ordered.

Mr. DASCHLE. I wish the Presiding Officer a good morning. Mr. President, I ask unanimous consent to speak as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

FARM BILL

Mr. DASCHLE. Mr. President, every 5 years, Congress has the opportunity to review the Government's role in sustaining domestic agriculture production and determine the effectiveness of those programs. That effort is underway as we begin, again this year, the legislation that modifies and extends USDA programs. The multiyear farm bill allows us to step back and shine the light on current conditions on each and every one of the programs affected by this legislation.

As the Senate Agriculture Committee took its first look under the hood earlier last month, it is already clear that some of the programs need a tune-up, some need a complete overhaul, and still others may need to be hauled away.

No piece of legislation Congress takes up this year will affect the lives of South Dakotans and rural Americans more than the 1995 farm bill. Commodity support programs, trade, conservation, research, domestic food assistance, rural credit, and the rural development programs will all be under very close scrutiny.

In my years in Congress, I have had the honor of representing the interests and concerns of South Dakota farmers and ranchers in a number of these farm bill debates. In close consultation with the agricultural community, I have worked to improve farm income and bolster the rural economy by offering amendments that were eventually incorporated in the final legislation.

Nonetheless, as each of these bills have come up for final votes, I have had to ask myself whether they truly represented our best effort to respond to legitimate needs of the agricultural sector. I sincerely hope this year, as we begin to weigh pros and cons of the legislation, that we recognize that the stakes could not be higher.

As we debate the 1995 farm bill in the coming months, I hope the Democrats and Republicans alike can move beyond the partisanship that so often dominates Congress and work together to draft a farm bill that truly reflects the genuine appreciation for an agricultural community that is too often taken for granted. On many issues, I am optimistic that broad consensus is possible and, indeed, likely. As in years past, however, there are those in Congress who will push for drastic and disproportionate cuts in agricultural spending, claiming that in these times of tight budget constraints, we can no longer afford to support American agriculture, including family farmers.

I say we cannot afford to. American agriculture is making an extraordinarily important contribution to the national economy. In a time when our manufacturing base continues to decline, agriculture contributes more to our exports and produces one of the largest positive balances of trade of any sector within our economy.

Let me remind my colleagues of the extent to which the agriculture sector has already contributed significantly to deficit reduction in the last several years. Since 1986, agriculture spending has been cut by 60 percent, from $26 to $9 billion today. If other Federal programs had been slashed as severely as agriculture over the last 10 years, the U.S. Government would now have a budget surplus.

Such past contributions will not and should not preclude the Federal agricultural programs from being thoroughly reviewed once again. The farmers I talked to realize and accept this proposition. They are as concerned about the Federal deficit as anyone. Amidst ever-increasing production costs and stagnant commodity prices, they know how difficult it is to balance a budget, but they do it in their daily lives and expect us to do it as well. Farmers and ranchers are willing to lend their hand to the effort. They simply ask that once a hand is extended, it receives a fair shake.

Our task is to ensure fairness and responsibility in drafting a new farm bill. Farm programs are like many other Government programs: They can be refined; they can be streamlined. Their costs can be reduced and their effectiveness can be increased.

All agricultural policy initiatives must be crafted with the intelligence and with the simultaneous appreciation for the role that family farmers play in the daily lives of all Americans and the budgetary constraints in which we now find ourselves.

We must not, however, let those woefully ignorant of farming realities run roughshod over sound agricultural policy under the guise of fiscal responsibility. Farmers across the country know the difference between political expedience and fiscal responsibility, even if we in Congress confuse the two.

Fashioning a farm bill that will reduce the cost and still provide the necessary services and support for agriculture is one of the top priorities in

this session of Congress. I have four primary goals as we look at the upcoming farm bill.

First, we need to increase the market income of family farmers. Farmers are the backbone of rural America and an essential part of the foundation of our entire economy. The new farm bill should be structured to maximize net farm income and reduce reliance on Government payments.

Farmers tell me time and time again that they want to receive more income from the market and less from the Government. The income support programs in the farm bill must give farmers the flexibility to respond to market conditions while still providing an economic safety net. I am firmly convinced the market can and should more fairly compensate farmers for the long hours and large amounts of capital they invest in producing our food.

Second, we need to promote the production of innovative value-added agricultural products that will expand the markets for American agriculture and enhance the incomes of all of our producers. USDA research dollars should be targeted toward the expansion of these market opportunities.

The American farmer is the most productive in the world, but production in and of itself does not pay the bills. We need to facilitate the creation of new markets in which agricultural products can actually be sold. This will stimulate our small communities by bringing new industries to rural areas and improving the economic stability of all family farmers.

Third, we need to drastically simplify Federal programs. I have had the opportunity to work in a South Dakota county ASCS office and see the excessive paperwork and redtape. Any of us would get hopelessly lost in the maze of base acres, deficiency payments, marketing loans, payment acres, program crops, nonprogram crops, and target prices that producers must navigate each and every day. These programs cry out for reform and simplification. Most farmers will tell you that if we could do any one of them a favor, this would be it. Let us allow farmers to get back to doing what they do best: Growing safe and abundant food.

Finally, we need to find innovative ways to assist young and beginning farmers. The future of rural communities is really in their hands. Far too many young South Dakotans are forced to leave our State every year in search of opportunities in urban areas. Loans, assistance programs and, most of all, a good price are needed to encourage young people to begin farming. We are almost unanimous in support of this goal, but the challenge here is perhaps greater than anyplace else, given the severe budget restrictions we face over the next few years. I hope we can find the creativity necessary to meet this particular challenge.

In the context of the extensive cuts the current budget resolution will inflict upon rural America, our actions on the farm bill are magnified in importance. We simply cannot let the farm bill deteriorate into a political squabble between parties or, for that matter, regions. If that happens, everybody will be busy scoring political points, and the only real loser will be agriculture. It is time we stopped taking our safe and abundant food supply, and the farmers and ranchers who produce it, for granted. We must use this opportunity to craft a farm bill that reflects the need to preserve rural America and the farms that produce the world's safest and most abundant food supply.

Mr. President, I yield the floor.

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

Mr. SIMPSON addressed the Chair.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

Mr. SIMPSON. Mr. President, briefly, because I know we are ready to move on with this legislation, I certainly want to speak in support of the Work Opportunity Act of 1995. That bill which my fine colleagues, Majority Leader DOLE and Senator PACKWOOD, have placed before us represents, I think, a very good starting point for welfare reform. I commend both of them for their work and for working with all of us to ensure that our concerns were taken care of.

It is not a perfect bill. A bill rarely is. But it surely puts us on the right track. They have listened to my suggestions, especially with regard to recognition of rural areas and amending the bill to include vocational training and the definition of work. That is a provision Wyoming needed in the bill, and now under the bill, recipients can receive vocational training for up to a year. I appreciate that very much. That was very attentive to our needs.

I strongly felt that welfare reform should be a high priority. I think we all agree with that. There is much to do. Not only to "get tough" with those who might best be described as welfare addicts, which offend us all, but also to help those who truly want to become self-sufficient, which charms us all, and know that these people need our attention.

So, if we can do this in a humane and responsible manner—there is not one among us who has a desire to be punitive or destructive to any of those who are disadvantaged and most vulnerable in society. I do not see that. That is an absurd premise.

When we talk about welfare reform, it is important that we look at the big picture and understand the reasons why people are on welfare. It is a very difficult thing. Those who have studied it for decades are unable to really come to closure on how these things happen, why is this occurring, why is the birth rate here, and what is the rate of illegitimacy? Nobody has done more work in that area than the senior Senator from New York. We read his studies, his works, and appreciate his extraordinary range of and grasp of the issue. It is a giant puzzler for us.

In Wyoming, I know a single parent will tell me that they could get by without welfare if they just received the child support they were supposed to get in the divorce. I know about that because I did about 1,500 of those in my practice of law for 18 years. "If he would pay the child support, I would not need to be on welfare." That is very true. I have often felt we should put teeth in the welfare and child support enforcement laws. I applaud the leadership for including serious child support provisions in this bill. I am particularly pleased by the provisions that improve our ability to track down absent parents and streamline the process to make interstate enforcement less complicated and unmanageable. This is what has happened for years. You get the decree and support order, and the husband takes off. This will inject some responsibility in here for a group in society known as "fathers" who are not here on Earth simply to sire the flock and move on, and that has to stop.

Paternity establishment is another high priority in the legislation, and we are addressing that. I appreciate the approach in regard to block granting. Our very able Governor, Jim Geringer, a very able administrator, tells us that they need and require flexibility. We want to give that flexibility in the form of block grants so States can shape their own programs, make themselves laboratories. I am one who just does not believe that the Federal Government, or we here, have a monopoly on compassion. I do not see how people can even imagine that State officials somehow care any less about families and children than the Feds do. I think that these programs and flexibility are very important.

I also agree with Senators PACKWOOD and CHAFEE in their approach to the child welfare provisions included in the bill by not putting child welfare and child protection into block grants. They have recognized that we should not be too hasty in turning everything over to the States at one time.

There is a consensus here among child welfare administrators that Federal protections have led to new improvements to this system and critical incentives to the State. It was true in my State where the system was in complete chaos until the State had guidelines and requirements to follow for receiving the Federal funding. Only then did Wyoming develop a child protection and foster care program that takes care of its most vulnerable and neglected children. In fact, were it not for the standards that Congress enacted—and I know this is strong language for a Republican, but in this situation, were it not for the standards Congress enacted in 1980, the States and territories with the worst track

records, such as the District of Columbia, would have been allowed to continue to disregard the basic safety of abused and neglected children with complete impunity.

So I support block grants. I feel that aid to families with dependent children, along with the JOBS Program and AFDC child care programs, should be block granted. I would like to see States given the flexibility to run these programs as they see fit without Congress defining specific categories to whom States cannot pay benefits.

With regard to SSI, we had hearings on supplemental security income. I agree that drug addicts and alcoholics should not receive cash payment benefits because they have a so-called "disability." It is a self-induced one in many cases. However, I do feel that these addicts and substance abusers need to receive treatment for their addictions.

I feel that sensible improvements have been made also in this area of children's eligibility for SSI. We had anecdotal examples of parents coaching their children to act up in school, and families who have all of their family on SSI rolls. However, those are only anecdotal evidence, and we should not use them as an excuse for carrying out some wholesale purge of children from the SSI rolls. We should make sure the low-income families who have children with severe disabilities are taken care of, especially if one or both parents must stay at home to care for this very troublesome and disabled child—and often they are similar and often a tremendous burden upon a parent in a time of stress.

With regard to immigration, we will deal with that in a large area of the immigration subcommittee, which I chair. But I think it is very important to note here that since our earliest days as a nation, we have required new immigrants to be self-supporting. In the year 1645—and I see my colleague from New York pique his interest, because he loves history—Massachusetts refused to admit prospective immigrants with no means of support other than public assistance. But America's first general immigration law—the big one, before the big influx in the early 1900's—was passed in 1882. In 1882, it prohibited the admission of "any person unable to take care of himself or herself without first becoming a public charge." This restriction still exists. Section 212 of the Immigration and Nationality Act excludes those who are "likely at any time" to become a public charge. Courts have come along and interpreted that in a way which made it absolutely senseless. But that is the law.

I think our Nation's welfare law should be consistent with America's historic immigration policy. This bill, in conjunction with immigration proposals under consideration within the subcommittee, will create a long absent commonality.

Many immigrants—half of the new immigrants in fiscal year 1994, according to the State Department—are permitted to enter only because a friend or relative in the United States has promised, that is sponsored, and said to the U.S. Government that the newcomer will not require public assistance. Should this new immigrant then fall on hard times, it is the responsibility of the sponsor—that friend or relative who promised the support—to provide the aid. This Dole bill will require all Federal welfare programs—save a few "public interest" programs—to include the income of this sponsor when determining a recent immigrant's eligibility for welfare.

The message in this area with regard to welfare is very clear: America is serious about our traditional expectation that immigrants be self-supporting. Newcomers should turn to the friends and relatives who sponsored them for assistance before seeking aid from the American taxpayer. Hear that clearly.

Immigrants who come here and are sponsored must be self-supporting. They will not turn to the taxpayers first; they will turn to their sponsor first.

I look forward to a healthy debate on all these issues. We will have one. I am happy to see us move forward. We need to move toward this program of work and self-sufficiency while leaving States without restrictions, giving flexibility.

I thank the leaders for their fine work in moving this legislation forward.

Mr. MOYNIHAN. Mr. President, may I take just a moment of the Senate's time to express my gratitude, and I am sure that of Senator PACKWOOD, for the substance of the remarks of Senator SIMPSON and particularly for the tone of those remarks.

We are, indeed, struggling in this effort with forces we do not fully understand that have come upon us very suddenly, as history goes.

The learned Senator can speak of the Massachusetts Bay Colony and its regulations in 1645. That is eons of time, as compared to the sudden incidence of this problem in our cities.

I wonder if the Senator could allow me a moment to point out the urban dimension of this subject, because urban affairs—cities—are no longer a central topic of our concerns as they were, say, 30 years ago.

President Nixon's first act upon taking office was to create an Urban Affairs Council. This will not take 3 minutes. I know the Senator from West Virginia is waiting, and he will be heard in just a second. This is what has happened in the course of the last few years, suddenly, as if it were a tornado out in Wyoming country.

In the city of Los Angeles, Mr. President, 62 percent of the children are supported by aid to families with dependent children; in Chicago, 43.7 percent; in Detroit, 78.7 percent; in my city of New York, 28.4 percent; in Houston, TX, 24.6 percent. These are the 10 largest cities. There are higher ratios, but these are our 10 largest cities.

What this does, and I think the Senator from Wyoming can sympathize with this, these ratios overwhelm municipal capacity. Going back to 1912—I will go back that far—the New York Times began a series that has been going on until this day called "The 100 Neediest Cases." At Christmastime, they give you a list of 100 families; most had tuberculosis, or an industrial accident killed the father, or something like that. You can cope with 100. There are more than 100, but it gives you a sense of dimension.

How do you cope with the situation where 62 percent of your children are on welfare, which means, of course, they are paupers. One of the things we have had most application for in waivers was to allow families to have a car worth little more than $1,500. In Wyoming, you need a car to get to work in most places. That is an element we do not talk about often.

This problem tends to be concentrated. It is an urban problem. It is an urban crisis. It is a general problem. What is a problem in Wyoming is a crisis in Cook County.

Therefore, the more do I appreciate the concerns of the Senator from Wyoming and the mode in which he has stated them. I thank the Chair.

The PRESIDING OFFICER (Mr. INHOFE). The Senator from West Virginia.

Mr. ROCKEFELLER. Mr. President, a lot of the time I wonder what we are doing talking on the floor because we just seem to be talking about things that do not make a lot of difference and that do not necessarily concern Americans as much as they may concern some internal dynamic here in the Senate, which may or may not be important.

This obviously is a very different kind of setting. This time the Senate is turning to something that the people of my State, and the State of the Presiding Officer, and States all over this country really care about and really expect us to do something about. They see a welfare system that gives out too much for too little in return. They do not like it. They are very clear in their view about it. They are right.

They see too little emphasis on something which I think is sort of the byway by which America is either going to come back to our proper course or we are not. That is something called personal responsibility. We have lost our sense of it in this country—not just the poor, but all of our people, I think—what we have an obligation to do ourselves as opposed to turning toward the communities or toward the Government.

Also, something called work ethic, which people are talking a lot about, beginning to do something about, something the American people want to see badly and something they deserve to see.

I think people have lost, and rightly so, their tolerance on dependency. Dependency is unavoidable in certain circumstances, but in most circumstances it is not. The American people know that. There are a lot of Americans who pay taxes who were dependent one way or another and fought their way out of it and have every reason to look at those who do not askance.

The point is that we are talking about something really serious in welfare reform. Tax-paying, hard-working Americans are not the only ones who want reform in welfare. Most families on welfare want things to change, too, because many of the things that we in Government have done has fostered their dependency even against their own will, although they have to submit to it. The whole act of submission is one, of course, of losing a sense of personal responsibility.

For all kinds of reasons, some very sad, mothers and fathers find themselves living in poverty. For some, attitudes and behavior bring them to welfare and keep them on welfare. For many families and many in my State of West Virginia, they want to get off welfare as much as the middle class wants them to get off welfare and to avoid all the problems that are associated with welfare, including the cost of it.

The father disappears or refuses to pay child support. There are billions and billions of dollars out there. Child care costs more than a minimum-wage job, so people do not get around to overcoming that fact. Or the parent just cannot find a paying job because she or he does not have the most basic of skills. That I can remember from earlier days. They use to have something, as the ranking member of the Finance Committee knows, called the dollar-an-hour program. We had that in West Virginia. I am not sure if they had that in all kinds of other States, but that was something where, when there really was not anything else, you paid somebody $1 an hour and they went out and worked on the highways for the department of highways. They got $1 an hour. It was really for people who could not do anything else but that kind of work.

It was sad, but it was all that there was, and people did it because they had to. These are some of the situations we run into.

Welfare is also about children. Acronyms and clunky program titles keep that basic truth from the picture of welfare.

But the fact is that 43,000 families in West Virginia who get a welfare check every month—there are that many—and the 5 million families across America who get a welfare check every month—and there are that many—include over 9 million innocent children; 5 million families, 9 million children. We are talking about 1-year-olds, 7-year-olds, 11-year-olds, and everything in between; people who are just starting life, in effect. These are not the deadbeats, are they? They are totally innocent of whatever can be blamed on the welfare system and its recipients. Whatever their parents might have done or not done, they are innocent—and they really are.

I think back to many cases I know of in West Virginia where the children of parents who are on welfare simply overcame that and went on and now have decent jobs and are raising families. It is a triumphant thing to see. It is something to fight for, something to work for, something to glory in, if we can get a welfare system that allows that to happen more commonly.

In fact, from every poll that I have seen, while Americans expect Congress to reform welfare and are fairly stiff in their views about it—us and it—they also expect us to make sure the children are protected. On that, they are not equivocal. They want children protected. They recognize the difference between the perpetrators and victims. They see children as victims and they say so, and they want children protected even as they want the adults and the parents to work. They want children protected. They are not asking us to be cruel. They are asking us to be firm, but not cruel. They are asking us to be smart, in other words.

Because of the anger about the welfare system, it is very tempting for politicians to simplify the solutions; because there is always a coming election, to say that you were tougher on welfare than the next person. There is nothing like being tougher on welfare except, of course, if it does not work. If you do something that does not work, you may do better in the argument but you should not sleep as well at night.

The test in welfare reform, it seems to this Senator, will be met by its results, what we actually do—hopefully come together to do—on the floor of this body and the other one. It will not be charts or bumper stickers or promises.

West Virginians want welfare reform because they want to see things really change. They know the system is not working as it is. They believe the system should work, can work, ought to work, and can be made to work by us, who are their representatives, if we will but come together. If we do not come together we will all fail, and it will be a shame and a sham on this institution. If we come together, Republicans and Democrats, we can make this work. We do not have to be tougher, one than the other, but simply be smart and make it work. And being smart will be plenty tough—plenty tough.

I think that is what the Senate should spend this week, or whatever time we have, sorting through. That is the way to change the welfare system in a way which works—on both sides, if that is possible. Every single Member of this body should reject the idea that welfare reform is some kind of trophy that one party holds over the other. I see some of that already and it worries me, as I know it worried the Senator from New York. It is a chance to recognize the realities of people on welfare, and a system that spits out the wrong results. It is a chance to do careful surgery so we get it right. There is not any time for anything else. And we can get it right.

I am still incredibly surprised—and I say this not in a partisan spirit, but because I must out with my feelings on this subject—that the majority leader thinks that a block grant is welfare reform. I have to say that. There is no question, if the Federal Government collects $16 billion from the taxpayers and chops it into 50 separate pots for the States, welfare will certainly end as we know it. But that is a cop-out. What a way to run from the hard decisions and the tough calls that we know are required to get the results that will make all of this possible. Nobody on either side of the aisle is running from tough decisions, but we have to be smart. As a former Governor, I know that we have to be practical. What we do has to work.

I support the Daschle-Breaux-Mikulski bill, because it is an actual plan to change the welfare system. It does not just pass the buck to Governors. It replaces the current unsatisfactory, maddening welfare system with the rules and the steps that will get people into jobs and enable them to stay employed. It is not just the getting of the job that is important, it is having that job 2 years later that really tests the mettle of what we do. But it also remembers the children in the right way.

There is all this talk about values, and properly so. I just hope that means that some compassion—a little bit—is carved out for something called children, that one really does put them in a separate category—children who had nothing to do with where they were born, how they were born, or whether their mother is dirt poor or an heiress. I mean, most of us really have very little to do with that. Yet, if we are in one condition or another, it has an enormous impact on our lives. And people have to understand that. The Senate must not surrender this country's commitment to children and the idea that everybody deserves a chance after they are born.

There is nothing timid about the Daschle-Breaux-Mikulski bill. It is a bold bill.

AFDC, the letters for the core of today's welfare program, is abolished. AFDC—I have been living with that acronym for 35 years—is abolished. It is ended, as we know it. In its place we propose something called Work First, words that mean what they say. For the first time we say financial aid for poor families comes with strings attached, and that aid will only last so long a period and then it will stop if those conditions are not met. Children will keep getting help if they need it, but for adults the help is temporary.

Parents have to actually sign something called a parent empowerment

contract. It is a personal agreement outlining how he or she will move from welfare to work. The contract is enforceable. All of this is new.

In return, Work First is a plan that respects what families need to go from poverty to independence—what they have to have. That means different things for different families. Basically, we make sure there is help to find a job, qualify for a job, and stay in a job with backup support like child care and, thank heavens, health care. What parent in his or her right mind can take a job if there is no one to care for his or her children? We put people in jail, you know, for neglecting children. It is a Federal offense.

Again, as a former Governor, I know what happens when the Federal Government declares victory over a difficult problem—and now I come back to block grants. Block grants, in my judgment, are closer to something called surrender: Here, States, come along with us on this block grants. It is a sturdy idea, come along. We are going to give you a check. But, by the way, the check is going to shrink. And, by the way, should there be a recession, or some kind of natural catastrophe, or you happen to have many more poor families, then that is kind of a problem for you. But people like the idea of block grants, so we are going to do block grants.

This Senator does not like the idea of block grants. This Senator was Governor during the first New Federalism in the early 1980's and watched the State go from the highest employment in its history to a 17 percent unemployment rate all in the period of 3 years. That is not pretty. That is full of tragedy. That is not all because of the Federal block grants. But they symbolized it, and it hurt. It hurt a lot, Mr. President.

That is why I hope that we can find agreement on this Senate floor, and why it is so important—and why we have opening statements and then two Senators over there who are running against each other for President and Senators over here, and then two sides, that we sort of forget about some of these things—that we start thinking about what we are here for, which is solid welfare reform.

We have the time if we take it. If we have to stay longer, then I guess we should do that. But we have to think about the realities of poverty, of welfare, and how to make the whole country a place where children do matter.

For example, in Senator DOLE's plan the answer to States hit by a recession or depression is a loan fund. Right—States really are going to be able to borrow money. Of course, that money has to be repaid in 3 years with interest, when more of their people face a temporary crisis of unemployment and hunger.

Mr. President, the Senate needs to look behind the rhetoric of that welfare plan and deal with facts and come together. The Congressional Budget Office says that under a very similar bill—the one passed by the Finance Committee—44 States will not be able to meet the bill's supposed work requirements. Let me say that again. The bill that we put out of Finance will fail in 44 of the 50 States, will fail according to the Congressional Budget Office. Common sense says that we, therefore, should not do that, and we have to again come up with something that works. That is all I am interested in—something that works, that is practical and works, that gets people off welfare, that protects children, that is tough on personal responsibility, that makes parents work, makes them work but works as a plan.

The bill of Senator DOLE really has the same problem. It just does not bother to figure out how the work requirements become reality.

Why should we set our States up to fail? We do not want to do that. We may be in a rush. But we do not want to set our States up to fail. We do not want to do that. It would be supremely wrong and shameful. I would say look at the democratic alternative and you will find a plan that will get results, with people actually working, what we all say that we want.

The block grant approach in the Dole bill turns away from the Nation's safety net for children, and we are all asked to hope that each individual State will step in. Many of them will not. Americans are not asking us to abandon children. I repeat and repeat. They are asking us to strike a better deal with their parents, to link the responsibility to Government help that is also temporary.

There are areas of agreement in this Chamber on welfare reform, and I celebrate those. Members on both sides of the aisle are clearly interested in promoting flexibility and in encouraging innovation among the States. Again, as a former Governor, I also know the frustration, that a Federal bureaucracy that micromanages is annoying, a Federal bureaucracy that is too regulated, that stifles creative efforts to develop local initiatives to move families from welfare to work. So we all agree, 100 of us I suspect, that the States need more flexibility.

I might add, that is not where you need to look for sudden converts. The senior Senator from New York, Senator MOYNIHAN, focused the country's attention 8 years ago on the signs of progress that were just appearing in a few States that had been given more room to experiment. That was the basis of the Family Support Act passed in 1988, and it is the reason States this very minute are trying all kinds of new ways to move families off of the welfare rolls and to making it on their own.

I remember in West Virginia we started something back in the 1970's. It was called the Community Work Experiment Program [CWEP]. That was made a part of the Family Support Act. We were the only State in the Nation at the time to be doing that. We started that, and we aimed it particularly at some of our southern counties, and it worked. It was working. As a result of that, it was kept in the 1988 Family Support Act and was deemed to be good, and is still on the books.

There is partisan agreement on the crucial need to dramatically improve child support enforcement. I would say 100 Senators will agree on that, again a building block for bipartisan consensus here. The tools to force parents to accept financial responsibility for their children are not in full use. We know that. They must be, and we do that.

Mr. President, if the Senate sets politics aside and makes results our test, and keeps a special place in our hearts for children, we can produce and pass a bill that deserves the title "welfare reform." We can do that.

Our debate should focus on how to get the parents of over 9 million children to work, while making sure that the victims are not the children. Our work and our votes should be based on facts and realities, not on the temptation to pretend slogans will solve problems, or on trying to outdo each other or to bring home a trophy. The only trophy ought to be a bipartisan one that creates a welfare system that works, and that is a trophy for our country—not for us.

As I look ahead to this debate, I intend to respond to West Virginians who have been waiting for welfare reform. For the system to change so that the rules are the same for everyone—if you can work, by golly, you work; if you have children, care for them, take responsibility.

I also hope we will see the country change. We can do better, and it does not have to be done by becoming mean or becoming thoughtless. It certainly should not be done by abandoning the little that is done for children who have so little.

I recall, Mr. President, Majority Leader DOLE's opening statement from a March hearing in the Senate Finance Committee. I am going to quote what he said. Senator DOLE said:

> I do not know anything else as meaningful or as critical as doing our part to help America's children in need, and helping them get the necessary support to remain a part of their family, helping them realize their full potential as we launch into the next century . . . our first concern must be the well-being of the children involved. They are not the instigators, they are the victims of what we see as a growing problem . . .

If we heed those words, wise words, and work together to achieve real reform and insist on getting the surgery right—that is, that we are careful and smart and practical in what we do—then we have a tremendous opportunity to come through for the American people on welfare reform.

I hope the Senate will surprise the pundits and the skeptics and the professional observers of this place by not only passing something called welfare reform but a bill of which we can be proud.

I thank the Presiding Officer and yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. May I just express the appreciation of this Senator for the remarks that have been made by the Senator from West Virginia, the chairman of the Rockefeller Commission on Children, who spoke so carefully and thoughtfully, particularly to his point about dependency.

The issue of welfare is the issue of dependency, and in a world where adults stand on their own two feet, as the phrase has it, we have a situation in which the condition of dependency is massive in our cities, pervasive in the land, and while we have not been able to solve the problem, we are making real steps in addressing it. And I want very much to share his sentiments and his concerns.

I thank the Chair. Mr. President, I yield the floor.

Mr. CRAIG. Mr. President, with the consent of the leaders on this issue at the moment, I would, if I could break for a moment, ask unanimous consent to speak on another issue for no more than 10 minutes as if in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBSIDIZED CANADIAN LUMBER

Mr. CRAIG. Mr. President, I have sat through 2 days of probably some of the most substantive debate on a key issue in this country that I have heard in years, listening to the debate of our colleague from Oregon, who has led the Republican side of welfare reform, and certainly the senior Senator from New York on the other side, both men of tremendous substance attempting to deal with a very important issue for our country. I have just listened to the Senator from West Virginia in a most sincere appeal for resolution of an issue that has gone beyond what I think most Americans ever intended it to be.

In some way my comments this morning are a part of that because I am talking about a very real people issue in the West that has caused, by its presence and by our inability to act, people to go on welfare, to be subject to at least or to ask for assistance from their State to provide for food on their children's table. And so, if I could for just a few moments, I wish to reflect on an issue which is really very perplexing that I and others in this Chamber have attempted to deal with over the years that is now front and center again, at least in the timber-producing States of our Nation.

Every week, I receive tragic appeals from unemployed forest workers struggling to feed and care for their children, many of them, as I have just mentioned, on the edge of welfare at this moment. A major reason for their struggle is that a rising flood of subsidized Canadian timber has captured nearly 39 percent of our domestic softwood lumber market in May of this year.

This May figure is already an all-time record for foreign market's share of lumber in our country, and the industry anticipates that the figure in June will be equal to or will exceed that level. This flood of imports also has contributed to a 34-percent reduction in U.S. softwood prices since 1994. Last year alone, Canada sent to the United States nearly 16 billion board feet of lumber worth $5.8 billion. Tens of thousands of jobs and the economic livelihood of hundreds of communities throughout the public forested States of our Nation, primarily in the West, depend on a prompt and fair solution to this problem of Canadian subsidized timber.

What is the cause of the problem? In Canada, where 92 percent of all timber is Government owned, Provincial programs allocate trees to producers under long-term agreements at a fraction of their fair market value. Producers in British Columbia, for example, paid on the average of $100 per thousand board feet of timber in 1994.

That is in stark contrast to United States producers immediately across the border in the States of Washington and Idaho and down into Oregon paying $365 per thousand board feet of timber of the same type and the same quality—nearly 300 percent more than what was being paid in Canada. United States prices are substantially higher because in the United States, unlike Canada, trees from virtually all public and private forests are sold at fair market value through the competitive bid process.

Coupled with that, there has also been—by Government edict, environmental laws, Endangered Species Act—a tremendous reduction in the allowable timber cut or the allowable sales quantity on our public forests. The result of this and the subsidies have resulted in mills shutting down and, of course, the competitive advantage that should be ours in our own market being dramatically lost to this flood of subsidized timber. All regions of the country have announced production curtailments, temporary shutdowns, and permanent closures of mills and related businesses. Small family-owned businesses have been devastated. If prompt action is not taken, the inequity will only get worse.

The United States lumber industry is competitive but for Government curtailment of supply and Canadian subsidies. United States lumber production costs, excluding timber, are the same and in most instances lower than Canadian production costs. The United States output per employee is about the same as the Canadian industry. Canadian labor costs are higher and rising faster than labor costs in the United States.

Canadians must adopt a fair market-based approach to timber pricing to begin to level the playing field that we are talking about. These pricing policies also have been criticized by Canadian groups, including Canada's maritime and small lumber producers. Criticism also comes from a previous British Columbia Forest Minister who said that Canadian timber pricing practices harm the Canadian economy and do not provide a good return from the industry.

Over the past 10 years, United States lumber industries have repeatedly won duty determinations against Canadian subsidies before the United States Department of Commerce and the International Trade Commission. Why? Because it is obvious and well-known that Canada subsidizes its industry.

In 1993, however, three Canadian members of the binational panel operating under chapter 19 of the United States-Canadian Free-Trade Agreement ruled that Canadian timber pricing practices are not subsidies under United States law. In response, the U.S. lumber industry filed a constitutional challenge to the panel's authority to arbitrate such disputes. This challenge was withdrawn when the industry was assured by United States Trade Representative Kantor that Canada would agree to consultations to address the timber pricing issue.

There was also another reason why our trade ambassador entered in; he did not want the Canadian Free Trade Agreement and its problems and its loopholes exposed.

When that agreement was passed in the mid-1980's, I voted against it, and in the Chamber of the House—I was then a Congressman—I argued that these loopholes did exist and that we had set ourselves up for the very scenario being played out today. If our Trade Ambassador wants to solve this problem and keep the free-trade agreement intact, then he ought to move on this issue.

In spite of these consultations, I think legislation may be needed to resolve the problem that has surfaced with this binational panel or panels as a result of the free-trade agreement. Past panels have ignored the standard of review mandated by the agreement and United States law, and two Canadian members of one lumber panel failed to disclose serious conflicts of interest.

Because these rulings by nonelected, non-United States panelists are binding under the United States-Canadian Free-Trade Agreement, and now under the North American Free-Trade Agreement, serious constitutional and procedural issues arise. Reform is needed to assure that future panels do not and cannot ignore U.S. law in order to protect unfair trade practices.

So where are we today, Mr. President?

The U.S. softwood lumber industry is in no condition to endure unrestrained, subsidized imports during an extended period of negotiations. Nonetheless, the first meeting of the United States-Canadian lumber consultations that

occurred on May 24 and 25 was inconclusive. The second meeting on July 11 and 12 produced an acknowledgement, finally, of a glimmer that says, yes, there is a problem, and suggested there were prospects for eventual solutions, but without sufficient urgency, in my opinion, to curtail the massive loss of U.S. industry and jobs that is now going on in this country.

More than 10 years ago I organized congressional opposition to this persistent, recurring problem. And I say this morning to the Canadians, down the road from this Capitol, turn up the volume on your television set if you are watching C-SPAN2 at this moment, because in the Canadian Embassy you are about to begin to work once again, because we are going to put you to work, as this country speaks out for its forest products industry and the men and women who work for it. We will no longer allow this loophole to exist in the United States-Canadian Free-Trade Agreement.

I have sent letters to the administration urging a quick and permanent solution to this problem. And I must say at this moment, Ambassador Kantor, your lip service does not answer very well the concerns of the men and women in Idaho and across the Pacific Northwest that are losing their jobs.

A third United States-Canadian lumber consultation panel is to meet in September. This meeting must accelerate and complete efforts to produce a concrete framework for permanently reforming Canadian pricing schemes in order to eliminate the subsidies provided to the Canadian producers.

So in conclusion, Mr. President, I hope this problem will be resolved quickly, jointly between the United States and Canada in their negotiations. Frankly, I would prefer if that were to happen. But if it does not happen, this is one Senator who will rally other Senators and Members of the other body to resolve this problem legislatively like we had to do in the late 1970's. And to our Trade Ambassador, Ambassador Kantor, go to Canada in September and work to resolve the issue. Lip service no longer serves well the unemployed men and women of the forest products industry.

I yield the floor.

The PRESIDING OFFICER. The Senator's time has expired.

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

Mr. GRAMS addressed the Chair,

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. GRAMS. Thank you very much, Mr. President.

Mr. President, today's debate over reforming the welfare system is a debate over the values we hold most sacred as Americans. We prize independence over servitude, personal accountability over irresponsibility, hard work over Government handouts. A welfare system that works ought to embrace those values, inspire people to seek the freedoms these values represent, and help them lead a better life.

And yet, the Democratic system imprisoned over 20 million needy Americans since the 1960's. Instead of bringing families together, America's welfare system tears them apart. It encourages dependency, it subsidizes illegitimacy. And the people who benefit most from the present system are not the underprivileged Americans who need it, but the bureaucrats who run it. And it is time for a change.

With the welfare reform legislation being debated in Congress, we at last have an opportunity to change 30 years of failed policies. We are determined to replace the old system for one simple reason; and that is, it does not work.

Over the last 30 years, since the beginning of the War on Poverty in 1965, American taxpayers have spent more than $5 trillion on 79 different means-tested welfare programs. And what have we accomplished with their sizable investment? Not enough, because the poverty rate has remained constant. Federal, State, and local governments combined are now spending $350 billion every year on welfare benefits. That is nearly 40 percent more than we spend on national defense each year.

If the Senate's welfare reform proposals were signed into law today, we would still spend nearly $1.2 trillion in welfare over the next 5 years. Anyone on Main Street will tell you that that is an awful lot of money. And it is all funded by the taxpayers. And I believe $1.2 trillion is a sufficient amount of taxpayer dollars to accomplish our goals of the next 5 years. And anyone who does not believe that this is enough, well, they spend too much time inside the beltway. Just look at the hard-working men and women of Minnesota who hand over more than a third of their paychecks to Washington.

Last fall Republicans pledged to use the American taxpayer dollars more efficiently and more effectively. And reforming the welfare system is part of our effort to keep that promise. Our goal in the Senate is to truly end welfare as we know it. We must change the priorities that this country places on welfare and emphasize personal responsibility. We must include tough work requirements for welfare recipients. We must give States the power to develop policies which make both parents responsible for their children and eliminate benefits for drug addicts and alcoholics.

We must give block grants to the States and put an end to the role of the Federal Government as a barrier in the welfare reform experimentation. States should begin the freedom, unhindered by the Federal bureaucrats in Washington, to implement innovative reforms. And we must give State governments the flexibility that they need to customize programs to address local needs, because State officials, not Washington bureaucrats, know best how local welfare dollars should be spent efficiently.

State and local communities will finally be given the flexibility that they need to customize their welfare programs to best meet the needs of their citizens.

It was President John F. Kennedy who once said:

> Welfare programs must contribute to the attack on family breakdown and illegitimacy.
>
> Unless such problems are dealt with effectively, they fester and grow, sapping the strength of society as a whole and extending their consequences in troubled families from one generation to next.

And I agree.

This legislation makes a first step in this direction by overhauling 6 of the Nation's 10 largest welfare programs. And this will save the taxpayers approximately $70 billion over the next 7 years. Now we will require able-bodied welfare recipients to work 20 hours a week. Welfare recipients will no longer be able to endlessly job search and then count that as work. Under the Dole-Packwood bill, work is work. In addition, the bill would require 50 percent of a State's welfare caseload to be working by the year 2000.

This bill will no longer give welfare recipients more food stamps if their cash assistance is lower because they have refused to work. In addition, the bill requires States to meet a minimum paternity establishment ratio of 90 percent. Now welfare recipients who refuse to cooperate in paternity establishment will have their benefits withheld.

Another significant change this bill will make is that drug addiction and alcoholism will no longer be considered a disability for the determination of supplemental security income. Taxpayers will no longer be required to pay for an individual's drug or alcohol addiction.

The Dole-Packwood bill will deny welfare benefits to illegal aliens and also impose a 5-year lifetime limit on welfare benefits. And I commend Senator DOLE for these very, very important steps.

One element of the bill that I am particularly proud of is the adoption of an amendment that I proposed with my friend and colleague from Alabama, Senator SHELBY, our pay-for-performance amendment that will require States to pay benefits to welfare recipients only for the number of hours worked.

If a welfare recipient refuses to work at all during the required 20-hour work-week, they would receive no benefits for that week. If they decided to work only 15 hours instead of the 20 hours required, they would receive welfare benefits for 15 hours' worth of work.

Now, Mr. President, this amendment which has been included in the leadership amendment will hold welfare recipients to the same employment

standards as the rest of America's work force. You will be paid for the amount of hours you work, no more, and no less.

Now, Congress has no intention of turning its back on the most needy in this country. We simply want to try a new approach, an approach that creates opportunity and offers a hand up and not just a handout, an approach that is just as fair to the taxpayer as it is to the welfare recipient.

Truth be told, the only people who will be turned out on the streets by welfare reform are the thousands of bureaucrats and lobbyists who administer and protect the current welfare system's complex maze of dependency.

And maybe those who are bilking the system of millions, if not billions, of dollars each year—those who enjoy taking hard-earned money from taxpayers—maybe they have forgotten that taxpayers in Minnesota would like to keep their dollars and use them wisely for their child's care or their children's education.

Again, $1.2 trillion over the next 5 years is a major commitment by America's taxpayers. Amazingly, however, many of my colleagues on the other side of the aisle will argue that $1.2 trillion is not enough, that America's taxpayers should pay more.

I disagree. I believe taxpayers have been generous, but now they have had enough of these failed policies which have produced little return for their investment, policies that have only created more dependency and have not solved any of the problems we face. Taxpayers have paid more than their fair share, and as an advocate for America's taxpayers, I am prepared to be their voice in this debate.

We have witnessed the attacks over the last few months organized by the entrenched bureaucrats, the special interest lobbyists for the taxpayer-financed welfare industry, and the liberal activists who oppose any welfare reform.

We have been subjected to the orchestrated campaigns of these opponents of change, these jealous defenders of the status quo.

They continue to distort the truth and misrepresent our intentions.

They cry that changing the welfare system is dangerous and it is cruel, that Republicans will take food out of the mouths of starving children. But I believe that nothing could be more dangerous or cruel than letting the current system remain.

The American taxpayers must look beyond the scare tactics, the rhetoric, and focus on the facts. The facts are reducing bureaucracy, increasing flexibility, and demanding work from those who are capable of working is an investment in our future—in their future—and both welfare recipients and taxpayers will be better off for it.

Welfare, as it was originally envisioned, was meant to be a temporary safety net for those who had fallen upon hard times, not a permanent hammock that coddles them into lifelong dependency. The American people are calling for a new vision that will make this country better, stronger, in the year 2000 and beyond.

To the liberals, the solution to the welfare problem is the same solution they have turned to over and over again for the past 30 years.

Whenever they have faced a fiscal crisis, their answer has always been to raise taxes on the middle class. That is what they have done each time the Medicare trustees warned that Medicare was facing bankruptcy. And that is how they would have us fix welfare, give away more of the taxpayers' dollars.

That makes the liberals feel good to take away people's money, to fund programs of their choice, so they appear righteous—but what does that do to middle class Americans?

This Congress is not going to raise taxes.

This Congress is not going to ask the taxpayers to finance these fundamental changes to the welfare system. Instead we are going to ask more from the welfare recipients, and I believe that is a fair deal.

After all, the taxpayers have supported the failed status quo for far too many years. And with little but a bloated bureaucracy to show for it.

For those reasons, I am proud to be cosponsoring the Dole welfare reform bill to change the status quo, to protect hard-working, middle-class taxpayers, to lift people out the vicious cycle of dependency, to truly end welfare as we know it.

As Oklahoma Representative J.C. WATTS has stated so well:

> We can no longer measure compassion in this country by how many people are on welfare. We need to measure compassion by how many people are not on welfare because we've helped them climb the ladder of success.

Mr. President, I urge my colleagues to join my efforts to offer opportunity to all Americans by fundamentally reforming our failed welfare system and providing a fair deal to the taxpayers and those who receive the taxpayers' earnings.

Thank you very much, Mr. President. I yield the floor.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, we have an informal arrangement alternating side by side, but no Democratic Member on this side is seeking recognition. I am happy to hear from the Senator from Colorado.

Mr. BROWN addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. BROWN. Mr. President, in the mid-1960's, this country declared war on poverty. It was done with the greatest conviction, the greatest sense of purpose that Americans carry forward to all of our enterprises. It was sincerely and honestly believed that through Government action at the Federal level we could not only declare war on poverty but that we could beat poverty, that we could end it in this country.

Ironically, today we spend in Federal programs almost enough that if it were divided among all the poor in this Nation there literally would be no one in poverty. We are not quite to that point, but it is very close.

But obviously, all that money does not go to eliminate poverty. As a matter of fact, to our great chagrin, poverty has increased, not gone down. The number of people in poverty in this country has increased dramatically, even as we have added programs. It does not mean that our effort, our humanitarian effort, was not well intended, but it does mean that the program did not meet the objectives we set forth.

Part of the money we spend, obviously, goes to administer it. Is it too much? Perhaps. But I think the problems go further. In thinking about ending poverty, we forgot about the most important factor of all, and that is ministering to the human spirit and providing opportunity and incentive for people to change their lives. What we have done, tragically enough, is create a system that at times made things worse, not better.

For some people, we have locked them into poverty, we have literally made them financially unable to get out of poverty. We provided incentives to stay in poverty and penalties for getting out of poverty. That is what this welfare reform is all about: Finding a better way to help people realize their abilities and their opportunities and the potential for their own lives. We must understand that incentives, rewards and initiative have to be recognized in any program that helps people.

Mr. President, I look forward to participating in this historic debate. I am confident that together both parties will fashion a bill that will make a dramatic difference not only in our welfare system but in improving the lives of the poor of this Nation.

Mr. President, I ask unanimous consent to proceed for 5 minutes as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

ACCOUNTING STANDARDIZATION ACT OF 1995

Mr. BROWN. Mr. President, it may shock many Senators to realize that the largest single enterprise in the history of the world does not have a uniform accounting system. Perhaps that is not on the top of your list to worry about today, but let me tell you why it is important.

The U.S. Government has a $2 trillion cash flow. It has 900 million checks issued each year. It has a payroll and benefits system for 5 million employees. It has over 1,962 separate budget accounts. It has though, incredibly,

Mr. President, 253 separate financial management systems. We do not have standardized accounts, we do not have a standardized management financial system, and what we have wreaked is chaos in terms of accounting for the taxpayers' money.

We do have the GAO authorized under the law to set up accounting standards, but in the past both the Treasury and the Office of Management and Budget have openly disagreed with GAO. The consequences are, even though the GAO has come up with financial accounting standards, they have been ignored. Agencies regularly ignore those standards and, as a result, the Federal Government is literally operating without generally accepted accounting standards, and the results show it.

According to GAO's report in 1995, the Department of Defense financial management systems, practices and procedures continue to be hampered by significant weaknesses. Here is what Secretary Perry said:

Our financial management system is a mess. It is costing us money we desperately need.

Over $400 million in adjustments were made to correct errors in the defense reporting data for fiscal years 1991 to 1993 and the resulting statements still were not reliable. Vendors were literally paid $29 billion that could not be matched with supporting documents to determine if the payments were properly made. We cannot even find out if they properly made the reports. An estimated $3 million in fraud payments made to a former Navy supply officer for over 100 false invoice claims, and approximately $8 million in Army payroll payments were made to unauthorized persons, including 6 soldiers who never existed and 76 deserters.

The park system—National Park Service financial system is in chaos. The Park Service has listed that a $150 vacuum cleaner as worth more than $800,000 on its books, a $350 dishwasher as worth $700,000, but a fire truck valued at $133,000 was carried on the books for only a penny.

The IRS keeps its records in a way that would not be acceptable for any of the people it audits. Literally, the GAO reports that although it collects 98 percent of the Government revenues, it has not kept its books and records with the same degree of accuracy it expects of its taxpayers. For the last 2 years, GAO has been unable to express an opinion on the IRS financial statements due to "serious accounting and internal audit problems." Unreliable data is estimated on $71 billion of valid accounts receivable, over $90 billion of transactions that have not been posted to taxpayer accounts and the inventory of tax debt has increased from $87 to $156 billion.

Mr. President, I could go on. There are hundreds of examples of outrageous failures in the system. What is the solution? The bill I have introduced today would establish generally accepted accounting practices for the Federal Government. It codifies generally accepted accounting standards for the Federal Government as set up by the Federal Accounting Standards Advisory Board, and approved by the GAO, Treasury, and OMB. It will also codify the standard general ledger.

Mr. President, what this will do is give us one standardized accounting system where the statements will be meaningful, accurate, and we cannot only save taxpayers money, but it will give Congress a better understanding of what the money is going for. Let me give one example. When we sought to identify the over $100 billion in overhead expenses this Government spends, we were literally unable to get an accurate accounting on what we spend on overhead, partly because there is not a standard set of accounts. This tool will not only save the taxpayers money, but it will make Congress far more able to maximize the dollars that the taxpayers send us.

I yield the floor.

Mr. BURNS. Mr. President, I know you have been alternating between both sides of the aisle on our opening statements as far as welfare is concerned. I notice my friend from Hawaii is on the floor. I would gladly yield to him, or I can go ahead and make my statement. He has indicated for me to proceed. I appreciate my friend from Hawaii.

I want to associate myself with the words of my good friend from Colorado in introducing the bill to standardize the accounting system in this Government. When you are on the Appropriations Committee you really understand that we cannot get any kind of accounting to make some decisions. So I appreciate that.

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

Mr. BURNS. Mr. President, it is with great importance that we not underestimate the debate that is about to come on welfare reform. I do not think there is one person who thinks the present system is working at its best. Maybe it is the best we could expect from it. But I can list in Montana friend after friend who will tell you how it can be improved, because if there is one subject that everybody has an opinion on, it is welfare.

Right now, we have a system that only makes it easy to get on welfare. But it makes it awfully tough to get off of it. There is something backward about that. Welfare is supposed to be a temporary assistance, not a way of life, and for too many it has become just that.

I would like to talk about a young woman in Helena, MT, who is a success story, not because of welfare assistance, but in spite of the existing welfare system. At the age of 26, she found herself in the position of being a single mother of four children under the age of 6. She did not even know about welfare programs prior to that, but she soon found out that in order for her to survive and to take care of her four youngsters, she had no choice. Though, she wanted to keep on working, the price of child care was more than she could afford. She was getting AFDC but would not qualify for the transitional child care unless her AFDC case was closed. She tried to get off the system a number of times, but each time was unsuccessful. She got involved in a process, though, when she was appointed to the Governor's child care development block grant task force, and she soon found that she had to choose between continuing employment or returning to the welfare rolls. Happily, she chose work and went through 8 months of increasing her debt before child care funds could come through. Now, her bottom line is that of so many people who want to get out of the system, but they just get tired of fighting the system. Welfare did nothing to aid her independence. In fact, it was just the opposite. All she needed was a little help with child care and she could have remained a self-supporting member of our society. We have had a lot of visits in the meantime, and she is doing very well now. But she says, "If you help us a little bit with housing and with child care, the majority of us can make it."

This may have been avoided had it not taken 5½ years for her to receive her first child support statement. This, too, she tried to fight on her own. The father had moved to California, and the California investigator informed her that she was just one of 21,000 cases in that State being handled and, basically, she had to wait her turn.

Well, she is off of welfare now. She has remarried. Her current husband does provide support. She recently said, "It seems that if you choose to try and regain your self-worth, your self-esteem, dignity, and self-respect, and you go out and become a taxpaying citizen, you then also choose to take food out of your children's mouths, provide less clothing, create more stresses in the home which sometimes leads to abuse and possibly loss of medical benefits." That should never be a choice any American has to make.

So, Mr. President, our welfare system clearly needs reforming, but it needs it in the right way. Right now, each dollar we spend on welfare—let us say that of each dollar that we appropriate for welfare, 30 cents goes to direct assistance, while 70 cents—or 70 percent—goes to pay for the services or the bureaucracy to deliver those funds. Seventy percent of that dollar supports the system and not the recipient. That sounds a little odd to me. It seems that the very first thing we need to do is reverse that, cut the bureaucracy, cut the miles of redtape, and get the dollars to those who need it.

Also, according to the Cato Institute, in 1990, it would have cost us $75 billion

to bring every family in America with an income below the poverty level above that threshold. Yet, in 1990, the Government antipoverty spending was $184 billion, nearly 2½ times the amount needed to end poverty in America.

So why do we not just send them a check? It does not take a bureaucracy as big as an army to do that. So I do not think it is a matter of whether we make changes, it is a matter of when we make those changes. If we want to do something for the American society as we know it, we must act now, put people back in the work force —and I mean real work, not job training after job training after job training, but job training followed by a job.

We have to end welfare as a way of life. People should not automatically qualify for welfare and assistance. They should be on it for just a limited time. We have to get away from this language called entitlement language. My State of Montana has gone ahead with their welfare reform. They require their folks to work when they are ready. That may be right away, and that may be after completing job training. And if for some reason after that training you are still not ready to work, you must do community service. Now, it is too early to tell whether it is successful or not, but I am willing to bet they will be getting some folks off of welfare quicker than when no work is required.

Any bill we consider must include pay for performance. If someone shows up for work only half the time, then they only get half the benefits. That makes sense to me and it makes sense to a lot of other folks here in this country.

It is pure and simple a reality. Anyone in the work force knows how that works. You show up for work you get paid; if you do not, you do not get paid. Why should it work any different for someone trying to get off welfare? I believe it is a matter of personal responsibility.

We need to address our illegitimate rate. This is something that has been on the rise at almost dangerous levels and one thing that probably contributes most to the decline in our society's strengths. More and more children are growing up without a father.

Crime statistics show more crimes are committed by kids who were raised without a father. It may be tough to legislate, but if we can encourage families to stay together, toughen child support laws, get the States to work toward reducing illegitimacy and thereby reduce the number of households headed by a single teenage mom, we can make a start toward rebuilding what I believe is the greatest society this world has ever known.

I think one of the most important things to do to help control welfare is to give it over to the States. Montanans know what is best for Montanans. I have said that before on a number of issues, but it applies here as well.

Block granting various programs to the State will allow them to use the dollars to best serve their residents, but more importantly, by getting the Federal Government out of the administration, it reduces redtape and regulations and the hoops they have to jump through. They can concentrate strictly on helping those who need assistance and get the dollars out to them.

I have a feeling that the 70 cents out of every $1 that goes to services—not to the recipient but goes to pay the bureaucrats who live and thrive within the system—if we give the money directly to the States, we are bypassing that morass and focusing on our target: Assisting folks who have fallen below the poverty level and helping them to get back on their feet.

I have talked to my people in the State. In fact, we are in contact with our people in Montana as this debate goes on. We will be in contact with them daily. They welcome the opportunity to decide whether, where, and how to spend those dollars. They want the flexibility, and we honestly believe they can control it better than we can. I happen to believe that.

I am a product of local government. We understand what it is to run a welfare office. In Montana, when we had declining incomes, declining property values, and therefore, declining tax base, Yellowstone County, which I was a commissioner of, was the only county that did not become what we call "State assumed." We could control it; we administered it from the county level. We are very proud of that, very proud of that.

I look forward to this debate. I do not know of anybody that understands this situation more than the two managers of this piece of legislation, who have spent more time studying it, both from the standpoint of a system that delivers the welfare system and also the dollars it takes to provide welfare.

It cannot be business as usual, as both of them have a history of forecasting many years ago on exactly what would happen if we did not take actions then. No action was taken then, so we find ourselves in a predicament now.

I was interested in what the Senator from Iowa said about the system in Iowa, my friend, Senator HARKIN. They can do that in Iowa, but they had to stand in line for 2 or 3 years before they obtained a waiver to put a system in that would work for Iowa.

The real key word here is "flexibility" and is not standing in line for 2 or 3 years. The Senator from Oregon understands what they had to go through in order to get their plan approved. It was disapproved and disapproved, and it did not make any difference what administration it was.

States should not have to do that. I have a hunch as the debate goes on we will hear from the Federal bureaucracy. In fact, they make a powerful lobby because they understand who controls the multitude of programs to keep the control right here in Washington, DC.

As those State plans come up, maybe I would not like the Oregon plans, maybe I would not like the Iowa plan. Maybe the Iowa plan would not work for my home State of Montana. But it does for them. That is important. That is important to the folks that live there—block grants and flexibility. Those plans are a success. They have been devised by people who are in on the ground, and they are devised by people who care about those who have suffered maybe some injustice of the system but have not had a very good break. They need a hand up and not a hand down.

It makes a lot of difference when you are operating here than when you are on the ground in the trenches trying to do something for your fellow man. It makes all the difference in the world.

I cannot help but think if these States and State offices, those people who labor in that vineyard are some of the most dedicated people in this society. I do not want to demean them at all because they are wonderful, wonderful deliverers of help.

I think the key here is to cut the bureaucracy here, to cut the cost of delivering the system, and get more dollars to the people who really, really need it. How we get there will probably be the focus of the debate. Keep our eye on the ball and work together. As this debate goes on, I think that we are men and women enough to fashion a plan to get us to where we want to be.

I thank the managers of the bill. I thank the President. I yield the floor.

Mr. MOYNIHAN. Mr. President, the Senator from Hawaii would like to speak on this matter, and we would like to hear from him.

The PRESIDING OFFICER (Mr. CAMPBELL). The Senator from Hawaii.

Mr. AKAKA. Mr. President, I thank my friend from New York for the time.

Mr. President, this week, we begin consideration of legislation to overhaul our welfare system. As we reform welfare, we must take action to encourage work and promote personal responsibility. However, we must also ensure that adequate resources are available to achieve these objectives. Without adequate resources to implement essential components of any welfare reform proposal—such as work requirements, reduction of teen pregnancy, child care, and child support enforcement—welfare reform cannot succeed.

I am seriously concerned about the adverse impact of the legislation currently pending before us. Although I am troubled by a number of provisions, including the lack of sufficient resources for child care, the lack of national standards, and the restrictions on assistance for legal immigrants, I would like to focus my remarks on some very basic flaws of the Republican proposal.

First, it seems that the driving force behind Republican reform efforts is the potential Federal budget savings that may accrue as a result of changes in current law. I believe our primary goal should be to lessen dependency on welfare programs by enabling individuals to become self-sufficient while reducing Federal spending on welfare programs.

However, the legislation before us fails to address the difficult problem of moving individuals into the work force. Although the work requirement has been refined to actually require work, it is an empty requirement. By increasing the number of welfare recipients required to spend time outside the home, but not increasing funds for child care, the Republican plan places significant additional burdens on States that are trying to comply with the bill. The Department of Health and Human Services estimates that States would need to spend $6.9 billion more in fiscal year 2000 than projected under current law in order to meet the work requirements but would receive $3.6 billion less in funding for the temporary family assistance block grant. Over the 7-year period, States would need to spend an additional $23.7 billion on work services and child care but would receive $21.2 billion less in funding from the temporary family assistance block grant. Indeed, the Republican plan has the potential to shift huge costs to local governments as the block grants provide no assurance that local governments will be provided with sufficient program funding.

If my colleagues on the other side of the aisle recall, earlier this year, the Senate passed the unfunded mandates legislation with overwhelming bipartisan support. The new law, signed by the President on March 21, 1995, was designed to make it more difficult for Congress to pass future unfunded mandates. Now, before that law takes effect, some of my colleagues want to enact welfare reform legislation which has the potential of passing huge additional costs on to the States.

Another serious problem with the Republican proposal is that it would eliminate the safety net for millions of children living in poverty. The block grant locks State governments into a fixed funding level for five years based on each State's current share of Federal Aid to Families With Dependent Children. The block grants in the proposal contain virtually no adjustments for inflation, recession, or increases in child poverty within States. Under the Republican approach, which rips away the entitlement status of welfare, needy children may or may not get help, depending on local economic conditions and the discretion of local officials.

Based on these and other concerns, Senate Democrats, under the leadership of Senator DASCHLE, have crafted an alternative package that contains real reforms. I support the Work First plan because it requires work and personal responsibility, it provides resources and incentives for moving recipients into the work force, it is estimated to save $20 billion in the next 7 years, and of paramount importance, it protects children at every stage.

In contrast to the Republican proposal, the Work First plan maintains the entitlement status of welfare assistance programs as all individuals who meet the eligibility requirements and who abide by the rules will receive assistance. Instead of shifting costs to States and localities, the Work First plan provides resources and tools to the States to help move individuals into the work force. This is, in large part, a primary reason why the U.S. Conference of Mayors endorsed the Work First plan.

As we consider welfare reform legislation, a carefully constructed approach must be taken—one that balances flexibility for States with the need for a national framework, accountability for outcomes, and effective protection for our Nation's children and families. As President Clinton stated in his speech to the National Governors Association on July 31, "There is common ground on welfare. We want something that's good for children, that's good for the welfare recipients, that's good for the taxpayers, and that's good for America." I could not agree with his comments more, and I look forward to working with my colleagues to enact welfare reform legislation that benefits all Americans.

I urge my colleagues to consider the Work First plan of the Democrats.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, could I take just a moment of the Senate's time to express the honor I feel, as so many of us feel, to share this Chamber with the Senator from Hawaii. He is a person of such transparent goodness, thoughtfulness, and measured concern. His statement is a model of what I hope to hear more of, and what I would like to see this Chamber respond to.

I thank him and I want to tell him what an honor it is to be associated with him in this debate.

Mr. AKAKA. I thank the Senator very much and yield back my time.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. PACKWOOD. Mr. President, yesterday, when I made an opening comment on welfare, I talked about the philosophy of the different approaches between the two parties. It is well illustrated in the minority leader's bill that Senator DASCHLE will present, and the bill that Senator DOLE and I have presented, in terms of giving authority, power, decisionmaking—call it what you want—back to the States.

The argument is used: This is Federal money, and if it is Federal money, we ought to tell the States how to spend it, how to use it. I made the argument that while legally this may be Federal money, and in a court suit I suppose we could defend our legal right to it, in reality it is the taxpayers' money. We hold it in trust for some limited period of time and spend it as a trustee should, in the best way possible for the beneficiaries, that is the taxpayers.

We should not get caught up in the argument as to whether this money is ours, that is the Federal Government, or the States, or the local governments, and that whoever thinks they own the money should put the strings on how it is spent. There is nothing wrong, even if we make the argument this is our money, with us giving it to the States and letting them spend it as they think best.

With that background, let me explain what has happened over the years and why the States so desperately want us to block this money together and give it to them and let them attempt to solve the problems. I say "attempt." The Washington Post had an editorial this morning somewhat critical of me because I said I cannot guarantee that—if we give these programs to the States I cannot guarantee the States can make them work. I can guarantee, however, the States cannot do any worse than what the Federal Government is doing now.

We have been trying to make welfare work for 60 years. The welfare system started in 1935. If anyone wants to make the defense that after 60 years of the Federal Government running the welfare system it is working, I have yet to hear it on this floor. It is not working, and we are not going to make it work by tinkering with it a bit around the edges, by creating one more Rube Goldberg attachment to an already overburdened Rube Goldberg device.

What happened? Here is the 1935 section of the Social Security Act that created the present welfare system. It is 2¼ pages long. That is it. That is where we started. And there were no regulations.

There was a little pamphlet which kind of told the States how this worked. But there was no regulations. Sixty years later, where are we? From 2¼ pages, we have come to this. This is only part of it. These are the regulations that a caseworker in Oregon has to be familiar with and go through in order to determine a person's eligibility for welfare. And they had better jolly well know it and do it well or Oregon can be sued by the Federal Government for not complying with the Federal regulations.

I emphasize this is only to determine eligibility. Once you are eligible, not how much money you get, or not once you are eligible, how long before we try to put you to work, or something else; just that you are eligible.

Here is the path of the reason. Here is the eligibility process. In comes Jimmy Jones or Susie Smith. "I would like to apply for welfare." The caseworker says, "Hello, Jimmy and Susie. Can you give me proof of identity, age,

and citizenship? I want your driver's license, Social Security card, birth verification for each person, alien registration and your arrival and departure record, or any other identification from any other agency or organization."

That is the first thing they ask you. Assuming Jimmy or Susie actually understands what an alien registration and arrival or departure record is, whether they have a Social Security card for each person, let us say we get to the first person.

We now move over to the proof of relationship and child in the house. We want a signed and dated statement from a friend or relative naming each child and the child's residence, birth certificate or other documents stating the parent's name.

That is simple enough.

Then we will move over here—proof of residence and shelter costs. How much are your electric bills, paid or unpaid; gas or fuel bills, paid or unpaid; rent or lease agreement; rent receipt and landlord statement; mortgage payment and book; deed to the property and proof of housing subsidies?

Assuming poor Jimmy or Susie actually has access to it, knows what it is, has gathered it all together along with their driver's license, Social Security card, alien registration form, names of all children or proof from some relative who knows who they are, who is living in the house. We now have gone through to here: Proof of family situation; death certificate for deceased parent; divorce papers or separation papers showing the date, if separated, a statement from friend, neighbor, or relative that you are separated; marriage certificate; if in prison, the date of imprisonment and the length of sentence; if pregnant, medical statement with expected delivery date, name of doctor, name of hospital and doctor's statement. Poor Susie and Jimmy is gathering up more information.

Now we come to here: Does anyone here have any income? It is a very important question. Do you have any income? If no, we go this way. Let us go to "no." All right, we want to check your bank statement, current checking account statements, real estate documents, payment books or receipts from all mortgages, land sales, list of all stocks and bonds with current market value. My hunch is they do not have a lot. By chance, they may have some.

We want title for all motor vehicles, agreements or documents showing conditions, trust fund, insurance policies. This is all to prove, in essence, that you have nothing.

I am not quite sure how you prove a negative. "No, I do not have any stocks or bonds nor a bank statement, book."

"I do not have, I do not have."

How do we know you are telling the truth. "I do not have it."

Now, if it is "no," we finally get an annual eligibility decision over here. But if the poor devil has some income, now you are in serious trouble.

"Does anyone here have any income?" If yes, proof of income.

Now we go to uncashed workmen's compensation, other benefits check, Social Security or VA benefit, a court order stating alimony—go through all of that.

The one that I like, you do not count for purposes of income—but you do count. You do not count for purposes of income. Adoption assistance for a child's special needs, do not count that. But you do count as income adoption assistance if not for special needs. This is assuming that Susie or Jimmy knows what special needs are.

Here is my favorite. "Do not count benefits from the agent orange settlement fund, Aetna Life." We do not count as income benefits from the agent orange settlement fund, Aetna Life. We do count as income, however, payments under the Agent Orange Act of 1991. That is income.

I could go down this list. Here is another one of my favorites. We do count as lump sum the amounts over $2,000 of payments to Seminole Tribe members. We count that. We do not count, however, payments to Indians under Public Law 91-114.

If you have finally gone through all of this, you may finally at the end of it became eligible for welfare—just eligible. This is just Susie or Jimmy. What has the State had to go through? Why does it cost them so much money? Why do we have this stack of regulations? Because these are the things you have to know to understand this. That is just the first step because this is not just welfare, AFDC, as we call it; there is also food stamps.

Food stamps have a different standard of eligibility from welfare, and there are 57 major areas of difference between Federal policies as they affect the Food Stamp Program and the welfare program, and yet these programs serve in many cases the same person. Usually, if you are eligible for welfare you are probably eligible for food stamps, but this does not qualify you for both. That just qualifies you for AFDC, if you can get through.

Then you go to food stamps. What has Oregon had to do? The information I am giving you comes from Jim Neely, who is the assistant administrator for Oregon's adult and family services division. This is our principal welfare division.

Oregon has 600 administrative rules, of which this stack is a part: Two volumes of computer guides, 1,452 pages; one volume of form guides, 270 pages; eligibility manual, 871 pages; workers guide, 910 pages—all of which you, as a caseworker, are expected to know. These regulations are used to determine welfare eligibility and to make welfare payments. Less than 15 percent of this information deals with helping people become self-sufficient through employment.

As a matter of fact, most of this information is not really designed to help the person at all other than to get them a welfare payment. This information is gathered to make sure that the State of Oregon does not get sued by the Department of Health and Human Services or the Department of Agriculture because they have food stamps and claim that we have not had sufficient quality control to monitor the program.

So I emphasize again, we are doing these things to comply with the Federal law.

Mr. Neely in the letter that he sent said this Oregon Department of Adult and Family Services files 550 reports a year with the Federal Government; 550—roughly 1½ every day, Saturdays and Sundays included; that is our welfare division—spends 20 percent of their resources complying with Federal regulations, 20 percent beyond any level necessary to run what we would call a seamless welfare program.

The Federal regulations have also interfered with Oregon's efforts to move welfare recipients into the work force. Oregon must now spend an enormous amount of time and resources documenting how welfare caseworkers spend this time.

Can you believe this, Mr. President? A welfare caseworker must document what they are doing during every 6-minute segment of the day. I know lawyers do that. I can recall the time charts in a lawyer's office where you put, "10 o'clock, I talked with client Jones." You put that down. I do not know if lawyers bill in less than 15-minute quarters. No matter how much they talk, they keep all the time, and that is the way they bill. The caseworker accounts for every 6 minutes so that this time is properly allocated to different moneys the State is eligible to receive.

The welfare worker is doing the welfare workload. It may be welfare, or it may be food stamps. It might be job training. But all of these are separate amounts of money that come from the Federal Government with their own regulations.

So for the State to be able to say caseworker Jones spent 2 hours and 14 minutes on Wednesday on food stamps, you have to be able to document it.

In addition, the coding system that the caseworkers use to code each 6 minutes, they have 110 different time reporting codes. You just do not put down, "10 o'clock to 10:06, Susie Smith." You put down the code for what it was you were doing. You have to figure from the 110 codes the correct one so that you are in compliance.

Mr. Neely estimates that less than 10 percent of agency time is spent on what we call JOBS activities, capital J-O-B-S.

Less than 10 percent is spent on JOBS Program activities and 90 percent is spent on attempting to prove what they have done—programmed administration. Now, you know what the argument is? We need a waiver process and we do not need to really block grant and give these programs to the

State and say, here, use this money for the poor as best you see fit. You have to make them work. But you use it as best you see fit.

The argument is, well, we can have a waiver process. And the Federal Government, if you apply to them, will give you a waiver from all of these regulations I have been talking about.

Mr. President, I have been through this. I went through it with the State of Oregon when we tried to get a waiver that would let us take food stamp money and in certain circumstances "cash it out," as we call it. Instead of giving food stamps to a person, we say we will help you get a job.

We coordinated it with our JOBS Program. We had to get waivers for both of them. And we would say to an employer, we will give you *x* amount of money if you will hire Susie Smith. And we will give the employer the subsidy from the food stamp money because we would rather have Susie have a job that paid more than AFDC and food stamps combined.

In order for Oregon to make these reforms, we had to apply to both the Department of Health And Human Services for a waiver, and to the Department of Agriculture for a waiver. In some cases, State must apply to the Department of Health and Human Services, the Department of Agriculture, the Department of Housing and Urban Affairs, and to the Department of Labor. All four of these departments are responsible for programs in one way or another that affect low-income families, the current welfare system, welfare as we know it. But there is no coordination between the departments in granting waivers, and the requirements of each department are different.

So I am going to just read what happened in order for Oregon to get a waiver and why, having had this experience, I feel so strongly we ought to block these programs together and give them to New York, give them to Oregon and say, here, you make it work. Let us get rid of this stack of rules and regulations.

In November 1990, ballot measure 7 was passed by the voters of Oregon. It was an innovative workfare demonstration, but it did not qualify for Federal waivers. Federal officials said that substantial changes would have to be made in the program the way the voters had passed it and we would have to apply for the waivers. That is November 1990.

We got no waiver for years. Jump forward now 2½ years to July 1993. The JOBS Plus—this is the J-O-B-S Plus Program as Oregon called it—was created by the Oregon Legislature in response to this 1990 ballot measure. We could not even get going on it because we could not get any help from the Federal Government. The Governor and the Department of Human Resources worked with the ballot measure's supporters to create a workable alternative. But in order for Oregon to try this JOBS Plus Program, it was still necessary to get waivers from some of these Federal departments.

On September 28, 1993, Mr. Neely, to whom I have previously referred, the assistant administrator for adult and family services, writes to Louis Weissman, the Deputy Assistant Administrator of the Administration for Children and Families, requesting suggestions on the draft waiver request. That is September 28.

September 30. Mr. Neely writes to Steve Pichel, Western Region State Program Officer for food stamps, requesting suggestions on the draft waiver request. This is because we have to apply to one Department, Health and Human Services, for the AFDC waiver. We have to apply to another Department, Agriculture, for the food stamp waiver.

Two weeks later, on October 18, formal request for waivers for the JOBS Plus Demonstration Program was sent to Mary Jo Bane, the Assistant Secretary for the Administration for Children and Families of Health and Human Services.

A day later, October 19, a request for food stamp waivers to implement the JOBS Plus Program was sent to Dennis Stewart, the Regional Director for the Food Stamp Program, U.S. Department of Agriculture.

Ten days later, Governor Roberts, our then Governor, sent a letter to each member of the Oregon delegation asking for our help in getting these waivers.

Three weeks after that, Kevin Concannon, the director of the department of health and human services; Stephen Minnich, the administrator of adult and family services; and Jim Neely, the assistant administrator, came here to meet with Health and Human Services and U.S. Department of Agriculture officials.

In January 1994, Governor Roberts requested Congressmen WYDEN and Kopetski to meet with the new administration and see if we could get the waivers that we wanted.

January 5, 1994. A letter goes to Bruce Reed, the Deputy Assistant to the President for Domestic Policy, from Kevin Concannon, asking his intervention on Oregon's behalf with the Department of Agriculture.

January 14, 1994. A letter is sent from Jim Neely to Bonny O'Neil, Acting Deputy Administrator for Food Stamps, to follow up on the November meeting.

I will not read the rest of what goes on. It goes on for another 10 pages of letters, meetings, requests, refusals to grant the waiver, suggestions as to how we had to change it, pare it, make it different to fit Federal standards. And I will not bother to read the six pages of my personal involvement with this —phone calls, letters, meetings.

That is what it took to get a waiver so that Oregon could try an experimental program combining AFDC and food stamps and work.

Mr. President, it is working. It is working. It would have worked a lot faster and it would have worked a lot better if Oregon could have put this into effect immediately, if Oregon could have gotten rid of that stack of documents immediately.

So when those who oppose the Dole-Packwood bill say we can do this with waivers, here is an example of an attempt to do it with waivers. At the end, after 3½ years—pardon me, 4½ years—did we finally get the waiver, did we finally get the waiver in the form we wanted it and do exactly what we wanted? No. Do we still have to do more reports than we think we should? Yes. Is our program working? It is.

There is not a State in this country that does not know better than we in Washington, DC, know what their problems are. And there is probably not a county in a State that does not know their problems better than the State government. And there is probably not a neighborhood in the county that does not know its problems better than the county government.

The closer we can get this program back to the local level, the better it is going to work and the more money that can be spent on helping people instead of filing forms.

So, Mr. President, I very much hope when we are done with this, we will pass the Dole-Packwood bill.

I thank the Chair.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York [Mr. MOYNIHAN].

Mr. MOYNIHAN. May I respond to my friend and chairman after a very graphic, very powerful statement. I wonder if we have not wandered, perhaps without anticipating it, into a larger subject, which is that of bureaucracy in America and central government in America, federalism in America.

The President in his 1992 campaign, starting with an address at Georgetown University in 1991, proposed to end welfare as we know it. He had in mind, I think he clearly had in mind the proposals set forth by David Ellwood in his book "Poor Support," which was published in 1988, which the chairman knows, on poverty and the American family. And Dr. Ellwood is now the academic dean of the KENNEDY School. He has left Washington, but he had an idea for the type of limited welfare which would involve very much larger expenditures than we now have.

The bill that was proposed finally toward the end of the second year of the administration would have cost $11,762,000,000 over 5 years; $12 billion in additional outlays, which is a sense of what we have. But talking about ending welfare as we know it, it seems to me we have begun the debate about ending the Department of Health and Human Services as we know it.

The pattern here is discouraging, but it is also predictable. When Government gives away money, there is only one way an administrator can get in

trouble, only one way a caseworker can get in trouble. And I wonder if my friend would not agree with me, the only way to get in trouble is giving money to someone who is not entitled to it, giving money by mistake, giving money by modes that could be depicted as inappropriate, improper, felonious, for that matter.

It is in the nature of a Government program to say that we have to be absolutely certain that you are eligible before you would be given money. And that will overwhelm any other enterprise.

The most striking line on the Senator's chart there, Federal Barriers To Moving Welfare Recipients Into Work, State Of Oregon, is that only 10 percent of agency time is spent on JOBS activities.

Now, the Job Opportunities and Basic Skills Program began with the 1988 Family Support Act. It was the first effort to redefine welfare to say this is not a widow's pension with an indefinite stay assumed. This is a program to help young persons who are in need of assistance to get out of a dependent mode into an independent life through job opportunities.

And all the years since we passed that legislation—and I recall—I have said several times, it went out the Senate door 96-1 in 1988, 96-1. We rarely have such a vote. But no one from the Department of Health and Human Services has ever come near this Senator—I do not think there would be any other one—to say, "You know, we are not getting as much out of this legislation as we hoped for because we are bogged down in administrative procedure." I see my friend from Oregon is agreeing. We can get 10 percent of the time in Oregon; and Oregon is not a State overwhelmed with this problem.

Oregon is not the city of Los Angeles with 62 percent of its children on welfare. It is not the city of New York with more than half a million children on welfare. There are about 11 States in the Union that have a total population that is smaller than the welfare population of New York State. This is not being evenly distributed.

But it is clear that here in Washington a responsible bureaucracy has not sensed how irresponsible its procedures have come to be seen in the Nation. How almost conspiratorial they have come to be seen, as if you are trying to prevent us from doing what we would like to do. There is a hidden agenda in all these—"Did you get yellow rain benefits under this program? That is all right; that program, not all right." Clearly there is some hidden motive in such seemingly absurd distinctions.

That is the condition of the Federal Government. We look up and we find park rangers—as a child I do not know that there was any more of a benevolent role that a person could have than to be a park ranger with a Smokey Bear hat, welcoming you to Yellowstone Park or the Statue of Liberty, as a matter of fact.

Suddenly they are being threatened, seen as oppressors. They are seen as persons involved in illicit acts intended on depriving citizens of their liberties. Well, bureaucracies that do not get that message will hear what the Department of Health and Human Services is hearing on the Senate floor. I have not heard one statement on either side of the aisle which has not in particular taken up the issue of the bureaucracy here in Washington. It is not large, 327 persons, but, indeed, neither has it been sensitive to the way it is perceived.

As I say, in 19 years in the Senate dealing with this subject, no one has ever come to us from that Department—it was HEW when it began, when I first arrived—saying, "We do have a problem here. I think we have some ways to deal with it." It was the same thing, if I may say, until last year when we enacted legislation which came out of the Finance Committee to take the Social Security Administration out of the Department of Health and Human Services where it kind of ended up after floating around in the 1940's.

A majority of nonretired adults do not think they will receive Social Security. Now, that is a statement of a lack of confidence in Government that is pretty striking. If people think that the Government is lying about that, which is pretty elemental, your retirement benefits, your retirement and disability insurance, what else do they think? But it has not troubled the Department of Health and Human Services that persons did not believe in this most elemental contract. I mean, a person is paying for their Social Security benefits. Seventy percent of the American people, adults, taxpayers, pay more in Social Security payroll taxes, combining the employer and employee, than they do in income tax.

If a majority of the nonretired adults think that the Government is lying, well, that is a problem which the administrators could not see because they felt they were not lying. In time you will find out we were not. We have never been a day late or a dollar short. It did not trouble them. And I have made the point, if you do not think you are going to get Social Security, you will not miss it when they take it away. Despite efforts to get earnings statements and a decent card to replace that pasteboard from the 1930's, we had no success.

We have earning statements now. We had to legislate them, Mr. President. They could have done it entirely on their own. But we had to tell people, "Yes, we know your name. We know what you made last year. We recorded it as such. Keep on going about the way you are going and this is what you will expect when you are 65." I mean, a simple statement that banks put out once a month, insurance companies put out once a year, that kind of thing.

I have heard things on the floor that disturb me. And there is a lack of response. If there is anybody in the Department of Health and Human Services listening, may I say, "You may be listening to the case being made for abolishing your Department." It has been dismantled piece by piece. Education was taken out. Social Security was taken out. Pretty soon there will not be—the Surgeon General's office is not being funded. In time there may be nothing left except the Hubert H. Humphrey Building. I wish he were alive, but I would not wish him to be alive to see what is going on today.

I see my very good friend, Senator ABRAHAM, is on the floor. And in the manner we have of alternating statements, I will be happy to yield the floor for the remarks by my friend.

The PRESIDING OFFICER (Mr. ASHCROFT). The Senator from Michigan [Mr. ABRAHAM], is recognized.

Mr. ABRAHAM. Mr. President, it has been almost 30 years since Lyndon Johnson began the much publicized War on Poverty—30 years and $5.4 trillion later. It seems to me that poverty is winning that war. Today's poverty rate of 15.1 percent is actually higher than the 14.7 percent it was in 1966 when the war on poverty began.

What is more, as a result of impersonal, family-destroying welfare policies, we now have what the First Lady herself terms "cities filled with hopeless girls with babies and angry boys with guns."

Former Reagan Education Secretary Bill Bennett's index of leading cultural indicators shows that while population increased only 41 percent between 1960 and 1990, the violent crime rate increased more than 500 percent; the teen suicide rate more than tripled; and the divorce rate more than doubled. Also since 1960, illegitimate births increased more than 400 percent. By the end of this decade, 40 percent of all births in America will occur without benefit of marriage.

We now know that the children who never know their fathers fare far worse in crucial aspects of life than do children who grow up with both parents. For example, children of single parents are twice as likely to drop out of high school, 2½ times as likely to become teen mothers, and 1.4 times as likely to be idle, out of school and out of work, as children who grew up with both parents.

Why do we have such high rates of out-of-wedlock births with all the bad consequences it brings? In significant part, I think it is because we have a welfare system that discourages the formation of intact two-parent families, all this while costing America's taxpayers $380 billion per year.

Mr. President, the welfare system is broken. I do not think there is anyone in America who believes the present system is working—not the recipients of welfare, not the bureaucrats who administer welfare programs, and certainly not the taxpayers who pay for them.

I say we have to stop spending $380 billion a year on welfare only to

produce more welfare dependency, more poverty, more broken families, more babies born out of wedlock into lives of desperation without hope or solace.

Mr. President, this is not a debate about just another Government program. It is a debate about our children. It is a debate about whether we are willing to do what is necessary to save literally millions of American kids with futures without parents and too often without hope.

Some of our colleagues and others who are interested in this subject have come forth in recent days claiming that any approach that empowers the States to make their own welfare choices will somehow be less helpful to America's children. I ask my colleagues, and others who espouse this view, a simple question: What has been the legacy of the current welfare system to children? Let me repeat some of the points I mentioned earlier.

First, both overall poverty and child poverty is higher than when the war on poverty began. Second, the teen suicide rate more than tripled between 1960 and 1990. Third, the rate of out-of-wedlock births has increased more than 400 percent since 1960. Again, children of single parents are far more likely to drop out of high school, become teen mothers, be out of work and out of school as children who grow up with both parents. And so, Mr. President, it is my view that if this is what constitutes a caring approach that helps our children, count me out. I will take my chances with a new approach that vests power and authority with the States.

Our current welfare system is not working, and that is why reform is so important. The question is, what form should the new system take? I believe that any truly successful reform attempt must be guided by three core principles: Reform must consolidate and reduce welfare programs and bureaucracy; it must promote certain national objectives, such as strengthening families, self-sufficiency, and personal responsibility; and it must allow maximum State flexibility.

First, welfare reform must consolidate and reduce Federal welfare programs and bureaucracy. There are at least 79 duplicative and overlapping welfare programs designed to aid the poor, ranging from AFDC to food stamps to public housing. If reform is to be successful, I think the system of assistance we provide must be comprehensive and integrated so that all of the component parts fit together coherently.

Further, welfare reform must cut the welfare bureaucracy, not expand it. According to the Heritage Foundation, "Welfare bureaucracies are prolific in inventing new programs which allegedly promote self-sufficiency but accomplish nothing or actually draw more people into welfare dependence."

Second, welfare reform must establish and achieve several Federal goals: Specifically, strengthening families, requiring personal responsibility, and promoting self-sufficiency. I do not believe that the Federal Government should, or effectively can, design welfare programs for all 50 States and accomplish these goals. But I think it should set the goals in place and then give States the opportunity to fulfill them.

We have tried a centralized, Washington-based welfare system for 30 years, and it has been a failure.

So I say let us leave the details to those closest in proximity to the people and their problems. But the Federal Government must have its voice heard as we work to support the fundamental principle that people must put forth some effort, that we must try to create intact families and encourage their formation in exchange for the assistance they receive.

So, third, welfare reform must also allow for maximum State flexibility and experimentation. States must be given the authority to design the day-to-day regimen of their programs and to respond to the unique needs and circumstances that cannot be anticipated or appreciated by the Federal Government.

The current system at least provides States the opportunities to seek waivers from certain Federal requirements. But this waiver system has proven to be clumsy and time consuming. It is laborious and often stalls or even kills innovative ideas.

For example, my State of Michigan still is seeking a waiver so that it can implement its idea to cash out food stamps for clients who are working. Michigan thinks this would be an excellent way to reward aid recipients who are making progress toward self-sufficiency. The program would eliminate the stigma of using food stamps for those who work to at least partially support themselves; in other words, so that people do not have to go to the grocery store with food stamps and continue to feel that they are not productive in their own right. Unfortunately, the State has been waiting for approval from the U.S. Department of Agriculture for this waiver since March 1994.

In short, Mr. President, the waiver system is inefficient because it puts the least innovative bureaucrats in bureaucracies—indeed, those bureaucracies at the Federal level who have the least incentive to make dramatic changes to the system, because many of them might lose their jobs—in charge of approving or disapproving new program ideas submitted by the most innovative Government agencies, those at the State and local level.

Unfortunately, far too much of the State's time and resources are spent either complying with onerous Federal requirements or seeking waivers.

In my State of Michigan, it has been estimated that front-line welfare workers, those who deliver the services to Michigan's neediest families, spend two-thirds of their time interpreting the dizzying array of complex and arcane Federal rules and filling out paperwork, either to support those regulations or to seek waivers from them.

We have had reports on this in several hearings in which I participated as a member of the Budget Committee. I was listening to this testimony from people who actually were on the front line of the welfare battle that persuaded me that it was time to really change direction and give the States the kind of authority that we are considering this week, because when I realized that two-thirds of the front-line welfare worker's time was being spent not helping people but filling out forms, I realized that redtape from Washington was a major source of the problem with our welfare system today.

So, Mr. President, using these three guiding principles for welfare reform, I believe the best approach would be to combine as many welfare programs as possible into a single block grant and give the States authority to battle local problems, to develop innovative welfare reforms, and to tailor reforms to local circumstances with as few Washington rules, regulations, mandates, and strings attached as possible.

We all want to reduce the number of out of wedlock births and increase incentives to work. But Federal mandates and strings that do not allow States to take into account their own varying local circumstances can only have adverse consequences. Each State has different poverty populations which may require different reforms to achieve the best results.

Mr. President, many of our colleagues have raised concerns about the block grant approach. Specifically, some oppose the no strings block grant approach because they believe that State and local government leaders will not fulfill their requirements and their obligations to take care of the needy.

Instead of doing their best to help poor people, on this view, State officials will, if freed from Washington control, commence a race to the bottom. States will compete with one another to cut welfare benefits so as to convince recipients to settle elsewhere. The result, it is said, will be mothers and children left with little or no assistance from the State. According to this view, only bureaucrats in Washington have the brains and heart to make decent welfare policy that will help all who deserve it.

Mr. President, I cannot speak for any other colleagues here, but for myself, I know of no one that would let this happen. This is not the 1850's, or even the 1950's. We are entering the 21st century. State and public officials do care about their citizens. In fact, I think they probably care about them more than the people do here in Washington.

I would challenge those who adhere to this race-to-the-bottom notion to tell us what State—name the State—

that would allow its families and children to fall through the social safety net.

Again, I cannot speak for every State official, but I can assure you that, in my State of Michigan, we can and will continue to take care of our people. For example, in this era of fiscal austerity and tight budgets, our State held the line and protected education funding from cuts and dramatically increased spending for children at risk. In addition, we have achieved a long-awaited reduction in the infant mortality rate, and other similar kinds of project lines designed to help the most needy and the most at risk among our population.

I think this example of Michigan shows how our States, if allowed the necessary flexibility, can come to grips with the problem of welfare dependency that is plaguing our Nation.

With only limited flexibility under AFDC waivers, Michigan Governor John Engler managed to get 90,000 welfare recipients off the rolls and into paid jobs. Governor Engler did this not by abandoning the poor but by asking them to sign a social contract that committed them to working, engaging in job training, or volunteering in the community at least 20 hours per week.

Our Governor and legislature also let welfare mothers—and this is innovation—keep the first $200 per month of their earnings without counting it against their assistance. And he let them keep 20 percent of the money they earned after the $200 cutoff point. The effect was predictable. It was one in which people had a much greater incentive to be productive, get into the work force, and get out of the cycle of dependency. The success is, I think, rather staggering.

Since the policy began in October 1992, average earnings by AFDC recipients have gone up 16 percent to $460 a month as of April. The percentage of cases with earned income has skyrocketed, in Michigan terms, to 27.6 percent—triple the national average.

As explained recently in the Detroit Free Press, the ability to keep part of their earnings prodded recipients to accept low-level, first-rung-of-the-economic-ladder type jobs. As they gain more experience, they work longer hours and begin to land higher paying jobs. Thousands of them ended up earning such an amount of money, in fact, that they no longer needed AFDC assistance.

Again, 90,000 people were saved from lives on welfare, and at a savings of over $100 million—after inflation. In my view, that is quite impressive, and it reflects only a part of the progress we can make by giving our States more freedom to order their own social spending priorities.

Mr. President, we could do more, but, unfortunately, too often the Washington bureaucracy is in the way. Recently, at the hearings I referenced earlier, we heard from the people who run the social services department in Michigan. They came with huge notebooks, similar to the ones the Senator from Oregon recently had, in terms of paper load. They had notebook after notebook, almost from literally a table top halfway to the ceiling of the room in which the hearing was held, made up of the forms and the paperwork that the welfare workers in our State are forced to fill out just to seek a waiver—to be given the flexibility to do positive things to try to both reduce caseload and give people the incentive to find jobs and get out of the cycle of dependency.

Governor Engler, at one of our hearings, produced a scroll that stretched from one end of the hearing room to the other, and it indicated on it a list of all the programs and regulations that a State administrator had to confront in order to deal with the many, many programs which they are required to administer under these laws. Think of what we could do if the people administering those programs could cut that paperwork burden in half, or more, and devote their time to helping more people get out of the cycle of dependency and find opportunities and get on the first rung of the economic ladder and make their way independently. I think that would be quite an accomplishment.

Some people come at this from a different perspective—people who generally share my respect for State and local prerogatives but who oppose the no-strings approach, for different reasons. They argue that block granting will produce no significant policy changes. They believe that the State bureaucracies and liberal social workers constitute entrenched bastions of the status quo, and they are equally committed to expanding and maintaining the current welfare system. But, in my judgment, there is no evidence to suggest that a new set of Washington rules, regulations, and mandates will produce better outcomes. I do not think there are any good arguments, either liberal or conservative, for centralizing welfare in Washington.

Mr. President, I think the choice is clear: It is a choice between business-as-usual welfare reform with some window dressing, bells, and whistles, versus real reform that shakes up the current welfare system in ways that benefit both welfare recipients and the taxpayers. It is a choice between a Washington-centered welfare system and a new State system.

Given the magnitude of the current problem, I say the real change will occur only if we rely on the States.

In summary, Mr. President, I believe the amendment before us encompasses many of the objectives for welfare reform I outlined at the outset of my speech. It reduces welfare growth by consolidating programs into block grants and cuts the welfare bureaucracy and the relevant departments by 30 percent; it sets national goals on the issues of work and illegitimacy; and it gives States the freedom to pursue innovative ways to reduce dependency and increase self-sufficiency among welfare recipients.

I know several amendments will be offered, and some I intend to support because I think they will more fully flush out some of the objectives I outlined earlier. I think when those amendments are adopted, the full amendment before us will achieve the objectives which I have been working for in the context of this legislation.

So in closing, I argue that Washington has not cornered the market on compassion. As the experience of Michigan and many other States have shown, innovative State programs are better able to lift the poor out of welfare dependency, give people a chance to get on the first rung of the economic ladder and are, therefore, ultimately more compassionate than a one-size-fits-all program, headquartered in Washington.

I yield the floor.

Mr. MOYNIHAN. Mr. President, I thank my friend from Michigan for his very thoughtful, very moderate remarks. I, however, wish to point out that the innovative programs that have indeed taken place in Michigan in recent years have done so under the Family Support Act of 1988.

Michigan responded exactly as we hoped it would respond, as other States would respond, as other States have responded. It was that bipartisan exercise that said, "Go and innovate. Do what you think is best. Fit your own needs."

I congratulate Michigan for what it has done. I hope they are confident that they can now do it on their own. That is where they are going to be.

I said earlier that to a degree we perhaps do not recognize we are dealing with an urban crisis. In the city of Detroit, 72 percent of the children are on welfare. There has never been such an experience in our history. It will not go away easily. It has come about in a very short period of time—30 years, 35 years.

I hope that we know what we are doing if we are going to say the Federal commitment to match State efforts need no longer be made. I think, sir, we will regret that, but we will find out as the debate continues.

Now, we have a dissenting view and an alternative view, at the very least, from the distinguished Senator from Wisconsin, who also has a Governor who has been very active in these affairs under the Family Support Act.

I am happy to yield such time as he may require to the distinguished Senator from Wisconsin.

Mr. FEINGOLD. I thank the Chair, and I especially thank the senior Senator from New York. He has showed unparalleled leadership and wisdom on this particular issue and many other issues.

Clearly, we have come to rue the day that we did not listen to the senior Senator from New York on this issue. I say to the Chair and all my colleagues,

we will come to rue this day as well if we do not listen to the senior Senator from New York on this issue that he has more understanding of than any Member in this body.

Mr. President, I rise today to support real reform of our Nation's welfare system. I rise in support of genuine reform that focuses on temporary and transitional assistance to families, work and work preparation, guaranteed child care, positive family development, vigorous child support enforcement, the prevention of teen pregnancy, and teen and adult parental responsibility.

Simply put, I strongly support the Work First plan which was recently introduced by the distinguished Democratic leader. The Work First plan, Mr. President, actually ends welfare as we know it and presents a clear contrast to the bill before the Senate, which I think is largely business as usual.

Work First fundamentally changes the structure of welfare by creating a new, conditional entitlement for a limited time. The Republican plan merely repackages the Federal AFDC and jobs program into State entitlement block grants with cap funding that does not consider economic variability.

Work First emphasizes and requires actual work in order to receive a benefit. The Republican plan has no real work requirements and provides no incentives for people to get or keep jobs. It merely measures participation in jobs or other bureaucratic programs in order for States to be able to qualify for future funding.

In addition, Mr. President, Work First protects kids with a safety net of services if parents fail to participate and guarantees child care assistance for parents who do work. The Republican plan limits assistance for child care, has no safety net, and leaves families at the mercy of future economic downturns and the State and local responses to them.

Mr. President, Work First requires States to invest in getting welfare recipients to work by maintaining a State match while creating savings from the existing welfare program.

The Republican plan requires no State match and dramatically cuts welfare to finance a Federal tax cut for the rich, while virtually ensuring an increased tax burden on State and local governments when the robust economic conditions change.

Mr. President, the distinctions between the two plans are very clear: Either we want to practice what we preach by providing temporary assistance while moving people into work, or we want to just talk a good game of State flexibility while at the same time reducing the State's ability and capacity or incentive to truly end welfare as we know it.

As the senior Senator from New York pointed out, my own State of Wisconsin, which has been in the spotlight as a leader in welfare reform, actually provides a model of two conclusions about this issue. Wisconsin provides both a good example of the types of initiatives that Work First can inspire, but frankly it also provides a clear warning that good PR is a poor substitute for demonstrable results for families and for the States.

In other words, all that glitters is not gold when we look at the Wisconsin model. There is good and there is bad. We want to make sure that this body knows the difference.

First, we will talk about what has been very good. The New Hope project in Milwaukee, WI. demonstrates that the principles of Work First are a proven and effective alternative to the Republican proposed welfare program. New Hope began in 1992 as a demonstration project with 51 participating families. Now it has been expanded just in the last 3 years to 600 families. Its funds were secured through Federal, State and private sources. The projects targeted families receiving welfare and the working poor who qualified for some public assistance like food stamps and Medicaid.

New Hope requires participants to work. It provides access to private-sector jobs, community service jobs if no job can be found in the private sector. Mr. President, it provides wage subsidies if necessary to bring a family's income above the poverty line. And, Mr. President, very importantly, it provides health and child care subsidies for families with up to 200 percent of poverty.

While the project shares the goals of self-sufficiency with existing efforts, it goes way beyond this in three ways. First, the project guarantees access to a job. Second, it removes categorization of those who are poor and thereby removes some of the disincentive to participate in the current system. Third, it links subsidies to income level rather than creating sudden-death scenarios for participants when arbitrarily established time limits are reached.

Mr. President, let me just say that New Hope speaks for itself in its results. There has been an 86 percent increase in the proportion of the participants who work. There has been a 75 percent decrease in the proportion of participants who are unemployed. The employed no longer require AFDC, and 25 percent of them no longer require Medicaid.

Let me talk about the other example. Turning to the much-touted welfare reform initiatives in the State of Wisconsin championed by Governor Thompson, let me first commend Governor Thompson for his activism in the welfare debate. It is substantial. It is a credit to the skilled people working in the State's bureaucracy that as many innovations have been carefully implemented in the past 8 years, and our State has earned its reputation on this issue.

Mr. President, I think it is important for people to know, since I served in the State Senate through many of the years this began, that the jury is still really out on the actual cause of the results Wisconsin has experienced—in other words, Mr. President, the sharp decrease in the welfare caseload, which has been impressive. We have had a 22.5-percent decrease in welfare from 1986 to 1994. But, Mr. President, the information we have is that this is probably not directly attributable in large part to the Thompson innovations but more likely to be attributed to unrelated aspects.

Similarly, while the Republican bill before the Senate seeks to reform welfare by slashing funding to the States, the one thing that we are pretty clear that Wisconsin does demonstrate is that significant investment is necessary in order to realize even the slightest measure of success in preparing people for and getting them to work.

Wisconsin's well-developed employment and training system, which features 30 one-stop-shopping job centers, is evidence of the investment that is really needed to get these kind of results.

Mr. President, there is also recent empirical evidence that the cause of Wisconsin's success is most likely the function of factors not very easily replicated in other States, simply through the implementation of program policies.

Michael Wiseman of the University of Wisconsin's Institute for Research on Poverty and the Robert M. LaFollette Institute of Public Affairs released a study in June 1955 entitled "State Strategies for Welfare Reform: The Wisconsin Story."

Wiseman traces the short history of Wisconsin's welfare reform efforts beginning with the Thompson administration's first waiver initiative in 1987. He analyzes caseload data, unemployment rates, manufacturing employment, and benefit and eligibility levels in the context of each policy initiative requiring a waiver in order to test a variety of reform experiments. We have had many of these experiments. Let me just mention the variety.

These experiments include:

Learnfare, which requires teenage children of AFDC recipients and teen parents to regularly attend school or the family losses benefits;

JOBS 20-hour requirement, which allows the State to require more than 20 hours of JOBS participation for mothers with preschool children;

Allowing lower benefits to be paid in the first 4 months after a job is taken;

Continuation of Medicaid benefits for 1 year;

Suspension of the 100-hour rule, which denies benefits if the principal earner works more than 100 hours in a month;

Bridefare, which allows welfare applicants under age 20, if they live together, to enjoy liberalized benefit and eligibility standards, but reduces benefits if a second child is born;

So-called two-tier benefits allow the State to pay the benefit level of the

sending State for new residents—I would add, this is currently being challenged in the Federal courts as unconstitutional;

Prohibit ownership of a vehicle valued at more than $2,500; allow recipients to save up to $10,000 for education/training;

A program called Work, not Welfare, which provides intensive job preparaton before requiring the recipient to work within 2 years or lose all benefits;

Family Caps, which denies additional benefits for additional children;

Work First, which requires participation in job search/preparation for 30 days before benefits can be received; and

Pay for Performance, which reduces the JOBS benefit for every hour of JOBS participation not completed.

The Wiseman study points out that Wisconsin's welfare caseload declined by 22.5 percent between December 1986 and December 1994. The study states that the decline is primarily associated with restrictions in eligibility and benefits, a strong State economy. Our State unemployment rate still hovers between 4 and 4.5 percent. And finally this is mostly correlated with large expenditures on welfare to work programs.

Wiseman goes on to state that continued reduction of welfare utilization is jeopardized by proposed changes in Federal cost sharing because the Republican plan requires no State match. Wiseman concludes that the special circumstances enjoyed by Wisconsin are unlike to be duplicated elsewhere.

He cautions that other States and the Federal Government should not assume that expanded State discretion alone will produce comparable gains unless accompanied by major outlays for employment and training programs, reductions in benefits, and tightening of eligibility requirements. He further cautions that the first policy is expensive to taxpayers, the second and third policies harm recipients.

Finally, just this past Thursday Governor Thompson unveiled a new statewide welfare program that replaces AFDC. This follows the recent State budget action, which transfers responsibility for administering welfare programs to the State's labor department. The new "W-2" Program places participants into four categories depending on their job readiness.

Those with the highest job skills will receive assistance from program staff to obtain full time private sector jobs. Those participants would also continue to receive food stamps and the EITC.

Second, participants with less proficient job skills will be placed in full-time private sector jobs on a trial basis, on-the-job training subsidized by the State, with food stamp and EITC eligibility.

Third, those who cannot secure private sector jobs or placed in trial jobs must perform community service for less than minimum wage with food stamp eligibility.

Finally, the fourth category would be for people who are unable to obtain or hold a job, and who would be required to work in sheltered workshops, volunteer and participate in job preparation programs.

What comes through with this latest proposal is the notion of high level investment throughout the Wisconsin plan. The notion that work comes first is another key element. It is sounding more and more like Governor Thompson is adopting the Work First strategy put forward in the minority leader's plan.

In conclusion, Mr. President, Work First will be effective, because it adopts an attitude of uplift rather than put down, it requires investment by the States, not the cut and run strategy of the Republican plan. It develops and preserves families, rather than providing incentives to disintegrate them. It aggressively addresses teen pregnancy first through prevention, and by requiring teens to live in supportive home, or second chance home environments.

So there is a very viable plan before us. It is a plan that brings together the best lessons we have learned in Wisconsin and that can actually be transferred to many other States. In that spirit I again thank the senior Senator from New York and yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, I would like first to thank the Senator from Wisconsin and draw particular attention to the idea of second-chance homes. This is an idea that has been around for some while. It received very strong support from persons such as James Q. Wilson, of the University of California at Los Angeles, as one possible intervention in the reproductive cycle of young persons in situations where they are overwhelmed by the single-parent culture in which they find themselves living. Not 3 miles from this Capitol you will find such neighborhoods, such settings.

It is a deeply humane idea. It is an old idea—a maternity home. It may yet find a place in our response to the questions of illegitimacy—nonmarital births, if you like.

I am going to take just one moment, pending the Senator from Nebraska, to call attention to a matter in this regard. On the 1st of August, Mr. President, the Bureau of the Census put out its annual compilation called "Population Profile of the United States, 1995." In that summary there is a statement that, "26 percent of children born in 1994 were out-of-wedlock births."

That is discouraging, because it is not so. And the Bureau of the Census needs to know it is not so. They take this information from sample surveys, and survey responses in this regard are simply not dependable for reasons that do not have to be explained. Respondents are asked whether a child born to the family was out of wedlock. Some will say otherwise.

The actual number for 1992 from the National Center for Health Statistics, which counts every birth, it does not take samples—the number for 1992 was 30.1 percent. That is an exact count. I have estimated that it will have reached 32 percent by 1994. What 1995 will be—we are on that ascent. Nothing indicates it has changed. It may have moderated.

But, for the Bureau of the Census to say otherwise when it so easily could have left this matter to the National Center for Health Statistics, is a bit disappointing. The Bureau of the Census is a glorious institution and it makes mistakes. We all do. I just want to make that point.

I see my friend, the formidable and indomitable Senator from Nebraska, is on the floor. It is going to be an honor to hear from him.

I do not see any Senator from the other side of the aisle, and my friend from Iowa indicates he does not either, in which event, Mr. President, I hope the Senator from Nebraska might be recognized.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. Mr. President, I rise this afternoon to respond to a speech made yesterday by the senior Senator from Texas.

Mr. MOYNIHAN. Will the Senator yield for just one moment?

Mr. KERREY. I will be glad to.

UNANIMOUS-CONSENT AGREEMENT

Mr. MOYNIHAN. Mr. President, I ask unanimous consent we might continue in session under the understanding that no amendments will be offered for such time as is required for the Senators who are now on the floor who would like to make statements. That includes Members on the floor who would like to make statements. Is that agreeable to the Senator from Iowa?

Mr. GRASSLEY. As long as, if we have Republicans come, they share time.

Mr. MOYNIHAN. Yes, of course.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Nebraska.

Mr. KERREY. Mr. President, my purpose in rising today is to discuss the statement that was made yesterday by the senior Senator from Texas who was here, among other things, to criticize the majority leader's welfare proposal for being too soft on illegitimacy.

Mr. President, at the start of my own comments about the welfare system—and I hope and expect to have several opportunities to come and discuss this issue—I would like to stipulate that I do not know a single welfare recipient. That is to say, I do not know a single welfare recipient on a first-name basis. Perhaps some of my colleagues do, but I do not. Perhaps some of those who argue so confidently about what works and what does not work have poor friends who are on welfare and thus speak from experience.

I do know and have friends who receive corporate welfare, and I know and I have friends who have argued with me forcefully about the urgent need for various tax incentives which will create jobs, promote homeownership, provide for investment in technology or stimulate exports.

I am on a first-name basis with lots of people who receive something for nothing but none of them are poor. And none of them appears to have become lazy or sexually promiscuous as a result of a taxpayer subsidy.

Mr. President, many of us are debating something about which we have little recent firsthand experience—poverty. In such circumstances, it would serve us well to acquire an attitude of humility as well as a little gratitude for the circumstances of our own births.

As our colleagues know, the Senator from Texas is an economist by training, and as such his thoughts ought to be respected. But they ought to be recognized for what they are—an economic analysis. As we examine this analysis and the proposal that springs from it, we should ask one question: Are teenagers and single mothers having babies as a consequence of a rational economic decision?

The Senator remarked on a television program over the weekend that the problem with welfare is that we punish work and family while rewarding people for not working and for breaking up families.

As far as this analysis goes, I agree with it. Our system of incentives is sending the wrong signal. We should reward behavior we want and discourage behavior we dislike. The Senator from Texas correctly notes that our welfare system has perverse incentives.

Unfortunately, his analysis causes him not to propose positive incentives for things we believe are right and negative for those we believe are wrong. Instead, he proposes to basically wipe the slate clean and punish everything. God help us if we wrote campaign finance laws with such an attitude.

Mr. President, the issue of teenage or out-of-wedlock birth is an emotional issue. We need to be certain as we discuss this issue that we calmly and rationally answer some basic questions before we begin our consideration of what our laws should say. The first of those questions is: Why are teenagers and single women having children? The Senator from Texas answers this question with an economic analysis. We are paying them to do it. For a teenager, he argues, a baby is a free ride out of a parent's home and a permanent meal ticket.

Research does not support this conclusion. Economic circumstances are not high on the list of reasons why our babies are having babies. While it sounds true, unfortunately, it is not. Such arguments make it seem that some Americans are poor because welfare benefits are too attractive.

Mr. President, I ask unanimous consent that an editorial that appeared yesterday in the Omaha World Herald be printed in the RECORD.

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

[From the Omaha World Herald, Aug. 7, 1995]

AN IGNORED LAW: STATUTORY RAPE

The results of a study done by the Alan Guttmacher Institute indicate that at least half of the babies born to teen-age girls are fathered by adults. Have these men no sense? Have they no shame?

Researchers said the study was the most comprehensive of its kind. Nearly 10,000 mothers between the ages of 15 and 49 were interviewed from 1989 to 1991. Researchers found that half of the babies born to mothers between ages 15 and 17 were fathered by men who were 20 or older. Generally, the younger a mother was, the greater the age difference between her and her baby's father.

In California, a survey of 47,000 births to teen-age mothers in 1993 indicated that two-thirds of the babies were fathered by men of post-high-school age.

Even disregarding the moral aspects of mature men sexually exploiting teen-age girls, there is a legal problem in some cases. It's known as statutory rape. The law wisely recognizes that young girls—and boys, for the matter—aren't as mature in their thinking and feelings as adults. Therefore, to seduce a person under a certain age when the seducer is above a certain age is a crime, whether the victim willingly participated or not. The ages vary from state to state. In many cases, a man 19 or older is guilty of statutory rape if he has sex with a girl 15 or younger.

The Guttmacher study has implications for the campaign to reduce the number of teen-age pregnancies. If so many teen-age girls' partners are adults, then some educational programs and anti-pregnancy campaigns are misdirected.

Moreover, stricter enforcement of the statutory rape laws may be needed. Certainly the Guttmacher study is a setback for the view that teen-age pregnancies are due mostly to teen-age hormones and immature kids who give in too easily to peer pressure or curiosity. The problem of youthful pregnancies, it turns out, is much more complex. And much more appalling.

Mr. KERREY. Mr. President, the Omaha World Herald is a conservative newspaper, one that all of us in Nebraska at least are familiar with if not read on a regular basis, and in yesterday's editorial they discussed an issue that is very relevant to the question of why are teenagers having children.

The headline for the editorial is "An Ignored Law: Statutory Rape," and the first paragraph references a study done by the Alan Guttmacher Institute which indicated that at least half of the babies born to teenaged girls are fathered by adults.

It goes on to describe that 10,000 mothers between the ages of 15 and 49 were interviewed between 1989 and 1991, and researchers found that half the babies born to mothers between ages 15 and 17 were fathered by men who were 20 or older, and generally the younger a mother was the greater the age differences between her and her baby's father. And the editorial goes on to describe, I think correctly, the need for increased vigilance by law enforcement people on the situation of statutory rape, I think a quite relevant and appropriate response given the analysis done by the Guttmacher Institute.

The Guttmacher Institute did not say that these young girls were having babies as a consequence of seeing a financial incentive.

Quite simply, teenagers are not examining Government benefits in general and making a rational economic choice when they decide to have babies, to the extent that this is a conscious decision at all.

If this was the case, we might solve the whole problem by investing a little extra training in basic mathematics for whomever it is who thinks having a baby on welfare is a clever financial planning strategy. The truth is that if you could count on teenagers to see far enough ahead and understand enough home economics to respond rationally to the carrots and sticks the Senator from Texas proposes, or in this case mostly sticks, then the solution to this problem would get pretty easy. The problem is that most of us do not know any teenagers who can manage their lunch money from day to day much less engage in a detailed analysis of welfare benefits and decide whether or not to have a child based upon it.

I do not know why children are having children; I do not have an easy, quick answer, nor can I in a simple fashion explain the terrifying breakdown in the American family in the last couple of generations. Senator MOYNIHAN, who knows more about this subject probably than anybody in this body and maybe perhaps anybody in this country, displayed some disturbing charts yesterday that reveal a frightening social trend. I did not look at them and envision a sea of poor Americans making a series of rational economic decisions to have children out of wedlock.

The Senator from Texas accuses the Democratic leadership of believing that having spent billions upon billions of dollars we can just handle poverty if we only spend a little bit more. I do not know anyone in the Democratic leadership who espouses this view. But let me say I do not consider it any more rational to say we can solve the problem just by spending more than it is to say, as the Senator from Texas does, that we can solve it just by spending less.

The fact is that ending poverty will in the end likely cost us money. This is an inconvenient fact, to be sure, but it is a fact nonetheless. We are overlooking it these days because we have gone chasing after a rhetorical refrain about "ending welfare as we know it," which, as I indicated at the start, is relatively easy for an awful lot of us since we do not know much about welfare. What we really mean, or should mean in my judgment is attempting to perhaps not end poverty but at least end the misery many still suffer as a consequence of it.

Ending welfare as we know it is a simple legislative transaction. Just get rid of it, which is the strategy reflected in much of what the Senator from

Texas proposes. Ending poverty is much more difficult. It requires us to commit time and resources, which has become at least in some circles a political taboo in an age in which we seem to be competing against one another to see who can be the toughest.

Mr. President, I look forward to coming back to the floor to address this subject in more detail, but I thought a response to the senior Senator from Texas was in order. No one doubts his expertise as an economist, but before we get carried away with economic solutions we ought to be asking whether we are dealing with an economic problem. To some extent, we are. But to a very large extent we are not. It is helpful to make the distinction.

To close my first statement on welfare, Mr. President, I should declare that while I do not know on a first name basis one person who receives AFDC or AFDC child care support, I do know what it means to be on welfare. I do know what it is like to have the bottom drop out of your life, and while you are falling, to be caught in the net of American generosity.

Like many Americans who are wounded in wars and receive benefits that were earned in combat, I know that benefits given by our Nation do not have to make you lazy. They can make you grateful. I am forever grateful that I live in a country where people do care enough to try to help those who are suffering.

Mr. President, I yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. May I simply say for one moment, I thank the gallant Senator from Nebraska for an extraordinary statement with such candor and accuracy. But I add to the preface, just one point: Ending poverty is nothing so difficult as ending dependency. And that is perhaps what we are mostly talking about here.

There are few Members, if any, in this Chamber who could meet a welfare mother and recognize her and call her by her first name. I think there are even fewer who know that kind of dependency in which you could have the city of Detroit with 72 percent of the children on welfare. None of us live in those neighborhoods. And we do well to have the courage of a man of servitude to say so.

Thank you, Mr. President.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. I believe we are alternating. And I believe the Senator has——

Does someone wish to speak?

Mr. MOYNIHAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. EXON. Mr. President, I ask unanimous consent that the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON addressed the Chair.

Mr. THOMAS. Mr. President, if I may say this, we went through this yesterday when I was presiding. We decided we would go back and forth. Is that still the arrangement?

The PRESIDING OFFICER. That is the arrangement. But in order to go back and forth, individuals on either side of the aisle have to ask for recognition from the Chair.

Mr. THOMAS. I would like to do that.

Mr. EXON. The only reason the Senator from Nebraska intervened was not because I want to interrupt the order, but when a quorum call was suggested, when this Senator waited last night and again this morning, I thought I might move ahead.

Mr. President, in order to go back to the usual procedure, I yield the floor.

The PRESIDING OFFICER. The Chair thanks the Senator from Nebraska.

Does the Senator from Wyoming wish to get recognition?

Mr. THOMAS. Yes, sir. Thank you very much. I am sorry we had this confusion. As I said, we went through that yesterday.

I will be brief, but I did want to use this opportunity to rise to support the leadership's bill. I support it, at least partially, because I think it has the best chance for success in the Congress, that it has the best chance to be the vehicle for doing something about change, something that I think we need to do. We have a monumental, historic opportunity now to overhaul a program that has been in place for a very long time, one that by almost any measure has not succeeded in producing the results that most of us want. It is not perfect, of course. None is perfect. On the other hand, they can be changed and should indeed be changed when we find that portions of it are not perfect.

The point of welfare, of course, is to put in place a program that provides the opportunity to assist people who need help and to assist folks to get back into the workplace. And that, it seems to me, has to be the measure. If that, indeed, is the measure, we have not succeeded. And there are those on the floor who simply want to continue to put more money into the program. But I suggest to you that there is little reason to expect change if we continue to do the same thing. So we do have a great opportunity.

I want to compliment the Senator from New York and the chairman of the committee for the intense effort that has gone into this. I think there has been a rational and reasonable debate. There will continue to be. There will be substantial differences of view, both philosophically and practically, as to how we go about this. But I hope we do keep before us the notion that there is a goal and a purpose that most of us can share; and that is to be compassionate, to be helpful, to help those who need help, but not to make it a career opportunity.

I was frankly surprised yesterday when the Senator from New York, in his numbers, showed that the median time on welfare was nearly 13 years. That is not the purpose of this program, and we need to do something about that. I believe strongly—and there will be disagreement about this—that the States are the best laboratory to do something. The States are the best place to devise programs and to deliver services that meet the needs of that particular State. My State of Wyoming has different kinds of needs than does New York State or Pennsylvania. And we need to have the flexibility to be able to do that.

There are those who will say, "Oh, no, the States don't have the compassion to do that. The States won't do this job."

I do not agree with that. I do not think there is any evidence at all to show that there is more compassion in Washington, that there are better ideas in Washington than there are in the States. I believe strongly in moving government closer to the people who are governed. And I have great confidence there.

Mr. President, there are a number of issues. Of course, one of them will be the block grants and how much authority we give to the States. Let me just check in on the side of giving them as much authority as we can, making it as available to the States to put together several programs and then administer them as they believe it is best.

I think there will be discussion about work opportunities. Let me tell you that we have had a program of work opportunities in our State, started by the last Governor, a Democrat as a matter of fact, but it has been limited to relatively few counties because we cannot get a waiver to go forward with it. It has worked.

Wyoming wants to do that. We want to help people to be trained and to be able to work. It requires 35 hours of work a week. It is a good program. We have worked with the Smart Card Program in terms of food stamps that we cannot get a waiver to move it on. And it does work. It helps with fraud and abuse.

So, Mr. President, in general I think that is one of the issues here. We ought to give the States as much authority to do what they want to do. The question, of course, of limiting payments to unwed mothers is one that will also be of great conflict here. I have to tell you that I do not favor that idea. But I do favor giving States the opportunity to do what they think is best. I do favor the notion that we ought to get away from cash payments and provide an opportunity for young unwed mothers to either stay at home or stay in a supervised living arrangement where they can go on and be trained and be useful members of society. I think we all agree with that.

So, I am not going to take a great deal of time, but I again want to say

that I think this is one of the issues that is really a pivotal issue in whether or not this Congress lives up to the expectations that people put on us this year. I know it is not a simple issue, but I do know that we ought to find and resolve it and come to closure. We ought not to find ourselves in the position of continuing to extend and avoid a decision by having endless amendments.

Now, I suppose some will say, well, this is a deliberative body. There ought to be no limit. I have a little trouble with that. We ought to really seek to come to closure and seek to find some solutions. And there are some that we can find. And they are not partisan. Not all of the right answers are on this side of the aisle. They are not all on the other side. But I can tell you one of the answers that is not acceptable, and that is to continue to do what we have been doing and expect there will be changes simply because we say, well, we are going to just put some more money into it. It does not work. We have had plenty of experience on that. So I think we did receive a message.

I think we are serious about breaking the cycle of welfare. I think we are serious about continuing to provide help to people who need it and serious about helping people to get off of that cycle so they can get into the system. I think we are serious about reducing the role of the central Government and strengthening the role of State governments. And the votes we cast in the next few days will give us some answers to these questions.

So, again, Mr. President, I want to congratulate our leaders on the floor on this. They have done an excellent job, and continue to do so. And it is not easy.

All I urge is that we do come to some closure, we make some decisions, and move forward in the area that we think is best.

Mr. President, I yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, if I can resume for just a moment to thank the Senator from Wyoming for his statements, to share his sentiments and, particularly, to address this matter of a second-chance home for very young mothers in settings where they can live independently, and neither should they be in the setting from which they came, from which many of them are, in fact, fleeing. It is an old idea whose time may have come round once again.

I appreciate the Senator's statements in that regard.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I want to add my thanks to those that have been said by many of my colleagues on both sides of the aisle this morning for the good leadership that we, obviously, have in the forefront of the U.S. Senate as we face this very, very difficult but must-do task of reforming welfare.

Certainly, my colleague and friend from New York, the former chairman of the Finance Committee, has been trying to get this reformed for years and years and years. I say to the Senator from New York, Senator MOYNIHAN, his dream is about to come true, I think. I appreciate the thoughtful leadership that he has provided over the years, the thoughtful bipartisan leadership that he has provided, and his counterparts on the other side of the aisle, as we move forward on this important matter.

I have brief remarks, comparatively speaking, with regard to the welfare matter before us. Before I go into that, I warn all, I suspect we are not going to complete action on the welfare reform matter before we finally get to our shortened recess. During that time, there are going to be lots of wars going on, financed by special interests, on the radio and television.

In that regard, I will simply advise all Senators, but more importantly, the public at large, that they should have seen the "Nightline" show last evening. The "Nightline" show last evening went to the heart of what I suspect will be foremost on our airwaves during the recess, particularly with regard to the welfare reform bill.

The "Nightline" program last evening went into great detail with regard to the totally unprincipled lobbying that is being done by certain high-minded interests with regard to the telecommunications bill we wrestled with in the Senate not long ago and which passed the House of Representatives last week.

The House Members were deluged in the last few days of that debate by stacks and stacks of mail from their constituents. We all want to get mail from our constituents. We are here to represent them. But, clearly, I think with the investigation that is now being promised by prominent leaders of the House of Representatives, we may begin to get to the bottom of some of the problems that we have with the democratic processes today that are being perverted by money and moneyed interests.

The "Nightline" show last night went into great detail about the mountains of mail that was being received, supposedly from constituents on a voluntary basis. There is an alarming trend developed with regard to the brief investigation that has so far been done on the amount of mail being received by House Members from their constituents that their constituents were not writing to them at all, but their constituents' names were on the bottom of preprepared mailings. They had several instances of people live on the "Nightline" show last night whose names and addresses were signed to memorandums or lobbying or constituent letters, depending on how you want to describe them, people who never sent the letters. Letters were signed by dead people. Letters were signed by one person who knew nothing about it. In fact, he was bicycling in Europe someplace during this time.

So I hope that the House of Representatives will pursue their investigation to see how moneyed interests, with highly paid expert lobbyists, cannot fool the public all of the time but sometimes they can fool Members of the Congress by totally fraudulent avalanches of mail sent in for a specific purpose, to vote one way or another on a bill when the constituent had no knowledge of it whatsoever.

Certainly, the new modern revelations and revolutions that we are having in communications today has given a new power into the hands of the manipulators, the highly paid manipulators that dwell inside the beltway. The "Nightline" program showed some of that last night.

This is simply a forerunner to say that at the present time, there are highly paid advertising schemes going on on television. I say, again, that the majority of the people cannot be fooled all of the time, to partially quote Abraham Lincoln, but it is clear to me that a substantial portion of the public can be fooled, temporarily at least, and can be led into writing their Members of Congress on something with a key phrase or two. The key television phrase that is being used against Democrats in five States today, Democrats up for reelection, is to "Write your Democratic Senators and tell them to support workfare." Boy, that is a catchy phrase. There is an untold amount of millions of dollars spent today, first, to see what catchword or phrase rings with people and "workfare," of course, is something that most people would like to see.

So thousands and hundreds of thousands of dollars will be spent by money groups and political parties during this recess to bombard the Members of the House and the Members of the Senate. I emphasize once again and I invite, I encourage, and I have a significant staff that works with me in responding to constituent suggestions. I want legitimate input from my constituents. I do not want my constituents or my office or this Senator to be taken advantage of by the high-price money that has invaded the political system.

We, in the House and Senate, are partially to blame for this ourselves because we are the first ones who started to divert the political system with high-paid, efficient attack ads—attack, attack, attack—and maybe I can win whether I should or not. There is nothing shameful that millions of dollars cannot overcome and at least temporarily justify. It is wrong. Therefore, I hope that the welfare reform bill we are talking about today will not be unduly influenced by money through television and radio advertising that is intended to mislead the public rather than inform it.

I think we all remember very well that key television ad of last year that

made it impossible, because the people were misled temporarily, that ad where Lucille and her live-in boyfriend were sitting at the table in the kitchen saying—it was the most effective television ad I had ever seen. They were talking about the problems that Americans have meeting their medical expenses. And then they talked about the President's plan. They said, "He is trying to do something about it," but the key line at the end was, "But there must be a better way."

That is the old technique that the trial lawyer used in trying to plant doubt in the minds of the jurors. If you can plant a doubt, then you are not going to get a conviction. There are lots of things wrong today, but I think things are right when we are tearing into the matter of welfare.

I rise in support of the amendment to be offered by the distinguished minority leader and Senator BREAUX, the Work First welfare plan, the only one of its kind that I know about today.

The Work First welfare reform plan is a step in the right direction and should be the rallying cry around which we can all gather, Democrats and Republicans, to get something constructively done with regard to welfare reform. The Daschle-Breaux plan attacks welfare reform head on. It helps turn welfare recipients into productive breadwinners. It weaves a safety net that protects the children of welfare parents. It allows the States greater flexibility to administer their welfare plans and to make positive changes.

If I were to summarize this amendment in one word, it would be: responsibility. It requires the responsibility of those currently receiving welfare to take charge of their lives and find work. Responsibility is a two-way street. The amendment requires the Federal Government to act responsibly by making sure that the States will have sufficient funding and oversight to do the job properly.

Mr. President, the current welfare system has veered off course. Senator MOYNIHAN has demonstrated and talked about this time and time again. There is no doubt about that. Not enough welfare recipients are making the leap from support to gainful employment. The well-beaten path of welfare has become a dangerous rut that grows deeper and deeper with the years. For many, welfare has become a permanent state of existence.

Welfare's failings did not develop overnight, nor will they be solved in a day and a night. However, in the past decade, we have taken constructive steps to reform the system and we build on these reforms with this amendment. In 1988, I vigorously supported the Family Security Act, which was signed into law by President Reagan. That bipartisan legislation, passed by a vote of 96 to 1, provided States with the flexibility to establish programs to assist with job skills, education, and child care.

The philosophy behind the Family Security Act is as sound today as it was 7 years ago. We best help people in need by giving them the tools to get off of welfare and onto the job rolls once and for all.

Unfortunately, while some States showed modest success in implementing their reform programs, the Family Security Act never achieved its full potential. Welfare reform continues unabated, however, in many States, including my State of Nebraska. And the Democratic amendment provides the States with the flexibility and funding to carry out and administer those reform plans. Let me briefly explain how.

First, the Daschle-Breaux plan replaces the unconditional, unlimited AFDC aid with conditional benefits over a limited period of time. I believe that most Americans would agree that there has to be an endpoint to benefits for able-bodied adults. Otherwise, we find ourselves still saddled with a welfare system that is self-perpetuating.

Second, the Democratic leadership amendment emphasizes work. Let me repeat that. The Democratic leadership amendment emphasizes, above all else, work. Welfare reform without work is but a hollow promise. For States the plan establishes the Work First block grant, giving them the resources and flexibility to assist welfare recipients to obtain work. By the year 2000, States will be required to put 50 percent of eligible recipients into jobs. In addition, the States will be penalized for missing the target and rewarded for surpassing it.

The Democratic plan emphasizes a partnership between parents and the States through the parent empowerment contract. Parents must engage in an intensive job search, or have their benefits reduced. Moreover, the plan provides incentives to stay in the work force by adding an additional 12 months of child care and Medicaid for those who go to work.

Third, the Democratic plan is sensitive to the consequences of welfare reform—especially as to how it affects children. Children should not be pawns in this debate. I would never hold children hostage merely to satisfy some ideological itch. Rationing assistance to innocent children is not only heartless, it is terribly shortsighted. The Democratic plan protects the well-being of children above all else. They are not left to the vagaries and whims of local conditions and officials. They are not pitted against competing interests. They are not shortchanged on services. If a mother loses her benefits after a 5-year time limit, her children will still be eligible to receive assistance for housing, food, and clothing.

Fourth, the Democratic leadership plan cuts and invests. It cuts spending by reducing the welfare rolls and invests those savings to provide even greater rewards for the American taxpayers. This is fiscal responsibility.

Mr. President, I am fearful, however, that other well-intentioned proposals essentially bundle up the problem and shuffle it off to the States. As a former Governor, I see concerns here. We must not just pass the welfare problem on to the States without some assurance that it can be financed. You simply cannot, in my opinion, pass the buck without passing the bucks.

In conclusion, Mr. President, I want to remind all that earlier this year, I was one of four original cosponsors of the unfunded mandate bill. We passed that legislation, and the President signed it into law. This is one of the greatest accomplishments of the 104th Congress. We had bipartisan support for the unfunded mandates bill, and for good reason. From town councils to the Governor's mansion, we heard the cry for relief from unfunded mandates. For too long Congress shifted the costs of regulations and mandates to the States. Their ledgers bled from red being forced to comply with the unfunded mandates.

The Republican formula for block grants is troubling, especially to States like Nebraska that have a growing poverty population. Under the new formula, Nebraska will receive no additional funding above the 1994 level. However, in the early 1990's, my State's AFDC population grew by 18 percent. We also have experienced a 24-percent increase in the number of children living in poverty over the last 3 years. So I am very concerned that my State might not have the resources that it needs for a safety net for our poor children.

Mr. President, the Republican claim that they put welfare recipients to work is not a valid one. One of my Republican colleagues has said on countless occasions that folks should get out of the wagon and start to pull. That may be an appealing sound bite, but despite the modification made by the majority leader yesterday, this Republican initiative does little to ensure that goal. The Republican bill is not tough love, it is just tough luck.

If we are truly sincere about welfare reform, we have to help people get and keep jobs and keep them off of welfare. If we want to put people back to work, we have to help them with training and job placement. Our society and our world has changed dramatically from the days when a high school diploma could alone still land you a good job. We are in an economy that puts a premium on education and training. Yet, other plans provide no incentive or resources for either the States or individuals to get welfare recipients into the workplace and keep them there.

We can do better, and we must do better, with the likes of the Daschle-Breaux amendment.

There are now plans underway to tighten the provisions being considered to the Democratic proposal. We offer an open invitation to come join us, to work constructively together with suggestions.

It is my hope that we can move ahead on this matter in a true bipartisan fashion and carefully consider a consensus. But let me emphasize, Mr. President, unreasoned haste can clearly make matters worse on this measure, which is of great import and great magnitude. Mr. President, we should work together.

I yield the floor.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent the unanimous-consent order be extended until 1:15.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. I thank the Senator from Nebraska not only for the generosity of his remarks, the clarity of his concern, the depth of his concern, but to connect his opening remarks to the closing remarks.

I do not think the Senator will receive many letters from welfare recipients. I do not think many of those children will be writing postcards. No one, certainly, will be paying them.

That, Mr. President, is the nub of the issue. We are talking of people who have but little voice in this land and less real influence in the end. We are seeing it all about us now.

Mr. President, the Census Bureau has just released the "Population Profile of the United States: 1995" which reports that "26 percent of children born in 1994 were out-of-wedlock births."

However, according to the National Center for Health Statistics figures which I have frequently cited, the illegitimacy ratio was 30.1 percent in 1992, and I estimate that it will have reached 32 percent in 1994.

According to Martin O'Connell, Chief of the Fertility Statistics Branch of the Census Bureau, "The higher figures are correct. The 'Population Profile' seriously undercounts the number of children born out of wedlock as the figures it reports are based on a small sample and incomplete information. Senator MOYNIHAN is right."

This is one area where precision of fact is imperative. In order to understand a problem, we must first be able to accurately measure it, and few problems are of such enormous consequence as this unrelenting rise in illegitimacy.

RECESS UNTIL 2:15

The PRESIDING OFFICER. Under the previous order, the Senate will now stand in recess until the hour of 2:15 p.m.

Thereupon, the Senate, at 1:12 p.m., recessed until 2:15 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. COATS].

THE FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. SHELBY. Mr. President, no one disagrees that the current welfare system is in shambles. Since the beginning of President Lyndon Johnson's War on Poverty, government, at all levels, has spent more than $5.4 trillion on welfare programs in America. To understand the magnitude of $5.4 trillion, consider what could be bought for it.

For $5.4 trillion, one could purchase every factory, all the manufacturing equipment, and every office building in the United States. With the leftover funds, one could go on to buy every airline, every railroad, every trucking firm, the entire commercial maritime fleet, every telephone, television, and radio company, every power company, every hotel, and every retail and wholesale store in the entire Nation.

While many Americans may not know the exact dollar amount of the War on Poverty, there is a public understanding that more and more taxdollars are coming to Washington and being funnelled into programs that are having little effect. Despite a $5.4 trillion transfer of resources, the poverty rate has actually increased over the past 28 years. During this same period, the out of wedlock birthrate skyrocketed from 7 to 32 percent, and currently one in seven children in America is raised on welfare. Moreover, this massive spending has done nothing to alleviate drug use, child abuse or violent crime—all of which have sharply increased during this period. In short, our current welfare system has failed miserably. It has exacerbated the very problems it was created to solve, and it should be dramatically overhauled now.

The first priority of reform should be to change the incentives in the current system which undermine the traditional family structure. Today, the Government pays individuals, including teenagers, up to $15,000 per year in cash and in-kind benefits on the condition that they have a child out of wedlock, do not work and do not marry an employed male. That is a cruel system, since we know that work and marriage are two of the most promising avenues out of poverty. We should not be surprised that years after this policy was instituted, the out of wedlock birthrate has reached 80 percent in many low-income communities. That means that 8 out of 10 children born in many neighborhoods in America do not know what it means to have a father. The results of this condition are devastating, not only to the children, but to the parents, and to society as a whole.

I believe the time has come that Congress should end the practice of mailing checks to teenagers who have children out of wedlock. Teenagers themselves are still children, and to simply mail them a check and forget about them is a cruel form of so-called assistance. I know of no private charity which assists people in this manner. We should continue to provide for these young mothers and their children, through adoption assistance, vouchers for child care supplies, food and nutrition assistance, and health care assistance. But, this Nation should no longer dole out cash to unwed teenage recipients. Several amendments will be offered during the course of the debate on welfare reform to accomplish this, and I intend to support them.

The second priority of reform is to reinstill the value of work into our welfare system. No civilization can successfully sustain itself over a long period of time by paying a large segment of its population to remain idle. The current system discourages work, because nothing is required from those who receive assistance, and in many instances, welfare pays better than a normal job. I support the efforts of the chairman of the Finance Committee to change that by requiring welfare recipients to work in exchange for their benefits. Under this legislation, welfare will no longer be free. Taxpayers have to work hard everyday, and those receiving public assistance should do the same.

Finally, true welfare reform means saving money. In the past, welfare reform has meant digging a little deeper into the taxpayers' pockets for more money to transfer into ineffective Federal programs. Federal, State, and local governments spent $324 billion on more than 80 different welfare programs in 1993—that is an average of $3,357 from each household that paid Federal income tax in 1993. We must reject the idea that somehow, $324 billion is not enough. Real welfare reform should result in fewer people needing welfare and generate savings to be returned to the taxpayers. The Work Opportunity Act will save more than $60 billion over the next 5 years by returning control over welfare programs to State and local officials with a fixed dollar amount from Washington. This will give State and local officials the ability to improve their services to poor people without waiting on the dilatory approval of Washington bureaucrats.

The American people have demanded welfare reform not because they are stingy or spiteful toward the poor and needy. Rather, they have demanded reform because they have seen a system which has destroyed the hope and dreams of millions of Americans by trapping them in cycles of dependency and encouraging self-defeating behavior. Welfare has been fertile soil for child abuse, neglect, homelessness, and crime. By strengthening the traditional family, requiring work in exchange for benefits, and bringing financial discipline to our current welfare system, we can change welfare from a system of hopelessness to one of hope, from a system of dependency to one of responsibility. We owe it to welfare recipients, their children, and society, to do no less.

Ms. MIKULSKI addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland is recognized.

Mr. PACKWOOD. Mr. President, will the Senator yield for a unanimous-consent request that has been agreed to?

Ms. MIKULSKI. Yes.

Mr. PACKWOOD. I ask unanimous consent that the Senate continue with debate on H.R. 4, the welfare reform bill, until the hour of 4 o'clock today without any amendments.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. PACKWOOD. I thank the Senator.

The PRESIDING OFFICER. The Senator from Maryland.

Ms. MIKULSKI. I thank the Chair.

It is with great enthusiasm that I rise to support the Work First Act, the Democratic alternative on welfare reform. I support it with enthusiasm because it is firm on work, provides a safety net for children, brings men back into the family for both child support and child rearing, and at the same time provides State flexibility and administrative simplification.

Mr. President, I am the Senate's only professionally trained social worker. Before elected to public office, my life's work was moving people from welfare to work, one step at a time, each step leading to the next step, practicing the principles of tough love.

This is the eighth version of welfare reform that I have been through—as a foster care worker, as a child abuse and neglect worker, a city councilwoman, a Congresswoman, and now a U.S. Senator. Each of those previous efforts in times have failed both under Democratic Presidents and under Republican Presidents. It failed for two reasons. One, each reform effort was based on old economic realities, and, second, reform did not provide tools for people to move from welfare to work—to help them get off welfare and stay off welfare.

I believe that welfare should be not a way of life, but a way to a better life. Everyone agrees that today's welfare system is a mess. The people who are on welfare say it is a mess. The people who pay for welfare say it is a mess. It is time we fix the system.

Middle-class Americans want the poor to work as hard at getting off welfare as they themselves do at staying middle class. The American people want real reform that promotes work, two-parent families and personal responsibility.

That is what the Democratic Work First alternative is all about. We give help to those who practice self-help. Democrats have been the party of sweat equity and in our Work First bill have a real plan for work. Republicans have a plan that only talks about work, but does not really achieve it.

Democrats have produced a welfare plan that is about real work, not make work. That's why we call our bill "Work First," because it does put work first. At the same time, it does not make children second class.

Under our plan, from the day someone comes into a welfare office, they must focus on getting a job and keeping it, and work at raising their family.

How do we do this under the Work First plan?

First, we abolish AFDC. In its place, we create a program of temporary employment assistance.

Second, we change the culture of welfare offices—moving welfare workers from eligibility workers to being empowerment workers. Social workers are now forced to fussbudget over eligibility rules. Under the Work First Act, social workers now become empowerment workers. They sit down on day one with welfare applicants to do a job readiness assessment. So they can find out what it takes to move a person to a job, stay on a job, and ensure that their children's education and health needs are being met.

Third, everyone must sign a parent empowerment contract within 2 weeks of entering the welfare system. It is an individualized plan to get a job. The failure of individuals to sign that contract means they cannot get benefits.

Fourth, everyone must undertake an immediate and intensive job search once they have signed that contract. We believe the best job training is on the job. Your first job leads you to the next job. Each time you climb a little bit further out of poverty, up the ladder of opportunity, and at the same time we reward that effort.

Yes, this is a tough plan with tough requirements. It expects responsibility from welfare recipients. Everyone must do something for benefits. If you do not sign the contract, you lose your benefits. If you refuse to accept a job that is offered, you lose benefits. If, after 2 years of assistance, you do not have a job in the private sector, then one must be provided for you in the public sector.

No adult can get benefits for more than 5 years in their adult lifetime. If you are a minor, the 5-year limit does not apply, so long as you are able to stay in school and receive benefits.

So, yes, we Democrats are very tough on work. Everyone must work. Assistance is time limited and everyone must do something for benefits. If you do not abide by the contract, then you lose your benefits.

What else do we do under the Work First plan? We provide a safety net for children. We not only want you to be job ready and work-force ready, we want you to be a responsible parent. That's why we require parents, as a condition of receiving benefits, that you make sure your children are in school and that they are receiving proper health care.

Once you do go to work, under the Work First plan we will not abandon you. We want to make sure that a dollar's worth of work is worth a dollar's worth of welfare. While you are working at a minimum wage, trying to better yourself, we will provide a safety net—child care for your children, continued nutritional benefits, and health care. We want to be sure that while you are trying to help yourself, we are helping your children grow into responsible adults.

I do not mind telling people that they must work. Because in asking them to take that step, our Work First plan makes sure they have the tools to go to work and that there will be a safety net for their children.

Unfortunately, the proposed Republican welfare bill does none of these things. It does not look at the day-to-day lives of real people and ask what is needed to get that person into a job. The people we are telling to go to work are not going to be in high-paid, high-tech jobs. We know that mother who wants to sign a contract that requires her to work will be on the edge when it comes to paying the bills. We know that she will have serious problems with finding affordable and quality child care unless she has a mother or an aunt or a next door neighbor to watch her kids.

The Republican bill does not provide enough money to pay for real child care. Suppose that mother lives in suburban Maryland or Baltimore City or the rural parts of my State? She does the right thing; she gets an entry-level, minimum-wage job. She is going to make about $9,000 a year, but will have no benefits. She might take home, after Social Security taxes, $175 a week. But if her child care costs her $125 a week, that leaves her $50 a week for rent, food, and clothing. How do we expect this woman to support a family on $50 a week? There would be no incentive to do that.

So that means, under the Republican welfare bill, she must jump off of a cliff into the abyss of further and further poverty. Where moving to work puts her at an economic disadvantage. The Democratic bill wants to help people move to a better life. The Republican bill will push them into poverty through its harsh, punitive approach.

Welfare reform is about ending the cycle of poverty and the culture of poverty. And the Democratic Work First plan will tackle both.

Ending the cycle of poverty is an economic challenge. It means helping create jobs in this country and then making sure that our country is work-force ready and that welfare recipients are ready to be part of our new economy.

But welfare reform must also end the culture of poverty, and that is about personal responsibility. It is about bringing men back into the picture. It is about tough child support, saying that if you have got the stuff to have a child, you should have the stuff to support that child and rear that child.

We believe that the way families will move out of poverty is the way families move to the middle class—by bringing men back into the picture, having two-parent households, ensuring that there are no penalties to marriage, or to families going to work.

So, Mr. President, Democrats in this debate are firm on work and personal

responsibility. We believe that the Democratic welfare reform alternative will bring about these results. That is why I support it with the enthusiasm that I do.

I yield back the floor.

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. I may state a different tack. I am sincere when I say this. I do not care which party straightens out this country just so one of them does. I have felt that way for a long time.

For the benefit of those looking in on C-SPAN, the distinguished Parliamentarian was having a discussion with the Presiding Officer. I was wondering whether he was talking about some rule that I may have unwittingly violated.

Anyway, I am pleased that debate in the Senate has finally begun on the issue of the fundamental reform of America's welfare system. There are all sorts of plans floating around. And my view is, let us get one that has a minimal amount of Government in it and proceed with a sensible welfare plan. Efforts to move away from the disastrous welfare state—some call it the dependency state—is long overdue. We have seen the bitter fruits of what has followed this business of trying to socialize welfare.

We must pray that the Nation can somehow recover from the destruction of the basic fundamental precepts and principles, the moral and spiritual principles, if you will, laid down by our Founding Fathers. And a lot of damage has been done to all of those by the effort to have the Government provide for everybody, causing so many to decide that it is better not to work and just to sit back and get a welfare check.

Now, that will cause screams in some quarters, but most Americans know it is so. Welfare as it now exists is a clear example of a Government program intended to be compassionate, but which, in fact, is demonstrably destructive, even to people to whom the political system gives benefits financed by citizens who work for a living.

The welfare system has discouraged work. It encourages dependency. It encourages single motherhood and the breakup of families. Look at statistics. It is all there for people to perceive.

Mr. President, a clear signal has been sent to the American people that the liberal policies of the past are and have been an abject failure. Congress must cease its sorry practice of cranking up more and more giveaway programs for the purpose of buying votes in the next election. It is time to stop throwing the taxpayers' money at pie-in-the-sky Federal programs instead of working to get to the root of the problem.

So, here we are. The Senate now confronts the responsibility of deciding how significantly the Congress will reform the welfare system if some Senators will let the consideration proceed.

Mr. President, it is not a matter of being for or against helping those in need. It is a matter of setting the parameters of welfare so that every able-bodied citizen will feel obliged to go to work instead of sitting back to receive free sustenance from the working taxpayers. Past policies of dumping that burden entirely on the shoulders of the American taxpayers has never worked, and it never will.

There are many citizens across the country who are working to restore personal responsibility in this regard. I have a couple of remarkable ladies in mind when I say that. First, there is Mattie Hill Brown, of Wilson, NC. Now, we call her "Miss Mattie." She was recently awarded the prestigious Jefferson Award for Outstanding Community Service.

Mr. President, you know what she does? Do you know why she was given this award? This remarkable lady gives freely of her limited income—and it is limited—to prepare and deliver meals to truly needy people. Her generosity is direct and it is personal. It is independent of all administrative agencies, public and private. She wants to do it because it is a desire of her heart and from her heart to help others.

And then there is another lady. She is from Texas, Houston, TX. Her name is Carol Porter. Mrs. Porter is a remarkable lady who founded Kid-Care, Inc., a nonprofit group that helps feed some of Houston's neediest children. And Kid-Care will accept no government funding, not a penny. "I'm against people saying, 'Let the government do it,'" Mrs. Porter once said. Then she added, "It's time for Americans to feed needy Americans"—not the Government, but individual Americans out of the compassion of their hearts.

Oh, we can sit up here in the U.S. Senate and spend other people's money and we can say how generous we are. But until we do it ourselves and sacrifice ourselves, it does not mean a thing. Mr. President, history shows clearly that efforts to shift the responsibility of welfare from individuals and communities to the Federal Government have failed. You can see that failure all around you, you can see it within three blocks of this U.S. Capitol.

Now, since Lyndon Johnson led the Nation down the road to what he called the Great Society in the middle 1960's, the predictable result has been massive Federal spending, mushrooming Federal debt.

By the way, the Federal debt is going to cross $5 trillion within the next 30 days. Watch it.

It has led to increased poverty and, unfortunately, millions of Americans are locked into the welfare cycle. In 1988, Congress enacted the Family Security Act, which ostensibly reformed welfare to reverse the errors that were apparent, the errors of the past.

They were continued, of course. But supporters of that legislation boasted at the time that it would "revise the AFDC program to emphasize work and child support and family benefits * * * encourage and assist needy children and parents under the new program to obtain the education, training and employment needed to avoid long-term welfare dependence."

If that is not a political declaration, I do not know what it is. And it was not so, and that bill failed.

It is encouraging to note that neither Democrats nor Republicans now propose to perpetuate the JOBS Program, which is an entitlement to education and job training for AFDC recipients. It was created in the 1988 act. By the way, that one act in 1988—this business of Congress giving away other people's money—has run the Federal debt up $8 billion since 1988. It has increased the Federal debt for our children and grandchildren to pay by $8 billion.

One reason for its failure is the large number of exemptions from participation in the JOBS Program. Currently, 57 percent of AFDC recipients are exempt from JOBS for one reason or another. Of the nonexempt only 11 percent are currently participating and all the rest—all the rest—are living off the taxpayers.

These policies have not helped to end poverty in America. Just the opposite. As of 1993, there were 15.1 percent of Americans in poverty as compared to 13 percent when that reform took place. That is a 2-percent growth in the number of people in poverty.

Yet, Senators agreed that this legislation would end welfare as we know it. We must not make that mistake on this welfare reform.

In addition, Mr. President, 76 percent of AFDC recipients receive cash benefits for 5 years or more. That is certainly not the intended effect of the 1988 legislation.

The point is, we must not miss the opportunity now to institute real reform of the welfare system. No longer should the taxpayers be forced to subsidize able-bodied people who just prefer not to work. We must provide individual responsibility and stop turning to the State and Federal treasuries for millions of borrowed dollars, the tab for which will be passed along to our children and grandchildren.

Opinions differ as to what aspect of America's welfare system has been the greatest failure, in terms of principle. The fraudulent Food Stamp Program or the failed JOBS Program or the bloated bureaucracy—the list is endless. The one segment of Federal Government control that is in most need of reform. however, is welfare.

This past April, at Elon College, NC, the Right Honorable Margaret Thatcher, former Prime Minister of Great Britain and a close personal friend of Dot Helms and me, came down to speak to a convocation. She encouraged Americans, especially the young people in the audience, to take another look at our welfare system, which she explained that day fosters what we call dependency, dependency on Government welfare.

Margaret Thatcher said: "Of course you have to help people out of poverty. The Good Samaritan was the first."

But then she said: "What happens when the system you have for getting people out of poverty produces more people in poverty, generation after generation after generation?"

Maggie Thatcher, of course, was right. She had been repeatedly right in her challenges to Government socialism and in her defense of the free enterprise system.

But there is another authority who is a favorite of mine. His name is Paul, the Apostle Paul who, in his Second Epistle to the Thessalonians, chapter 23, verses 7 through 10, and I am going to quote the modern version, had a thought or two about this issue which we call today welfare. Paul wrote to the Thessalonians and said this:

We were not idle when we were with you, nor did we eat anyone's food without paying for it. On the contrary, we worked night and day, laboring and toiling so that we would not be a burden to any of you.

And then the Apostle Paul said:

We did this, not because we do not have the right to such help, but in order to make ourselves a model for you to follow. For even when we were with you, we gave you this rule. If a man will not work, he shall not eat.

Whether we like it or not, and I happen to like it very, very much, the Apostle Paul was exactly right when he wrote his Second Epistle to the Thessalonians. Margaret Thatcher is right in what she says. All the others down through history who have sounded the same tocsin in various ways, they have been right, they have been telling us, "Watch out."

Mr. President, political hi-jinks in this matter should be laid aside so that the Senate can have a meaningful welfare reform bill considered and enacted and sent to the President of the United States for his signature. The people have made clear that this is what they want. They have made clear that if we do not deliver, they will not forget it.

Mr. President, I yield the floor.

Mrs. FEINSTEIN addressed the Chair.

The PRESIDING OFFICER. The Senator from California.

Mrs. FEINSTEIN. I thank the Chair. Mr. President, I have been listening very carefully to this debate; this discussion. I think it is fair to say that there are some who believe this debate is a battle for the Nation's soul. There are others who believe it is a battle for the Nation's heart. And there are some, I among them, who believe that it is a battle for the Nation's future.

At its best, welfare reform can contribute to the work ethic and upward mobility of large numbers of people. At its worst, it can fuel poverty and desperation, and it can take us back to those days best characterized by Charles Dickens in some of his novels.

The results of our actions here will be evaluated by generations to come. I truly believe that the ultimate test of a civilization is, as Albert Schweitzer once stated, a civilization is known by how that civilization treats the least among them.

So I sincerely hope that one day we will be judged as having met the challenge of welfare reform with light rather than heat and with practical solutions.

I know there are many who believe they have all the answers, but the ultimate test of whether we succeed in what we do here is whether more people will be working tomorrow than today, and whether more people will be able to support themselves than today, and whether children will be better off or worse off.

Any bill for welfare reform, I think, because of the gravity of the situation in the largest State in the Union—California, must be looked at by how it impacts that State. California today comprises 12.3 percent of our Nation's population, with more than 32 million residents. It has 18.6 percent of the country's welfare caseload. It is home to 38 percent of all legal immigrants, including 42 percent of the Nation's immigrants who receive SSI. It has one-third of the Nation's drug- or alcohol-addicted SSI caseload, and almost one-fifth of the national AFDC caseload.

So I believe it is fair to say that any successful welfare bill will have a major and dramatic impact on virtually every walk of life in the State of California.

Let me begin by laying out what I think are the necessary components of any successful welfare reform bill and how it relates to California. The first issue is entitlements. I believe that the consensus is broad that the time has come to eliminate the entitlement status of welfare. Our system of entitlements has reached a point where there are more people entitled to benefits than there are people willing to provide them. That is a major difficulty.

I have had people, particularly young people, tell me that they believe they have a right to welfare. They interpret the entitlement status as giving them a basic right to this program. I do not agree, and I believe that the notion that welfare is a right has, in a sense, contributed to the collapse of the system. People in need should have temporary assistance, but they are not entitled to a lifelong grant.

Anyone who has ever had responsibility for running a welfare system knows the challenges, but one of the biggest challenges is the welfare bureaucracy itself. I remember somebody bringing to the floor a pile of documents that it took to qualify somebody into a categorical aid program and the documents were quite high. The more top down our welfare system has become, the less effectively it has served its purpose.

As a former mayor and a county supervisor, and now a Senator, I have dealt with every conceivable layer of bureaucracy in the administration of public benefit programs. But I truly believe it is at the local level, the counties, where welfare has seen some of its most innovative and successful reforms. For example, and it has been mentioned here earlier, specifically with one county, several California counties have instituted a program called GAIN. Everybody is familiar with it: Greater Avenues for Independence. One county, Riverside, has returned $2.84 to the taxpayers for every $1 spent on its GAIN Program. In Los Angeles, the results from the GAIN Program have been equally impressive. Working with 30,000 long-time welfare recipients who have been employed for more than 3 years, the Los Angeles GAIN Program has a current placement rate of 34 percent, which is very high as these things go.

Followup studies in Los Angeles reveal a 60 percent retention rate, indicating that the majority have not cycled back to welfare.

San Mateo and San Diego Counties have each created successful job search programs, cutting administrative costs and moving people into private-sector employment. San Mateo last year put an unprecedented 85 percent of the people in the program to work.

Enforcement of child support obligations, I believe, is the single most important welfare reform measure from the California perspective, because one of the principal causes of poverty in my State is the absence of child support, the last time I looked at this.

Almost 3 million people in California receive AFDC [Aid to Families with Dependent Children]. Now, that is a caseload larger than the entire populations of many of the States represented in this body. Currently, the combined annual cost to Federal, State, and local government is $7 billion for the AFDC Program.

Since 1980, the total AFDC costs for California have tripled, from $1.9 billion in 1980 to $5.6 billion in 1993.

During that same period, births to unmarried teen mothers rose by 76 percent. Now, it is true that this is not a large portion of the caseload. However, mothers who had their first child as teenagers comprise more than half of our entire AFDC caseload. So while teen mothers may be a small number, but the finding of the California experience is that once teenagers enter welfare, it is difficult to get them to leave the program.

I believe it takes two people to bring a child into this world, and as a society we must demand that both parents be responsible for supporting the child. So strong child support must be an essential component of welfare reform.

Of course, as has also been said by many in this debate, child care remains the linchpin to a successful transition from welfare to work. In the California experience, the shortage of affordable child care is a critical and overwhelming problem for the State and for local communities. Our State spends $840 million annually on child care. Another $200 million of Federal funds goes into this. That is more than $1 billion

for child care, and we still meet the needs of less than 30 percent of the families who are eligible for child care. This is the catch-22 of the Dole-Packwood bill for California.

In San Diego, Federal funds provide a total of 1,636 child care positions. Yet, there are 11,663 eligible families on the waiting list. The odds of getting a child care spot in the present system are 1 in 14. In San Francisco, with combined State and Federal funds, there are 8,000 child care spaces. But, there are 6,000 eligible families on the waiting list.

So this is one simple issue of common sense. You cannot move millions of mothers into the work force if there are not enough child care options available for them.

Let me talk for a moment about welfare fraud, because it is a real problem and it must be addressed, particularly in the Food Stamp Program. My understanding is that an investigation by the Secret Service last year estimated that food stamp fraud alone costs taxpayers at least $2 billion a year. I am very pleased that both bills—the Dole-Packwood bill, as well as the Democratic leadership bill—have built in legislation which I introduced last week to enact strong provisions to permanently disqualify merchants who knowingly submit fraudulent claims, and to double the penalties for recipient fraud. But we also must remove Federal obstacles to an electronic benefit system, so that we can eliminate paper coupons and replace them with the counterfeit-proof debit card. I will certainly support efforts to do so.

I think it is fair to say that under the Dole-Packwood bill, my State is the biggest loser. And I cannot vote for the bill in its present form for that reason. First of all, I was surprised to see that the bill does not consider California a growth State. No State grows more than California. Yet, in this bill, California is not a growth State.

I was pleased when I learned that there would be a new growth fund in the bill, but I might say that the growth fund excludes one of the fastest growing States in the Nation—that is California—so it is not much of a growth fund.

For my State this bill is an enormous unfunded mandate. It requires California to achieve levels of work participation five times higher than the present. Yet, it freezes funding at the 1994 level.

The Department of Health and Human Services has estimated that to operate the work program plus related child care will cost my State more than $4 billion over 5 years. Yet, funding is frozen at the 1994 level.

Meeting the work requirements in this bill will result in a need for an 894 percent increase in AFDC-related child care needs. Yet, funding is frozen at the 1994 level.

California, as I mentioned, is home to 8 percent of all legal immigrants. But it is also home to more than half, 52 percent, of all legal immigrants who receive Federal welfare. Fifty-two percent of all legal immigrants who receive Federal welfare are in the State of California. I am one who believes immigrants should not come to this country to go on welfare. But this bill takes a problem created by the Federal Government and simply dumps it on the States.

It would deny SSI and Medicaid benefits to almost 300,000 legal immigrants who reside in California, resulting in a $6.3 billion cost shift to my State over 5 years. Los Angeles County alone has estimated a loss of $530 million annually under the Republican bill.

We cannot just shift the problem. The impact on States and counties must also be addressed. I have already stated that many of the innovations currently under discussion have been pioneered by California counties. I want them to have the ability to continue the work they have begun. Counties—not the State—are on the front lines in California.

The Dole-Packwood bill falls far short for States like mine where responsibility for administering welfare has been delegated to the counties. If we are serious about devolving authority to local communities, I see no reason to sustain a two-tiered welfare bureaucracy where the State simply passes the responsibility through to the counties but keeps some of the funding for its own purposes. I want to see the people closest to the problem—the counties—have full control of the Federal funds being allocated to implement this mandate.

In conclusion, the legislation currently before the Senate, I believe, fails to reform welfare in a way which will help California or, I believe, the Nation. I believe the alternative proposal by the Democratic leadership is a more cost-effective vehicle for change in my State.

The Daschle bill addresses California's concern in the following ways. It accommodates growth; it provides adequate child-care funding; it allows for local government control; it does not dump a huge unfunded mandate on the States with regard to immigrant benefits.

For 60 years now, this Nation has been generous to poor families with dependent children. Originally conceived during the Great Depression, AFDC was designed to keep widows at home with their children at a time when women were not valued in the work force.

The 1930's were a time when women and children were accorded respect and compassion if they were poor, because they were economically vulnerable. It seems that time has passed. But our goal in these times has not changed. We still need a plan to assist the economically- vulnerable, assist them to work and to be independent. So we must do so with training, with child care, and with incentives to work. Surely a nation which could reach for the stars could also eliminate poverty.

I have been very fortunate in my life. I have not known poverty, and I have not known hunger. But I have known failure. To me, there are few human experiences that are worse.

Yet, our welfare system has rewarded failure and punished success. In the process, we have created not only a dependency on welfare but a dependency on failure. It is overcoming failure which is the challenge before the Senate.

I very much hope that in reform we do not throw the baby out with the bath water, and that we also recognize that the American people are no less generous than they were in 1935. Today, perhaps, they are much more practical. They want to know that their tax-paying dollars are going for good, solid, practical programs.

I do not believe there are Americans that really want to see youngsters starving in the streets of our communities. They are still willing to help those in need, provided they are willing to help themselves.

I thank the Chair. I yield the floor.

The PRESIDING OFFICER (Mr. GORTON). The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I wanted to rise today to continue discussing welfare with a little different tack on it than yesterday. I want to talk about what is going on on the other side of the aisle, and how the President and the Senators on the Democratic side are participating, or, in some cases, not participating, in this debate.

I have been on the floor on many occasions over the past several months to talk about the President's abdication of responsibility in dealing with the most important issue that we have to deal with here in this session of the Congress and one of the most important issues we deal with in every sense of the Congress, and that is passing a budget—passing a reconciliation bill. In this case, a very important reconciliation bill, because it is one that will bring our budget into balance.

I got up on the floor of the Senate on many occasions and suggested that the President has not come to the table in that respect in offering a balanced budget. I have not been to the floor in recent weeks because the President has not really been talking about his budget—the one that he proposed, the 10-year balanced budget that he proposed.

I am not going about espousing how this brings us into balance, but yesterday he did an interview on NPR talking about how irresponsible the Republican budget was, how irresponsible the Republicans were on Medicare, how irresponsible the Republicans are being on welfare, and I thought it was time to bring to the Senate floor and remind people of how many days it has been since we put up a responsible Republican balanced budget over a period of 7 years, and how long it has been since the President has refused to come to the table and do so.

He gets away with a lot in the national media. I am not surprised with NPR, but I would be surprised with any

other mainstream media that he gets away with saying he lived up to his responsibility. He says, "My responsibility was fulfilled when I offered them an alternative balanced budget and a willingness to discuss it."

When did he offer such an alternative budget? He did not. The Congressional Budget Office scored the President's balanced budget over 10 years as producing annual deficits of $200 billion a year as far as the eye can see. There is no balanced budget.

Standing here and wishing it were so, saying that because you can cook the numbers at the White House and change all the economic assumptions, assume faster growth, lower interest rates, that there will not be any other problems out there, that does not make it a balanced budget.

The President himself said that he would stick with the Congressional Budget Office because they have been the most accurate in assessing whether a budget comes into balance or not and what the provisions cost that we pass here in Washington. But he has abandoned that, and he has gone with the Office of Management and Budget—his own internal recordkeeping to come up with this phony budget that he trots around the country suggesting that he has come forward with a balanced budget. He has not. It is absolutely amazing to me that the members of the press corps continue to publish this as if he has actually come forward with a balanced budget when he has not.

But this should be no surprise. It is 83 days since the President has refused to come forward with a balanced budget after the Republicans have. It has been an equal number of days since he has been unwilling to come forward with a specific Medicare proposal, to tell us how he is going to get savings. In his 10-year balanced budget, he does call for a reduction in Medicare spending. That is interesting to note, because he is running around the country saying how the Republicans are going to gut Medicare because they are going to cut Medicare. I know the esteemed chairman of the Finance Committee has said on many occasions, as has the Budget Committee chairman from New Mexico, Medicare is going to grow under the Republican budget at 6.4 percent per year. What does it grow under the President's budget? At 7.1 percent. What does it grow if we do nothing? At 10.5 percent.

You can say the Republicans are reducing the rate of spending, of growth in Medicare. But you also have to say the President is doing the same thing. In fact, there is only about $11 billion a year difference between the Republicans' and Democrats' number. That is, by the way, out of a program that is roughly a $200-billion-a-year program. So to suggest the Republicans are slashing when the President is not, that is just not living up to the realities of what is going on here. The President goes after Medicare as much as we do, almost. He does not consider that a cut. We do not consider ours a cut. We consider it strengthening the program because otherwise it would go bankrupt. He knows that as well as we do. So, let us own up to what the problem is on Medicare.

The reason I started with these two is now we are at the third major issue of the day, of the times, and that is welfare reform. And where is the President? Where is the President who ran as a moderate Democrat on one issue, welfare? It was the defining issue, in the American public's eye, that made him different from Michael Dukakis or Walter Mondale. He was for ending welfare as we know it. He was the moderate Democrat, the new Democrat who was going to come forward and change the system.

Where is he? Where is the proposal? Oh, he trotted out something late last year, 19, 20 months into his term, that was dismissed by both sides as an irrelevant welfare bill—an irrelevant welfare bill. Even in comparison to what the Democratic leader has put up here, it was modest. It was truly rearranging the deck chairs on the *Titanic*.

Where is he this year on an issue that he says is the most important issue to face this country? Where is he? Where is the welfare reform proposal that really takes us in a new direction, that really reaches into the communities where poverty is at its worst and gives the people in those communities a chance, that changes the whole dynamic of the system? Where is that proposal? It is nonexistent. It is more than 83 days. Hundreds of days have gone by without the President being relevant.

Oh, that does not mean he cannot sit in the Oval Office and throw darts at the Republican plan. We will see lots of that; of how this is cruel and how it does not solve the problem. But where is his answer? Where is the leadership on the budget, with real numbers, with real choices and decisions? Where is the leadership on Medicare, that everyone in this Chamber knows will be bankrupt in 7 years? Where is the leadership? Where is the leadership on welfare, his defining issue?

Oh, it is political season down on Pennsylvania Avenue. It is time just to criticize what the Congress is doing and hope the voters do not notice that you do not have anything to offer yourself.

One thing I will say, the minority leader, the Democratic leader and others on the Democratic side, have actually come up with a proposal. They have actually put forward a proposal on welfare. I will add, just to be consistent in comparison, that the Democratic leader offered no balanced budget. No balanced budget, no substitute budget was offered. There were no ideas on how they would get to a balanced budget.

Oh, there were plenty of criticisms, plenty of amendments, but no Democratic budget to get this country into balance. Medicare—I have not seen any program offered on the other side of the aisle on how we are going to solve the Medicare problem. I have not seen anything, not even a discussion of a discussion. Not even a possible meeting on the subject.

Again, there is plenty of criticism on what the Republicans want to do and the fact we are even thinking of doing it. But not one solution on the other side of the aisle, not one discussion on how they would solve the problem that everyone in this Chamber knows exists.

But now we move to welfare, and so they are 0 for 2 and they have decided maybe this time, instead of watching the strikes go past, they are going to take a swing at it. They are going to take a swing and see if we can put forward a welfare plan that can attract some support among the American public. Unfortunately, they swung and they missed and missed badly. This is a strikeout. This is a strikeout. It is a strike against the people who are in the system who need the help. It is a strike against those who have to pay for this system.

The Daschle bill tinkers with welfare. In fact, I would even add that it may make things worse rather than improve them. It, in fact, spends more money. It eliminates AFDC—that is the big claim, they eliminate AFDC. Again, it is changing the name of the program. But there is still an entitlement program there for mothers and children. It is called now the Temporary Employment Assistance Program. It replaces the AFDC Program but it is still a Federal program with Federal guidelines administered in Washington, run by bureaucrats here in Washington, administered through the State. It costs $16 billion more than the current AFDC Program. No, it does not spend less, it spends more on AFDC—now called TEAP—but $16 billion more over the next 7 years.

They say it puts time limits in. Remember, the President ran saying we are going to put a 2-year limit on welfare and at some point we are going to cut people off of welfare if they refuse to work? The minority leader would have you believe his bill puts time limits on welfare. It does not. It puts a 5-year limit on the—and this is in the bill, they do not use the word "person," they use the word "client."

Mrs. BOXER. Will the Senator yield for a question on his chart?

Mr. SANTORUM. I will be happy to.

Mrs. BOXER. Thank you so much.

Are you referring to the President of the United States, when you use the name "Bill"? Or are you referring to a bill, as in a Senate bill?

Mr. SANTORUM. I am sorry, the Senator from California has not been here for the many occasions that I have been questioned on this chart. On each one of those occasions I have been asked a question about who am I referring to. This is referring to the President's lack of a balanced budget.

Mrs. BOXER. So you when you say "Bill" you mean the President of the United States?

I would say to my friend, if I had asked you to yield and I said, "Will RICKY yield for a question?" I would think that would not be appropriate and I would not do that. I would say "Will the Senator yield?"

I think, when we refer to the President of the United States on the Senate floor, be it in verbiage or on a chart, we ought to be respectful.

Thank you.

Mr. SANTORUM. I appreciate that. That is a common voice that I hear from the other side every time I have this chart up. So I appreciate the Senator being added to the chorus of people who do not like my chart. But I am glad people are paying attention. Maybe the White House will pay attention and actually come forward with a budget.

It is easy for me. I do not have to come here and do this. I can actually put this chart away, file it away for another day. All the President has to do is put a budget forward.

I would say to the Senator from California, who hopefully is listening in the Cloakroom, on a couple of occasions I came to the floor and noted example after example how Members on her side of the aisle refer to the President of the United States by his first name, terms like, "Where is George?" "Bushwhack," "Reaganomics." I can go on down the list. So to be indignant in this case is just further evidence of the fact that maybe people are uncomfortable with the fact that the President has not put forward his budget, and since you cannot argue the substance, let us argue the chart.

Getting back to the Democratic bill on this subject of welfare reform, they say they impose a 5-year limit, but in fact they do not because there are in this bill—here is the substitute, and we have pages 8 through 11, four pages of exceptions, of people who do not have to live by the 5-year time limit.

So there are a whole host of exceptions to people who are limited to 5 years, and I will go through some of them. There is a hardship exception. That is the first one on here. A hardship exception is people who are on AFDC, or now this new program, who live in high unemployment areas. So if you are on unemployment—high in this case is defined as 7½ percent—if you are in a high unemployment area, 7½ percent or higher, you do not have to worry about the time limit.

Just to give you an idea, in 1994, people who lived in these cities would not have 5-year time limits: Los Angeles, Washington, New York, Philadelphia, Miami, Detroit, and the list goes on. None of those people would have time limits. I do not know what percentage of the people on AFDC are in those cities, but I would suggest a pretty good percentage of them are.

All of them are now off the list. They do not count toward the State's participation rate. So you have large groups of folks who will never be time limited, particularly in the major cities of this country. One huge loophole. And there are a lot of suburban areas and rural areas that also qualify with these high unemployment areas.

I know that in several counties, rural counties in Pennsylvania that have had difficult times, the unemployment rate is well in excess of 7 percent.

In New Jersey, there are 99 areas for computing unemployment. Of the 99, 35 had rates in excess of 7½ percent in 1994. So you can see that this is a major loophole to this 5-year requirement.

What else? Well, teenagers are exempt. Anybody who is a teenager does not have a 5-year limit. If you have a child while you are a teenager, you do not have a 5-year limitation. Your limitation does not kick in until you become the age of maturity and beyond. So you can get a much longer period of time if you have children when you are a teen.

It does not apply to mothers who are having children. You get a year exemption. If you have a child, you have a 1-year exemption. It extends your 5-year limit another year. And it goes on and on.

There are literally pages of exemptions for people to the 5 years. All I would suggest is it is a phony 5 years. And remember, this only applies, to begin with, to 20 percent of the caseload; 20 percent of the people who go into the system have to go into this kind of program with all of these exemptions in place. That is 20 percent of the remaining caseload—not 20 percent of everybody but 20 percent of the people who are not exempt.

So you take the people who are exempt out first and then you say you have to have 20 percent. To give you an idea how that compares with the Republican bill, the Republican bill is 20 percent of everybody, whether they are exempt or not. In fact, there are no exemptions in the Republican plan. The State can figure out who is exempt if they want to. It goes up to 50 percent in the Republican bill; in the Democratic bill, over a period of 5 years, but again the Democrats have this huge exempt group out here that never has to participate in this program. So it is a phony 5 years and a phony number of people who are going to be in this kind of program.

Under the Dole-Packwood bill, the savings in the welfare program over the next 7 years are $70 billion. That is less than the House bill. The House bill is $60 some billion but it is over 5 years. The Senate bill is $70 billion over 7 years, and, of course, the House bill will be much more over 7 years. The Democratic bill, $21 billion over 7 years—$21 billion over 7 years in programs that spend over $100 billion a year.

Take in one case the child support enforcement provision. Very important. The Senator from California, Senator FEINSTEIN, was absolutely correct that this is a very important aspect of the bill, to track down deadbeat dads—and 98 percent of the folks who owe back child support are fathers—to track down deadbeat dads and get them to pay the back child support. We are talking about over $50 billion in back child support owed in this country.

So this is a very important provision in this bill. You would think that when tracking down deadbeat dads and getting them to pay the child support, as we do in this bill, that part of the child support paid back would go to the State, because it would offset the welfare payments that are being made to mom. In other words, if the mother and children get child support, they no longer get welfare. This would actually be a cost savings to the Federal Government. And, in fact, in the Dole bill it saves $155 million a year, $1.2 billion over 7 years. The Democratic bill costs $261 million over the next 3 years. That is the only estimate we have at this point. So it costs money over those 3 years.

What does this bill do for State flexibility? You are hearing a lot about getting the bill and the program back to the States, back to the localities where they solve the problems the best, giving State flexibility. You will hear, as I have on some shows with some Members of the other side talking about welfare, the term "partnership." What the Democratic bill does is create a partnership between the Federal Government and the State government, and that this partnership will be forged where they work together to solve the problems of poverty. It sounds so nice, except it is not true.

A partnership is where each party has a say in the decision; that they work together to come to a decision jointly. That is exactly what happens under the Republican bill. Some decisions are made predominantly in Washington, other decisions are made predominantly in the State. Most of them in fact are made by the State.

Under the Democratic bill, all the decisions are still made in Washington. You want to do something different in your State? You have to ask Washington for permission. I do not know too many people who are going to get involved in the partnership where the one partner basically can tell the other partner no all the time and go ahead and do whatever they want to do without asking them. But that is this partnership that they would have you believe is a partnership. That is the current system. The current system already allows for waivers. This does not change it any. It just says we will be nicer and give you more. But that is up to the President to decide.

You can see there is even some little special interest things in the Democratic bill that remind you what constituency they are really serving here, and it is not the poor. This is not the poor. There is a provision in this bill that has to do with the Work First program, the program that they get people in to get to work immediately upon getting on welfare.

Participants in the Daschle bill program would be forbidden to fill any unfilled vacancy—in other words, "participants" meaning employers—employers would be prohibited from filling any unfilled vacancy at their place of employment or to perform any activities that would supplant the hiring of employed workers not funded under the program.

What does this mean? This means if you have a vacancy and you are in a unionized job—most of these participants would be governed—that you not fill a job slot with a welfare employee; you have to hire the union person first. So unions do not lose any positions under this. The Government has to fill the job created in the bureaucracy with another unionized person. They cannot take a slot and fill it with a welfare recipient who wants to get the job opportunity. Oh, no. We have to bow to the AFL-CIO here on the floor and make sure that any jobs we create for this new work-force program are basically new—probably in many cases make-work jobs—because you cannot even supplant the hiring of employed workers. You cannot even supplant the hiring of employed workers.

This is one big bout to the AFL-CIO and one big "Who cares?" to the poor. We do not want to give you good job opportunities and opportunities where you can, in effect, learn some skills in jobs that are needed. We want to make jobs for you and keep you on the dole.

That is where this program goes. It keeps the gravy train running. It keeps the entitlements and keeps the control, and it keeps everything decided here in Washington and spends more money in the process.

I know a lot of people in this country are looking for welfare reform. But you have not found it here. It does not exist in this proposal. I do not know if I need to start another chart of how many days it will be since Democrats have come up with a welfare reform proposal, because this is not it. If you want to get serious about welfare reform, let us talk about working together on a bipartisan basis for something real, something that fundamentally changes things, not playing around with the existing programs, spending more money and paying off your constituencies that help you get elected.

Mr. President, I yield the floor.

Mr. LIEBERMAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. LIEBERMAN. I thank the Chair.

Mr. President, first, I would like to ask unanimous consent that Cindy Baldwin, who is a fellow in my office this year, be granted the privileges of the floor for the remainder of the debate on welfare reform.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LIEBERMAN. Which may be a substantial period of time.

I thank the Chair.

Mr. President, I have some remarks that I would like to make on the work components of the two major bills, the Dole-Packwood bill and the Daschle-Mikulski-Breaux bill. But the twist of fate has put me in the position to be looking across the Chamber at my good friend and partner in some other good causes. And the question of, Where is the President? And I do, in fairness, want to respond to that question.

The Senator from Pennsylvania has discussed the role that the President's discussion of welfare reform had in the 1992 campaign. And I agree with the Senator from Pennsylvania; it was a pivotal role. It was the defining element of the campaign. And may I say, as a Democrat, how proud I was that we had a Presidential candidate in 1992 who broke with the past, who was not defensive about the status quo, who was prepared to take on some interest groups, frankly, within the Democratic Party who had always said, "Do not touch welfare." I mean, if you touch welfare you are really talking about beating up on welfare recipients. For your own political advantage—In this case, I think the President stood up and stood out and said very clearly, welfare as we know it has to change. Welfare as we know it has to change. And I really believe that, had the President not taken that leadership stand, we would not be in the process of considering and having a genuine opportunity to adopt welfare reform. We may disagree—obviously we do disagree on some of the specifics. But I think that the President's position in 1992, and his following of that position since then, has created a bipartisan consensus in favor of welfare reform. And his principles as enunciated in the campaign were to create time limits, to require work, to give the States flexibility, to deal with teenage pregnancy and to increase the child support enforcement role.

Mr. President, last summer the President introduced a bill, proposed legislation, that would follow through, implement those principles that he enunciated in the campaign. I want to say to my friend, and my colleagues, that the President has worked very closely with the Democratic Senate leadership, and I believe the House leadership, to fashion the proposal that is before the Senate now or will be when introduced as a substitute by Senator DASCHLE and Senator BREAUX and Senator MIKULSKI, which is the so-called Work First proposal.

The President has joined forces in that sense with the Senate Democratic leadership. He has unequivocally endorsed the proposal. His endorsement is part of the reason why there is a remarkable unity among Senate Democrats. I remember the old Will Rogers line, "I belong to no organized political party. I am a Democrat." That is true. Often that is the case. But in this case it is not true. That is to say, the Democrats are united behind the principles that the President enunciated in 1992.

I will say one thing concerning the question that continues to resonate toward me in those luminescent colors of blue and yellow across the Chamber, which is this: that President Clinton has not just spoken on this issue, he has acted. He has used the authority that the law gives him as President to grant waivers to the States, more waivers, granted more rapidly, than any President before him. More than half the States now have waivers.

And the truth is that in the midst of all of the discussion and rhetoric and contests going on here, the real work of welfare reform in the midst of the parameters that we set at the Federal level is going on at the State level. They are experimenting. And one of the things I hope we will show in this debate is some sense of humility when we are dealing with the lives of millions of people in a system that we agree has gone wrong, to understand that while we know what is wrong with the system, we, in most cases, do not have a great reason to have a great sense of confidence about exactly what will make it better. The States, in their experiments, are going to help us do that. And the President has encouraged that. And this proposal builds on that.

So I do not know that I have totally satisfied the interrogatory alleged by the Senator from Pennsylvania, but I feel very, very secure in saying that on this issue President Clinton was out in front early, formed a consensus, and has been directly involved in the work that brings us, hopefully in the near future, to the adoption of genuine welfare reform.

Mr. President, this is an important debate. There have been some very thoughtful statements made in the first couple of days of the debate which showed that the people really thought about this issue and understand the importance of it to those who are on welfare, to those of us who pay for welfare, and really to the country, and to the people's attitude toward Government, because the fact is welfare has become a symbol, in some senses a caricature, of all that has gone wrong with our Government, a well-intentioned program created in the 1930's, as we all know, to help widows, particularly widows of coal miners, then becomes an enormous program that takes basic American values—work, reward for work, family, loyalty to family, and personal responsibility—and turns them on their head. And in doing so, builds up an enormous bureaucracy, a kind of institutionalization of a lot of values gone astray.

So the debate here has been a good one. There is obviously a very, very broad consensus supporting reform. There are winds in the willows here. There are echoes in the Chamber that suggest it may not be possible to finish this debate this week. I am not surprised at that. And I do not think it is a bad sign.

Mr. President, it took us 60 years—60 years—for our welfare system to become the mess it is. We are not going to solve it in 6 days. We are not going to solve it right in 6 days. So, I hope that we will begin the debate, lay down some basic proposals, and then continue when we come back to do it the right way.

We all agree, I think, that the current system fails to demand responsibility and provide work opportunities. It financially rewards parents who do not work, who do not marry, but who do have children out of wedlock. By doing so, our current welfare system demeans our most cherished values and really deepens society's worst problems, including the problem of violent crime which has cut at the fabric of trust that used to underlay the sense of community that was so basically part of American life. Gone, the victim of violent crime.

Mr. President, there is, as I say, this broad agreement that our system must change, and I believe that there is also bipartisan agreement that one can see through the discussion on the goals of welfare reform. Democrats and Republicans agree that the welfare system should focus first and foremost on moving people into the work force.

A reform system, obviously, should also combat the causes of welfare dependency, particularly the growth in out-of-wedlock pregnancies among teenagers. I hope to return to the floor on some other occasion to talk about this epidemic problem the Senator from New York has foreseen, has documented, has spoken of with such insight.

May I just say the obvious, which is that if we can deal effectively with out-of-wedlock pregnancies, if we can create a national effort to try to cut down the number of pregnancies, this problem that has gone wild, we will thereby cut down the welfare rolls.

The welfare rolls are composed of children in great part who were born out of wedlock. They are, therefore, dependent children. It is a child or children living with the mother and no father, or at least no father who has assumed responsibility and gone through marriage and lives legally in the house.

So I hope we will act on this shared impulse of reaction to this terrible problem. The system reform should reinforce, not undermine, our shared values and a reformed system should fulfill our national commitment, in the midst of all the changes, that we try to provide protections for our poorest children, remembering that they are the innocent victims of the errors, misdeeds, irresponsibility, very often, of their parents.

So when we say "entitlement," there is no entitlement, as the Senator from New York has pointed out. It is up to the States whether they want to deal with the problems of the poorest.

Mr. MOYNIHAN. Will the Senator from Connecticut yield for a question?

Mr. LIEBERMAN. I will be proud to yield.

Mr. MOYNIHAN. Mr. President, is the Senator from Connecticut aware that he is the first Senator, other than the Senator from New York, to make that point in this now 2-day debate? There is no entitlement. I am profoundly grateful to him, for at least he has heard that voice.

Mr. LIEBERMAN. I thank the Senator from New York. I am proud to be in his company. That is the truth. It is up to the States to decide that they wish to enter this system the Federal Government has created. It is really the choice of the State. There is no coercion here. But once they decide, they have to play by the rules, and one of the rules—it certainly seems like a good one, and I would guess it is a rule that would be accepted in principle by a great majority of people in America—and that is we care for the children.

I hope whatever system we adopt provides that level of guarantee for a decent life for our children in this country.

The pending legislation, as amended by S. 1120, the Republican leader's bill, will create a welfare system that I believe will fail ultimately to meet its primary objective, which is to put people to work in great numbers, to get them off of welfare. It fails to give the States the right incentives and resources to put people to work, and I am afraid that it ignores a lot of what we have learned about what works and what does not in getting people off welfare.

Finally, I do not think it holds States accountable for their success, that is I do not think that it gives them incentives appropriately to succeed or that it creates standards to measure in a fair and reasonable, rational way what success really means.

Mr. President, for the remainder of the time speaking this afternoon, I want to focus in on the work requirements.

We know a lot about what it takes to get people to work. In 1988, Congress passed the Family Support Act under the skilled and, may I say, unique leadership of Senator MOYNIHAN. The Job Opportunities Basic Skills Program, which has come to be known as JOBS, established by the act, sought to provide training to people on welfare to prepare them for work. Evaluations of the JOBS Program that have been conducted have shown that the programs have had some success; they have begun to make a difference.

Obviously, they have suffered from a lack of funding in some substantial degree, but welfare-to-work programs have increased work participation. The Government education and training programs have not yet moved large numbers of welfare recipients permanently into the work force, and so we hope in this bill to try to do better.

But I do want to stress that it is critically important that we do not dismiss the JOBS Program in that sense, but that we build on what we have learned from the JOBS Program. Our experience with that program has taught us several important lessons, one of which is that programs that are focused on education and training, on investing in human capital, have had some results. Programs that have, however, emphasized the immediate work experience along with education and training have seemed to be more successful.

What research is showing us is that providing an initial connection to the work force, a step on the first rung on the ladder of work, then to be combined with training and education, seems to be an approach that gives us some hope of making a welfare recipient find a way off welfare and into work.

What we have learned from the Family Support Act is that education and training are critical to continue to climb up the ladder to self-sufficiency. But it is Work First, which is the title of the Democratic bill, that will spur a recipient on and improve her life—it seems obvious, but it is important in this area of human frailty and profound human problems to test what seems obvious. It means that a recipient should, whenever possible, first take a job—any job—that is offered her to discover what her abilities are and then to be helped to learn the basic skills that most employers value, some of them very basic but critically important skills, like showing up to work on time, having good work habits, working hard, notifying employers of absences, communicating well with coworkers.

The traditional education system has failed most of our welfare recipients. Education and training, therefore, must play a critical role in helping them succeed in the work force. But we have to connect recipients to work and then help them succeed once they are in that work environment. And that is what this bill, which Senators DASCHLE, BREAUX, and MIKULSKI have introduced, and many of us have cosponsored, has focused on.

Employers—and we have to listen to the people who are going to give these welfare recipients jobs—employers say over and over again that it is not necessarily formally trained workers that they need, but dependable workers, workers that they can help to train along with Government-supported training programs.

As one employer said to me, "I can train an employee to take apart and reassemble a widget, but I cannot train her to show up to work on time."

So programs that have taken a work-first approach, we think, have had the most encouraging results. There has been a lot of discussion here, and I need not go on at length about the GAIN program in Riverside County, CA, which is one such positive example. The program focuses on quickly placing people in private-sector jobs and

emphasizes low-paying jobs are an opportunity to start up a career ladder and should not be turned down.

Mr. President, the Manpower Demonstration Research Corp. evaluated the program and found a percentage of the recipients employed was 13.6 percent higher than in a control group. The JOBS programs run in Atlanta, Grand Rapids, and other places, provide additional evidence of the importance of this strategy that emphasizes rapid job entry.

Mr. President, we have also learned that private investment in support agencies can effectively move welfare recipients into the work force. So I would say that the three characteristics that we find from successful programs are, first, that each assesses the needs and skills of each of its clients individually and assumes that they want to work.

Second, each program bypasses traditional education and training and, instead, puts its clients to work as quickly as possible. But then, obviously, it has to supplement that with the education and training.

Third, successful programs do form strong links with local employers and work hard to maintain those links with the local employers, who are the source of the jobs.

Another example of the private sector agency that has done some successful work is America Works, which has been working in Connecticut for a period of time. It is a for-profit placement and support organization that has helped over 5,000 welfare recipients find full-time private sector jobs in New York, Connecticut, and Indianapolis. It places 60 percent of those in the program into jobs, and of that percent, 68 percent are hired permanently at an average wage of $15,000 per year, including benefits; 75 percent are still off of welfare 18 months later, at a cost to the Government of $5,400 per placement. America Works is cost effective, especially when compared to other public sector only programs.

Mr. President, we have to be honest here and say that successful programs are still the exception and not the rule. That is the difficult challenge that we face. States need more incentives to move recipients into the labor market. We have to move the system away as we all want to, I am sure, from one that focuses on writing checks to one that focuses on getting people into employment and providing the necessary backup and education and training to keep them there. We need to change the incentives in the current system and to reward States, administrators, and caseworkers for placing recipients in work.

There is simply not enough incentive in the current system, or may I say in the Republican leadership bill, that rewards States directly for meeting the most important goal of all, which is to place and keep a welfare recipient in a job—a private sector, unsubsidized job.

Mr. President, the Republican leadership bill does take one important step, I think, in the right direction. That is, to give States the flexibility to design innovative work-based programs. But flexibility is not synonymous with reform, and therein lies the fundamental flaw of the Republican leadership bill. The problem with S. 1120 is that it gives States flexibility, but without the proper incentives to do the right thing, without the resources, without the accountability, without the measurement of success. The bill sets States up, I am afraid, to fail to meet the fundamental goal that the bill establishes, which is to help establish self-sufficiency through work. Then it lets States off the hook when they fail.

Mr. President, S. 1120 looks tough on work, but ultimately I am afraid it will not deliver on that toughness, because it does not give the States the resources they need to help put welfare recipients to work.

There are some similarities, which is encouraging, to the Democratic Work First proposal. One is that it requires States to ensure that an increasingly high percentage of their welfare caseload is involved in work activities. By the year 2000, States must ensure that 50 percent of people receiving welfare are working in a private sector job for at least 30 hours a week, or are participating in vocational education.

But I am afraid when you look closely at S. 1120, the Republican bill, you have to conclude that the States are going to have a very hard time meeting those work requirements, that 50 percent goal, 50 percent of welfare recipients to work, because the States simply cannot afford to meet them. States will not have the money they need to pay for child care and other support for single parents participating in part-time work.

The Republican leadership block grant proposal freezes Federal support for cash assistance in child care at $16.8 billion—actually, less than what we are spending now, even as it requires States to move more than three times as many individuals into work activities.

Mr. President, we all want to save money on welfare. But it seems to me that we should learn the lessons of business. In so many cases, you do not save money, you do not turn out a better service, unless you invest a little bit. That is exactly what we have to do to achieve longer range savings for a better service, a better program.

Today, as required by the Family Support Act, about 400,000 people are participating in mandatory training or work programs for at least 20 hours a week. That is no small accomplishment. Under the Republican leadership bill, by the year 2000, 1.3 million individuals would have to be in work activities for not 20, but at least 30 hours per week. So the Republican leadership proposal triples the number of people who will need child care, for instance, but adds no new funds; it basically triples the number of people who will have to be in these mandatory work programs for 10 more hours a week, but asks the States to do it with effectively less and less money.

The unfunded costs, as estimated by the Department of HHS, and roughly, I gather, confirmed by CBO, the unfunded cost of these work requirements in S. 1120 is a whopping $23 billion over 7 years. The State of Connecticut, my State, alone would have to spend an additional $300 million.

Mr. President, I ask, where will the States get that money? I am going to suggest on this chart that they have four choices to satisfy the goal of getting 50 percent of welfare recipients into work. One is to raise State and local taxes. That is not a very pleasant prospect for the Governors and State legislators, and I doubt they will do it.

Second is to deny assistance to needy families, either to make the welfare eligibility requirements more restrictive or to cut down the benefit level.

Third is to cut back on child care support, meager as it may be in most places, and, therefore, force people to go to work, but to do so at the cost of leaving their children home alone, unattended.

The fourth choice is not to go ahead with reform, not to achieve the 50 percent welfare-to-work goal that is set out in S. 1120, and the punishment is a 5-percent reduction of the block grant.

Well, it seems to me, we talk a lot about market incentives in this Chamber, and I am all for them. We are going to give the States—speaking in macro terms—a choice here. The choice is to spend the $23 billion-plus over the 7 years for what I would call the "unfunded mandate," or to lose what amounts to $6 billion, which is the cumulative total of a 5-percent reduction for no reform.

I am afraid that just on the basis of fiscal incentive, the system set up in S. 1120 will encourage States not to achieve the work goals in their proposal and, therefore, to take the relatively more attractive $6 billion hit.

Mr. President, let me offer one final chart and then I will close because I see my friend from Missouri here.

By contrast, I think the Work First proposal of Senators DASCHLE, BREAUX, and others of us, really does do the job and understands that you have to spend some money to save some money here. It funds the work requirement through spending cuts within existing welfare programs. It understands that you are not going to get people to go to work—and these are people who need some special help to get out there and go to work—without some money.

Second, Mr. President, the Senate Democratic leadership proposal, which really is welfare reform, builds on a successful experience in the State of Iowa—and a few other States have tried it—which is when welfare recipients come in to apply, from day one, they undergo a work assessment profile, a work assessment test that is done on them. And they are asked to sign a contract.

In other words, we are not just going to give them a check: Come in, show you meet the basic requirements, write a check, and that is that. The check is no longer unconditional. The check requires something of the recipient to meet her part of what we call the parent empowerment contract.

That goes from day one. Part of that contract is to accept any job offer. Sometimes you have a situation where people say that is not good enough for me, that is a minimum wage job. The point is, we found if you start with a minimum wage job, you work your way up.

Third, as others have said, the Democratic proposal provides child care.

Fourth, an important part that Senator BREAUX and I may build on in an amendment later in the debate, the Democratic proposal provides bonuses to States for private-sector job placements. The amendment to the Republican leadership bill will take 3, 4, 5 percent successively from the $16.8 billion in the bill and put it into a special fund that will be redistributed to the States based on the number of people they get off of welfare and into private-sector jobs. I think that is the kind of incentive that can make these work requirements really work.

Finally, Mr. President, it is important to remember that welfare as we have known it for 60 years is first and foremost a program to protect the lives of children. Nine million of the 14 million welfare recipients are kids—9 million.

Helping parents receive self-sufficiency through work will help kids. Children growing up in a home with a working parent have a much more positive environment, positive role model, and less poverty. Requiring work breaks the vicious cycle that is creating such—for want of a better term—an underclass in our society. That is why Senator DASCHLE's Work First proposal demands that people who are receiving benefits work.

I hope that the proposal that I have described will assist the debate and, in whole or in part, draw bipartisan support. I think it deserves it. I hope my colleagues will agree with me that it is really through holding States accountable for their record at placing people in private-sector jobs that we will genuinely achieve welfare reform and improve the plight of these millions of children who are born to poverty with the odds stacked against them as they go forward in life.

The greatest barrier to equal opportunity in our society today is poverty. Too often, that barrier has been made even more rigid by a welfare system that sends all the wrong messages to people in our society.

I hope we together, Republicans and Democrats, side by side as this debate goes forward, can finally and effectively reform that system.

I thank the Chair. I yield the floor.

Mr. KENNEDY. Will the Senator yield for a brief question?

Mr. LIEBERMAN. Yes.

Mr. KENNEDY. I want to commend the Senator for an excellent presentation and statement, and in particular his emphasis on the child care and the work provisions.

I think the Senator has made the case that unless you are going to have a good training program in terms of moving people off of welfare, unless you have the day care—of the 10 million children today on welfare, only 400,000 actually get any kind of day care; the other children do not—unless we are going to manage that, we are not going to be able to get the kind of results we want.

We are also going to have to at least provide the assurance of some health benefits for those children under the Medicaid Program.

Is it the sense of the Senator that folding into the majority leader's program effectively all of the training programs which were out there for working families—the dislocated worker programs, or workers that lose their jobs because of either trade agreements like NAFTA or GATT, or coal miners or timber industry workers or displaced defense workers, men and women who have worked generally a lifetime, all they need is an upgrading of their skills—those programs have been effective in helping and assisting these workers, particularly through the community college program, which we are all familiar with and which is in all of our States, the good work and the training programs; that it really does not make any sense to take away those programs and take all of that money, the $30 billion and put it into the other pot; effectively, the workfare program, which has been suggested or actually more than suggested, included in the majority leader's program?

Is the Senator concerned about what we would be doing to working families who have lost their jobs through no action of their own, and who need that kind of upgrading and training so they can get additional jobs in the future, and that effectively we have just taken all of the training programs and put it in here to workfare, in too many instances, dead-end jobs that do not do the kind of reform that I know the Senator and others and the Senator from New York are committed to?

Mr. LIEBERMAN. Mr. President, responding to the Senator from Massachusetts, and I thank him for his kind words and for his question which I think puts a finger on something I am very concerned about, the answer to his question is yes, I am concerned.

It seems to me there are two great problems pressing in our society today. One is the problem of people caught in the cycle of poverty—usually people on welfare for whom the current system has failed. We want to change that. We want to give those people incentives, training, and a reason to go to work.

Second, we have a whole group of people in our society who are working-class, middle-class families who have been dislocated for one reason or another—defense downsizing, changes in the economy, the economy becoming more high tech, more information-age oriented—and they are profoundly unsettled and worried about their ability to provide for their families in the future.

There are a whole set of programs that we have built up, this Congress has built up, over succeeding administrations, supported by both parties, to try to provide essential assistance to those working middle-class families to help retrain them and to get them back to work.

What we are trying to do here in the welfare reform proposal is to create a new effective program to help people at the bottom, to help them up from the bottom and get them into the work force.

It seems to me to take from the working family program and to combine it with trying to get the welfare people to work will mean that both programs are ultimately going to be underfunded and each group will suffer. Each group really needs not to suffer but to be helped.

I hope as this debate goes on, I say to my friend from Massachusetts, we can work together across the aisle to make sure there is enough money here to make the promise of work and the requirement of work real.

Mr. KENNEDY. I see others on the floor. I welcome the statement of the majority leader indicating that there might be some additional opportunity to do some corrective action on the child care program.

I hope that we will also have an opportunity to do it in the work training program. These are two extremely important features of it. That will take some debate and some discussion. I know the Senator from Connecticut wants to do it.

I welcome the opportunity of working with others in those areas. Perhaps if we had more time, we could really make sure we get a bill that is worthy of its name.

I thank the Senator.

Mr. LIEBERMAN. I thank the Senator from Massachusetts. I yield the floor.

Mr. LUGAR. Mr. President, the welfare reform legislation before the Senate insists on more individual responsibility. It penalizes destructive behavior and it promotes work. The legislation provides new authority to the States, affirming federalism and allowing Governors to make bold reforms. This bill will reduce the Federal deficit.

Nutrition assistance is a major part of our Nation's system of social programs. The legislation before us contains a modified form of an original bill approved by the Senate Agriculture Committee on June 14. All Republican members of the committee voted for the bill, along with one Democratic member.

That bill, now part of the leadership proposal we are considering, makes

dramatic changes in the food stamp program. These changes reflect the three goals of individual responsibility, State empowerment, and deficit reduction.

First, the Agriculture Committee bill reduces the Federal deficit by $19.1 billion over the next 5 years, and $30.1 billion over 7 years. Part of these savings are obtained through a crackdown on fraud and food stamp trafficking. The majority of savings, however, result from benefit cutbacks, tighter eligibility rules, and policy reforms. The standard deduction that is used to calculate food stamp benefits will be lower under this bill than under current law. Similarly, the bill will pay food stamp benefits based on the thrifty food plan, and not 103 percent of that plan as is the case today.

Second, this bill requires individuals to take more responsibility for their actions. The legislation withdraws benefits from able-bodied childless adults who do not work. It disqualifies any individual who voluntarily quits a job or reduces the number of hours worked. It denies benefits to anyone who violates an AFDC work requirement, and bars food stamps from increasing when a family's welfare check is cut because they failed to comply with other welfare program requirements, such as making sure children stay in school or receive immunization shots.

This important policy change puts an end to the mixed message that our welfare system sends to recipients. Up to now, when a welfare recipient's cash benefits have been reduced as a penalty, his or her food stamps have automatically increased, partly offsetting the loss of income.

For food stamp work requirements, the bill establishes new mandatory minimum disqualification periods for violators. States will have the authority to disqualify for longer periods. In sharp contrast to current law, this legislation will allow States to permanently disqualify three-time repeat violators.

The bill will discourage teen pregnancy by requiring that minor parents living at home apply for benefits with their parents. In addition, the bill will place new responsibilities on anyone sponsoring a legal alien who then applies for food stamps.

Third, the legislation before us will empower the States. States will have a broad range of new authorities to design simplified food stamp programs and conform procedures and rules for AFDC households. The bill will allow States to obtain waivers for welfare demonstration projects that reduce food stamp benefits or restrict eligibility. The bill also compels the U.S. Department of Agriculture to be more responsive to State waiver requests by imposing a strict turnaround time for initial responses to these requests, with automatic approval if USDA misses its deadline.

Under this legislation, States will be able to pay wage subsidies in lieu of food stamps—innovative programs in which the amount of the food stamp benefit is paid to an employer who hires a recipient. The employer then passes the benefit along as a wage.

Finally, the legislation allows States to choose an optional block grant instead of the regular food stamp program. States would be eligible for an amount equal to the higher of their 1994 food stamp funding level or the 1992-94 average. Seventy-five percent of the amount expended would have to be spent on food assistance, with the remainder to be spent on payments in return for work, work supplementation programs, other work-related initiatives, and administrative costs.

The bill approved by the Agriculture Committee did not include the block grant option. Although several Senators on the committee supported block grants, a majority did not.

I believe that the optional block grant that has been developed over the past several weeks gives States a fair choice. If they are concerned about the possibility of a demographic change or a large, recession-induced increase in their caseload, they may continue to participate in the Federal food stamp program, and benefit from all the flexibility provided in this bill. But if States prefer, they now have the ability to make a one-time choice of block-granted benefits. It is their decision.

Mr. President, we should give States the opportunity to try new approaches. We must make it clear to recipients of public assistance that more will be expected of them. And we should spend less money on welfare.

The legislation before us passes all three of these tests. I hope all Senators will support it.

The PRESIDING OFFICER (Mr. THOMPSON). The majority leader.

ORDER OF PROCEDURE

Mr. DOLE. Mr. President, I thank the Senator from Missouri for waiting just a few more moments. I think the Senator from Washington also wanted to speak, Senator MURRAY.

Let me just sort of lay out where we are and where we are going. I discovered a lot of people want to go home, which has some impact on what we are doing.

I think it is fair to say we have had almost 2 solid days of debate on welfare reform, plus statements by the two leaders on Saturday. And I think, without exception, we have had good debate. We have had different points of view, different philosophical approaches. But overall it has been steady, and we have had very few quorum calls.

But it is also clear to me—and I am not criticizing anybody, I just know how this place works—we are not going to finish the bill this week. We could stay all night every night. So the question is, let us do it next week. But I know from counting on this side there would be a number of absentees, and I assume the same would be true on the other side, because people can make commitments.

There was an August recess. So I was faced with the reality of what we can do and what we cannot do and knowing we cannot finish this this week. I have talked to the Democratic leader about it. We had a good visit. We were not going back and forth blaming each other. I think the conclusion was, the signals were, there was no way we could do it. There were too many amendments, too many people had not been heard.

But I would say on this side, today Governor Thompson, who is chairman of the National Governors Association, was kind enough to come to Washington from Wisconsin, and we met with about, I would say, 18, 20, 22 Republican Senators. And we heard from a Governor who has cut his welfare caseload 27 percent and a Governor who is saving $17 million a month. Half of that is Federal money and half of that is State. And somebody who knows about child care, health care, transportation, and other things he says are so important to welfare reform.

He tried to make the point—and did make the point very effectively with a number of my colleagues on different sides of the spectrum here—that Governors get elected by the same people we do. Do you not trust your Governors? Then he went on to say what he had done in Wisconsin.

So, I think we are a little closer together, I would say, on the Republican side, than we were 6 or 7 hours ago. So, today and tomorrow and Friday we will be going back to Republicans who had different views on the so-called leadership bill, the Work Opportunity Act of 1995, and perhaps the leaders would reserve the right to modify their bills before we go out on Friday. I think at that point we would be, hopefully, very, very close to having every Republican on board. I think maybe Senator DASCHLE can say the same.

These negotiations are going on now. They are going to continue. So I have to make a judgment whether I want the negotiations to go on and make some headway and then bring all that to the floor on Friday, or should we go ahead today and finish three very important appropriations bills: Transportation, Interior, Defense appropriations and the Defense authorization bill. That is a lot to do in 3 days. It may spill into Saturday. But I have learned from the past that when you have a deadline, things do go more quickly. Suddenly speeches that could have been made for hours are 10 minutes, and they are better. People actually listen to 10-minute speeches. So we hope that is the case.

It is my intent to go to the Interior bill, if it is satisfactory with the Democratic leader, and try to finish that, hopefully, tonight. We have had consultations with managers on each side. There are some contentious amendments, but I do hope we can have cooperation of all Members on each side as far as amendments—give us time agreements, give the managers time

agreements. And I think the question is—I think I already know the answer because I have talked to the Democratic leader—I think we have agreed to cooperate on this, to work on both sides of the aisle, try to get Members to cooperate with us. When we finish these bills, the recess starts. So it is automatic. It is automatic.

It is up to every Member when he or she stands up to address an issue—and certainly some of these should not be addressed in a—Do not misunderstand this. They are very serious. But I think we can make the case in fairly rapid order.

So I ask the Democratic leader if he concurs in this statement, and, if so, it would then be the intention of the leader to move to the Interior appropriations bill.

The PRESIDING OFFICER. The minority leader.

Mr. DASCHLE. Mr. President, I do concur. I also want to commend the majority leader for making the decision he has.

I think there are three reasons why this makes sense. First, as the distinguished majority leader said, negotiations are continuing. I hope to lay the Work First amendment down prior to the time we go to the Interior bill for the opportunity it presents all Members to compare and to pick apart and critically review both the bill offered by the Republican leadership and the bill offered by the Democratic leadership. So the next 3 days could be very helpful in bringing to refinement what we hope are legislative proposals that will unite not only our caucuses but, hopefully, the Senate, ultimately.

Second, I think it is also helpful, as the distinguished majority leader said, to involve the Governors in a way that they have not yet had the opportunity to be involved. I think the next 3 weeks could be the most meaningful in terms of asking people outside of Washington what they think. They are the ones ultimately, when this legislation passes, who are going to be confronted with the responsibility for not only implementing but administering what it is we are doing here. So, having their input, having their review, having their ideas will even better prepare us to come back and conclude the work on this very important piece of legislation in September.

Third, as the distinguished leader said, we have a lot of work to do on appropriations. I recognize the very difficult decisions that have to be made on a number of these bills. I may, personally, vote against a couple of these bills, but that ought not preclude us from considering them in a timeframe that will allow us to accommodate this schedule in a way that will meet the schedule laid out by the majority leader.

I hope as many problems and as many difficulties as we may have with this legislation—that is, these appropriations bills —that we agree to short time limits, that we do the best we can to resolve what differences there are, be as willing to confront these bills with time limits to amendments and ultimately, perhaps, even a time agreement in consideration of the legislation itself.

I believe we can accommodate not only the welfare reform schedule in that manner but also the rigorous schedule we will have with regard to appropriations bills when we return in September.

So, for those three reasons I think this makes a good deal of sense, and I hope we could get unanimity here in the Senate with regard to this schedule and the appropriateness with which we will take up each of these bills and, hopefully, welfare reform when we come back.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, I want to underscore a point made by the Democratic leader because I had forgotten Governor Thompson indicated they would like a little time, too, the Governors.

We sort of unveiled our bill in Burlington, VT, I guess, a week ago Monday. The President talked about welfare that same day. The Governors broke up the next day, and they have had one meeting. They are about to send us a letter in general terms saying they support a lot of things in different proposals.

The Governor made the point this would give them some time in the next 3 weeks to try to bring Governors together—Governors, I am talking about Democrats, Republicans—to see if there is some common ground. There may not be. So I want to underscore the point made by the Democratic leader.

Second, to indicate that when we come back, with the appropriations bills out of the way, there has been a lot of talk about a train wreck in this town on October 1. When we finish the appropriations bills, we will have finished everything that has been reported out by the Appropriations Committee. There is nothing else left to take up.

So when we come back on September 5, we will be back on the welfare bill, which will give the appropriators time to report out the other bills. We want all these bills, if we can possibly do it, down to the President before October 1. You have to go to conference; you have to do a lot of things. We may have to negotiate with the White House and others. So I think that is very important. We want to try to avoid that. We want the President to understand that the Congress has done its work on time, and completing these three appropriations bills will be a big step in that direction.

Finally to indicate—not just to indicate, just a fact— we will bring up welfare again on the 5th of September, unless something unforeseen happens. That would be Tuesday, Wednesday, Thursday, Friday of that week, maybe even slip into the next week, into Monday. If we cannot finish it in a reasonable time, then I think the Democratic leader understands and others understand, we will probably have to put it in reconciliation. But first we want to give everybody an opportunity.

I would rather pass a freestanding welfare reform bill where everybody has a right to offer amendments, we have votes on the amendments—and I think there are going to be dozens of amendments, legitimate amendments. But I would make that statement. And that date is September 27, sort of the drop-dead day for that process. So we do not have a lot of time. I think this makes the best use of our time, and it also permits our colleagues to start the recess either Friday or Saturday of this week.

I thank my colleague, the Democratic leader.

AMENDMENT NO. 2282 TO AMENDMENT NO. 2280

Mr. DASCHLE. Mr. President, with that understanding, I would like to lay down the Democratic substitute at this time and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from South Dakota [Mr. DASCHLE] proposes an amendment numbered 2282 to amendment No. 2280.

Mr. DASCHLE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. DASCHLE. Mr. President, I would also ask unanimous consent that Timothy Prinz, a congressional fellow in my office, be granted privileges of the floor during the debate on welfare reform and the appropriations bills to which it would refer.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DASCHLE. Mr. President, I have had a number of opportunities to discuss this legislation. I did again last night. I probably will throughout the remainder of the week. In the interest of time and certainly appreciation of the long wait that the distinguished Senator from Missouri has had already, I will make no further statements regarding the amendment and save that for a later date.

Mr. DOLE. Mr. President, we will probably be making comments on the bill, too, on this side of the aisle. A lot of comments have been about our bill, so I assume we will probably make a few comments about this bill before the recess.

Mr. DASCHLE. If I could just ask the majority leader for a clarification on the opportunity both leaders will have to modify our legislation prior to the end of the week. I think there is an understanding we will be able to do that.

Mr. DOLE. That is an understanding we have.

Because I assume the Senator is meeting with his colleagues; we are meeting with our colleagues. We are working out problems, and we would like, where we can, to accommodate different views to those changes. It might save a lot of amendments.

Mr. DASCHLE. That is right.

Mr. DOLE. So I ask unanimous consent now that we turn to the consideration of H.R. 1977, the Interior appropriations bill.

The PRESIDING OFFICER. Is there objection?

Mr. DOLE. First, before we do that, I understand the Senator from Missouri would like about 8 minutes and the Senator from Washington about 8 minutes.

Mr. KENNEDY. Mr. Leader, I need about 4 minutes.

Mr. DOLE. And the Senator from Massachusetts, 4 minutes. So that gives the appropriators 20 minutes.

Mrs. KASSEBAUM. Mr. President, I hate to——

Mr. DOLE. Excuse me.

Mrs. KASSEBAUM. I hate to delay this, but I have some things I wish to say in answer to the Senator from Massachusetts, and it would seem to me important to kind of set the record straight on some of the job training aspects of this. If I could have just 5 minutes, that would be fine.

Mr. DOLE. So the appropriators have 25 minutes to arrive.

The PRESIDING OFFICER. Without objection, the Senate will proceed to H.R. 1977, at the conclusion of the remarks of the Senators.

The Senator from Missouri.

Mr. BOND. Mr. President, I thank the Chair. I am most grateful to the leaders. I will accept the admonition to make it brief and do it within 8 minutes.

Mr. President, I know there is an old saying that a good sermon in a house of worship wins no souls after 20 minutes. I think we have probably gotten to the point in the debate over welfare where even the most compelling statement on welfare does not win too many votes after about 10 minutes, and I will accept the challenge to summarize some of the things that I think are very important.

Mr. DASCHLE. Will the Senator from Missouri yield for a short unanimous-consent request?

Mr. BOND. I will be happy to yield to my colleague from South Dakota.

Mr. DASCHLE. The Senator from Missouri has mentioned the need for 10 minutes, and I think that was the understanding. I think under the unanimous-consent agreement, it was just 8 minutes. I ask unanimous consent that the Senator from Missouri and the Senator from Washington have 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOND. Mr. President, I am most grateful to my friend from South Dakota, the minority leader. I will try not to use the full 10 minutes.

I wish to say based on what we have heard here today that there may be differences among us. We do have some questions about the Democratic leadership amendment that has been introduced, but I gain a great deal of encouragement from hearing the comments of my friend from Connecticut, who was talking about work and the emphasis we must place on work.

I personally am pleased to be an original cosponsor of the welfare bill the majority leader and the chairman of the Finance Committee have introduced. I think that after 30 years of ever more expensive and less effective approaches to poverty, we are on the threshold of developing a plan that will reform welfare in a meaningful way.

We have heard from a lot of our colleagues who spent the last 2 days describing the problems of the current system. I agree with that. There are problems. We all recognize the current system is a disaster and it does not well serve those down and out in society who need a hand up, and it does not serve the taxpayers of the country who fund it. If any of us have questions about that, I think we can just go home and ask the folks in our home State. We are going to hear that clearly.

I would like to describe in brief some of the reasons I think the Dole-Packwood approach will work in that it strikes a fair balance between the role of the Federal Government in providing a safety net and giving States increased responsibility. I think it is a sound approach in fixing the system and clearly the best alternative to those who would completely dismantle public assistance and those who would simply tinker around the edges.

We have heard some very eloquent statements in the last hour about how important all the individual programs are and how great they are and what wonderful things they have done and how much better they would be if we spent more money.

I do not think that is the real world. I hope we can come together on a bipartisan basis to say more and more individual Federal programs with more and more money is not getting us out of the hole.

I have been working on welfare reform 8 years as Governor and longer than that in this Congress in past legislative sessions. I have been very pleased to work on a bipartisan basis with my colleague from Iowa, Senator HARKIN, over the last 2 years, and I am delighted that some of the ideas we have worked on are included in the bill before us. The centerpiece of the bill that we included on a bipartisan basis was a personal responsibility contract.

This is a fundamental change in the way we would approach public assistance. Since the creation of aid to families with dependent children, public aid has been regarded as an entitlement. If you meet the requirements, if you have the problems and if you have the lack of money for eligibility and you have the children, you get the cash with no strings attached. That just does not work.

The current system has rightly been condemned by persons from all walks of life: researchers, advocates, pastors, politicians, even the recipients themselves. The system is impersonal. It is inefficient, and it encourages continued dependency. Recipients continue to get cash month after month after month without thinking about their future and without giving any help or any encouragement or any prod to become self-sufficient.

Treating public assistance as a contractual relationship such as is being done in Iowa, Missouri, Utah, and elsewhere where both parties have responsibility for changes, both parties need to do something, recipients themselves have to work or perform for their benefits, is the way out of the trap.

I believe a large reason for the stagnation in the welfare programs today is that we have not required anything in return for benefits. It is a one-way street. The lack of reciprocity has bred an ethic of dependence rather than a work ethic. The only way we can turn this around is to require something in return for what the taxpayers are paying out.

Most Americans believe our Government has a responsibility to help families in need, and certainly we are going to pursue that. But we also know that individuals have a responsibility to help themselves if they can. I believe that this approach will do a better job of helping people to create a better life for themselves and their families. I am concerned that if we do not require recipients of public assistance to work or behave responsibly, then our efforts at reform will fail.

The principle should be, public assistance is a two-way street. You want benefits? You have got to work and behave responsibly in return. The Dole-Packwood bill has a real work requirement. We have, I think, in this measure, since we last took on welfare reform in 1988, learned that the States are moving well ahead of the Federal Government. That is why we are going to look to the States to lead the way in finding new ways and better ways to get out of welfare dependency.

We have tinkered with the problem. We have tinkered with eligibility. But we have not come close to solving the problem of poverty. I am pleased that we take steps to move responsibility back to the States. I think we are doing an excellent job in reforming the supplemental security income program, which has grown out of control and has brought real outrage. I think that we need to change the system with respect to noncitizens. These elements are all in the bill.

The Dole-Packwood plan has a real work requirement, unlike the existing system. There would be no automatic exemption from work requirements. Currently, over half the caseload on average in every State is exempt from participation in work and job training

programs. No wonder the American people think the system is a sham.

Since we last took on the welfare reform issue in 1988, we learned that our Nation's Governors are far ahead of Washington in generating reform ideas and in implementing them. Currently States must undertake a lengthy and cumbersome waiver process in order to obtain permission to implement commonsense reforms. States that want to require welfare recipients to obtain preventive health care for their children, or to ensure that their children stay in school, or wish to allow recipients to keep more of their earnings from a parttime job—good ideas all—must now obtain a waiver from HHS. This is costly, time consuming, and silly. Dole-Packwood permits States to try a variety of ideas to move people into meaningful work and off public assistance, without permission from the Feds.

Senator HARKIN and I had also proposed that recipients be permitted to keep more income earned on the job, that teens be allowed to work without counting against family income, and that States be permitted to subsidize private sector jobs for welfare recipients on a trial basis. We also proposed that benefits be denied to those who fail to behave rsponsibly—those who fail to have their children immunized or to attend school. Under the system set up by the Dole-Packwood plan, States would be able to try any combination of these ideas, and many more we have not even thought of yet, without permission from Washington bureaucrats.

Mr. President, in past attempts to reform welfare we have erred on the side of caution. We have tinkered with the programs and generally expanded eligibility. We have not come close to solving the problem of poverty; in fact, there are more children living in poverty now than 30 years ago. So we do not want to be overly cautious in our approach to this issue. But neither do we want to throw the problems back to the States. Some of my colleagues propose a mega-block grant which would encompass virtually all means-tested assistance. I would argue that just because we no longer have to deal with the issue on the Federal level does not mean that there is no longer a problem. While their plan has the appeal of simplicity, I do not believe it is workable.

I have tried to work with those in my State who have the responsibility of running these programs to determine what reform efforts make sense. I have come to the conclusion that we should not include certain programs in this bill, particularly child welfare and foster care programs, and public housing reform. Children who are abused and neglected and who become wards of the State are our society's most vulnerable, and their needs should be addressed separately. And I am pleased that the majority leader and the Chairman of the Finance Committee have left these programs out of this bill.

Another highlight of this plan, in my view, is its reform of the Supplemental Security Income [SSI] Program, which provides benefits to low-income disabled individuals. SSI is one of the fastest growing welfare programs in the Federal budget, costing $22 billion per year, and without the reforms in this bill, projected to grow 50 percent by the year 2000. SSI provides perhaps the best example of what happens when the Federal Government provides cash and asks for nothing in return. Over the last 2 years, we have investigated abuses in the program. We have discovered that many drug addicts and alcoholics are using the cash payments to subsidize their addictions, that children are being coached by their parents to fake a disability, and that new immigrants are being coached to fake disabilities to qualify for benefits.

Dole-Packwood would reform the SSI Program without denying benefits to those who truly need them. The bill would no longer treat drug addiction and alcoholism as disabilities or purposes of qualifying for SSI. Noncitizens would only be eligible after working and paying taxes for 5 years. And only children who were diagnosed with a real disability, rather than being said to behave inappropriately for their age level, would qualify for benefits.

Mr. President, the bill before us is not perfect. No legislative document ever is. Over the course of this week I hope we will make improvements in the area of child care and job training. Certainly there are a number of loose threads. But I am throwing my support behind this plan because I believe it is fundamentally sound from a philosophical and practical standpoint. It recognizes that the Federal Government cannot possibly provide the innovation and compassion necessary to solve the problem of poverty. It permits States, private organizations, and individuals to assume more responsibility in caring for our neighbors. And it recognizes that persons in need of assistance in our society will not become self-sufficient unless they are required to give of themselves in return.

I yield the floor.

Mrs. MURRAY addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Mr. President, the Senate has jumped into the welfare reform debate with both feet. I want to pose a question to the body now, as we enter the process: What is this debate about?

I will make it very simple: it is about families. It think all my colleagues will agree that in this country, there can be no substitute for healthy families; they are the bedrock of our society.

I hear so much from my constituents about their fears for the American family. In the modern world, the family faces more challenges than ever before, from economic opportunity, to education, to child care. We live in a world where more and more both parents must work to make ends meet. We have also seen an increase in single-parent homes where the challenge to balance work and family can be overwhelming. In my own family, my brothers, sisters, and cousins all share these fears.

With this in mind, there is one question I urge my colleagues to keep in mind throughout this debate: what can the Government do—or not do—to build, and rebuild, families in this country?

What can the Government do to ensure economic opportunity? What can the Government do to create a healthy environment for children? What can the Government do to open doors and prevent dependency?

What can the Government do—or not do—to foster a sense of security, hope, and confidence for families?

During this debate, we will hear a lot about failure. In fact, we already have. We have heard about bad actors who abuse the system. We have heard about systemic failure, about substance abuse, crime, spousal abuse, child abuse, and everything that plagues a family stuck in poverty.

We have heard about addicts awaiting the day their checks come in the mail. We have heard about mothers who stay on welfare, rather than accepting work. And we are going to keep hearing these things used to justify radical overhaul of the current welfare system.

We may hear about these failures, and we may all agree the current system needs improvement. But let's not lose sight of what this debate is about: families and children. America's children.

Mr. President, I bring a unique perspective to this debate on the Senate floor. I am a mother with school-age children. I have been a preschool teacher, dealing with kids from all economic classes. I have taught parent education classes, counseling young parents to help them develop their skills as mothers and fathers in the modern world.

I can personally tell you what it is like to take a desperate phone call from a young single mom at the end of her rope. She is burning the candle at both ends, trying to work, worrying all day long about her kids. For school age kids, they face a tough environment at school; for toddlers, access to quality day care is a constant problem.

When this mom gets home, the kids need attention, but she is out of energy. They need love, they need nourishment, and she has to summon everything she has got to meet their needs. Take my word for it: in today's world this is hard for any parent.

To succeed in reforming welfare, we cannot talk in vagaries about accountability and responsibility, though these concepts are important. We have to understand the everyday challenges of everyday parents.

Only by knowing and understanding these challenges can we begin to design

a welfare reform proposal that truly gives struggling families a boost to economic stability.

Mr. President, shortly after I was elected to the Senate, I decided I needed a better perspective on the challenges faced by young kids in our cities. I asked friends from Washington State social service agencies, from the juvenile justice system, from the public school system, and kids themselves to come together in a series of forums across my State.

In all three cases, I heard the same message over and over again. Kids today feel like adults do not care about them, or their problems. They come home to an empty house because one parent is absentee, or both parents have to work to cover expenses. Or they have dysfunctional parents.

They wake up each morning scared, and all they can think about is survival. They do not see anything getting better for themselves, and to them, it adds up to a world in which adults just do not care.

More recently, Mr. President, I have tried to learn more about the perspective of typical welfare recipients. I participated in a unique program called Walk-a-Mile which started in Washington State and pairs a welfare recipient with an elected official, and the two speak frequently on the telephone about each others' experiences. I was lucky enough to be paired with June, a single mother of two from a Seattle suburb who survived an abusive relationship.

During her time on welfare, June attended school and earned a degree from Evergreen State College. Her classroom time was frequently interrupted, however, because her 6-year-old son Jonathan suffers from attention deficit order, a side effect of the abuse suffered in their previous home.

June has been told by six different day care providers that her son could not be cared for, because of his explosive and erratic behavior. During this time June has lived in fear she would lose her credits at school, or have to drop out, because Jonathan could not stay in day care, or in school.

Since earning her degree, June has divided her time between looking for work and looking for childcare. Her dilemma is a familiar one: in the absence of child care, she cannot work; yet she is qualified to willing to work today.

Mr. President, I know what scared single parents, and I know what scares the kids. I have seen it firsthand, and I have studied it closely over the past 2 years.

These are the fears of moms and their children. This is why moms get trapped in dependency, and why their kids look for their solutions on the streets. And unless we do something to remove these fears, we will not accomplish reform.

I am concerned about what the Dole plan means for the State of Washington that has quality programs based on current Federal resources. I am concerned about parents and families—like June—who are currently participating in programs that will move them off welfare and into the work force.

The Dole plan limits funding to States, and stipulates 2 years of benefits and then you are cut off. This amounts to nothing more than passing one of our biggest headaches off to the States for them to deal with. As a former state legislator, I can tell you that is something my State does not relish.

The Senate has already passed a budget proposing to cut Medicare and Medicaid over the next 7 years. Under the dole welfare plan, the same working families will lose another $500 million over the next 7 years.

Over 60 percent of my State's budget is public education: There is no way it can maintain any kind of excellence in public education if Congress forces new responsibilities and under-funded block-grants down to the State level.

What does this mean in personal terms for June, my Walk-a-Mile partner? Under the Dole plan, there is no certainty she and her son Jonathan will have access to quality child care. In fact, there is a strong possibility they would not, because overall funding is being reduced.

This plan will not do anything to improve June's situation, and it will certainly add to the message we send to our kids that we do not care about them.

The Daschle bill offers credible reform. It proposes to move welfare recipients into the work force swiftly and decisively. It provides guidance on how to equip recipients to make this move. And, most importantly, it ensures quality childcare will be available during the transition.

For people like June, this means they will have the stability and peace of mind to invest themselves in education or training programs that will equip them to move into the work force, without worrying about whether their kids will be looked after during the day.

Mr. President, as a preschool teacher, and parent education counselor, I can tell you based on firsthand experience, give the choice between work and kids, the parent, with limited options, will stay at home.

I can also tell you that unless we neutralize the fears and challenges of poor families, single parents, and their kids, we will not succeed in reforming welfare. We will simply infuse the underclass with a big new group of have-nots.

I will conclude my statement where I began this statement. Welfare reform should be—must be—about rebuilding families in America. In America, we have always taken care of our own.

We built the farm program to preserve the family farms. We establish Social Security to make sure Americans live well in retirement. We passed a GI bill to give our men and women in uniform ready access to education.

Welfare reform should be no different. The central goal of welfare reform should be to make sure American families at all economic levels have equal access to economic opportunity in the modern world.

We cannot legislate morality. Nor can we legislate family values. But we must promote family values. These are intangibles that are up to every family to address in their own homes. All we can do is provide opportunity and a stable environment to let it happen.

If we can move people into the work force and create self-sufficiency, we will have succeeded. To do this, we must remove parents' fears about access to child care, and we must remove kids' fears about the future, and we must make skills training and education available; and we must be very firm about our end goals. If we do these things, we will create a stable environment in which families can success in their own right, on their own merits.

I thank the Chair, and I yield my time.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I want to commend the majority leader for his decision to postpone further action on the welfare reform bill.

Clearly, the pending Republican bill needs more work. Governors, mayors, business leaders, workers should all take a close look at what is being proposed. As this debate has proceeded, it has become clear that the bill is deeply flawed in two major respects: Its failure to include adequate provisions on child care, and its grossly defective treatment of job training.

No welfare reform bill that fails to deal effectively with child care and job training deserves to pass. Without adequate job training, the goal of welfare reform is a charade, since those on welfare will not be able to work even if they are willing to work. To raid existing job training and job education programs in order to solve this problem, as the bill proposes to do, is an unacceptable assault on dislocated workers and all families in all parts of the country struggling to hold on to their current jobs or to improve their skills to find new jobs.

Without adequate child care, this bill is a sham. It makes no sense to force mothers on welfare to work and then deny child care for their children left at home. The last thing the Senate should do in the name of welfare reform is pass a "Home Alone" bill that jeopardizes millions of children and their chance for a brighter future.

Finally, it is clear that the Republican bill is also under assault from many Republican Senators who think this bill should be even more punitive on people on welfare.

It is no surprise, therefore, that this defective legislation is being recalled for further repairs. As President Clinton and Democrats have made clear, we are ready to support responsible and

far-reaching welfare reform. But it must be more than bumper-sticker slogans. It must be genuine reform that makes welfare a hand up, not a handout. This bill flunked that basic test, and it deserves the failing grade it has now received.

I yield the floor.

Mrs. KASSEBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mrs. KASSEBAUM. Mr. President, let me say before I start that the majority leader has yielded me his leadership time if I should need more time than the 5 minutes I believe was in the agreement.

Mr. President, I would like to answer several accusations that have been made about the welfare reform bill. First of all, the bill is neither marginal nor is it a sham. The bill that has been put forward by the majority leader is an important step forward and makes good progress in dealing with a most difficult problem.

There may be some major philosophical differences, and that we would all recognize. But the bill addresses three areas that I think are important to any significant and major welfare reform legislation. One, it ends the entitlement for welfare; two, it makes substantial reforms in the Food Stamp Program; and three, it provides major and constructive reform of our job training programs.

It is job training, Mr. President, that I would like to address specifically. If we are ultimately going to be successful in reforming welfare, we must be realistic about what it takes to do so. We have to separate rhetoric from the reality of what is out there, and we must determine how we can be supportive while making changes that are absolutely necessary.

Effective welfare reform is not simply a matter of increasing flexibility or changing incentives, but also of recognizing that obtaining and holding a job does not occur in a vacuum. That is why quality child care is important and why job training—realistic job training—is important.

This morning, my colleague, the Senator from Massachusetts, who is the ranking member of the Labor and Human Resources Committee, said in a press conference: "This is a cynical scheme to pit welfare beneficiaries against laid-off factory workers, unemployed defense workers and millions of other Americans."

Mr. President, that is just not true, and there has been a misunderstanding about what the job training portion of this program does. Because it was approved by the Labor and Human Resources Committee, I would like to spend a little bit of time going through that title of the bill.

Mr. KENNEDY. Will the Senator yield on that point?

Mrs. KASSEBAUM. I will be happy to yield.

Mr. KENNEDY. I welcome the Senator's clarification. I just mention, in the Senator's bill, as the Senator knows, in listing the various provisions of permissible activities, on page 67, those effectively are identical to what is in the Dole bill, with the exception of one word. The Senator may be familiar with this, and that is on page 337, under paragraph O and line 20, which adds the word "workfare."

So essentially all of the provisions of the Senator's bill were in there. We had other kinds of differences about the construct, but not in this area.

Then there was the addition of the word "workfare." Just the workfare under permissible activities, at least the way the bill was designed or appeared to this Senator, would open up the utilization of those funds for the welfare training programs. That is a reason for the observation.

I welcome the clarification. I had a chance to read the Senator's statement a minute or two before, but I welcome at least what she intended. I certainly welcome the chance to work with her and try and remedy it.

Mrs. KASSEBAUM. Mr. President, yes, I will clarify the workfare addition to the permissible activities section. But first let me speak more generally about the Workforce Development Act, a measure which provides a substantial and dramatic reform of our current work force training and work force education systems. The linkage it provides between our training and education systems is, I think, enormously important.

The Workforce Development Act was a separate bill, S. 143, that has been incorporated in the legislation that is before us; that is, the welfare reform legislation or, as it is called, the Work Opportunity Act.

I want to emphasize from the outset that the Workforce Development Act is not a welfare program. It is a comprehensive effort to bring together myriad Federal programs—about 90 in all—serving everyone from high school vocational students to dislocated workers in America. These programs are brought together in a way that is going to help everyone. The new system will be far more beneficial to individuals in terms of offering realistic help in finding jobs that suit them and in identifying the market opportunities that actually exist.

Several question whether these provisions should be included in a measure that focuses on welfare reform, and I understand the concern that misconceptions could occur. At the same time, because the relevant training activities for welfare and food stamp recipients must be provided by the single system created by the Workforce Development Act, this welfare bill provides the opportunity to consider, what I believe to be, a very important initiative. I will, therefore, strongly oppose any efforts to remove these titles from the bill.

Our current patchwork system is ill-equipped to deal effectively with today's work force needs. The proliferation of training programs has instead resulted in duplication of effort and is the source of confusion for both employers and job seekers.

Moreover, there is little evidence available to tell us what we have actually achieved in return for the $20-some billion we spend annually on all of these programs. The purpose of the Workforce Development Act of 1995 is to develop a single, unified system of job training and training-related education activities designed to ensure that:

One, there is a logical relationship among formal education, job-specific training, and the jobs available in our economy.

Two, individuals who need assistance in obtaining employment are easily able to identify the resources available for that purpose.

Three, there is a clear accountability for Federal dollars. To achieve this goal, Mr. President, the Workforce Development Act repeals all or a major portion of nearly a dozen Federal education employment and training statutes and some 90 programs that they authorize. The funds would be combined into a single authorization and distributed to States as block grants, but with accountability measures that ensure there indeed will be a means of monitoring what is to be achieved.

Maximum flexibility will be provided to the States to design their own work force development systems, based on the following principles: One-stop delivery of job training services; support for school-to-work activities for youth; the development of benchmarks by which to measure results.

In addition, private sector employers will be involved at all levels of the training system, including the Federal, State, and local levels.

Finally, the legislation provides for a transition period during which States may be granted broad waivers from current regulations to begin consolidation.

I think this legislation takes bold steps to reform our training and education programs. I think it is a valuable part of any welfare reform effort. More importantly, it is important for us as a country to be able to address in a far more realistic and effective way, how to help States design the programs that best fit their individual needs.

At this point, I would like to speak specifically to the question that was raised in the press conference where Senator KENNEDY indicated we were trying to pit welfare beneficiaries against laid-off factory workers and unemployed defense workers. I think it is important to clarify the provision which has been the source of a serious misunderstanding.

The Workforce Development Act contains a section on activities for which work force training funds may be used. It is the same list as included in the committee-passed bill, but with one addition. That addition—workfare—is the source of the current confusion.

It has been represented that this term was added to create a loophole, whereby all work force training funds could ultimately be diverted to welfare payments. That is simply not the case.

I, too, would oppose the diversion of work force training funds to welfare payments. It was for that reason that I strongly opposed provisions included in an earlier draft of the Work Opportunity Act which would have permitted up to 30 percent of the work force development funds to be used for other activities in the bill. That transferability provision was deleted.

So let me be very clear. Under no circumstances, may funds be taken out of State job training systems to be used to pay for welfare benefits or food stamps.

On the contrary, any training activities conducted under a State's welfare or food stamp program must be carried out through the State job training system. That preserves the concept that training activities within a State will be carried out through a single system.

The reason "workfare" was added to the list of permissible activities was to link a very specific existing food stamp employment and training program into the statewide job training system.

Six States currently carry out workfare programs as a component under their food stamp employment and training program. The purpose of workfare is to improve the employability of individuals not working by providing work experience to assist them to move into regular public or private employment. In essence, it is another form of on-the-job training.

The sole reason that this activity was added to the bill was to ensure that those States that currently conduct the food stamp workfare program can continue to do so through the statewide workforce development system established under title VII.

In general, the overall food stamp employment and training program has not been a very effective job training program, Mr. President. Nevertheless, it remains a part of the food stamp initiative—an initiative which I believe is important.

I am prepared to add clarifying language to assure that the intent of this language is completely clear. I hope, Mr. President, that my explanation clears up any misunderstandings about this issue.

Before I yield the floor, I just want to say that I regret at this late hour to take such a long time on an issue to which we will return in September. But I am convinced, Mr. President, that there is an opportunity for both sides of the aisle to come together in a significant way to address welfare reform.

I think it is an important issue. I, in no way, believe that the legislation that has been put forward by the Republican leader, Senator DOLE, is one that minimizes or ruins our support system for those in need. I think, as a matter of fact, it strengthens it; it shows that there is an ability to work through some issues that are of concern on both sides of the aisle. At the end of the day, we are going to have a stronger, more effective, and more constructive program.

I think that is an opportunity and we should seize it. I think we will when we come back in early September and address the issue.

Mr. KENNEDY. Will the Senator be good enough to yield for a question?

Mrs. KASSEBAUM. I do not know how much time I have.

The PRESIDING OFFICER (Mr. ABRAHAM). The Senator has 3 minutes.

Mrs. KASSEBAUM. I am happy to yield.

Mr. KENNEDY. First of all, I want all of our colleagues to know—and I believe they know already—the respect that all of us on our committee, Human Resource Committee have for the work Senator KASSEBAUM has done in working through the job training and consolidation. We have certain areas that remain that we hope to be able to work through. I appreciate very much the clarification of the workfare provision because, as the Senator knows, nowhere in the legislation is workfare designed.

So her explanation certainly gives us the legislative history about what the reason was for including it, because nowhere in the legislation is it defined. Generally, Governors have defined workfare whatever way they desired to do it, as an augmenting and supplementing way of providing assistance or jobs to welfare recipients. It has not been defined. And being included where it was could, at least under permissible activities, open up a range of different possibilities.

Clearly, the Senator did not support it. I want to say that I look forward to working with the Senator not just on this issue, but on the other issues, to try and see if we cannot find common ground. We had some areas of difference. The Senator has been a strong supporter of the child care feature and programs, and also in the consolidation of training programs. So it is certainly our desire to try and find ways, and maybe this period of time will permit us the opportunity to do so.

I thank the Senator.

Mrs. KASSEBAUM. Mr. President, I certainly would welcome the support of the Senator from Massachusetts for this legislation. I look forward to seeing if we cannot work these things out in September.

Mr. GRAMM. Mr. President, I ask unanimous consent to have 5 minutes to speak on welfare.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. GRAMM. Mr. President, Senator DOLE has pulled down the welfare bill and, therefore, the amendments that I and others had prepared will not be offered today, tomorrow, or at any time during the remainder of the week. So I thought it was very important to outline what I see the issues to be and to make the point that some progress has been made, even though the bill was only on the floor for 2 days, with no formal amendments, other than a change that the leader himself sent to the desk and was approved.

When we started this debate, there was a lot of common ground between Senator DOLE's position and the position that I and other conservative Republicans have taken. But there were also some fundamental differences:

First, I felt very strongly that we needed a binding work requirement which said, in no uncertain terms, that able-bodied men and women riding in the welfare wagon were going to be required to get out of the wagon and help the rest of us pull. I had concerns about the original Dole-Packwood bill that came out of committee because it did not contain a binding work requirement and because there was no enforcement mechanism to guarantee that people who refused to work would actually be dropped from the welfare rolls.

I am very proud of the fact that yesterday Senator DOLE decided, in what I viewed as a gesture toward consensus, to send a modification of his amendment to the desk to add the pay-for-performance provision that was part of both the House bill and the bill that I had proposed with 24 other Republican Senators. This modification simply says that welfare should operate like any other process in America: if you do not show up for work, you will not get paid. This work requirement was added, I think it was a change in the right direction, and I think that as a result we are closer to a consensus today than we were 2 days ago.

I want to see this bill changed to deal with illegitimacy. Under the current program, the illegitimacy rate has risen from 5 percent in 1960 to almost 30 percent in 1990. Last year, roughly half of all the children born in the big cities in America and almost a third of all children born in the entire country were born out of wedlock.

It is clear to me that a program which continues to give people more and more money to have more and more children while on welfare has got to be changed. I have agreed today, in talking to the majority leader, to sit down with him, to have our staffs sit down together, and to see if we can find an agreement to deal with illegitimacy. I think it is clearly necessary not just to pass a bill, but to change the welfare system in America.

I feel very strongly that we should not continue to have immigrants coming to America, looking for a hand out rather than with their sleeves rolled up ready to go to work. I do not believe people ought to be able to come to America just to get welfare. We have room in America for people who want to come and work, for people who want to come here to realize their own American dream.

We have children of immigrants in the U.S. Senate. Most of us are grandchildren or great-grandchildren of immigrants. We want people to come to America to build their dream, to build our dream, but we ought to end this practice of letting people come to America and immediately go on welfare.

Senator DOLE has agreed today—in fact, our staffs at this moment are meeting—to try to see if we can find language in this area that we can agree on, both to settle this issue and to make a fundamental change in this bill. I think if we can do that, then we are making progress toward a consensus.

I want a smaller Federal bureaucracy. If we are going to give AFDC to the States, if we are going to let States run this building block of the welfare system, it seems to me we should not be keeping 70 percent of the program's Government employees at the Federal level with nothing to run. What are these people going to do other than to get in the way of States that are trying to reform the system?

In working with Senator ASHCROFT, I have proposed that we give those Federal programs which are going to be block granted to the States no more than 10 percent of the Government positions they have now, so that they can monitor what the States are doing. Although I would rather have audits by independent firms, I cannot see any logic in giving AFDC, a program which we are eliminating at the Federal level, the ability to keep 70 percent of their Government employees in place. Is a Government job the only immortal thing in the temporal world? I would answer no, but Congress continually says yes.

Finally, I would like to expand the number of programs that we are giving to the States. We will try to block grant food stamps and I believe that there will be a cross section of Senators voting together in favor of this proposal.

The point is that although some progress has been made, we need to continue to work. In the past, we have reformed welfare many times, but we have never truly changed it. I want this bill to be different.

I yield the floor.

DEPARTMENT OF THE INTERIOR APPROPRIATIONS, 1996

The PRESIDING OFFICER. The clerk will report the bill.

The legislative clerk read as follows:

A bill (H.R. 1977) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1996, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations, with amendments; as follows:

(The parts of the bill intended to be stricken are shown in boldface brackets and the parts of the bill intended to be inserted are shown in italic.)

H.R. 1977

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Department of the Interior and related agencies for the fiscal year ending September 30, 1996, and for other purposes, namely:

TITLE I—DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

MANAGEMENT OF LANDS AND RESOURCES

For expenses necessary for protection, use, improvement, development, disposal, cadastral surveying, classification, acquisition of easements and other interests in lands, and performance of other functions, including maintenance of facilities, as authorized by law, in the management of lands and their resources under the jurisdiction of the Bureau of Land Management, including the general administration of the Bureau **[**$570,017,000**]** *$565,936,000,* to remain available until expended**[**, of which not more than $599,999 shall be available to the Needles Resources Area for the management of the East Mojave National Scenic Area, as defined by the Bureau of Land Management prior to October 1, 1994, in the California Desert District of the Bureau of Land Management,**]** and of which $4,000,000 shall be derived from the special receipt account established by section 4 of the Land and Water Conservation Fund Act of 1965, as amended (16 U.S.C. 4601-6a(i)): *Provided,* That appropriations herein made shall not be available for the destruction of healthy, unadopted, wild horses and burros in the care of the Bureau or its contractors; and in addition, $27,650,000 for Mining Law Administration program operations, to remain available until expended, to be reduced by amounts collected by the Bureau of Land Management and credited to this appropriation from annual mining claim fees so as to result in a final appropriation estimated at not more than **[**$570,017,000**]** *$565,936,000*: *Provided further,* That in addition to funds otherwise available, and to remain available until expended, not to exceed $5,000,000 from annual mining claim fees shall be credited to this account for the costs of administering the mining claim fee program, and $2,000,000 from communication site rental fees established by the Bureau.

WILDLAND FIRE MANAGEMENT

For necessary expenses for fire use and management, fire preparedness, emergency presuppression, suppression operations, emergency rehabilitation, and renovation or construction of fire facilities in the Department of the Interior, **[**$235,924,000**]** *$242,159,000,* to remain available until expended, of which not to exceed $5,025,000, shall be available for the renovation or construction of fire facilities: *Provided,* That notwithstanding any other provision of law, persons hired pursuant to 43 U.S.C. 1469 may be furnished subsistence and lodging without cost from funds available from this appropriation: *Provided further,* That such funds are also available for repayment of advances to other appropriation accounts from which funds were previously transferred for such purposes: *Provided further,* That unobligated balances of amounts previously appropriated to the Fire Protection and Emergency Department of the Interior Firefighting Fund may be transferred or merged with this appropriation.

CENTRAL HAZARDOUS MATERIALS FUND

For expenses necessary for use by the Department of the Interior and any of its component offices and bureaus for the remedial action, including associated activities, of hazardous waste substances, pollutants, or contaminants pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, as amended (42 U.S.C. 9601 et seq.), $10,000,000, to remain available until expended: *Provided,* That, notwithstanding 31 U.S.C. 3302, sums recovered from or paid by a party in advance of or as reimbursement for remedial action or response activities conducted by the Department pursuant to sections 107 or 113(f) of the Comprehensive Environmental Response, Compensation and Liability Act, as amended (42 U.S.C. 9607 or 9613(f)), shall be credited to this account and shall be available without further appropriation and shall remain available until expended: *Provided further,* That such sums recovered from or paid by any party are not limited to monetary payments and may include stocks, bonds or other personal or real property, which may be retained, liquidated, or otherwise disposed of by the Secretary of the Interior and which shall be credited to this account.

CONSTRUCTION AND ACCESS

For acquisition of lands and interests therein, and construction of buildings, recreation facilities, roads, trails, and appurtenant facilities, **[**$2,515,000**]** *$2,615,000,* to remain available until expended.

PAYMENTS IN LIEU OF TAXES

For expenses necessary to implement the Act of October 20, 1976, as amended (31 U.S.C. 6901–07), **[**$111,409,000**]** *$100,000,000,* of which not to exceed $400,000 shall be available for administrative expenses.

LAND ACQUISITION

For expenses necessary to carry out the provisions of sections 205, 206, and 318(d) of Public Law 94–579 including administrative expenses and acquisition of lands or waters, or interests therein, **[**$8,500,000**]** *$10,550,000* to be derived from the Land and Water Conservation Fund, to remain available until expended.

OREGON AND CALIFORNIA GRANT LANDS

For expenses necessary for management, protection, and development of resources and for construction, operation, and maintenance of access roads, reforestation, and other improvements on the revested Oregon and California Railroad grant lands, on other Federal lands in the Oregon and California land-grant counties of Oregon, and on adjacent rights-of-way; and acquisition of lands or interests therein including existing connecting roads on or adjacent to such grant lands; **[**$91,387,000**]** *$95,364,000,* to remain available until expended: *Provided,* That 25 per centum of the aggregate of all receipts during the current fiscal year from the revested Oregon and California Railroad grant lands is hereby made a charge against the Oregon and California land-grant fund and shall be transferred to the General Fund in the Treasury in accordance with the provisions of the second paragraph of subsection (b) of title II of the Act of August 28, 1937 (50 Stat. 876).

RANGE IMPROVEMENTS

For rehabilitation, protection, and acquisition of lands and interests therein, and improvement of Federal rangelands pursuant to section 401 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1701), notwithstanding any other Act, sums equal to 50 per centum of all moneys received during the prior fiscal year under sections 3 and 15 of the Taylor Grazing Act (43 U.S.C. 315 et seq.) and the amount designated for range improvements from grazing fees and mineral leasing receipts from Bankhead-Jones lands transferred to the Department of the Interior pursuant to law, but not less than $9,113,000, to remain available until expended: *Provided,* That not to exceed $600,000

spending, and reduce welfare dependence, which had been reported from the Committee on Finance.

The Senate resumed consideration of the bill.

AMENDMENT NO. 2280, AS FURTHER MODIFIED

Mr. DOLE. I have a modification at the desk. I have a right to modify my amendment, and I ask that it be so modified.

The PRESIDING OFFICER. The amendment is so modified.

So the amendment (No. 2280), as modified, is as follows:

On page 1, line 3, of the bill, after "SECTION 1.", strike all through the end and insert the following:

SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Work Opportunity Act of 1995".

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

FAMILY SELF-SUFFICIENCY ACT

Mr. DOLE. I call for regular order with respect to the welfare bill.

The PRESIDING OFFICER. The clerk will report the pending business.

The legislative clerk read as follows:

A bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare

TITLE I—BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

SEC. 100. REFERENCES TO SOCIAL SECURITY ACT.

Except as otherwise specifically provided, wherever in this title an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

SEC. 101. BLOCK GRANTS TO STATES.

(a) REPEALS.—

(1) IN GENERAL.—Parts A and F of title IV (42 U.S.C. 601 et seq. and 682 et seq.) are hereby repealed.

(2) RULES AND REGULATIONS.—The Secretary of Health and Human Services shall ensure that any rules and regulations relating to the provisions of law repealed in paragraph (1) shall cease to have effect on and after the date of the repeal of such provisions.

(b) BLOCK GRANTS TO STATES FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES WITH MINOR CHILDREN.—Title IV (42 U.S.C. 601 et seq.) is amended by inserting before part B the following:

"PART A—BLOCK GRANTS TO STATES FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES WITH MINOR CHILDREN

"SEC. 400. NO INDIVIDUAL ENTITLEMENT.

"Notwithstanding any other provision of law, no individual is entitled to any assistance under this part.

"SEC. 401. PURPOSE.

"The purpose of this part is to increase the flexibility of States in operating a program designed to—

"(1) provide assistance to needy families with minor children;

"(2) provide job preparation and opportunities for such families; and

"(3) prevent and reduce the incidence of out-of-wedlock pregnancies, with a special emphasis on teenage pregnancies, and establish annual goals for preventing and reducing such pregnancies with respect to fiscal years 1996 through 2000.

"SEC. 402. ELIGIBLE STATES; STATE PLAN.

"(a) IN GENERAL.—As used in this part, the term 'eligible State' means, with respect to a fiscal year, a State that has submitted to the Secretary a plan that includes the following:

"(1) OUTLINE OF FAMILY ASSISTANCE PROGRAM.—A written document that outlines how the State intends to do the following:

"(A) Conduct a program designed to serve all political subdivisions in the State to—

"(i) provide assistance to needy families with not less than 1 minor child (or any expectant family); and

"(ii) provide a parent or caretaker in such families with work experience, assistance in finding employment, and other work preparation activities and support services that the State considers appropriate to enable such families to leave the program and become self-sufficient.

"(B) Require a parent or caretaker receiving assistance under the program to engage in work (as defined by the State) when the State determines the parent or caretaker is ready to engage in work, or after 24 months (whether or not consecutive) of receiving assistance under the program, whichever is earlier.

"(C) Satisfy the minimum participation rates specified in section 404.

"(D) Treat—

"(i) families with minor children moving into the State from another State; and

"(ii) noncitizens of the United States.

"(E) Safeguard and restrict the use and disclosure of information about individuals and families receiving assistance under the program.

"(F) Establish goals and take action to prevent and reduce the incidence of out-of-wedlock pregnancies, with special emphasis on teenage pregnancies.

"(2) CERTIFICATION THAT THE STATE WILL OPERATE A CHILD SUPPORT ENFORCEMENT PROGRAM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a child support enforcement program under the State plan approved under part D.

"(3) CERTIFICATION THAT THE STATE WILL OPERATE A CHILD PROTECTION PROGRAM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a child protection program under the State plan approved under part B.

"(4) CERTIFICATION THAT THE STATE WILL OPERATE A FOSTER CARE AND ADOPTION ASSISTANCE PROGRAM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a foster care and adoption assistance program under the State plan approved under part E.

"(5) CERTIFICATION THAT THE STATE WILL PARTICIPATE IN THE INCOME AND ELIGIBILITY VERIFICATION SYSTEM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will participate in the income and eligibility verification system required by section 1137.

"(6) CERTIFICATION OF THE ADMINISTRATION OF THE PROGRAM.—A certification by the chief executive officer of the State specifying which State agency or agencies are responsible for the administration and supervision of the State program for the fiscal year and ensuring that local governments and private sector organizations have been consulted regarding the plan and design of welfare services in the State so that services are provided in a manner appropriate to local populations.

"(7) CERTIFICATION THAT REQUIRED REPORTS WILL BE SUBMITTED.—A certification by the chief executive officer of the State that the State shall provide the Secretary with any reports required under this part.

"(8) ESTIMATE OF FISCAL YEAR STATE AND LOCAL EXPENDITURES.—An estimate of the total amount of State and local expenditures under the State program for the fiscal year.

"(b) CERTIFICATION THAT THE STATE WILL PROVIDE ACCESS TO INDIANS.—

"(1) IN GENERAL.—In recognition of the Federal Government's trust responsibility to, and government-to-government relationship with, Indian tribes, the Secretary shall ensure that Indians receive at least their equitable share of services under the State program, by requiring a certification by the chief executive officer of each State described in paragraph (2) that, during the fiscal year, the State shall provide Indians in each Indian tribe that does not have a tribal family assistance plan approved under section 414 for a fiscal year with equitable access to assistance under the State program funded under this part.

"(2) STATE DESCRIBED.—For purposes of paragraph (1), a State described in this paragraph is a State in which there is an Indian tribe that does not have a tribal family assistance plan approved under section 414 for a fiscal year.

"(c) DISTRIBUTION OF STATE PLAN.—

"(1) PUBLIC AVAILABILITY OF SUMMARY.—The State shall make available to the public a summary of the State plan submitted under this section.

"(2) COPY TO AUDITOR.—The State shall provide the approved entity conducting the audit under section 408 with a copy of the State plan submitted under this section.

"(d) DEFINITIONS.—For purposes of this part, the following definitions shall apply:

"(1) ADULT.—The term 'adult' means an individual who is not a minor child.

"(2) MINOR CHILD.—The term 'minor child' means an individual—

"(A) who—

"(i) has not attained 18 years of age; or

"(ii) has not attained 19 years of age and is a full-time student in a secondary school (or in the equivalent level of vocational or technical training); and

"(B) who resides with such individual's custodial parent or other caretaker relative.

"(3) FISCAL YEAR.—The term 'fiscal year' means any 12-month period ending on September 30 of a calendar year.

"(4) INDIAN, INDIAN TRIBE, AND TRIBAL ORGANIZATION.—The terms 'Indian', 'Indian tribe', and 'tribal organization' have the meaning given such terms by section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

"(5) STATE.—Except as otherwise specifically provided, the term 'State' includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, and American Samoa.

"SEC. 403. PAYMENTS TO STATES AND INDIAN TRIBES.

"(a) GRANT AMOUNT.—

"(1) IN GENERAL.—Subject to the provisions of paragraphs (3) and (5), section 407 (relating to penalties), and section 414(g), for each of fiscal years 1996, 1997, 1998, 1999, and 2000, the Secretary shall pay—

"(A) each eligible State a grant in an amount equal to the State family assistance grant for the fiscal year; and

"(B) each Indian tribe with an approved tribal family assistance plan a tribal family assistance grant in accordance with section 414.

"(2) STATE FAMILY ASSISTANCE GRANT.—

"(A) IN GENERAL.—For purposes of paragraph (1)(A), a State family assistance grant for any State for a fiscal year is an amount equal to the total amount of the Federal payments to the State under section 403 for fiscal year 1994 (as such section was in effect during such fiscal year and as such payments were reported by the State on February 14, 1995), reduced by the amount (if any) determined under subparagraph (B).

"(B) AMOUNT ATTRIBUTABLE TO CERTAIN INDIAN FAMILIES SERVED BY INDIAN TRIBES.—

"(i) IN GENERAL.—For purposes of subparagraph (A), the amount determined under this subparagraph is an amount equal to the Federal payments to the State under section 403 for fiscal year 1994 (as in effect during such fiscal year) attributable to expenditures by the State under parts A and F of this title (as so in effect) for Indian families described in clause (ii).

"(ii) INDIAN FAMILIES DESCRIBED.—For purposes of clause (i), Indian families described in this clause are Indian families who reside in a service area or areas of an Indian tribe receiving a tribal family assistance grant under section 414.

"(C) NOTIFICATION.—Not later than 3 months prior to the payment of each quarterly installment of a State grant under subsection (a)(1), the Secretary shall notify the State of the amount of the reduction determined under subparagraph (B) with respect to the State.

"(3) SUPPLEMENTAL GRANT AMOUNT FOR POPULATION INCREASES IN CERTAIN STATES.—

"(A) IN GENERAL.—The amount of the grant payable under paragraph (1) to a qualifying State for each of fiscal years 1997, 1998, 1999, and 2000 shall be increased by an amount equal to 2.5 percent of the amount that the State received under this section in the preceding fiscal year.

"(B) INCREASE TO REMAIN IN EFFECT EVEN IF STATE FAILS TO QUALIFY IN LATER YEARS.—Subject to section 407, in no event shall the amount of a grant payable under paragraph (1) to a State for any fiscal year be less than the amount the State received under this section for the preceding fiscal year.

"(C) QUALIFYING STATE.—

"(i) IN GENERAL.—For purposes of this paragraph, the term 'qualifying State', with respect to any fiscal year, means a State that—

"(I) had an average level of State welfare spending per poor person in the preceding fiscal year that was less than the national average level of State welfare spending per poor person in the preceding fiscal year; and

"(II) had an estimated rate of State population growth as determined by the Bureau of the Census for the most recent fiscal year for which information is available that was greater than the average rate of population growth for all States as determined by the Bureau of the Census for such fiscal year.

"(ii) CERTAIN STATES DEEMED QUALIFYING STATES.—For purposes of this paragraph, a State shall be deemed to be a qualifying State for fiscal years 1997, 1998, 1999, and 2000 if the level of State welfare spending per poor person in fiscal year 1996 was less than 35 percent of the national average level of State welfare spending per poor person in fiscal year 1996.

"(iii) STATE MUST QUALIFY IN FISCAL YEAR 1997.—A State shall not be eligible to be a qualifying State under clause (i) for fiscal

years after 1997 if the State was not a qualifying State under clause (i) in fiscal year 1997.

"(D) DEFINITIONS.—For purposes of this paragraph:

"(i) LEVEL OF STATE WELFARE SPENDING PER POOR PERSON.—The term 'level of State welfare spending per poor person' means, with respect to a State for any fiscal year—

"(I) the amount of the grant received by the State under this section (prior to the application of section 407); divided by

"(II) the number of the individuals in the State who had an income below the poverty line according to the 1990 decennial census.

"(ii) NATIONAL AVERAGE LEVEL OF STATE WELFARE SPENDING PER POOR PERSON.—The term 'national average level of State welfare spending per poor person' means an amount equal to—

"(I) the amount paid in grants under this section (prior to the application of section 407); divided by

"(II) the number of individuals in all States with an income below the poverty line according to the 1990 decennial census.

"(iii) POVERTY LINE.—The term 'poverty line' has the same meaning given such term in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

"(iv) STATE.—The term 'State' means each of the 50 States of the United States.

"(4) APPROPRIATION.—

"(A) STATES.—There are authorized to be appropriated and there are appropriated $16,795,323,000 for each fiscal year described in paragraph (1) for the purpose of paying—

"(i) grants to States under paragraph (1)(A); and

"(ii) tribal family assistance grants under paragraph (1)(B).

"(B) ADJUSTMENT FOR QUALIFYING STATES.—For the purpose of increasing the amount of the grant payable to a State under paragraph (1) in accordance with paragraph (3), there are authorized to be appropriated and there are appropriated—

"(i) for fiscal year 1997, $85,860,000;

"(ii) for fiscal year 1998, $173,276,000;

"(iii) for fiscal year 1999, $263,468,000; and

"(iv) for fiscal year 2000, $355,310,000.

"(5) MAINTENANCE OF EFFORT.—

"(A) IN GENERAL.—If a State does not expend amounts in fiscal year 1996 or 1997 under the State programs described in subparagraph (B) at a level at least equal to 75 percent of the level of historic State expenditures, the amount of the grant otherwise determined under paragraph (1) for fiscal year 1997 or 1998 (as applicable) shall be reduced by the amount by which the State's expenditures in the preceding fiscal year are less than such level.

"(B) PROGRAMS DESCRIBED.—The programs described in this subparagraph are—

"(i) the State program funded under this part; and

"(ii) any program for low-income individuals.

For purposes of this subparagraph, the term 'low-income individual' means an individual who has an annual income at or below 240 percent of the poverty line (as such term is defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

"(C) HISTORIC STATE EXPENDITURES.—For purposes of this paragraph, the term 'historic State expenditures' means payments of cash assistance to recipients of aid to families with dependent children under the State plan under part A of title IV for fiscal year 1994, as in effect during such fiscal year.

"(D) DETERMINING STATE EXPENDITURES.—For purposes of this paragraph, State expenditures shall not include any expenditures from amounts made available by the Federal Government.

"(b) USE OF GRANT.—

"(1) IN GENERAL.—Subject to this part, a State to which a grant is made under this section may use the grant—

"(A) in any manner that is reasonably calculated to accomplish the purpose of this part; or

"(B) in any manner that such State used amounts received under part A or F of this title, as such parts were in effect before October 1, 1995.

"(2) AUTHORITY TO TREAT INTERSTATE IMMIGRANTS UNDER RULES OF FORMER STATE.—A State to which a grant is made under this section may apply to a family some or all of the rules (including benefit amounts) of the program operated under this part of another State if the family has moved to the State from the other State and has resided in the State for less than 12 months.

"(3) AUTHORITY TO RESERVE CERTAIN AMOUNTS FOR ASSISTANCE.—A State may reserve amounts paid to the State under this part for any fiscal year for the purpose of providing, without fiscal year limitation, assistance under the State program operated under this part.

"(4) AUTHORITY TO OPERATE EMPLOYMENT PLACEMENT PROGRAM.—A State to which a grant is made under this section may use a portion of the grant to make payments (or provide job placement vouchers) to State-approved public and private job placement agencies that provide employment placement services to individuals who receive assistance under the State program funded under this part.

"(5) TRANSFERABILITY OF GRANT AMOUNTS.—A State may use up to 30 percent of amounts received from a grant under this part for a fiscal year to carry out State activities under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) (relating to child care block grants).

"(c) TIMING OF PAYMENTS.—The Secretary shall pay each grant payable to a State under this section in quarterly installments.

"(d) FEDERAL LOAN FUND FOR STATE WELFARE PROGRAMS.—

"(1) ESTABLISHMENT.—There is hereby established in the Treasury of the United States a revolving loan fund which shall be known as the 'Federal Loan Fund for State Welfare Programs' (hereafter for purposes of this section referred to as the 'fund').

"(2) DEPOSITS INTO FUND.—

"(A) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, $1,700,000,000 are hereby appropriated for fiscal year 1996 for payment to the fund.

"(B) LOAN REPAYMENTS.—The Secretary shall deposit into the fund any principal or interest payment received with respect to a loan made under this subsection.

"(3) AVAILABILITY.—Amounts in the fund are authorized to remain available without fiscal year limitation for the purpose of making loans and receiving payments of principal and interest on such loans, in accordance with this subsection.

"(4) USE OF FUND.—

"(A) LOANS TO STATES.—The Secretary shall make loans from the fund to any loan-eligible State, as defined in subparagraph (D), for a period to maturity of not more than 3 years.

"(B) RATE OF INTEREST.—The Secretary shall charge and collect interest on any loan made under subparagraph (A) at a rate equal to the Federal short-term rate, as defined in section 1274(d) of the Internal Revenue Code of 1986.

"(C) MAXIMUM LOAN.—The cumulative amount of any loans made to a State under subparagraph (A) during fiscal years 1996 through 2000 shall not exceed 10 percent of the State family assistance grant under subsection (a)(2) for a fiscal year.

"(D) LOAN-ELIGIBLE STATE.—For purposes of subparagraph (A), a loan-eligible State is a State which has not had a penalty described in section 407(a)(1) imposed against it at any time prior to the loan being made.

"(5) LIMITATION ON USE OF LOAN.—A State shall use a loan received under this subsection only for any purpose for which grant amounts received by the State under subsection (a) may be used including—

"(A) welfare anti-fraud activities; and

"(B) the provision of assistance under the State program to Indian families that have moved from the service area of an Indian tribe with a tribal family assistance plan approved under section 414.

"(e) SPECIAL RULE FOR INDIAN TRIBES THAT RECEIVED JOBS FUNDS.—

"(1) IN GENERAL.—The Secretary shall pay to each eligible Indian tribe for each of fiscal years 1996, 1997, 1998, 1999, and 2000 a grant in an amount equal to the amount received by such Indian tribe in fiscal year 1995 under section 482(i) (as in effect during such fiscal year) for the purpose of operating a program to make work activities available to members of the Indian tribe.

"(2) ELIGIBLE INDIAN TRIBE.—For purposes of paragraph (1), the term 'eligible Indian tribe' means an Indian tribe or Alaska Native organization that conducted a job opportunities and basic skills training program in fiscal year 1995 under section 482(i) (as in effect during such fiscal year).

"(3) APPROPRIATION.—There are authorized to be appropriated and there are hereby appropriated $7,638,474 for each fiscal year described in paragraph (1) for the purpose of paying grants in accordance with such paragraph.

"(f) SECRETARY.—For purposes of this section, the term 'Secretary' means the Secretary of the Treasury.

"SEC. 404. MANDATORY WORK REQUIREMENTS.

"(a) PARTICIPATION RATE REQUIREMENTS.—A State to which a grant is made under section 403 for a fiscal year shall achieve the minimum participation rate specified in the following tables for the fiscal year with respect to—

"(1) all families receiving assistance under the State program funded under this part:

"If the fiscal year is:	The minimum participation rate for all families is:
1996	25
1997	30
1998	35
1999	40
2000 or thereafter	50; and

"(2) with respect to 2-parent families receiving such assistance:

"If the fiscal year is:	The minimum participation rate is:
1996	60
1997 or 1998	75
1999 or thereafter	90.

"(b) CALCULATION OF PARTICIPATION RATES.—

"(1) FOR ALL FAMILIES.—

"(A) AVERAGE MONTHLY RATE.—For purposes of subsection (a)(1), the participation rate for all families of a State for a fiscal year is the average of the participation rates for all families of the State for each month in the fiscal year.

"(B) MONTHLY PARTICIPATION RATES.—The participation rate of a State for all families of the State for a month, expressed as a percentage, is—

"(i) the sum of—

"(I) the number of all families receiving assistance under the State program funded under this part that include an adult who is engaged in work for the month;

"(II) the number of all families receiving assistance under the State program funded

under this part that are subject in such month to a penalty described in paragraph (1)(A) or (2)(A) of subsection (d) but have not been subject to such penalty for more than 3 months within the preceding 12-month period (whether or not consecutive);

"(III) the number of all families that received assistance under the State program under this part during the previous 6-month period that have become ineligible to receive assistance during such period because of employment and which include an adult who is employed for the month; and

"(IV) beginning in the first month beginning after the promulgation of the regulations described in paragraph (3) and in accordance with such regulations, the average monthly number of all families that are not receiving assistance under the State program funded under this part as a result of the State's diversion of such families from the State program prior to such families receipt of assistance under the program; divided by

"(ii) the total number of all families receiving assistance under the State program funded under this part during the month that include an adult receiving assistance.

"(2) 2-PARENT FAMILIES.—

"(A) AVERAGE MONTHLY RATE.—For purposes of subsection (a)(2), the participation rate for 2-parent families of a State for a fiscal year is the average of the participation rates for 2-parent families of the State for each month in the fiscal year.

"(B) MONTHLY PARTICIPATION RATES.—The participation rate of a State for 2-parent families of the State for a month, expressed as a percentage, is—

"(i) the total number of 2-parent families described in paragraph (1)(B)(i); divided by

"(ii) the total number of 2-parent families receiving assistance under the State program funded under this part during the month that include an adult.

"(3) REGULATIONS RELATING TO CALCULATION OF FAMILIES DIVERTED FROM ASSISTANCE.—

"(A) IN GENERAL.—Not later than 1 year after the date of the enactment of the Work Opportunity Act of 1995, the Secretary shall consult with the States and establish, by regulation, a method to measure the number of families diverted by a State from the State program funded under this part prior to such families receipt of assistance under the program.

"(B) ELIGIBILITY CHANGES NOT COUNTED.—The regulations described in subparagraph (A) shall not take into account families that are diverted from a State program funded under this part as a result of differences in eligibility criteria under a State program funded under this part and eligibility criteria under such State's plan under the aid to families with dependent children program, as such plan was in effect on the day before the date of the enactment of the Work Opportunity Act of 1995.

"(4) STATE OPTION TO INCLUDE INDIVIDUALS RECEIVING ASSISTANCE UNDER A TRIBAL FAMILY ASSISTANCE PLAN.—For purposes of paragraphs (1)(B) and (2)(B), a State may, at its option, include families receiving assistance under a tribal family assistance plan approved under section 414. For purposes of the previous sentence, an individual who receives assistance under a tribal family assistance plan approved under section 414 shall be treated as being engaged in work if the individual is participating in work under standards that are comparable to State standards for being engaged in work.

"(5) STATE OPTION FOR PARTICIPATION REQUIREMENT EXEMPTIONS.—For any fiscal year, a State may, at its option, not require an individual who is the parent or caretaker relative of a minor child who is less than 12 months of age to engage in work and may exclude such an individual from the determination of the minimum participation rate specified for such fiscal year in subsection (a).

"(c) ENGAGED IN WORK.—

"(1) ALL FAMILIES.—For purposes of subsection (b)(1)(B)(i)(I), an adult is engaged in work for a month in a fiscal year if the adult is participating in work for at least the minimum average number of hours per week specified in the following table during the month, not fewer than 20 hours per week of which are attributable to a work activity:

"If the month is in fiscal year:	The minimum average number of hours per week is:
1996	20
1997	20
1998	20
1999	25
2000	30
2001	30
2002	35
2003 or thereafter	35.

"(2) 2-PARENT FAMILIES.—For purposes of subsection (b)(2)(A), an adult is engaged in work for a month in a fiscal year if the adult is participating in work for at least 35 hours per week during the month, not fewer than 30 hours per week of which are attributable to work activities described in paragraph (3).

"(3) DEFINITION OF WORK ACTIVITIES.—For purposes of this subsection, the term 'work activities' means—

"(A) unsubsidized employment;

"(B) subsidized employment;

"(C) on-the-job training;

"(D) community service programs;

"(E) job search (only for the first 4 weeks in which an individual is required to participate in work activities under this section); and

"(F) vocational educational training (not to exceed 12 months with respect to any individual).

"(d) PENALTIES AGAINST INDIVIDUALS.—If an adult in a family receiving assistance under the State program funded under this part refuses to engage in work required under subsection (c)(1) or (c)(2), a State to which a grant is made under section 403 shall—

"(1) reduce the amount of assistance otherwise payable to the family pro rata (or more, at the option of the State) with respect to any period during a month in which the adult so refuses; or

"(2) terminate such assistance,

subject to such good cause and other exceptions as the State may establish.

"(e) NONDISPLACEMENT IN WORK ACTIVITIES.—

"(1) IN GENERAL.—Subject to paragraph (2), an adult in a family receiving assistance under this part may fill a vacant employment position in order to engage in a work activity described in subsection (c)(3).

"(2) NO FILLING OF CERTAIN VACANCIES.—No adult in a work activity described in subsection (c)(3) shall be employed or assigned—

"(A) when any other individual is on layoff from the same or any substantially equivalent job; or

"(B) when the employer has terminated the employment of any regular employee or otherwise caused an involuntary reduction of its workforce in order to fill the vacancy so created with an adult described in paragraph (1).

"(3) NO PREEMPTION.—Nothing in this subsection shall preempt or supersede any provision of State or local law that provides greater protection for employees from displacement.

"(f) SENSE OF THE CONGRESS.—It is the sense of the Congress that in complying with this section, each State that operates a program funded under this part is encouraged to assign the highest priority to requiring adults in 2-parent families and adults in single-parent families that include older preschool or school-age children to be engaged in work activities.

"(g) DELIVERY THROUGH STATEWIDE SYSTEM.—

"(1) IN GENERAL.—Each work program carried out by the State to provide work activities in order to comply with this section shall be delivered through the statewide workforce development system established in section 711 of the Work Opportunity Act of 1995 unless a required work activity is not available locally through the statewide workforce development system.

"(2) EFFECTIVE DATE.—The provisions of paragraph (1) shall take effect—

"(A) in a State described in section 815(b)(1) of the Work Opportunity Act of 1995; and

"(B) in any other State, on July 1, 1998.

"(h) ENCOURAGEMENT TO PROVIDE CHILD CARE SERVICES.—An individual participating in a State community service program may be treated as being engaged in work under subsection (c) if such individual provides child care services to other individuals participating in the community service program in the manner, and for the period of time each week, determined appropriate by the State.

"SEC. 405. REQUIREMENTS AND LIMITATIONS.

"(a) STATE REQUIRED TO ENTER INTO A PERSONAL RESPONSIBILITY CONTRACT WITH EACH FAMILY RECEIVING ASSISTANCE.—Each State to which a grant is made under section 403 shall require each family receiving assistance under the State program funded under this part to have entered into a personal responsibility contract (as developed by the State) with the State.

"(b) NO ASSISTANCE FOR MORE THAN 5 YEARS.—

"(1) IN GENERAL.—Except as provided under paragraphs (2) and (3), a State to which a grant is made under section 403 may not use any part of the grant to provide assistance to a family that includes an adult who has received assistance under the program operated under this part for the lesser of—

"(A) the period of time established at the option of the State; or

"(B) 60 months (whether or not consecutive) after September 30, 1995.

"(2) MINOR CHILD EXCEPTION.—If an individual received assistance under the State program operated under this part as a minor child in a needy family, any period during which such individual's family received assistance shall not be counted for purposes of applying the limitation described in paragraph (1) to an application for assistance under such program by such individual as the head of a household of a needy family with minor children.

"(3) HARDSHIP EXCEPTION.—

"(A) IN GENERAL.—The State may exempt a family from the application of paragraph (1) by reason of hardship.

"(B) LIMITATION.—The number of families with respect to which an exemption made by a State under subparagraph (A) is in effect for a fiscal year shall not exceed 15 percent of the average monthly number of families to which the State is providing assistance under the program operated under this part.

"(c) DENIAL OF ASSISTANCE FOR 10 YEARS TO A PERSON FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN ASSISTANCE IN 2 OR MORE STATES.—An individual shall not be considered an eligible individual for the purposes of this part during the 10-year period that begins on the date the individual is convicted in Federal or

State court of having made a fraudulent statement or representation with respect to the place of residence of the individual in order to receive assistance simultaneously from 2 or more States under programs that are funded under this title, title XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States under the supplemental security income program under title XVI.

"(d) DENIAL OF ASSISTANCE FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.—

"(1) IN GENERAL.—An individual shall not be considered an eligible individual for the purposes of this part if such individual is—

"(A) fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the individual flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

"(B) violating a condition of probation or parole imposed under Federal or State law.

"(2) EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.—Notwithstanding any other provision of law, a State shall furnish any Federal, State, or local law enforcement officer, upon the request of the officer, with the current address of any recipient of assistance under this part, if the officer furnishes the agency with the name of the recipient and notifies the agency that—

"(A) such recipient—

"(i) is described in subparagraph (A) or (B) of paragraph (1); or

"(ii) has information that is necessary for the officer to conduct the officer's official duties; and

"(B) the location or apprehension of the recipient is within such officer's official duties.

"(e) STATE OPTION TO REQUIRE ASSIGNMENT OF SUPPORT.—At the option of the State, a State to which a grant is made under section 403 may provide that an individual applying for or receiving assistance under the State program funded under this part shall be required to assign to the State any rights to support from any other person the individual may have in such individual's own behalf or in behalf of any other family member for whom the individual is applying for or receiving assistance.

"SEC. 406. PROMOTING RESPONSIBLE PARENTING.

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

"(1) Marriage is the foundation of a successful society.

"(2) Marriage is an essential institution of a successful society which promotes the interests of children.

"(3) Promotion of responsible fatherhood and motherhood is integral to successful child rearing and the wellbeing of children.

"(4) In 1992, only 54 percent of single-parent families with children had a child support order established and, of that 54 percent, only about one half received the full amount due. Of the cases enforced through the public child support enforcement system, only 18 percent of the caseload has a collection.

"(5) The number of individuals receiving aid to families with dependent children (hereafter in this subsection referred to as 'AFDC') has more than tripled since 1965. More than two-thirds of these recipients are children. Eighty-nine percent of children receiving AFDC benefits now live in homes in which no father is present.

"(A)(i) The average monthly number of children receiving AFDC benefits—

"(I) was 3,300,000 in 1965;

"(II) was 6,200,000 in 1970;

"(III) was 7,400,000 in 1980; and

"(IV) was 9,300,000 in 1992.

"(ii) While the number of children receiving AFDC benefits increased nearly threefold between 1965 and 1992, the total number of children in the United States aged 0 to 18 has declined by 5.5 percent.

"(B) The Department of Health and Human Services has estimated that 12,000,000 children will receive AFDC benefits within 10 years.

"(C) The increase in the number of children receiving public assistance is closely related to the increase in births to unmarried women. Between 1970 and 1991, the percentage of live births to unmarried women increased nearly threefold, from 10.7 percent to 29.5 percent.

"(6) The increase of out-of-wedlock pregnancies and births is well documented as follows:

"(A) It is estimated that the rate of nonmarital teen pregnancy rose 23 percent from 54 pregnancies per 1,000 unmarried teenagers in 1976 to 66.7 pregnancies in 1991. The overall rate of nonmarital pregnancy rose 14 percent from 90.8 pregnancies per 1,000 unmarried women in 1980 to 103 in both 1991 and 1992. In contrast, the overall pregnancy rate for married couples decreased 7.3 percent between 1980 and 1991, from 126.9 pregnancies per 1,000 married women in 1980 to 117.6 pregnancies in 1991.

"(B) The total of all out-of-wedlock births between 1970 and 1991 has risen from 10.7 percent to 29.5 percent and if the current trend continues, 50 percent of all births by the year 2015 will be out-of-wedlock.

"(7) The negative consequences of an out-of-wedlock birth on the mother, the child, the family, and society are well documented as follows:

"(A) Young women 17 and under who give birth outside of marriage are more likely to go on public assistance and to spend more years on welfare once enrolled. These combined effects of 'younger and longer' increase total AFDC costs per household by 25 percent to 30 percent for 17-year olds.

"(B) Children born out-of-wedlock have a substantially higher risk of being born at a very low or moderately low birth weight.

"(C) Children born out-of-wedlock are more likely to experience low verbal cognitive attainment, as well as more child abuse, and neglect.

"(D) Children born out-of-wedlock were more likely to have lower cognitive scores, lower educational aspirations, and a greater likelihood of becoming teenage parents themselves.

"(E) Being born out-of-wedlock significantly reduces the chances of the child growing up to have an intact marriage.

"(F) Children born out-of-wedlock are 3 more times likely to be on welfare when they grow up.

"(8) Currently 35 percent of children in single-parent homes were born out-of-wedlock, nearly the same percentage as that of children in single-parent homes whose parents are divorced (37 percent). While many parents find themselves, through divorce or tragic circumstances beyond their control, facing the difficult task of raising children alone, nevertheless, the negative consequences of raising children in single-parent homes are well documented as follows:

"(A) Only 9 percent of married-couple families with children under 18 years of age have income below the national poverty level. In contrast, 46 percent of female-headed households with children under 18 years of age are below the national poverty level.

"(B) Among single-parent families, nearly ½ of the mothers who never married received AFDC while only ⅕ of divorced mothers received AFDC.

"(C) Children born into families receiving welfare assistance are 3 times more likely to be on welfare when they reach adulthood than children not born into families receiving welfare.

"(D) Mothers under 20 years of age are at the greatest risk of bearing low birth-weight babies.

"(E) The younger the single parent mother, the less likely she is to finish high school.

"(F) Young women who have children before finishing high school are more likely to receive welfare assistance for a longer period of time.

"(G) Between 1985 and 1990, the public cost of births to teenage mothers under the aid to families with dependent children program, the food stamp program, and the medicaid program has been estimated at $120,000,000,000.

"(H) The absence of a father in the life of a child has a negative effect on school performance and peer adjustment.

"(I) Children of teenage single parents have lower cognitive scores, lower educational aspirations, and a greater likelihood of becoming teenage parents themselves.

"(J) Children of single-parent homes are 3 times more likely to fail and repeat a year in grade school than are children from intact two-parent families.

"(K) Children from single-parent homes are almost 4 times more likely to be expelled or suspended from school.

"(L) Neighborhoods with larger percentages of youth aged 12 through 20 and areas with higher percentages of single-parent households have higher rates of violent crime.

"(M) Of those youth held for criminal offenses within the State juvenile justice system, only 29.8 percent lived primarily in a home with both parents. In contrast to these incarcerated youth, 73.9 percent of the 62,800,000 children in the Nation's resident population were living with both parents.

"(9) Therefore, in light of this demonstration of the crisis in our Nation, it is the sense of the Congress that prevention of out-of-wedlock pregnancy and reduction in out-of-wedlock birth are very important Government interests and the policy contained in provisions of this title is intended to address the crisis.

"(b) STATE OPTION TO DENY ASSISTANCE FOR OUT-OF-WEDLOCK BIRTHS TO MINORS.—At the option of the State, a State to which a grant is made under section 403 may provide that the grant shall not be used to provide assistance for a child born out-of-wedlock to an individual who has not attained 18 years of age, or for the individual, until the individual attains such age.

"(c) STATE OPTION TO DENY ASSISTANCE FOR CHILDREN BORN TO FAMILIES RECEIVING ASSISTANCE.—At the option of the State, a State to which a grant is made under section 403 may provide that the grant shall not be used to provide assistance for a minor child who is born to—

"(1) a recipient of assistance under the program funded under this part; or

"(2) an individual who received such benefits at any time during the 10-month period ending with the birth of the child.

"(d) REQUIREMENT THAT TEENAGE PARENTS LIVE IN AN ADULT-SUPERVISED SETTING AND ATTEND SCHOOL.—

"(1) IN GENERAL.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to an individual described in paragraph (2) if—

"(A) the individual and the minor child of the individual do not reside in—

"(i) a place of residence maintained by a parent, legal guardian, or other adult relative of such individual as such parent's, guardian's, or adult relative's own home; or

"(ii) another adult-supervised setting; and

"(B) the individual does not participate in—

"(i) educational activities directed toward the attainment of a high school diploma or its equivalent; or

"(ii) an alternative educational or training program that has been approved by the State.

"(2) INDIVIDUAL DESCRIBED.—An individual described in this paragraph is an individual who—

"(A) is under the age of 18 and is not married; and

"(B) has a minor child in his or her care.

"(e) STATE OPTION TO DENY ASSISTANCE IN CERTAIN SITUATIONS.—Nothing in this subsection shall be construed to restrict the authority of a State to exercise its option to limit assistance under this part to individuals if such limitation is not inconsistent with the provisions of this part.

"SEC. 407. STATE PENALTIES.

"(a) IN GENERAL.—Subject to the provisions of subsection (b), the Secretary shall deduct from the grant otherwise payable under section 403 the following penalties:

"(1) FOR USE OF GRANT IN VIOLATION OF THIS PART.—If an audit conducted under section 408 finds that an amount paid to a State under section 403 for a fiscal year has been used in violation of this part, then the Secretary shall reduce the amount of the grant otherwise payable to the State under such section for the immediately succeeding fiscal year quarter by the amount so used, plus 5 percent of such grant (determined without regard to this section).

"(2) FOR FAILURE TO SUBMIT REQUIRED REPORT.—

"(A) IN GENERAL.—If the Secretary determines that a State has not, within 6 months after the end of a fiscal year, submitted the report required by section 409 for the fiscal year, the Secretary shall reduce by 5 percent the amount of the grant that would (in the absence of this section) be payable to the State under section 403 for the immediately succeeding fiscal year.

"(B) RESCISSION OF PENALTY.—The Secretary shall rescind a penalty imposed on a State under subparagraph (A) with respect to a report for a fiscal year if the State submits the report before the end of the immediately succeeding fiscal year.

"(3) FOR FAILURE TO SATISFY MINIMUM PARTICIPATION RATES.—

"(A) IN GENERAL.—If the Secretary determines that a State has failed to satisfy the minimum participation rates specified in section 404(a) for a fiscal year, the Secretary shall reduce by not more than 5 percent the amount of the grant that would (in the absence of this section) be payable to the State under section 403 for the immediately succeeding fiscal year.

"(B) PENALTY BASED ON SEVERITY OF FAILURE.—The Secretary shall impose reductions under subparagraph (A) on the basis of the degree of noncompliance.

"(4) FOR FAILURE TO PARTICIPATE IN THE INCOME AND ELIGIBILITY VERIFICATION SYSTEM.—If the Secretary determines that a State program funded under this part is not participating during a fiscal year in the income and eligibility verification system required by section 1137, the Secretary shall reduce by not more than 5 percent the amount of the grant that would (in the absence of this section) be payable to the State under section 403 for the immediately succeeding fiscal year.

"(5) FOR FAILURE TO COMPLY WITH PATERNITY ESTABLISHMENT AND CHILD SUPPORT ENFORCEMENT REQUIREMENTS UNDER PART D.—Notwithstanding any other provision of this Act, if the Secretary determines that the State agency that administers a program funded under this part does not enforce the penalties requested by the agency administering part D against recipients of assistance under the State program who fail to cooperate in establishing paternity in accordance with such part, the Secretary shall reduce by not more than 5 percent the amount of the grant that would (in the absence of this section) be payable to the State under section 403 for the immediately succeeding fiscal year.

"(6) FOR FAILURE TO TIMELY REPAY A FEDERAL LOAN FUND FOR STATE WELFARE PROGRAMS.—If the Secretary determines that a State has failed to repay any amount borrowed from the Federal Loan Fund for State Welfare Programs established under section 403(d) within the period of maturity applicable to such loan, plus any interest owed on such loan, then the Secretary shall reduce the amount of the grant otherwise payable to the State under section 403 for the immediately succeeding fiscal year quarter by the outstanding loan amount, plus the interest owed on such outstanding amount.

"(b) REQUIREMENTS.—

"(1) LIMITATION ON AMOUNT OF PENALTY.—

"(A) IN GENERAL.—In imposing the penalties described in subsection (a), the Secretary shall not reduce any quarterly payment to a State by more than 25 percent.

"(B) CARRYFORWARD OF UNRECOVERED PENALTIES.—To the extent that subparagraph (A) prevents the Secretary from recovering during a fiscal year the full amount of all penalties imposed on a State under subsection (a) for a prior fiscal year, the Secretary shall apply any remaining amount of such penalties to the grant otherwise payable to the State under section 403 for the immediately succeeding fiscal year.

"(2) STATE FUNDS TO REPLACE REDUCTIONS IN GRANT.—A State which has a penalty imposed against it under subsection (a) shall expend additional State funds in an amount equal to the amount of the penalty for the purpose of providing assistance under the State program under this part.

"(3) REASONABLE CAUSE FOR NONCOMPLIANCE.—The Secretary may not impose a penalty on a State under subsection (a) if the Secretary determines that the State has reasonable cause for failing to comply with a requirement for which a penalty is imposed under such subsection.

"(c) CERTIFICATION OF AMOUNT OF PENALTIES.—If the Secretary is required to reduce the amount of any grant under this section, the Secretary shall certify the amount of such reduction to the Secretary of the Treasury and the Secretary of the Treasury shall reduce the amount paid to the State under section 403 by such amount.

"(d) EFFECTIVE DATES.—

"(1) IN GENERAL.—The penalties described in paragraphs (2) through (6) of subsection (a) shall apply with respect to fiscal years beginning on or after October 1, 1996.

"(2) MISUSE OF FUNDS.—The penalties described in subsection (a)(1) shall apply with respect to fiscal years beginning on or after October 1, 1995.

"SEC. 408. AUDITS.

"(a) IN GENERAL.—Each State shall, not less than annually, audit the State expenditures from amounts received under this part. Such audit shall—

"(1) determine the extent to which such expenditures were or were not expended in accordance with this part; and

"(2) be conducted by an approved entity (as defined in subsection (b)) in accordance with generally accepted auditing principles.

"(b) APPROVED ENTITY.—For purposes of subsection (a), the term 'approved entity' means an entity that—

"(1) is approved by the Secretary of the Treasury;

"(2) is approved by the chief executive officer of the State; and

"(3) is independent of any agency administering activities funded under this part.

"(c) AUDIT REPORT.—Not later than 30 days following the completion of an audit under this subsection, a State shall submit a copy of the audit to the State legislature, the Secretary of the Treasury, and the Secretary of Health and Human Services.

"(d) ADDITIONAL ACCOUNTING REQUIREMENTS.—The provisions of chapter 75 of title 31, United States Code, shall apply to the audit requirements of this section.

"SEC. 409. DATA COLLECTION AND REPORTING.

"(a) IN GENERAL.—Each State to which a grant is made under section 403 for a fiscal year shall, not later than 6 months after the end of fiscal year 1997, and each fiscal year thereafter, transmit to the Secretary the following aggregate information on families to which assistance was provided during the fiscal year under the State program operated under this part:

"(1) The number of adults receiving such assistance.

"(2) The number of children receiving such assistance and the average age of the children.

"(3) The employment status of such adults, and the average earnings of employed adults receiving such assistance.

"(4) The age, race, and educational attainment at the time of application for assistance of the adults receiving such assistance.

"(5) The average amount of cash and other assistance provided to the families under the program.

"(6) The number of months, since the most recent application for assistance under the program, for which such assistance has been provided to the families.

"(7) The total number of months for which assistance has been provided to the families under the program.

"(8) Any other data necessary to indicate whether the State is in compliance with the plan most recently submitted by the State pursuant to section 402.

"(9) The components of any program carried out by the State to provide work activities in order to comply with section 404, and the average monthly number of adults in each such component.

"(10) The number of part-time job placements and the number of full-time job placements made through the program referred to in paragraph (9), the number of cases with reduced assistance, and the number of cases closed due to employment.

"(11) The number of cases closed due to section 405(b).

"(12) The increase or decrease in the number of children born out of wedlock to recipients of assistance under the State program funded under this part and the State's success in meeting its goals established under section 402(a)(1)(F).

"(13) The number of out-of-wedlock pregnancies in the State for the most recent fiscal year for which information is available and the total number of pregnancies in such State for such year.

"(b) AUTHORITY OF STATES TO USE ESTIMATES.—A State may comply with the requirement to provide precise numerical information described in subsection (a) by submitting an estimate which is obtained through the use of scientifically acceptable sampling methods.

"(c) REPORT ON USE OF FEDERAL FUNDS TO COVER ADMINISTRATIVE COSTS AND OVERHEAD.—The report required by subsection (a)

for a fiscal year shall include a statement of—

"(1) the total amount and percentage of the Federal funds paid to the State under this part for the fiscal year that are used to cover administrative costs or overhead; and

"(2) the total amount of State funds that are used to cover such costs or overhead.

"(d) REPORT ON STATE EXPENDITURES ON PROGRAMS FOR NEEDY FAMILIES.—The report required by subsection (a) for a fiscal year shall include a statement of the total amount expended by the State during the fiscal year on the program under this part and the purposes for which such amount was spent.

"(e) REPORT ON NONCUSTODIAL PARENTS PARTICIPATING IN WORK ACTIVITIES.—The report required by subsection (a) for a fiscal year shall include the number of noncustodial parents in the State who participated in work activities during the fiscal year.

"(f) REPORT ON CHILD SUPPORT COLLECTED.—The report required by subsection (a) for a fiscal year shall include the total amount of child support collected by the State agency administering the State program under part D on behalf of a family receiving assistance under this part.

"(g) REPORT ON CHILD CARE.—The report required by subsection (a) for a fiscal year shall include the total amount expended by the State for child care under the program under this part, along with a description of the types of child care provided, including child care provided in the case of a family that—

"(1) has ceased to receive assistance under this part because of employment; or

"(2) is not receiving assistance under this part but would be at risk of becoming eligible for such assistance if child care was not provided.

"(h) REPORT ON TRANSITIONAL SERVICES.—The report required by subsection (a) for a fiscal year shall include the total amount expended by the State for providing transitional services to a family that has ceased to receive assistance under this part because of employment, along with a description of such services.

"(i) SECRETARY'S REPORT ON DATA PROCESSING.—

"(1) IN GENERAL.—Not later than 6 months after the date of the enactment of the Work Opportunity Act of 1995, the Secretary shall prepare and submit to the Congress a report on—

"(A) the status of the automated data processing systems operated by the States to assist management in the administration of State programs under this part (whether in effect before or after October 1, 1995); and

"(B) what would be required to establish a system capable of—

"(i) tracking participants in public programs over time; and

"(ii) checking case records of the States to determine whether individuals are participating in public programs in 2 or more States.

"(2) PREFERRED CONTENTS.—The report required by paragraph (1) should include—

"(A) a plan for building on the automated data processing systems of the States to establish a system with the capabilities described in paragraph (1)(B); and

"(B) an estimate of the amount of time required to establish such a system and of the cost of establishing such a system.

"SEC. 410. RESEARCH, EVALUATIONS, AND NATIONAL STUDIES.

"(a) RESEARCH.—The Secretary may conduct research on the effects and costs of State programs funded under this part.

"(b) DEVELOPMENT AND EVALUATION OF INNOVATIVE APPROACHES TO EMPLOYING WELFARE RECIPIENTS.—The Secretary may assist States in developing, and shall evaluate, innovative approaches to employing recipients of assistance under programs funded under this part. In performing such evaluations, the Secretary shall, to the maximum extent feasible, use random assignment to experimental and control groups.

"(c) STUDIES OF WELFARE CASELOADS.—The Secretary may conduct studies of the caseloads of States operating programs funded under this part.

"(d) DISSEMINATION OF INFORMATION.—The Secretary shall develop innovative methods of disseminating information on any research, evaluations, and studies conducted under this section, including the facilitation of the sharing of information and best practices among States and localities through the use of computers and other technologies.

"(e) ANNUAL RANKING OF STATES AND REVIEW OF MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—

"(1) ANNUAL RANKING OF STATES.—The Secretary shall rank annually the States to which grants are paid under section 403 in the order of their success in placing recipients of assistance under the State program funded under this part into long-term private sector jobs, reducing the overall welfare caseload, and, when a practicable method for calculating this information becomes available, diverting individuals from formally applying to the State program and receiving assistance.

"(2) ANNUAL REVIEW OF MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—The Secretary shall review the programs of the 3 States most recently ranked highest under paragraph (1) and the 3 States most recently ranked lowest under paragraph (1) that provide parents with work experience, assistance in finding employment, and other work preparation activities and support services to enable the families of such parents to leave the program and become self-sufficient.

"(f) ANNUAL RANKING OF STATES AND REVIEW OF ISSUES RELATING TO OUT-OF-WEDLOCK BIRTHS.—

"(1) ANNUAL RANKING OF STATES.—

"(A) IN GENERAL.—The Secretary shall annually rank States to which grants are paid under section 403 based on the following ranking factors (developed with information reported by the State under section 409(a)(13)):

"(i) ABSOLUTE OUT-OF-WEDLOCK RATIOS.—The ratio represented by—

"(I) the total number of out-of-wedlock births in families receiving assistance under the State program under this part in the State for the most recent fiscal year for which information is available; over

"(II) the total number of births in families receiving assistance under the State program under this part in the State for such year.

"(ii) NET CHANGES IN THE OUT-OF-WEDLOCK RATIO.—The difference between the ratio described in subparagraph (A)(i) for the most recent fiscal year for which information is available and such State's ratio determined for the preceding year.

"(2) ANNUAL REVIEW.—The Secretary shall review the programs of the 5 States most recently ranked highest under paragraph (1) and the 5 States most recently ranked the lowest under paragraph (1).

"(g) STUDY ON ALTERNATIVE OUTCOMES MEASURES.—

"(1) STUDY.—The Secretary shall, in cooperation with the States, study and analyze outcomes measures for evaluating the success of a State in moving individuals out of the welfare system through employment as an alternative to the minimum participation rates described in section 404. The study shall include a determination as to whether such alternative outcomes measures should be applied on a national or a State-by-State basis.

"(2) REPORT.—Not later than September 30, 1998, the Secretary shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report containing the findings of the study described in paragraph (1).

"SEC. 411. STUDY BY THE CENSUS BUREAU.

"(a) IN GENERAL.—The Bureau of the Census shall expand the Survey of Income and Program Participation as necessary to obtain such information as will enable interested persons to evaluate the impact of the amendments made by title I of the Work Opportunity Act of 1995 on a random national sample of recipients of assistance under State programs funded under this part and (as appropriate) other low-income families, and in doing so, shall pay particular attention to the issues of out-of-wedlock births, welfare dependency, the beginning and end of welfare spells, and the causes of repeat welfare spells.

"(b) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, the Secretary of the Treasury shall pay to the Bureau of the Census $10,000,000 for each of fiscal years 1996, 1997, 1998, 1999, and 2000 to carry out subsection (a).

"SEC. 412. WAIVERS.

"(a) CONTINUATION OF WAIVERS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), if any waiver granted to a State under section 1115 or otherwise which relates to the provision of assistance under a State plan under this part is in effect or approved by the Secretary as of October 1, 1995, the amendments made by the Work Opportunity Act of 1995 shall not apply with respect to the State before the expiration (determined without regard to any extensions) of the waiver to the extent such amendments are inconsistent with the terms of the waiver.

"(2) FINANCING LIMITATION.—Notwithstanding any other provision of law, beginning with fiscal year 1996, a State operating under a waiver described in paragraph (1) shall receive the payment described for such State for such fiscal year under section 403, in lieu of any other payment provided for in the waiver.

"(b) STATE OPTION TO TERMINATE WAIVER.—

"(1) IN GENERAL.—A State may terminate a waiver described in subsection (a) before the expiration of the waiver.

"(2) REPORT.—A State which terminates a waiver under paragraph (1) shall submit a report to the Secretary summarizing the waiver and any available information concerning the result or effect of such waiver.

"(3) HOLD HARMLESS PROVISION.—

"(A) IN GENERAL.—Notwithstanding any other provision of law, a State that, not later than the date described in subparagraph (B), submits a written request to terminate a waiver described in subsection (a) shall be held harmless for accrued cost neutrality liabilities incurred under the terms and conditions of such waiver.

"(B) DATE DESCRIBED.—The date described in this subparagraph is the later of—

"(i) January 1, 1996; or

"(ii) 90 days following the adjournment of the first regular session of the State legislature that begins after the date of the enactment of the Work Opportunity Act of 1995.

"(c) SECRETARIAL ENCOURAGEMENT OF CURRENT WAIVERS.—The Secretary shall encourage any State operating a waiver described in subsection (a) to continue such waiver and

to evaluate, using random sampling and other characteristics of accepted scientific evaluations, the result or effect of such waiver.

"(d) CONTINUATION OF INDIVIDUAL WAIVERS.—A State may elect to continue one or more individual waivers described in subsection (a)(1).

"SEC. 413. STATE DEMONSTRATION PROGRAMS.

Nothing in this part shall be construed as limiting a State's ability to conduct demonstration projects for the purpose of identifying innovative or effective program designs in 1 or more political subdivisions of the State.

"SEC. 414. DIRECT FUNDING AND ADMINISTRATION BY INDIAN TRIBES.

"(a) PURPOSE.—The purpose of this section is—

"(1) to strengthen and enhance the control and flexibility of local governments over local programs; and

"(2) in recognition of the principles contained in the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.)—

"(A) to provide direct Federal funding to Indian tribes for the tribal administration of the program funded under this part; or

"(B) to enable Indian tribes to enter into agreements, contracts, or compacts with intertribal consortia, States, or other entities for the administration of such program on behalf of the Indian tribe.

"(b) GRANT AMOUNTS FOR INDIAN TRIBES.—

"(1) IN GENERAL.—For each of fiscal years 1996, 1997, 1998, 1999, and 2000, the Secretary shall pay to each Indian tribe that has an approved tribal family assistance plan a tribal family assistance grant for the fiscal year in an amount equal to the amount determined under paragraph (2).

"(2) AMOUNT DETERMINED.—

"(A) IN GENERAL.—The amount determined under this paragraph is an amount equal to the total amount of the Federal payments to a State or States under section 403 for fiscal year 1994 (as in effect during such fiscal year) attributable to expenditures by the State or States under part A and part F of this title (as so in effect) in such year for Indian families residing in the service area or areas identified by the Indian tribe in subsection (c)(1)(C).

"(B) USE OF STATE SUBMITTED DATA.—

"(i) IN GENERAL.—The Secretary shall use State submitted data to make each determination under subparagraph (A).

"(ii) DISAGREEMENT WITH DETERMINATION.—If an Indian tribe or tribal organization disagrees with State submitted data described under clause (i), the Indian tribe or tribal organization may submit to the Secretary such additional information as may be relevant to making the determination under subparagraph (A) and the Secretary may consider such information before making such determination.

"(c) 3-YEAR TRIBAL FAMILY ASSISTANCE PLAN.—

"(1) IN GENERAL.—Any Indian tribe that desires to receive a tribal family assistance grant shall submit to the Secretary a 3-year tribal family assistance plan that—

"(A) outlines the Indian tribe's approach to providing welfare-related services for the 3-year period, consistent with the purposes of this section;

"(B) specifies whether the welfare-related services provided under the plan will be provided by the Indian tribe or through agreements, contracts, or compacts with intertribal consortia, States, or other entities;

"(C) identifies the population and service area or areas to be served by such plan;

"(D) provides that a family receiving assistance under the plan may not receive duplicative assistance from other State or tribal programs funded under this part;

"(E) identifies the employment opportunities in or near the service area or areas of the Indian tribe and the manner in which the Indian tribe will cooperate and participate in enhancing such opportunities for recipients of assistance under the plan consistent with any applicable State standards; and

"(F) applies the fiscal accountability provisions of section 5(f)(1) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450c(f)(1)), relating to the submission of a single-agency audit report required by chapter 75 of title 31, United States Code.

"(2) APPROVAL.—The Secretary shall approve each tribal family assistance plan submitted in accordance with paragraph (1).

"(3) CONSORTIUM OF TRIBES.—Nothing in this section shall preclude the development and submission of a single plan by the participating Indian tribes of an intertribal consortium.

"(d) MINIMUM WORK PARTICIPATION REQUIREMENTS AND TIME LIMITS.—The Secretary, with the participation of Indian tribes, shall establish for each Indian tribe receiving a grant under this section minimum work participation requirements, appropriate time limits for receipt of welfare-related services under such grant, and penalties against individuals—

"(1) consistent with the purposes of this section;

"(2) consistent with the economic conditions and resources available to each tribe; and

"(3) similar to comparable provisions in section 404(d).

"(e) EMERGENCY ASSISTANCE.—Nothing in this section shall preclude an Indian tribe from seeking emergency assistance from any Federal loan program or emergency fund.

"(f) ACCOUNTABILITY.—Nothing in this section shall be construed to limit the ability of the Secretary to maintain program funding accountability consistent with—

"(1) generally accepted accounting principles; and

"(2) the requirements of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.).

"(g) TRIBAL PENALTIES.—For the purpose of ensuring the proper use of tribal family assistance grants, the following provisions shall apply to an Indian tribe with an approved tribal assistance plan:

"(1) The provisions of subsections (a)(1), (a)(6), and (b) of section 407, in the same manner as such subsections apply to a State.

"(2) The provisions of section 407(a)(3), except that such subsection shall be applied by substituting 'the minimum requirements established under subsection (d) of section 414' for 'the minimum participation rates specified in section 404'.

"(h) DATA COLLECTION AND REPORTING.—For the purpose of ensuring uniformity in data collection, section 409 shall apply to an Indian tribe with an approved tribal family assistance plan.".

"SEC. 415. ASSISTANT SECRETARY FOR FAMILY SUPPORT.

"The programs under this part and part D of this title shall be administered by an Assistant Secretary for Family Support within the Department of Health and Human Services, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be in addition to any other Assistant Secretary of Health and Human Services provided for by law.

"SEC. 416. LIMITATION ON FEDERAL AUTHORITY.

"The Secretary of Health and Human Services and the Secretary of the Treasury may not regulate the conduct of States under this part or enforce any provision of this part, except to the extent expressly provided in this part.

"SEC. 417. APPEAL OF ADVERSE DECISION.

"(a) IN GENERAL.—The Secretary shall notify the chief executive officer of a State of any adverse decision or action under this part, including any decision with respect to the State's plan or the imposition of a penalty under section 407.

"(b) ADMINISTRATIVE REVIEW OF ADVERSE DECISION.—

"(1) IN GENERAL.—Within 60 days after the date a State receives notice of an adverse decision under this section, the State may appeal the decision, in whole or in part, to the Departmental Appeals Board established in the Department of Health and Human Services (hereafter referred to in this section as the 'Board') by filing an appeal with the Board.

"(2) PROCEDURAL RULES.—The Board shall consider a State's appeal on the basis of such documentation as the State may submit and as the Board may require to support the final decision of the Board. In deciding whether to uphold an adverse decision or any portion thereof, the Board shall conduct a thorough review of the issues and take into account all relevant evidence. The Board shall make a final determination with respect to an appeal filed under this paragraph not less than 60 days after the date the appeal is filed.

"(c) JUDICIAL REVIEW OF ADVERSE DECISION.—

"(1) IN GENERAL.—Within 90 days after the date of a final decision by the Board with respect to an adverse decision regarding a State under this section, the State may obtain judicial review of the final decision (and the findings incorporated into the final decision) by filing an action in—

"(A) the district court of the United States for the judicial district in which the principal or headquarters office of the State agency is located; or

"(B) the United States District Court for the District of Columbia.

"(2) PROCEDURAL RULES.—The district court in which an action is filed shall review the final decision of the Board on the record established in the administrative proceeding, in accordance with the standards of review prescribed by subparagraphs (A) through (E) of section 706(2) of title 5, United States Code. The review shall be on the basis of the documents and supporting data submitted to the Board.".

SEC. 102. SERVICES PROVIDED BY CHARITABLE, RELIGIOUS, OR PRIVATE ORGANIZATIONS.

(a) IN GENERAL.—

(1) STATE OPTIONS.—Notwithstanding any other provision of law, a State may—

(A) administer and provide services under the programs described in subparagraphs (A) and (B)(i) of paragraph (2) through contracts with charitable, religious, or private organizations; and

(B) provide beneficiaries of assistance under the programs described in subparagraphs (A) and (B)(ii) of paragraph (2) with certificates, vouchers, or other forms of disbursement which are redeemable with such organizations.

(2) PROGRAMS DESCRIBED.—The programs described in this paragraph are the following programs:

(A) A State program funded under part A of title IV of the Social Security Act (as amended by section 101).

(B) Any other program that is established or modified under this Act (other than programs established or modified under sections 104 through 108, or titles III, IV, V, VI, VII, VIII, and XI of this Act) that—

(i) permits contracts with organizations; or

(ii) permits certificates, vouchers, or other forms of disbursement to be provided to beneficiaries, as a means of providing assistance.

(b) RELIGIOUS ORGANIZATIONS.—The purpose of this section is to allow religious organizations to contract, or to accept certificates, vouchers, or other forms of disbursement under any program described in subsection (a)(2), on the same basis as any other provider without impairing the religious character of such organizations, and without diminishing the religious freedom of beneficiaries of assistance funded under such program.

(c) NONDISCRIMINATION AGAINST RELIGIOUS ORGANIZATIONS.—Religious organizations are eligible, on the same basis as any other private organization, as contractors to provide assistance, or to accept certificates, vouchers, or other forms of disbursement, under any program described in subsection (a)(2). Neither the Federal Government nor a State receiving funds under such programs shall discriminate against an organization which is or applies to be a contractor to provide assistance, or which accepts certificates, vouchers, or other forms of disbursement, on the basis that the organization has a religious character.

(d) RELIGIOUS CHARACTER AND FREEDOM.—

(1) RELIGIOUS ORGANIZATIONS.—Notwithstanding any other provision of law, any religious organization with a contract described in subsection (a)(1)(A), or which accepts certificates, vouchers, or other forms of disbursement under subsection (a)(1)(B), shall retain its independence from Federal, State, and local governments, including such organization's control over the definition, development, practice, and expression of its religious beliefs.

(2) ADDITIONAL SAFEGUARDS.—Neither the Federal Government nor a State shall require a religious organization to—

(A) alter its form of internal governance, or form a separate, nonprofit corporation to receive and administer the assistance funded under a program described in subsection (a)(2); or

(B) remove religious art, icons, scripture, or other symbols;

in order to be eligible to contract to provide assistance, or to accept certificates, vouchers, or other forms of disbursement, funded under a program described in subsection (a)(2).

(e) NONDISCRIMINATION IN EMPLOYMENT.—

(1) IN GENERAL.—Except as provided in paragraph (2), nothing in this section shall be construed to modify or affect the provisions of any other Federal law or regulation that relates to discrimination in employment on the basis of religion.

(2) EXCEPTION.—A religious organization with a contract described in subsection (a)(1)(A), or which accepts certificates, vouchers, or other forms of disbursement under subsection (a)(1)(B), may require that employees rendering service pursuant to such contract, or pursuant to the organization's acceptance of certificates, vouchers, or other forms of disbursement adhere to—

(A) the religious tenets and teachings of such organization; and

(B) any rules of the organization regarding the use of drugs or alcohol.

(f) NONDISCRIMINATION AGAINST BENEFICIARIES.—Except as otherwise provided in law, a religious organization shall not discriminate against an individual in regard to rendering assistance funded under any program described in subsection (a)(2) on the basis of religion, a religious belief, or refusal to actively participate in a religious practice.

(g) FISCAL ACCOUNTABILITY.—

(1) IN GENERAL.—Except as provided in paragraph (2), any religious organization contracting to provide assistance funded under any program described in subsection (a)(2) shall be subject to the same regulations as other contractors to account in accord with generally accepted auditing principles for the use of such funds provided under such programs.

(2) LIMITED AUDIT.—If such organization segregates Federal funds provided under such programs into separate accounts, then only the financial assistance provided with such funds shall be subject to audit.

(h) COMPLIANCE.—A religious organization which has its rights under this section violated may enforce its claim exclusively by asserting a civil action for such relief as may be appropriate, including injunctive relief or damages, in an appropriate State court against the entity or agency that allegedly commits such violation.

(i) RIGHTS OF BENEFICIARIES OF ASSISTANCE.—If a beneficiary has an objection to the religious character of the organization or institution from which the beneficiary is receiving assistance funded under any program described in subsection (a)(2), each State shall provide such beneficiary assistance from an alternative provider the value of which is not less than the value of the assistance which the individual would have received from such organization or institution.

SEC. 103. LIMITATIONS ON USE OF FUNDS FOR CERTAIN PURPOSES.

No funds provided directly to institutions or organizations to provide services and administer programs described in section 102(a)(2) and programs established or modified under titles VI, VII, or VIII of this Act shall be expended for sectarian worship or instruction. This section shall not apply to financial assistance provided to or on behalf of beneficiaries of assistance in the form of certificates, vouchers, or other forms of disbursement, if such beneficiary may choose where such assistance shall be redeemed.

SEC. 104. CONTINUED APPLICATION OF CURRENT STANDARDS UNDER MEDICAID PROGRAM.

(a) IN GENERAL.—Title XIX (42 U.S.C. 1396 et seq.) is amended—

(1) in section 1931, by inserting "subject to section 1931(a)." after "under this title," and by redesignating such section as section 1932; and

(2) by inserting after section 1930 the following new section:

"CONTINUED APPLICATION OF AFDC STANDARDS

"SEC. 1931. (a) For purposes of applying this title on and after October 1, 1995, with respect to a State—

"(1) except as provided in paragraph (2), any reference in this title (or other provision of law in relation to the operation of this title) to a provision of part A of title IV of this Act, or a State plan under such part, shall be considered a reference to such provision or plan as in effect as of June 1, 1995, with respect to the State and eligibility for medical assistance under this title shall be determined as if such provision or plan (as in effect as of such date) had remained in effect on and after October 1, 1995; and

"(2) any reference in section 1902(a)(5) or 1902(a)(55) to a State plan approved under part A of title IV shall be deemed a reference to a State program funded under such part (as in effect on and after October 1, 1995).

"(b) In the case of a waiver of a provision of part A of title IV in effect with respect to a State as of June 1, 1995, if the waiver affects eligibility of individuals for medical assistance under this title, such waiver may, at the option of the State, continue to be applied in relation to this title after the date the waiver would otherwise expire.".

(b) PLAN AMENDMENT.—Section 1902(a) (42 U.S.C. 1396a(a)) is amended—

(1) by striking "and" at the end of paragraph (61);

(2) by striking the period at the end of paragraph (62) and inserting "; and"; and

(3) by inserting after paragraph (62) the following new paragraph:

"(63) provide for continuing to administer eligibility standards with respect to individuals who are (or seek to be) eligible for medical assistance based on the application of section 1931.".

(c) CONFORMING AMENDMENTS.—(1) Section 1902(c) (42 U.S.C. 1396a(c)) is amended by striking "if—" and all that follows and inserting the following: "if the State requires individuals described in subsection (l)(1) to apply for assistance under the State program funded under part A of title IV as a condition of applying for or receiving medical assistance under this title.".

(2) Section 1903(i) (42 U.S.C. 1396b(i)) is amended by striking paragraph (9).

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to medical assistance furnished for calendar quarters beginning on or after October 1, 1995.

SEC. 105. CENSUS DATA ON GRANDPARENTS AS PRIMARY CAREGIVERS FOR THEIR GRANDCHILDREN.

(a) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, the Secretary of Commerce (hereafter in this section referred to as the "Secretary"), in carrying out the provisions of section 141 of title 13, United States Code, shall expand the data collection efforts of the Bureau of the Census (hereafter in this section referred to as the "Bureau") to enable the Bureau to collect statistically significant data, in connection with its decennial census and its mid-decade census, concerning the growing trend of grandparents who are the primary caregivers for their grandchildren.

(b) EXPANDED CENSUS QUESTION.—In carrying out the provisions of subsection (a), the Secretary shall expand the Bureau's census question that details households which include both grandparents and their grandchildren. The expanded question shall be formulated to distinguish between the following households:

(1) A household in which a grandparent temporarily provides a home for a grandchild for a period of weeks or months during periods of parental distress.

(2) A household in which a grandparent provides a home for a grandchild and serves as the primary caregiver for the grandchild.

SEC. 106. CONFORMING AMENDMENTS TO THE SOCIAL SECURITY ACT.

(a) AMENDMENTS TO TITLE II.—

(1) Section 205(c)(2)(C)(vi) (42 U.S.C. 405(c)(2)(C)(vi)), as so redesignated by section 321(a)(9)(B) of the Social Security Independence and Program Improvements Act of 1994, is amended—

(A) by inserting "an agency administering a program funded under part A of title IV or" before "an agency operating"; and

(B) by striking "A or D of title IV of this Act" and inserting "D of such title".

(2) Section 228(d)(1) (42 U.S.C. 428(d)(1)) is amended by inserting "under a State program funded under" before "part A of title IV".

(b) AMENDMENT TO PART B OF TITLE IV.—Section 422(b)(2) (42 U.S.C. 622(b)(2)) is amended by striking "under the State plan approved" and inserting "under the State program funded.".

(c) AMENDMENTS TO PART D OF TITLE IV.—

(1) Section 451 (42 U.S.C. 651) is amended by striking "aid" and inserting "assistance under a State program funded".

(2) Section 452(a)(10)(C) (42 U.S.C. 652(a)(10)(C)) is amended—

(A) by striking "aid to families with dependent children" and inserting "assistance under a State program funded under part A";

(B) by striking "such aid" and inserting "such assistance"; and

(C) by striking "402(a)(26) or".

(3) Section 452(a)(10)(F) (42 U.S.C. 652(a)(10)(F)) is amended—

(A) by striking "aid under a State plan approved" and inserting "assistance under a State program funded"; and

(B) by striking "in accordance with the standards referred to in section 402(a)(26)(B)(ii)" and inserting "by the State".

(4) Section 452(b) (42 U.S.C. 652(b)) is amended in the first sentence by striking "aid under the State plan approved under part A" and inserting "assistance under a State program funded under part A".

(5) Section 452(d)(3)(B)(i) (42 U.S.C. 652(d)(3)(B)(i)) is amended by striking "1115(c)" and inserting "1115(b)".

(6) Section 452(g)(2)(A)(ii)(I) (42 U.S.C. 652(g)(2)(A)(ii)(I)) is amended by striking "aid is being paid under the State's plan approved under part A or E" and inserting "assistance is being provided under the State program funded under part A or aid is being paid under the State's plan approved under part E".

(7) Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended in the matter following clause (iii) by striking "aid was being paid under the State's plan approved under part A or E" and inserting "assistance was being provided under the State program funded under part A or aid was being paid under the State's plan approved under part E".

(8) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is amended in the matter following subparagraph (B)—

(A) by striking "who is a dependent child" and inserting "with respect to whom assistance is being provided under the State program funded under part A";

(B) by inserting "by the State agency administering the State plan approved under this part" after "found"; and

(C) by striking "under section 402(a)(26)" and inserting "with the State in establishing paternity".

(9) Section 452(h) (42 U.S.C. 652(h)) is amended by striking "under section 402(a)(26)".

(10) Section 453(c)(3) (42 U.S.C. 653(c)(3)) is amended by striking "aid" and inserting "assistance under a State program funded".

(11) Section 454 (42 U.S.C. 654)) is amended—

(A) in paragraph (5)(A)—

(i) by striking "under section 402(a)(26)"; and

(ii) by striking "except that this paragraph shall not apply to such payments for any month following the first month in which the amount collected is sufficient to make such family ineligible for assistance under the State plan approved under part A;"; and

(B) in paragraph (6)(D), by striking "aid under a State plan approved" and inserting "assistance under a State program funded".

(12) Section 456 (42 U.S.C. 656) is amended—

(A) in subsection (a)(1), by striking "under section 402(a)(26)"; and

(B) by striking subsection (b) and inserting the following:

"(b) A debt which is a support obligation enforceable under this title is not released by a discharge in bankruptcy under title 11, United States Code.".

(13) Section 466(a)(3)(B) (42 U.S.C. 666(a)(3)(B)) is amended by striking "402(a)(26) or".

(14) Section 466(b)(2) (42 U.S.C. 666(b)(2)) is amended by striking "aid" and inserting "assistance under a State program funded".

(15) Section 469(a) (42 U.S.C. 669(a)) is amended—

(A) by striking "aid under plans approved" and inserting "assistance under State programs funded"; and

(B) by striking "such aid" and inserting "such assistance".

(d) AMENDMENTS TO PART E OF TITLE IV.—

(1) Section 470 (42 U.S.C. 670) is amended—

(A) by striking "would be" and inserting "would have been"; and

(B) by inserting "(as such plan was in effect on June 1, 1995)" after "part A".

(2) Section 471(17) (42 U.S.C. 671(17)) is amended by striking "plans approved under parts A and D" and inserting "program funded under part A and plan approved under part D".

(3) Section 472(a) (42 U.S.C. 672(a)) is amended—

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

(i) by striking "would meet" and inserting "would have met";

(ii) by inserting "(as such sections were in effect on June 1, 1995)" after "407"; and

(iii) by inserting "(as so in effect)" after "406(a)"; and

(B) in paragraph (4)—

(i) in subparagraph (A)—

(I) by inserting "would have" after "(A)"; and

(II) by inserting "(as in effect on June 1, 1995)" after "section 402"; and

(ii) in subparagraph (B)(ii), by inserting "(as in effect on June 1, 1995)" after "406(a)".

(4) Section 472(h) (42 U.S.C. 672(h)) is amended to read as follows:

"(h)(1) For purposes of title XIX, any child with respect to whom foster care maintenance payments are made under this section shall be deemed to be a dependent child as defined in section 406 (as in effect as of June 1, 1995) and shall be deemed to be a recipient of aid to families with dependent children under part A of this title (as so in effect). For purposes of title XX, any child with respect to whom foster care maintenance payments are made under this section shall be deemed to be a minor child in a needy family under a State program funded under part A and shall be deemed to be a recipient of assistance under such part.

"(2) For purposes of paragraph (1), a child whose costs in a foster family home or child care institution are covered by the foster care maintenance payments being made with respect to the child's minor parent, as provided in section 475(4)(B), shall be considered a child with respect to whom foster care maintenance payments are made under this section.".

(5) Section 473(a)(2) (42 U.S.C. 673(a)(2)) is amended—

(A) in subparagraph (A)(i)—

(i) by inserting "(as such sections were in effect on June 1, 1995)" after "407";

(ii) by inserting "(as so in effect)" after "specified in section 406(a)"; and

(iii) by inserting "(as such section was in effect on June 1, 1995)" after "403";

(B) in subparagraph (B)(i)—

(i) by inserting "would have" after "(B)(i)"; and

(ii) by inserting "(as in effect on June 1, 1995)" after "section 402"; and

(C) in subparagraph (B)(ii)(II), by inserting "(as in effect on June 1, 1995)" after "406(a)".

(6) Section 473(b) (42 U.S.C. 673(b)) is amended to read as follows:

"(b)(1) For purposes of title XIX, any child who is described in paragraph (3) shall be deemed to be a dependent child as defined in section 406 (as in effect as of June 1, 1995) and shall be deemed to be a recipient of aid to families with dependent children under part A of this title (as so in effect) in the State where such child resides.

"(2) For purposes of title XX, any child who is described in paragraph (3) shall be deemed to be a minor child in a needy family under a State program funded under part A and shall be deemed to be a recipient of assistance under such part.

"(3) A child described in this paragraph is any child—

"(A)(i) who is a child described in subsection (a)(2), and

"(ii) with respect to whom an adoption assistance agreement is in effect under this section (whether or nor adoption assistance payments are provided under the agreement or are being made under this section), including any such child who has been placed for adoption in accordance with applicable State and local law (whether or not an interlocutory or other judicial decree of adoption has been issued), or

"(B) with respect to whom foster care maintenance payments are being made under section 472.

"(4) For purposes of paragraphs (1) and (2), a child whose costs in a foster family home or child-care institution are covered by the foster care maintenance payments being made with respect to the child's minor parent, as provided in section 475(4)(B), shall be considered a child with respect to whom foster care maintenance payments are being made under section 472.".

(e) AMENDMENT TO TITLE X.—Section 1002(a)(7) (42 U.S.C. 1202(a)(7)) is amended by striking "aid to families with dependent children under the State plan approved under section 402 of this Act" and inserting "assistance under a State program funded under part A of title IV".

(f) AMENDMENTS TO TITLE XI.—

(1) Section 1109 (42 U.S.C. 1309) is amended by striking "or part A of title IV,".

(2) Section 1115 (42 U.S.C. 1315) is amended—

(A) in subsection (a)(2)—

(i) by inserting "(A)" after "(2)";

(ii) by striking "403,";

(iii) by striking the period at the end and inserting ", and"; and

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

"(B) costs of such project which would not otherwise be a permissible use of funds under part A of title IV and which are not included as part of the costs of projects under section 1110, shall to the extent and for the period prescribed by the Secretary, be regarded as a permissible use of funds under such part."; and

(B) in subsection (c)(3), by striking "under the program of aid to families with dependent children" and inserting "part A of such title".

(3) Section 1116 (42 U.S.C. 1316) is amended—

(A) in each of subsections (a)(1), (b), and (d), by striking "or part A of title IV,"; and

(B) in subsection (a)(3), by striking "404,".

(4) Section 1118 (42 U.S.C. 1318) is amended—

(A) by striking "403(a),";

(B) by striking "and part A of title IV,"; and

(C) by striking ", and shall, in the case of American Samoa, mean 75 per centum with respect to part A of title IV".

(5) Section 1119 (42 U.S.C. 1319) is amended—

(A) by striking "or part A of title IV"; and

(B) by striking "403(a),".

(6) Section 1133(a) (42 U.S.C. 1320b-3(a)) is amended by striking "or part A of title IV,".

(7) Section 1136 (42 U.S.C. 1320b-6) is repealed.

(8) Section 1137 (42 U.S.C. 1320b-7) is amended—

(A) in subsection (b), by striking paragraph (1) and inserting the following:

"(I) any State program funded under part A of title IV of this Act;"; and

(B) in subsection (d)(1)(B)—

(i) by striking "In this subsection—" and all that follows through "(ii) in" and inserting "In this subsection, in";

(ii) by redesignating subclauses (I), (II), and (III) as clauses (i), (ii), and (iii); and

(iii) by moving such redesignated material 2 ems to the left.

(9) Section 1108 (42 U.S.C. 1308) is amended—

(A) in subsection (a)—

(i) in the matter preceding paragraph (1)—

(I) by inserting "(or paid, in the case of part A of title IV)"; and

(II) by striking "or, in the case of" and all that follows through "section 403(k)";

(ii) in paragraph (1)—

(I) in subparagraph (F), by striking "or";

(II) in subparagraph (G), by striking "the fiscal year 1989 and each fiscal year thereafter;" and inserting "each of the fiscal years 1989 through 1995, or"; and

(III) by inserting after subparagraph (G), the following new subparagraph:

"(H) $92,250,000 with respect to fiscal year 1996 and each fiscal year thereafter;";

(iii) in paragraph (2)—

(I) in subparagraph (F), by striking "or";

(II) in subparagraph (G), by striking "the fiscal year 1989 and each fiscal year thereafter;" and inserting "each of the fiscal years 1989 through 1995, or"; and

(III) by inserting after subparagraph (G), the following new subparagraph:

"(H) $3,150,000 with respect to fiscal year 1996 and each fiscal year thereafter;"; and

(iv) in paragraph (3)—

(I) in subparagraph (F), by striking "or";

(II) in subparagraph (G), by striking "the fiscal year 1989 and each fiscal year thereafter." and inserting "each of the fiscal years 1989 through 1995, or"; and

(III) by inserting after subparagraph (G), the following new subparagraph:

"(H) $4,275,000 with respect to fiscal year 1996 and each fiscal year thereafter."; and

(B) in subsection (d), by striking "(exclusive of any amounts" and all that follows through "section 403(k) applies)".

(g) AMENDMENT TO TITLE XIV.—Section 1402(a)(7) (42 U.S.C. 1352(a)(7)) is amended by striking "aid to families with dependent children under the State plan approved under section 402 of this Act" and inserting "assistance under a State program funded under part A of title IV".

(h) AMENDMENT TO TITLE XVI AS IN EFFECT WITH RESPECT TO THE TERRITORIES.—Section 1602(a)(11), as in effect without regard to the amendment made by section 301 of the Social Security Amendments of 1972 (42 U.S.C. 1382 note), is amended by striking "aid under the State plan approved" and inserting "assistance under a State program funded".

(i) AMENDMENT TO TITLE XVI AS IN EFFECT WITH RESPECT TO THE STATES.—Section 1611(c)(5)(A) (42 U.S.C. 1382(c)(5)(A)) is amended to read as follows: "(A) a State program funded under part A of title IV.".

SEC. 107. CONFORMING AMENDMENTS TO THE FOOD STAMP ACT OF 1977 AND RELATED PROVISIONS.

(a) Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

(1) in the second sentence of subsection (a), by striking "plan approved" and all that follows through "title IV of the Social Security Act" and inserting "program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995";

(2) in subsection (d)(5)—

(A) by striking "assistance to families with dependent children" and inserting "assistance under a State program funded"; and

(B) by striking paragraph (13) and redesignating paragraphs (14), (15), and (16) as paragraphs (13), (14), and (15), respectively;

(3) in subsection (j), by striking "plan approved under part A of title IV of such Act (42 U.S.C. 601 et seq.)" and inserting "program funded under part A of title IV of the Act (42 U.S.C. 601 et seq.) that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995".

(b) Section 6 of such Act (7 U.S.C. 2015) is amended—

(1) in subsection (c)(5), by striking "the State plan approved" and inserting "the State program funded";

(2) in subsection (e)—

(A) by striking "aid to families with dependent children" and inserting "benefits under a State program funded"; and

(B) by inserting before the semicolon the following: "that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995"; and

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

"(i) Notwithstanding any other provision of this Act, a household may not receive benefits under this Act as a result of the household's eligibility under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), unless the Secretary determines that any household with income above 130 percent of the poverty guidelines is not eligible for the program.".

(c) Section 16(g)(4) of such Act (7 U.S.C. 2025(g)(4)) is amended by striking "State plans under the Aid to Families with Dependent Children Program under" and inserting "State programs funded under part A of".

(d) Section 17 of such Act (7 U.S.C. 2026) is amended—

(1) in the first sentence of subsection (b)(1)(A), by striking "to aid to families with dependent children under part A of title IV of the Social Security Act" and inserting "or are receiving assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)"; and

(2) in subsection (b)(3), by adding at the end the following new subparagraph:

"(I) The Secretary may not grant a waiver under this paragraph on or after October 1, 1995. Any reference in this paragraph to a provision of title IV of the Social Security Act shall be deemed to be a reference to such provision as in effect on September 30, 1995.".

(e) Section 20 of such Act (7 U.S.C. 2029) is amended—

(1) in subsection (a)(2)(B) by striking "operating—" and all that follows through "(ii) any other" and inserting "operating any"; and

(2) in subsection (b)—

(A) in paragraph (1)—

(i) by striking "(b)(1) A household" and inserting "(b) A household"; and

(ii) in subparagraph (B), by striking "training program" and inserting "activity";

(B) by striking paragraph (2); and

(C) by redesignating subparagraphs (A) through (F) as paragraphs (1) through (6), respectively.

(f) Section 5(h)(1) of the Agriculture and Consumer Protection Act of 1973 (Public Law 93-186; 7 U.S.C. 612c note) is amended by striking "the program for aid to families with dependent children" and inserting "the State program funded".

(g) Section 9 of the National School Lunch Act (42 U.S.C. 1758) is amended—

(1) in subsection (b)—

(A) in paragraph (2)(C)(ii)(II)—

(i) by striking "program for aid to families with dependent children" and inserting "State program funded"; and

(ii) by inserting before the period at the end the following: "that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995"; and

(B) in paragraph (6)—

(i) in subparagraph (A)(ii)—

(I) by striking "an AFDC assistance unit (under the aid to families with dependent children program authorized" and inserting "a family (under the State program funded"; and

(II) by striking ", in a State" and all that follows through "9902(2)))" and inserting "that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995"; and

(ii) in subparagraph (B), by striking "aid to families with dependent children" and inserting "assistance under the State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995"; and

(2) in subsection (d)(2)(C)—

(A) by striking "program for aid to families with dependent children" and inserting "State program funded"; and

(B) by inserting before the period at the end the following: "that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995".

(h) Section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786) is amended—

(1) in subsection (d)(2)(A)(ii)(II)—

(A) by striking "program for aid to families with dependent children established" and inserting "State program funded"; and

(B) by inserting before the semicolon the following: "that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995";

(2) in subsection (e)(4)(A), by striking "program for aid to families with dependent children" and inserting "State program funded"; and

(3) in subsection (f)(1)(C)(iii), by striking "aid to families with dependent children," and inserting "State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) and with the".

SEC. 108. CONFORMING AMENDMENTS TO OTHER LAWS.

(a) Subsection (b) of section 508 of the Unemployment Compensation Amendments of 1976 (Public Law 94-566; 90 Stat. 2689) is amended to read as follows:

"(b) PROVISION FOR REIMBURSEMENT OF EXPENSES.—For purposes of section 455 of the Social Security Act, expenses incurred to reimburse State employment offices for furnishing information requested of such offices—

"(1) pursuant to the third sentence of section 3(a) of the Act entitled 'An Act to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes', approved June 6, 1933 (29 U.S.C. 49b(a)), or

"(2) by a State or local agency charged with the duty of carrying a State plan for child support approved under part D of title IV of the Social Security Act,

shall be considered to constitute expenses incurred in the administration of such State plan.".

(b) Section 9121 of the Omnibus Budget Reconciliation Act of 1987 (42 U.S.C. 602 note) is repealed.

(c) Section 9122 of the Omnibus Budget Reconciliation Act of 1987 (42 U.S.C. 602 note) is repealed.

(d) Section 221 of the Housing and Urban-Rural Recovery Act of 1983 (42 U.S.C. 602 note), relating to treatment under AFDC of certain rental payments for federally assisted housing, is repealed.

(e) Section 159 of the Tax Equity and Fiscal Responsibility Act of 1982 (42 U.S.C. 602 note) is repealed.

(f) Section 202(d) of the Social Security Amendments of 1967 (81 Stat. 882; 42 U.S.C. 602 note) is repealed.

(g) Section 903 of the Stewart B. McKinney Homeless .Assistance Amendments Act of 1988 (42 U.S.C. 11381 note), relating to demonstration projects to reduce number of AFDC families in welfare hotels, is amended—

(1) in subsection (a), by striking "aid to families with dependent children under a State plan approved" and inserting "assistance under a State program funded"; and

(2) in subsection (c), by striking "aid to families with dependent children in the State under a State plan approved" and inserting "assistance in the State under a State program funded".

(h) The Higher Education Act of 1965 (20 U.S.C. 1001 et seq.) is amended—

(1) in section 404C(c)(3) (20 U.S.C. 1070a-23(c)(3)), by striking "(Aid to Families with Dependent Children)"; and

(2) in section 480(b)(2) (20 U.S.C. 1087vv(b)(2)), by striking "aid to families with dependent children under a State plan approved" and inserting "assistance under a State program funded".

(i) The Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.) is amended—

(1) in section 231(d)(3)(A)(ii) (20 U.S.C. 2341(d)(3)(A)(ii)), by striking "the program for aid to dependent children" and inserting "the State program funded";

(2) in section 232(b)(2)(B) (20 U.S.C. 2341a(b)(2)(B)), by striking "the program for aid to families with dependent children" and inserting "the State program funded"; and

(3) in section 521(14)(B)(iii) (20 U.S.C. 2471(14)(B)(iii)), by striking "the program for aid to families with dependent children" and inserting "the State program funded".

(j) The Elementary and Secondary Education Act of 1965 (20 U.S.C. 2701 et seq.) is amended—

(1) in section 1113(a)(5) (20 U.S.C. 6313(a)(5)), by striking "Aid to Families with Dependent Children Program" and inserting "State program funded under part A of title IV of the Social Security Act";

(2) in section 1124(c)(5) (20 U.S.C. 6333(c)(5)), by striking "the program of aid to families with dependent children under a State plan approved under" and inserting "a State program funded under part A of"; and

(3) in section 5203(b)(2) (20 U.S.C. 7233(b)(2))—

(A) in subparagraph (A)(xi), by striking "Aid to Families with Dependent Children benefits" and inserting "assistance under a State program funded under part A of title IV of the Social Security Act"; and

(B) in subparagraph (B)(viii), by striking "Aid to Families with Dependent Children" and inserting "assistance under the State program funded under part A of title IV of the Social Security Act".

(k) Chapter VII of title I of Public Law 99-88 (25 U.S.C. 13d-1) is amended to read as follows: "*Provided further*, That general assistance payments made by the Bureau of Indian Affairs shall be made—

"(1) after April 29, 1985, and before October 1, 1995, on the basis of Aid to Families with Dependent Children (AFDC) standards of need; and

"(2) on and after October 1, 1995, on the basis of standards of need established under the State program funded under part A of title IV of the Social Security Act,

except that where a State ratably reduces its AFDC or State program payments, the Bureau shall reduce general assistance payments in such State by the same percentage as the State has reduced the AFDC or State program payment.".

(l) The Internal Revenue Code of 1986 (26 U.S.C. 1 et seq.) is amended—

(1) in section 51(d)(9) (26 U.S.C. 51(d)(9)), by striking all that follows "agency as" and inserting "being eligible for financial assistance under part A of title IV of the Social Security Act and as having continually received such financial assistance during the 90-day period which immediately precedes the date on which such individual is hired by the employer.";

(2) in section 3304(a)(16) (26 U.S.C. 3304(a)(16)), by striking "eligibility for aid or services," and all that follows through "children approved" and inserting "eligibility for assistance, or the amount of such assistance, under a State program funded";

(3) in section 6103(*l*)(7)(D)(i) (26 U.S.C. 6103(*l*)(7)(D)(i)), by striking "aid to families with dependent children provided under a State plan approved" and inserting "a State program funded";

(4) in section 6334(a)(11)(A) (26 U.S.C. 6334(a)(11)(A)), by striking "(relating to aid to families with dependent children)"; and

(5) in section 7523(b)(3)(C) (26 U.S.C. 7523(b)(3)(C)), by striking "aid to families with dependent children" and inserting "assistance under a State program funded under part A of title IV of the Social Security Act".

(m) Section 3(b) of the Wagner-Peyser Act (29 U.S.C. 49b(b)) is amended by striking "State plan approved under part A of title IV" and inserting "State program funded under part A of title IV".

(n) The Job Training Partnership Act (29 U.S.C. 1501 et seq.) is amended—

(1) in section 4(29)(A)(i) (29 U.S.C. 1503(29)(A)(i)), by striking "(42 U.S.C. 601 et seq.)";

(2) in section 106(b)(6)(C) (29 U.S.C. 1516(b)(6)(C)), by striking "State aid to families with dependent children records," and inserting "records collected under the State program funded under part A of title IV of the Social Security Act,";

(3) in section 121(b)(2) (29 U.S.C. 1531(b)(2))—

(A) by striking "the JOBS program" and inserting "the work activities required under title IV of the Social Security Act"; and

(B) by striking the second sentence;

(4) in section 123(c) (29 U.S.C. 1533(c))—

(A) in paragraph (1)(E), by repealing clause (vi); and

(B) in paragraph (2)(D), by repealing clause (v);

(5) in section 203(b)(3) (29 U.S.C. 1603(b)(3)), by striking ", including recipients under the JOBS program";

(6) in subparagraphs (A) and (B) of section 204(a)(1) (29 U.S.C. 1604(a)(1) (A) and (B)), by striking "(such as the JOBS program)" each place it appears;

(7) in section 205(a) (29 U.S.C. 1605(a)), by striking paragraph (4) and inserting the following:

"(4) the portions of title IV of the Social Security Act relating to work activities;";

(8) in section 253 (29 U.S.C. 1632)—

(A) in subsection (b)(2), by repealing subparagraph (C); and

(B) in paragraphs (1)(B) and (2)(B) of subsection (c), by striking "the JOBS program or" each place it appears;

(9) in section 264 (29 U.S.C. 1644)—

(A) in subparagraphs (A) and (B) of subsection (b)(1), by striking "(such as the JOBS program)" each place it appears; and

(B) in subparagraphs (A) and (B) of subsection (d)(3), by striking "and the JOBS program" each place it appears;

(10) in section 265(b) (29 U.S.C. 1645(b)), by striking paragraph (6) and inserting the following:

"(6) the portion of title IV of the Social Security Act relating to work activities;";

(11) in the second sentence of section 429(e) (29 U.S.C. 1699(e)), by striking "and shall be in an amount that does not exceed the maximum amount that may be provided by the State pursuant to section 402(g)(1)(C) of the Social Security Act (42 U.S.C. 602(g)(1)(C))";

(12) in section 454(c) (29 U.S.C. 1734(c)), by striking "JOBS and";

(13) in section 455(b) (29 U.S.C. 1735(b)), by striking "the JOBS program,";

(14) in section 501(1) (29 U.S.C. 1791(1)), by striking "aid to families with dependent children under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)" and inserting "assistance under the State program funded under part A of title IV of the Social Security Act";

(15) in section 506(1)(A) (29 U.S.C. 1791e(1)(A)), by striking "aid to families with dependent children" and inserting "assistance under the State program funded";

(16) in section 508(a)(2)(A) (29 U.S.C. 1791g(a)(2)(A)), by striking "aid to families with dependent children" and inserting "assistance under the State program funded"; and

(17) in section 701(b)(2)(A) (29 U.S.C. 1792(b)(2)(A))—

(A) in clause (v), by striking the semicolon and inserting "; and"; and

(B) by striking clause (vi).

(o) Section 3803(c)(2)(C)(iv) of title 31, United States Code, is amended to read as follows:

"(iv) assistance under a State program funded under part A of title IV of the Social Security Act".

(p) Section 2605(b)(2)(A)(i) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8624(b)(2)(A)(i)) is amended to read as follows:

"(i) assistance under the State program funded under part A of title IV of the Social Security Act;".

(q) Section 303(f)(2) of the Family Support Act of 1988 (42 U.S.C. 602 note) is amended—

(1) by striking "(A)"; and

(2) by striking subparagraphs (B) and (C).

(r) The Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 900 et seq.)) is amended—

(1) in section 255(h) (2 U.S.C. 905(h)), by striking "Aid to families with dependent children (75-0412-0-1-609);" and inserting "Block grants to States for temporary assistance for needy families;"; and

(2) in section 256 (2 U.S.C. 906)—

(A) by striking subsection (k); and

(B) by redesignating subsection (*l*) as subsection (k).

(s) The Immigration and Nationality Act (8 U.S.C. 1101 et seq.) is amended—

(1) in section 210(f) (8 U.S.C. 1160(f)), by striking "aid under a State plan approved under" each place it appears and inserting "assistance under a State program funded under";

(2) in section 245A(h) (8 U.S.C. 1255a(h))—

(A) in paragraph (1)(A)(i), by striking "program of aid to families with dependent children" and inserting "State program of assistance"; and

(B) in paragraph (2)(B), by striking "aid to families with dependent children" and inserting "assistance under a State program funded under part A of title IV of the Social Security Act"; and

(3) in section 412(e)(4) (8 U.S.C. 1522(e)(4)), by striking "State plan approved" and inserting "State program funded".

(t) Section 640(a)(4)(B)(i) of the Head Start Act (42 U.S.C. 9835(a)(4)(B)(i)) is amended by striking "program of aid to families with dependent children under a State plan approved" and inserting "State program of assistance funded".

(u) Section 9 of the Act of April 19, 1950 (64 Stat. 47, chapter 92; 25 U.S.C. 639) is repealed.

(v) Subparagraph (E) of section 213(d)(6) of the School-To-Work Opportunities Act of 1994 (20 U.S.C. 6143(d)(6)) is amended to read as follows:

"(E) part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) relating to work activities:".

SEC. 109. STUDY OF EFFECT OF WELFARE REFORM ON GRANDPARENTS AS PRIMARY CAREGIVERS.

(a) IN GENERAL.—The Secretary of Health and Human Services (hereafter in this section referred to as the "Secretary") shall conduct a study evaluating the impact of amendments made by this Act on grandparents who have assumed the responsibility of providing care to their grandchildren. In such study, the Secretary shall identify barriers to participation in public programs including inconsistent policies, standards, and definitions used by programs and agencies in the administration of medicaid, assistance under a State program funded under part A of title IV of the Social Security Act, child support enforcement, and foster care programs on grandparents who have assumed the care-giving role for children whose natural parents are unable to provide care.

(b) REPORT.—Not later than December 31, 1997, the Secretary shall submit a report setting forth the findings of the study described in subsection (a) to the Committee on Ways and Means and the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Finance, the Committee on Labor and Human Resources, and the Special Committee on Aging of the Senate. The report shall include such recommendations for administrative or legislative changes as the Secretary considers appropriate.

SEC. 110. DISCLOSURE OF RECEIPT OF FEDERAL FUNDS.

(a) IN GENERAL.—Whenever an organization that accepts Federal funds under this Act or the amendments made by this Act makes any communication that in any way intends to promote public support or opposition to any policy of a Federal, State, or local government through any broadcasting station, newspaper, magazine, outdoor advertising facility, direct mailing, or any other type of general public advertising, such communication shall state the following: "This was prepared and paid for by an organization that accepts taxpayer dollars.".

(b) FAILURE TO COMPLY.—If an organization makes any communication described in subsection (a) and fails to provide the statement required by that subsection, such organization shall be ineligible to receive Federal funds under this Act or the amendments made by this Act.

(c) DEFINITION.—For purposes of this section, the term "organization" means an organization described in section 501(c) of the Internal Revenue Code of 1986.

(d) EFFECTIVE DATES.—This section shall take effect—

(1) with respect to printed communications 1 year after the date of enactment of this Act; and

(2) with respect to any other communication on the date of enactment of this Act.

SEC. 111. SECRETARIAL SUBMISSION OF LEGISLATIVE PROPOSAL FOR TECHNICAL AND CONFORMING AMENDMENTS.

Not later than 90 days after the date of the enactment of this Act, the Secretary of Health and Human Services, in consultation, as appropriate, with the heads of other Federal agencies, shall submit to the appropriate committees of Congress a legislative proposal providing for such technical and conforming amendments in the law as are required by the provisions of this Act.

SEC. 112. EFFECTIVE DATE; TRANSITION RULE.

(a) IN GENERAL.—Except as otherwise provided in this title, this title and the amendments made by this title shall take effect on October 1, 1995.

(b) TRANSITION RULE.—

(1) STATE OPTION TO CONTINUE AFDC PROGRAM.—

(A) 9-MONTH EXTENSION.—A State may continue a State program under parts A and F of title IV of the Social Security Act, as in effect on September 30, 1995 (for purposes of this paragraph, the "State AFDC program") until June 30, 1996.

(B) REDUCTION OF FISCAL YEAR 1996 GRANT.—In the case of any State opting to continue the State AFDC program pursuant to subparagraph (A), the State family assistance grant paid to such State under section 403(a) of the Social Security Act (as added by section 101 and as in effect on and after October 1, 1995) for fiscal year 1996 (after the termination of the State AFDC program) shall be reduced by an amount equal to the total Federal payment to such State under section 403 of the Social Security Act (as in effect on September 30, 1995) for such fiscal year.

(2) CLAIMS, ACTIONS, AND PROCEEDINGS.—The amendments made by this title shall not apply with respect to—

(A) powers, duties, functions, rights, claims, penalties, or obligations applicable to aid, assistance, or services provided before the effective date of this title under the provisions amended; and

(B) administrative actions and proceedings commenced before such date, or authorized before such date to be commenced, under such provisions.

(c) SUNSET.—The amendment made by section 101(b) shall be effective only during the 5-year period beginning on October 1, 1995.

TITLE II—SUPPLEMENTAL SECURITY INCOME

Subtitle A—Eligibility Restrictions

SEC. 201. DENIAL OF SUPPLEMENTAL SECURITY INCOME BENEFITS BY REASON OF DISABILITY TO DRUG ADDICTS AND ALCOHOLICS.

(a) IN GENERAL.—Section 1614(a)(3) (42 U.S.C. 1382c(a)(3)) is amended by adding at the end the following:

"(I) Notwithstanding subparagraph (A), an individual shall not be considered to be disabled for purposes of this title if alcoholism or drug addiction would (but for this subparagraph) be a contributing factor material to the Commissioner's determination that the individual is disabled.".

(b) REPRESENTATIVE PAYEE REQUIREMENTS.—

(1) Section 1631(a)(2)(A)(ii)(II) (42 U.S.C. 1383(a)(2)(A)(ii)(II)) is amended to read as follows:

"(II) In the case of an individual eligible for benefits under this title by reason of disability, if such individual also has an alcoholism or drug addiction condition (as determined by the Commissioner of Social Security), the payment of such benefits to a representative payee shall be deemed to serve the interest of the individual. In any case in which such payment is so deemed under this subclause to serve the interest of an individual, the Commissioner shall include, in the individual's notification of such eligibility, a notice that such alcoholism or drug addiction condition accompanies the disability upon which such eligibility is based and that the Commissioner is therefore required to pay the individual's benefits to a representative payee.".

(2) Section 1631(a)(2)(B)(vii) (42 U.S.C. 1383(a)(2)(B)(vii)) is amended by striking "eligible for benefits" and all that follows through "is disabled" and inserting "described in subparagraph (A)(ii)(II)".

(3) Section 1631(a)(2)(B)(ix)(II) (42 U.S.C. 1383(a)(2)(B)(ix)(II)) is amended by striking all that follows "15 years, or" and inserting "described in subparagraph (A)(ii)(II)".

(4) Section 1631(a)(2)(D)(i)(II) (42 U.S.C. 1383(a)(2)(D)(i)(II)) is amended by striking "eligible for benefits" and all that follows through "is disabled" and inserting "described in subparagraph (A)(ii)(II)".

(c) CONFORMING AMENDMENTS.—

(1) Section 1611(e) (42 U.S.C. 1382(e)) is amended by striking paragraph (3).

(2) Section 1634 (42 U.S.C. 1383c) is amended by striking subsection (e).

(3) Section 201(c)(1) of the Social Security Independence and Program Improvements Act of 1994 (42 U.S.C. 425 note) is amended—

(A) by striking "—" and all that follows through "(A)" the 1st place it appears;

(B) by striking "and" the 3rd place it appears;

(C) by striking subparagraph (B);

(D) by striking "either subparagraph (A) or subparagraph (B)" and inserting "the preceding sentence"; and

(E) by striking "subparagraph (A) or (B)" and inserting "the preceding sentence".

SEC. 202. LIMITED ELIGIBILITY OF NONCITIZENS FOR SSI BENEFITS.

Paragraph (1) of section 1614(a) (42 U.S.C. 1382c(a)) is amended—

(1) in subparagraph (B)(i), by striking "either" and all that follows through ", or" and inserting "(I) a citizen; (II) a noncitizen who is granted asylum under section 208 of the Immigration and Nationality Act or whose deportation has been withheld under section 243(h) of such Act for a period of not more than 5 years after the date of arrival into the United States; (III) a noncitizen who is admitted to the United States as a refugee under section 207 of such Act for not more than such 5-year period; (IV) a noncitizen, lawfully present in any State (or any territory or possession of the United States), who is a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage or who is the spouse or unmarried dependent child of such veteran; or (V) a noncitizen who has worked sufficient calendar quarters of coverage to be a fully insured individual for benefits under title II, or"; and

(2) by adding at the end the following new flush sentence:

"For purposes of subparagraph (B)(i)(IV), the determination of whether a noncitizen is lawfully present in the United States shall be made in accordance with regulations of the Attorney General. A noncitizen shall not be considered to be lawfully present in the

United States for purposes of this title merely because the noncitizen may be considered to be permanently residing in the United States under color of law for purposes of any particular program.''.

SEC. 203. DENIAL OF SSI BENEFITS FOR 10 YEARS TO INDIVIDUALS FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR MORE STATES.

Section 1614(a) (42 U.S.C. 1382c(a)) is amended by adding at the end the following new paragraph:

''(5) An individual shall not be considered an eligible individual for purposes of this title during the 10-year period beginning on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to the place of residence of the individual in order to receive assistance simultaneously from 2 or more States under programs that are funded under part A of title IV, title XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States under the supplemental security income program under title XVI.''.

SEC. 204. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.

(a) IN GENERAL.—Section 1611(e) (42 U.S.C. 1382(e)), as amended by section 201(c)(1), is amended by inserting after paragraph (2) the following new paragraph:

''(3) A person shall not be an eligible individual or eligible spouse for purposes of this title with respect to any month if during such month the person is—

''(A) fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the person flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the person flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

''(B) violating a condition of probation or parole imposed under Federal or State law.''.

(b) EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.—Section 1631(e) (42 U.S.C. 1383(e)) is amended by inserting after paragraph (3) the following new paragraph:

''(4) Notwithstanding any other provision of law, the Commissioner shall furnish any Federal, State, or local law enforcement officer, upon the request of the officer, with the current address of any recipient of benefits under this title, if the officer furnishes the agency with the name of the recipient and notifies the agency that—

''(A) the recipient—

''(i) is fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the person flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the person flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State;

''(ii) is violating a condition of probation or parole imposed under Federal or State law; or

''(iii) has information that is necessary for the officer to conduct the officer's official duties; and

''(B) the location or apprehension of the recipient is within the officer's official duties.''.

SEC. 205. EFFECTIVE DATES; APPLICATION TO CURRENT RECIPIENTS.

(a) SECTIONS 201 AND 202.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the amendments made by sections 201 and 202 shall apply to applicants for benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) APPLICATION TO CURRENT RECIPIENTS.—

(A) APPLICATION AND NOTICE.—Notwithstanding any other provision of law, in the case of an individual who is receiving supplemental security income benefits under title XVI of the Social Security Act as of the date of the enactment of this Act and whose eligibility for such benefits would terminate by reason of the amendments made by section 201 or 202, such amendments shall apply with respect to the benefits of such individual for months beginning on or after January 1, 1997, and the Commissioner of Social Security shall so notify the individual not later than 90 days after the date of the enactment of this Act.

(B) REAPPLICATION.—

(i) IN GENERAL.—Not later than 120 days after the date of the enactment of this Act, each individual notified pursuant to subparagraph (A) who desires to reapply for benefits under title XVI of the Social Security Act, as amended by this title, shall reapply to the Commissioner of Social Security.

(ii) DETERMINATION OF ELIGIBILITY.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall determine the eligibility of each individual who reapplies for benefits under clause (i) pursuant to the procedures of such title.

(3) ADDITIONAL APPLICATION OF PAYEE REPRESENTATIVE REQUIREMENTS.—The amendments made by section 201(b) shall also apply—

(A) in the case of any individual who is receiving supplemental security income benefits under title XVI of the Social Security Act as of the date of the enactment of this Act, on and after the date of such individual's first continuing disability review occurring after such date of enactment, and

(B) in the case of any individual who receives supplemental security income benefits under title XVI of the Social Security Act and has attained age 65, in such manner as determined appropriate by the Commissioner of Social Security.

(b) OTHER AMENDMENTS.—The amendments made by sections 203 and 204 shall take effect on the date of the enactment of this Act.

Subtitle B—Benefits for Disabled Children

SEC. 211. DEFINITION AND ELIGIBILITY RULES.

(a) DEFINITION OF CHILDHOOD DISABILITY.—Section 1614(a)(3) (42 U.S.C. 1382c(a)(3)), as amended by section 201(a), is amended—

(1) in subparagraph (A), by striking ''An individual'' and inserting ''Except as provided in subparagraph (C), an individual'';

(2) in subparagraph (A), by striking ''(or, in the case of an individual under the age of 18, if he suffers from any medically determinable physical or mental impairment of comparable severity)'';

(3) by redesignating subparagraphs (C) through (I) as subparagraphs (D) through (J), respectively;

(4) by inserting after subparagraph (B) the following new subparagraph:

''(C) An individual under the age of 18 shall be considered disabled for the purposes of this title if that individual has a medically determinable physical or mental impairment, which results in marked and severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.''; and

(5) in subparagraph (F), as redesignated by paragraph (3), by striking ''(D)'' and inserting ''(E)''.

(b) CHANGES TO CHILDHOOD SSI REGULATIONS.—

(1) MODIFICATION TO MEDICAL CRITERIA FOR EVALUATION OF MENTAL AND EMOTIONAL DISORDERS.—The Commissioner of Social Security shall modify sections 112.00C.2. and 112.02B.2.c.(2) of appendix 1 to subpart P of part 404 of title 20, Code of Federal Regulations, to eliminate references to maladaptive behavior in the domain of personal/behavorial function.

(2) DISCONTINUANCE OF INDIVIDUALIZED FUNCTIONAL ASSESSMENT.—The Commissioner of Social Security shall discontinue the individualized functional assessment for children set forth in sections 416.924d and 416.924e of title 20, Code of Federal Regulations.

(c) EFFECTIVE DATE; REGULATIONS; APPLICATION TO CURRENT RECIPIENTS.—

(1) IN GENERAL.—The amendments made by subsections (a) and (b) shall apply to applicants for benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) REGULATIONS.—The Commissioner of Social Security shall issue such regulations as the Commissioner determines to be necessary to implement the amendments made by subsections (a) and (b) not later than 60 days after the date of the enactment of this Act.

(3) APPLICATION TO CURRENT RECIPIENTS.—

(A) ELIGIBILITY DETERMINATIONS.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall redetermine the eligibility of any individual under age 18 who is receiving supplemental security income benefits based on a disability under title XVI of the Social Security Act as of the date of the enactment of this Act and whose eligibility for such benefits may terminate by reason of the amendments made by subsection (a) or (b). With respect to any redetermination under this subparagraph—

(i) section 1614(a)(4) of the Social Security Act (42 U.S.C. 1382c(a)(4)) shall not apply;

(ii) the Commissioner of Social Security shall apply the eligibility criteria for new applicants for benefits under title XVI of such Act;

(iii) the Commissioner shall give such redetermination priority over all continuing eligibility reviews and other reviews under such title; and

(iv) such redetermination shall be counted as a review or redetermination otherwise required to be made under section 208 of the Social Security Independence and Program Improvements Act of 1994 or any other provision of title XVI of the Social Security Act.

(B) GRANDFATHER PROVISION.—The amendments made by subsections (a) and (b), and the redetermination under subparagraph (A), shall only apply with respect to the benefits of an individual described in subparagraph (A) for months beginning on or after January 1, 1997.

(C) NOTICE.—Not later than 90 days after the date of the enactment of this Act, the Commissioner of Social Security shall notify an individual described in subparagraph (A) of the provisions of this paragraph.

SEC. 212. ELIGIBILITY REDETERMINATIONS AND CONTINUING DISABILITY REVIEWS.

(a) CONTINUING DISABILITY REVIEWS RELATING TO CERTAIN CHILDREN.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as redesignated by section 211(a)(3), is amended—

(1) by inserting ''(i)'' after ''(H)''; and

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

''(ii)(I) Not less frequently than once every 3 years, the Commissioner shall review in accordance with paragraph (4) the continued eligibility for benefits under this title of each individual who has not attained 18 years of age and is eligible for such benefits by reason of an impairment (or combination of impairments) which may improve (or,

which is unlikely to improve, at the option of the Commissioner).

"(II) A parent or guardian of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.".

(b) DISABILITY ELIGIBILITY REDETERMINATIONS REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS OF AGE.—

(1) IN GENERAL.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as amended by subsection (a), is amended by adding at the end the following new clause:

"(iii) If an individual is eligible for benefits under this title by reason of disability for the month preceding the month in which the individual attains the age of 18 years, the Commissioner shall redetermine such eligibility—

"(I) during the 1-year period beginning on the individual's 18th birthday; and

"(II) by applying the criteria used in determining the initial eligibility for applicants who have attained the age of 18 years.

With respect to a redetermination under this clause, paragraph (4) shall not apply and such redetermination shall be considered a substitute for a review or redetermination otherwise required under any other provision of this subparagraph during that 1-year period.".

(2) CONFORMING REPEAL.—Section 207 of the Social Security Independence and Program Improvements Act of 1994 (42 U.S.C. 1382 note; 108 Stat. 1516) is hereby repealed.

(c) CONTINUING DISABILITY REVIEW REQUIRED FOR LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as amended by subsections (a) and (b), is amended by adding at the end the following new clause:

"(iv)(I) Not later than 12 months after the birth of an individual, the Commissioner shall review in accordance with paragraph (4) the continuing eligibility for benefits under this title by reason of disability of such individual whose low birth weight is a contributing factor material to the Commissioner's determination that the individual is disabled.

"(II) A review under subclause (I) shall be considered a substitute for a review otherwise required under any other provision of this subparagraph during that 12-month period.

"(III) A parent or guardian of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

SEC. 213. ADDITIONAL ACCOUNTABILITY REQUIREMENTS.

(a) TIGHTENING OF REPRESENTATIVE PAYEE REQUIREMENTS.—

(1) CLARIFICATION OF ROLE.—Section 1631(a)(2)(B)(ii) (42 U.S.C. 1383(a)(2)(B)(ii)) is amended by striking "and" at the end of subclause (II), by striking the period at the end of subclause (IV) and inserting "; and", and by adding after subclause (IV) the following new subclause:

"(V) advise such person through the notice of award of benefits, and at such other times as the Commissioner of Social Security deems appropriate, of specific examples of appropriate expenditures of benefits under this title and the proper role of a representative payee.".

(2) DOCUMENTATION OF EXPENDITURES REQUIRED.—

(A) IN GENERAL.—Subparagraph (C)(i) of section 1631(a)(2) (42 U.S.C. 1383(a)(2)) is amended to read as follows:

"(C)(i) In any case where payment is made to a representative payee of an individual or spouse, the Commissioner of Social Security shall—

"(I) require such representative payee to document expenditures and keep contemporaneous records of transactions made using such payment; and

"(II) implement statistically valid procedures for reviewing a sample of such contemporaneous records in order to identify instances in which such representative payee is not properly using such payment.".

(B) CONFORMING AMENDMENT WITH RESPECT TO PARENT PAYEES.—Clause (ii) of section 1631(a)(2)(C) (42 U.S.C. 1383(a)(2)(C)) is amended by striking "Clause (i)" and inserting "Subclauses (II) and (III) of clause (i)".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to benefits paid after the date of the enactment of this Act.

(b) DEDICATED SAVINGS ACCOUNTS.—

(1) IN GENERAL.—Section 1631(a)(2)(B) (42 U.S.C. 1383(a)(2)(B)) is amended by adding at the end the following new clause:

"(xiv) Notwithstanding clause (x), the Commissioner of Social Security may, at the request of the representative payee, pay any lump sum payment for the benefit of a child into a dedicated savings account that could only be used to purchase for such child—

"(I) education and job skills training;

"(II) special equipment or housing modifications or both specifically related to, and required by the nature of, the child's disability; and

"(III) appropriate therapy and rehabilitation.".

(2) DISREGARD OF TRUST FUNDS.—Section 1613(a) (42 U.S.C. 1382b) is amended—

(A) by striking "and" at the end of paragraph (9),

(B) by striking the period at the end of paragraph (10) the first place it appears and inserting a semicolon,

(C) by redesignating paragraph (10) the second place it appears as paragraph (11) and striking the period at the end of such paragraph and inserting "; and", and

(D) by inserting after paragraph (11), as so redesignated, the following new paragraph:

"(12) all amounts deposited in, or interest credited to, a dedicated savings account described in section 1631(a)(2)(B)(xiv).".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to payments made after the date of the enactment of this Act.

Subtitle C—Studies Regarding Supplemental Security Income Program

SEC. 221. ANNUAL REPORT ON THE SUPPLEMENTAL SECURITY INCOME PROGRAM.

Title XVI is amended by adding at the end the following new section:

"SEC. 1636. ANNUAL REPORT ON PROGRAM.

"(a) DESCRIPTION OF REPORT.—Not later than May 30 of each year, the Commissioner of Social Security shall prepare and deliver a report annually to the President and the Congress regarding the program under this title, including—

"(1) a comprehensive description of the program;

"(2) historical and current data on allowances and denials, including number of applications and allowance rates at initial determinations, reconsiderations, administrative law judge hearings, council of appeals hearings, and Federal court appeal hearings;

"(3) historical and current data on characteristics of recipients and program costs, by recipient group (aged, blind, work disabled adults, and children);

"(4) projections of future number of recipients and program costs, through at least 25 years;

"(5) number of redeterminations and continuing disability reviews, and the outcomes of such redeterminations and reviews;

"(6) data on the utilization of work incentives;

"(7) detailed information on administrative and other program operation costs;

"(8) summaries of relevant research undertaken by the Social Security Administration, or by other researchers;

"(9) State supplementation program operations;

"(10) a historical summary of statutory changes to this title; and

"(11) such other information as the Commissioner deems useful.

"(b) VIEWS OF MEMBERS OF THE SOCIAL SECURITY ADVISORY COUNCIL.—Each member of the Social Security Advisory Council shall be permitted to provide an individual report, or a joint report if agreed, of views of the program under this title, to be included in the annual report under this section.".

SEC. 222. IMPROVEMENTS TO DISABILITY EVALUATION.

(a) REQUEST FOR COMMENTS.—

(1) IN GENERAL.—Not later than 60 days after the date of the enactment of this Act, the Commissioner of Social Security shall issue a request for comments in the Federal Register regarding improvements to the disability evaluation and determination procedures for individuals under age 18 to ensure the comprehensive assessment of such individuals, including—

(A) additions to conditions which should be presumptively disabling at birth or ages 0 through 3 years;

(B) specific changes in individual listings in the Listing of Impairments set forth in appendix 1 of subpart P of part 404 of title 20, Code of Federal Regulations;

(C) improvements in regulations regarding determinations based on regulations providing for medical and functional equivalence to such Listing of Impairments, and consideration of multiple impairments; and

(D) any other changes to the disability determination procedures.

(2) REVIEW AND REGULATORY ACTION.—The Commissioner of Social Security shall promptly review such comments and issue any regulations implementing any necessary changes not later than 18 months after the date of the enactment of this Act.

SEC. 223. STUDY OF DISABILITY DETERMINATION PROCESS.

(a) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, and from funds otherwise appropriated, the Commissioner of Social Security shall make arrangements with the National Academy of Sciences, or other independent entity, to conduct a study of the disability determination process under titles II and XVI of the Social Security Act. This study shall be undertaken in consultation with professionals representing appropriate disciplines.

(b) STUDY COMPONENTS.—The study described in subsection (a) shall include—

(1) an initial phase examining the appropriateness of, and making recommendations regarding—

(A) the definitions of disability in effect on the date of the enactment of this Act and the advantages and disadvantages of alternative definitions; and

(B) the operation of the disability determination process, including the appropriate

method of performing comprehensive assessments of individuals under age 18 with physical and mental impairments;

(2) a second phase, which may be concurrent with the initial phase, examining the validity, reliability, and consistency with current scientific knowledge of the standards and individual listings in the Listing of Impairments set forth in appendix 1 of subpart P of part 404 of title 20, Code of Federal Regulations, and of related evaluation procedures as promulgated by the Commissioner of Social Security; and

(3) such other issues as the applicable entity considers appropriate.

(c) REPORTS AND REGULATIONS.—

(1) REPORTS.—The Commissioner of Social Security shall request the applicable entity, to submit an interim report and a final report of the findings and recommendations resulting from the study described in this section to the President and the Congress not later than 18 months and 24 months, respectively, from the date of the contract for such study, and such additional reports as the Commissioner deems appropriate after consultation with the applicable entity.

(2) REGULATIONS.—The Commissioner of Social Security shall review both the interim and final reports, and shall issue regulations implementing any necessary changes following each report.

SEC. 224. STUDY BY GENERAL ACCOUNTING OFFICE.

Not later than January 1, 1998, the Comptroller General of the United States shall study and report on the impact of the amendments made by, and the provisions of, this title on the supplemental security income program under title XVI of the Social Security Act.

Subtitle D—National Commission on the Future of Disability

SEC. 231. ESTABLISHMENT.

There is established a commission to be known as the National Commission on the Future of Disability (referred to in this subtitle as the "Commission"), the expenses of which shall be paid from funds otherwise appropriated for the Social Security Administration.

SEC. 232. DUTIES OF THE COMMISSION.

(a) IN GENERAL.—The Commission shall develop and carry out a comprehensive study of all matters related to the nature, purpose, and adequacy of all Federal programs serving individuals with disabilities. In particular, the Commission shall study the disability insurance program under title II of the Social Security Act and the supplemental security income program under title XVI of such Act.

(b) MATTERS STUDIED.—The Commission shall prepare an inventory of Federal programs serving individuals with disabilities, and shall examine—

(1) trends and projections regarding the size and characteristics of the population of individuals with disabilities, and the implications of such analyses for program planning;

(2) the feasibility and design of performance standards for the Nation's disability programs;

(3) the adequacy of Federal efforts in rehabilitation research and training, and opportunities to improve the lives of individuals with disabilities through all manners of scientific and engineering research; and

(4) the adequacy of policy research available to the Federal Government, and what actions might be undertaken to improve the quality and scope of such research.

(c) RECOMMENDATIONS.—The Commission shall submit to the appropriate committees of the Congress and to the President recommendations and, as appropriate, proposals for legislation, regarding—

(1) which (if any) Federal disability programs should be eliminated or augmented;

(2) what new Federal disability programs (if any) should be established;

(3) the suitability of the organization and location of disability programs within the Federal Government;

(4) other actions the Federal Government should take to prevent disabilities and disadvantages associated with disabilities; and

(5) such other matters as the Commission considers appropriate.

SEC. 233. MEMBERSHIP.

(a) NUMBER AND APPOINTMENT.—

(1) IN GENERAL.—The Commission shall be composed of 15 members, of whom—

(A) five shall be appointed by the President, of whom not more than 3 shall be of the same major political party;

(B) three shall be appointed by the Majority Leader of the Senate;

(C) two shall be appointed by the Minority Leader of the Senate;

(D) three shall be appointed by the Speaker of the House of Representatives; and

(E) two shall be appointed by the Minority Leader of the House of Representatives.

(2) REPRESENTATION.—The Commission members shall be chosen based on their education, training, or experience. In appointing individuals as members of the Commission, the President and the Majority and Minority Leaders of the Senate and the Speaker and Minority Leader of the House of Representatives shall seek to ensure that the membership of the Commission reflects the diversity of individuals with disabilities in the United States.

(b) COMPTROLLER GENERAL.—The Comptroller General shall serve on the Commission as an ex officio member of the Commission to advise and oversee the methodology and approach of the study of the Commission.

(c) PROHIBITION AGAINST OFFICER OR EMPLOYEE.—No officer or employee of any government shall be appointed under subsection (a).

(d) DEADLINE FOR APPOINTMENT; TERM OF APPOINTMENT.—Members of the Commission shall be appointed not later than 60 days after the date of the enactment of this Act. The members shall serve on the Commission for the life of the Commission.

(e) MEETINGS.—The Commission shall locate its headquarters in the District of Columbia, and shall meet at the call of the Chairperson, but not less than 4 times each year during the life of the Commission.

(f) QUORUM.—Ten members of the Commission shall constitute a quorum, but a lesser number may hold hearings.

(g) CHAIRPERSON AND VICE CHAIRPERSON.—Not later than 15 days after the members of the Commission are appointed, such members shall designate a Chairperson and Vice Chairperson from among the members of the Commission.

(h) CONTINUATION OF MEMBERSHIP.—If a member of the Commission becomes an officer or employee of any government after appointment to the Commission, the individual may continue as a member until a successor member is appointed.

(i) VACANCIES.—A vacancy on the Commission shall be filled in the manner in which the original appointment was made not later than 30 days after the Commission is given notice of the vacancy.

(j) COMPENSATION.—Members of the Commission shall receive no additional pay, allowances, or benefits by reason of their service on the Commission.

(k) TRAVEL EXPENSES.—Each member of the Commission shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

SEC. 234. STAFF AND SUPPORT SERVICES.

(a) DIRECTOR.—

(1) APPOINTMENT.—Upon consultation with the members of the Commission, the Chairperson shall appoint a Director of the Commission.

(2) COMPENSATION.—The Director shall be paid the rate of basic pay for level V of the Executive Schedule.

(b) STAFF.—With the approval of the Commission, the Director may appoint such personnel as the Director considers appropriate.

(c) APPLICABILITY OF CIVIL SERVICE LAWS.—The staff of the Commission shall be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and shall be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(d) EXPERTS AND CONSULTANTS.—With the approval of the Commission, the Director may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

(e) STAFF OF FEDERAL AGENCIES.—Upon the request of the Commission, the head of any Federal agency may detail, on a reimbursable basis, any of the personnel of such agency to the Commission to assist in carrying out the duties of the Commission under this subtitle.

(f) OTHER RESOURCES.—The Commission shall have reasonable access to materials, resources, statistical data, and other information from the Library of Congress and agencies and elected representatives of the executive and legislative branches of the Federal Government. The Chairperson of the Commission shall make requests for such access in writing when necessary.

(g) PHYSICAL FACILITIES.—The Administrator of the General Services Administration shall locate suitable office space for the operation of the Commission. The facilities shall serve as the headquarters of the Commission and shall include all necessary equipment and incidentals required for proper functioning of the Commission.

SEC. 235. POWERS OF COMMISSION.

(a) HEARINGS.—The Commission may conduct public hearings or forums at the discretion of the Commission, at any time and place the Commission is able to secure facilities and witnesses, for the purpose of carrying out the duties of the Commission under this subtitle.

(b) DELEGATION OF AUTHORITY.—Any member or agent of the Commission may, if authorized by the Commission, take any action the Commission is authorized to take by this section.

(c) INFORMATION.—The Commission may secure directly from any Federal agency information necessary to enable the Commission to carry out its duties under this subtitle. Upon request of the Chairperson or Vice Chairperson of the Commission, the head of a Federal agency shall furnish the information to the Commission to the extent permitted by law.

(d) GIFTS, BEQUESTS, AND DEVISES.—The Commission may accept, use, and dispose of gifts, bequests, or devises of services or property, both real and personal, for the purpose of aiding or facilitating the work of the Commission. Gifts, bequests, or devises of money and proceeds from sales of other property received as gifts, bequests, or devises shall be deposited in the Treasury and shall be available for disbursement upon order of the Commission.

(e) MAILS.—The Commission may use the United States mails in the same manner and under the same conditions as other Federal agencies.

SEC. 236. REPORTS.

(a) INTERIM REPORT.—Not later than 1 year prior to the date on which the Commission terminates pursuant to section 237, the Commission shall submit an interim report to the President and to the Congress. The interim report shall contain a detailed statement of the findings and conclusions of the Commission, together with the Commission's recommendations for legislative and administrative action, based on the activities of the Commission.

(b) FINAL REPORT.—Not later than the date on which the Commission terminates, the Commission shall submit to the Congress and to the President a final report containing—

(1) a detailed statement of final findings, conclusions, and recommendations; and

(2) an assessment of the extent to which recommendations of the Commission included in the interim report under subsection (a) have been implemented.

(c) PRINTING AND PUBLIC DISTRIBUTION.—Upon receipt of each report of the Commission under this section, the President shall—

(1) order the report to be printed; and

(2) make the report available to the public upon request.

SEC. 237. TERMINATION.

The Commission shall terminate on the date that is 2 years after the date on which the members of the Commission have met and designated a Chairperson and Vice Chairperson.

Subtitle E—State Supplementation Programs

SEC. 241. REPEAL OF MAINTENANCE OF EFFORT REQUIREMENTS APPLICABLE TO OPTIONAL STATE PROGRAMS FOR SUPPLEMENTATION OF SSI BENEFITS.

(a) IN GENERAL.—Section 1618 (42 U.S.C. 1382g) is repealed.

(b) EFFECTIVE DATE.—The repeal made by subsection (a) shall apply with respect to calendar quarters beginning after September 30, 1995.

TITLE III—FOOD STAMP PROGRAM

Subtitle A—Food Stamp Reform

SEC. 301. CERTIFICATION PERIOD.

Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended by striking "Except as provided" and all that follows and inserting the following: "The certification period shall not exceed 12 months, except that the certification period may be up to 24 months if all adult household members are elderly, disabled, or primarily self-employed. A State agency shall have at least 1 personal contact with each certified household every 12 months.".

SEC. 302. TREATMENT OF CHILDREN LIVING AT HOME.

The second sentence of section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended by striking "(who are not themselves parents living with their children or married and living with their spouses)".

SEC. 303. OPTIONAL ADDITIONAL CRITERIA FOR SEPARATE HOUSEHOLD DETERMINATIONS.

(a) IN GENERAL.—Section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended by inserting after the third sentence the following: "Notwithstanding the preceding sentences, a State may establish criteria that prescribe when individuals who live together, and who would be allowed to participate as separate households under the preceding sentences, shall be considered a single household, without regard to the common purchase of food and preparation of meals.".

(b) CONFORMING AMENDMENT.—The second sentence of section 5(a) of the Act (7 U.S.C. 2014(a)) is amended by striking "the third sentence of section 3(i)" and inserting "the fourth sentence of section 3(i)".

SEC. 304. ADJUSTMENT OF THRIFTY FOOD PLAN.

The second sentence of section 3(o) of the Food Stamp Act of 1977 (7 U.S.C. 2012(o)) is amended—

(1) by striking "shall (1) make" and inserting the following: "shall—

"(1) make";

(2) by striking "scale, (2) make" and inserting "scale:

"(2) make";

(3) by striking "Alaska, (3) make" and inserting the following: "Alaska;

"(3) make"; and

(4) by striking "Columbia, (4) through" and all that follows through the end of the subsection and inserting the following: "Columbia; and

"(4) on October 1, 1995, and each October 1 thereafter, adjust the cost of the diet to reflect the cost of the diet, in the preceding June, and round the result to the nearest lower dollar increment for each household size, except that on October 1, 1995, the Secretary may not reduce the cost of the diet in effect on September 30, 1995.".

SEC. 305. DEFINITION OF HOMELESS INDIVIDUAL.

Section 3(s)(2)(C) of the Food Stamp Act of 1977 (7 U.S.C. 2012(s)(2)(C)) is amended by inserting "for not more than 90 days" after "temporary accommodation".

SEC. 306. STATE OPTIONS IN REGULATIONS.

Section 5(b) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended by striking "(b) The Secretary" and inserting the following:

"(b) UNIFORM STANDARDS.—Except as otherwise provided in this Act, the Secretary".

SEC. 307. EARNINGS OF STUDENTS.

Section 5(d)(7) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(7)) is amended by striking "21" and inserting "19".

SEC. 308. ENERGY ASSISTANCE.

(a) IN GENERAL.—Section 5(d) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended—

(1) by striking paragraph (11); and

(2) by redesignating paragraphs (12) through (15) as paragraphs (11) through (14), respectively.

(b) CONFORMING AMENDMENTS.—

(1) Section 5(k) of the Act (7 U.S.C. 2014(k)) is amended—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking "plan for aid to families with dependent children approved" and inserting "program funded"; and

(ii) in subparagraph (B), by striking ", not including energy or utility-cost assistance,"; and

(B) in paragraph (2)—

(i) by striking subparagraph (C); and

(ii) by redesignating subparagraphs (D) through (H) as subparagraphs (C) through (G), respectively:

(C) by adding at the end the following:

"(4) THIRD PARTY ENERGY ASSISTANCE PAYMENTS.—

"(A) ENERGY ASSISTANCE PAYMENTS.—For purposes of subsection (d)(1), a payment made under a Federal or State law to provide energy assistance to a household shall be considered money payable directly to the household.

"(B) ENERGY ASSISTANCE EXPENSES.—For purposes of subsection (e)(7), an expense paid on behalf of a household under a Federal or State law to provide energy assistance shall be considered an out-of-pocket expense incurred and paid by the household.".

(2) Section 2605(f) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8624(f)) is amended—

(A) by striking "(f)(1) Notwithstanding" and inserting "(f) Notwithstanding";

(B) in paragraph (1), by striking "food stamps,"; and

(C) by striking paragraph (2).

SEC. 309. DEDUCTIONS FROM INCOME.

(a) IN GENERAL.—Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended by striking subsection (e) and inserting the following:

"(e) DEDUCTIONS FROM INCOME.—

"(1) STANDARD DEDUCTION.—

"(A) IN GENERAL.—The Secretary shall allow a standard deduction for each household in the 48 contiguous States and the District of Columbia, Alaska, Hawaii, Guam, and the Virgin Islands of the United States of—

"(i) for fiscal year 1995, $134, $229, $189, $269, and $118, respectively;

"(ii) for fiscal year 1996, $132, $225, $186, $265, and $116, respectively;

"(iii) for fiscal year 1997, $130, $222, $183, $261, and $114, respectively;

"(iv) for fiscal year 1998, $128, $218, $180, $257, and $112, respectively;

"(v) for fiscal year 1999, $126, $215, $177, $252, and $111, respectively; and

"(vi) for fiscal year 2000, $124, $211, $174, $248, and $109, respectively.

"(B) ADJUSTMENT FOR INFLATION.—On October 1, 2000, and each October 1 thereafter, the Secretary shall adjust the standard deduction to the nearest lower dollar increment to reflect changes in the Consumer Price Index for all urban consumers published by the Bureau of Labor Statistics, for items other than food, for the 12-month period ending the preceding June 30.

"(2) EARNED INCOME DEDUCTION.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), a household with earned income shall be allowed a deduction of 20 percent of all earned income (other than income excluded by subsection (d)), to compensate for taxes, other mandatory deductions from salary, and work expenses.

"(B) EXCEPTION.—The deduction described in subparagraph (A) shall not be allowed with respect to determining an overissuance due to the failure of a household to report earned income in a timely manner.

"(3) DEPENDENT CARE DEDUCTION.—

"(A) IN GENERAL.—A household shall be entitled, with respect to expenses (other than excluded expenses described in subparagraph (B)) for dependent care, to a dependent care deduction, the maximum allowable level of which shall be $200 per month for each dependent child under 2 years of age and $175 per month for each other dependent, for the actual cost of payments necessary for the care of a dependent if the care enables a household member to accept or continue employment, or training or education that is preparatory for employment.

"(B) EXCLUDED EXPENSES.—The excluded expenses referred to in subparagraph (A) are—

"(i) expenses paid on behalf of the household by a third party;

"(ii) amounts made available and excluded for the expenses referred to in subparagraph (A) under subsection (d)(3); and

"(iii) expenses that are paid under section 6(d)(4).

"(4) DEDUCTION FOR CHILD SUPPORT PAYMENTS.—

"(A) IN GENERAL.—A household shall be entitled to a deduction for child support payments made by a household member to or for an individual who is not a member of the household if the household member is legally obligated to make the payments.

"(B) METHODS FOR DETERMINING AMOUNT.—The Secretary may prescribe by regulation the methods, including calculation on a retrospective basis, that a State agency shall use to determine the amount of the deduction for child support payments.

"(5) HOMELESS SHELTER DEDUCTION.—A State agency may develop a standard homeless shelter deduction, which shall not exceed $139 per month, for such expenses as may reasonably be expected to be incurred by households in which all members are homeless individuals but are not receiving free shelter throughout the month. A State agency that develops the deduction may use the deduction in determining eligibility and allotments for the households, except that the State agency may prohibit the use of the deduction for households with extremely low shelter costs.

"(6) EXCESS MEDICAL EXPENSE DEDUCTION.—

"(A) IN GENERAL.—A household containing an elderly or disabled member shall be entitled, with respect to expenses other than expenses paid on behalf of the household by a third party, to an excess medical expense deduction for the portion of the actual costs of allowable medical expenses, incurred by the elderly or disabled member, exclusive of special diets, that exceeds $35 per month.

"(B) METHOD OF CLAIMING DEDUCTION.—

"(i) IN GENERAL.—A State agency shall offer an eligible household under subparagraph (A) a method of claiming a deduction for recurring medical expenses that are initially verified under the excess medical expense deduction in lieu of submitting information or verification on actual expenses on a monthly basis.

"(ii) METHOD.—The method described in clause (i) shall—

"(I) be designed to minimize the burden for the eligible elderly or disabled household member choosing to deduct the recurrent medical expenses of the member pursuant to the method;

"(II) rely on reasonable estimates of the expected medical expenses of the member for the certification period (including changes that can be reasonably anticipated based on available information about the medical condition of the member, public or private medical insurance coverage, and the current verified medical expenses incurred by the member); and

"(III) not require further reporting or verification of a change in medical expenses if such a change has been anticipated for the certification period.

"(7) EXCESS SHELTER EXPENSE DEDUCTION.—

"(A) IN GENERAL.—A household shall be entitled, with respect to expenses other than expenses paid on behalf of the household by a third party, to an excess shelter expense deduction to the extent that the monthly amount expended by a household for shelter exceeds an amount equal to 50 percent of monthly household income after all other applicable deductions have been allowed.

"(B) MAXIMUM AMOUNT OF DEDUCTION.—

"(i) PRIOR TO SEPTEMBER 30, 1995.—In the case of a household that does not contain an elderly or disabled individual, during the 15-month period ending September 30, 1995, the excess shelter expense deduction shall not exceed—

"(I) in the 48 contiguous States and the District of Columbia, $231 per month; and

"(II) in Alaska, Hawaii, Guam, and the Virgin Islands of the United States, $402, $330, $280, and $171 per month, respectively.

"(ii) AFTER SEPTEMBER 30, 1995.—In the case of a household that does not contain an elderly or disabled individual, during the 15-month period ending December 31, 1996, the excess shelter expense deduction shall not exceed—

"(I) in the 48 contiguous States and the District of Columbia, $247 per month; and

"(II) in Alaska, Hawaii, Guam, and the Virgin Islands of the United States, $429, $353, $300, and $182 per month, respectively.

"(C) STANDARD UTILITY ALLOWANCE.—

"(i) IN GENERAL.—In computing the excess shelter expense deduction, a State agency may use a standard utility allowance in accordance with regulations promulgated by the Secretary, except that a State agency may use an allowance that does not fluctuate within a year to reflect seasonal variations.

"(ii) RESTRICTIONS ON HEATING AND COOLING EXPENSES.—An allowance for a heating or cooling expense may not be used in the case of a household that—

"(I) does not incur a heating or cooling expense, as the case may be;

"(II) does incur a heating or cooling expense but is located in a public housing unit that has central utility meters and charges households, with regard to the expense, only for excess utility costs; or

"(III) shares the expense with, and lives with, another individual not participating in the food stamp program, another household participating in the food stamp program, or both, unless the allowance is prorated between the household and the other individual, household, or both.

"(iii) MANDATORY ALLOWANCE.—

"(I) IN GENERAL.—A State agency may make the use of a standard utility allowance mandatory for all households with qualifying utility costs if—

"(aa) the State agency has developed 1 or more standards that include the cost of heating and cooling and 1 or more standards that do not include the cost of heating and cooling; and

"(bb) the Secretary finds that the standards will not result in an increased cost to the Secretary.

"(II) HOUSEHOLD ELECTION.—A State agency that has not made the use of a standard utility allowance mandatory under subclause (I) shall allow a household to switch, at the end of a certification period, between the standard utility allowance and a deduction based on the actual utility costs of the household.

"(iv) AVAILABILITY OF ALLOWANCE TO RECIPIENTS OF ENERGY ASSISTANCE.—

"(I) IN GENERAL.—Subject to subclause (II), if a State agency elects to use a standard utility allowance that reflects heating or cooling costs, the standard utility allowance shall be made available to households receiving a payment, or on behalf of which a payment is made, under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.) or other similar energy assistance program, if the household still incurs out-of-pocket heating or cooling expenses in excess of any assistance paid on behalf of the household to an energy provider.

"(II) SEPARATE ALLOWANCE.—A State agency may use a separate standard utility allowance for households on behalf of which a payment described in subclause (I) is made, but may not be required to do so.

"(III) STATES NOT ELECTING TO USE SEPARATE ALLOWANCE.—A State agency that does not elect to use a separate allowance but makes a single standard utility allowance available to households incurring heating or cooling expenses (other than a household described in subclause (I) or (II) of subparagraph (C)(ii)) may not be required to reduce the allowance due to the provision (directly or indirectly) of assistance under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.).

"(IV) PRORATION OF ASSISTANCE.—For the purpose of the food stamp program, assistance provided under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.) shall be considered to be prorated over the entire heating or cooling season for which the assistance was provided.".

(b) CONFORMING AMENDMENT.—Section 11(e)(3) of the Act (7 U.S.C. 2020(e)(3)) is amended by striking ". Under rules prescribed" and all that follows through "verifies higher expenses".

SEC. 310. AMOUNT OF VEHICLE ASSET LIMITATION.

The first sentence of section 5(g)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)(2)) is amended by striking "through September 30, 1995" and all that follows through "such date and on" and inserting "and shall be adjusted on October 1, 1996, and".

SEC. 311. BENEFITS FOR ALIENS.

Section 5(i) of the Food Stamp Act of 1977 (7 U.S.C. 2014(i)) is amended—

(1) in the first sentence of paragraph (1)—

(A) by inserting "or who executed such an affidavit or similar agreement to enable the individual to lawfully remain in the United States," after "respect to such individual,"; and

(B) by striking "for a period" and all that follows through the period at the end and inserting "until the end of the period ending on the later of the date agreed to in the affidavit or agreement or the date that is 5 years after the date on which the individual was first lawfully admitted into the United States following the execution of the affidavit or agreement."; and

(2) in paragraph (2)—

(A) in subparagraph (C)(i), by striking "of three years after entry into the United States" and inserting "determined under paragraph (1)"; and

(B) in subparagraph (D), by striking "of three years after such alien's entry into the United States" and inserting "determined under paragraph (1)".

SEC. 312. DISQUALIFICATION.

(a) IN GENERAL.—Section 6(d) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)) is amended by striking "(d)(1) Unless otherwise exempted by the provisions" and all that follows through the end of paragraph (1) and inserting the following:

"(d) CONDITIONS OF PARTICIPATION.—

"(1) WORK REQUIREMENTS.—

"(A) IN GENERAL.—No physically and mentally fit individual over the age of 15 and under the age of 60 shall be eligible to participate in the food stamp program if the individual—

"(i) refuses, at the time of application and every 12 months thereafter, to register for employment in a manner prescribed by the Secretary;

"(ii) refuses without good cause to participate in an employment and training program under paragraph (4), to the extent required by the State agency;

"(iii) refuses without good cause to accept an offer of employment, at a site or plant not subject to a strike or lockout at the time of the refusal, at a wage not less than the higher of—

"(I) the applicable Federal or State minimum wage; or

"(II) 80 percent of the wage that would have governed had the minimum hourly rate under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) been applicable to the offer of employment;

"(iv) refuses without good cause to provide a State agency with sufficient information to allow the State agency to determine the employment status or the job availability of the individual;

"(v) voluntarily and without good cause—

"(I) quits a job; or

"(II) reduces work effort and, after the reduction, the individual is working less than 30 hours per week; or

"(vi) fails to comply with section 20.

"(B) HOUSEHOLD INELIGIBILITY.—If an individual who is the head of a household becomes ineligible to participate in the food stamp program under subparagraph (A), the

household shall, at the option of the State agency, become ineligible to participate in the food stamp program for a period, determined by the State agency, that does not exceed the lesser of—

"(i) the duration of the ineligibility of the individual determined under subparagraph (C); or

"(ii) 180 days.

"(C) DURATION OF INELIGIBILITY.—

"(i) FIRST VIOLATION.—The first time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

"(I) the date the individual becomes eligible under subparagraph (A);

"(II) the date that is 1 month after the date the individual became ineligible; or

"(III) a date determined by the State agency that is not later than 3 months after the date the individual became ineligible.

"(ii) SECOND VIOLATION.—The second time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

"(I) the date the individual becomes eligible under subparagraph (A);

"(II) the date that is 3 months after the date the individual became ineligible; or

"(III) a date determined by the State agency that is not later than 6 months after the date the individual became ineligible.

"(iii) THIRD OR SUBSEQUENT VIOLATION.—The third or subsequent time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

"(I) the date the individual becomes eligible under subparagraph (A);

"(II) the date that is 6 months after the date the individual became ineligible;

"(III) a date determined by the State agency; or

"(IV) at the option of the State agency, permanently.

"(D) ADMINISTRATION.—

"(i) GOOD CAUSE.—The Secretary shall determine the meaning of good cause for the purpose of this paragraph.

"(ii) VOLUNTARY QUIT.—The Secretary shall determine the meaning of voluntarily quitting and reducing work effort for the purpose of this paragraph.

"(iii) DETERMINATION BY STATE AGENCY.—

"(I) IN GENERAL.—Subject to subclause (II) and clauses (i) and (ii), a State agency shall determine—

"(aa) the meaning of any term in subparagraph (A);

"(bb) the procedures for determining whether an individual is in compliance with a requirement under subparagraph (A); and

"(cc) whether an individual is in compliance with a requirement under subparagraph (A).

"(II) NOT LESS RESTRICTIVE.—A State agency may not determine a meaning, procedure, or determination under subclause (I) to be less restrictive than a comparable meaning, procedure, or determination under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

"(iv) STRIKE AGAINST THE GOVERNMENT.—For the purpose of subparagraph (A)(v), an employee of the Federal Government, a State, or a political subdivision of a State, who is dismissed for participating in a strike against the Federal Government, the State, or the political subdivision of the State shall be considered to have voluntarily quit without good cause.

"(v) SELECTING A HEAD OF HOUSEHOLD.—

"(I) IN GENERAL.—For the purpose of this paragraph, the State agency shall allow the household to select any adult parent of a child in the household as the head of the household if all adult household members making application under the food stamp program agree to the selection.

"(II) TIME FOR MAKING DESIGNATION.—A household may designate the head of the household under subclause (I) each time the household is certified for participation in the food stamp program, but may not change the designation during a certification period unless there is a change in the composition of the household.

"(vi) CHANGE IN HEAD OF HOUSEHOLD.—If the head of a household leaves the household during a period in which the household is ineligible to participate in the food stamp program under subparagraph (B)—

"(I) the household shall, if otherwise eligible, become eligible to participate in the food stamp program; and

"(II) if the head of the household becomes the head of another household, the household that becomes headed by the individual shall become ineligible to participate in the food stamp program for the remaining period of ineligibility.".

(b) CONFORMING AMENDMENT.—

(1) The second sentence of section 17(b)(2) of the Act (7 U.S.C. 2026(b)(2)) is amended by striking "6(d)(1)(i)" and inserting "6(d)(1)(A)(i)".

(2) Section 20 of the Act (7 U.S.C. 2029) is amended by striking subsection (f) and inserting the following:

"(f) DISQUALIFICATION.—An individual or a household may become ineligible under section 6(d)(1) to participate in the food stamp program for failing to comply with this section.".

SEC. 313. CARETAKER EXEMPTION.

Section 6(d)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(2)) is amended by striking subparagraph (B) and inserting the following: "(B) a parent or other member of a household with responsibility for the care of (i) a dependent child under the age of 6 or any lower age designated by the State agency that is not under the age of 1, or (ii) an incapacitated person;".

SEC. 314. EMPLOYMENT AND TRAINING.

(a) IN GENERAL.—Section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)) is amended—

(1) in subparagraph (A)—

(A) by striking "Not later than April 1, 1987, each" and inserting "Each";

(B) by inserting "work," after "skills, training,"; and

(C) by adding at the end the following: "Each component of an employment and training program carried out under this paragraph shall be delivered through the statewide workforce development system established in section 711 of the Work Opportunity Act of 1995, unless the component is not available locally through the statewide workforce development system.";

(2) in subparagraph (B)—

(A) in the matter preceding clause (i), by striking the colon at the end and inserting the following: ", except that the State agency shall retain the option to apply employment requirements prescribed under this subparagraph to a program applicant at the time of application:";

(B) in clause (i), by striking "with terms and conditions" and all that follows through "time of application"; and

(C) in clause (iv)—

(i) by striking subclauses (I) and (II); and

(ii) by redesignating subclauses (III) and (IV) as subclauses (I) and (II), respectively;

(3) in subparagraph (D)—

(A) in clause (i), by striking "to which the application" and all that follows through "30 days or less";

(B) in clause (ii), by striking "but with respect" and all that follows through "child care"; and

(C) in clause (iii), by striking ", on the basis of" and all that follows through "clause (ii)" and inserting "the exemption continues to be valid";

(4) in subparagraph (E), by striking the third sentence;

(5) in subparagraph (G)—

(A) by striking "(G)(i) The State" and inserting "(G) The State"; and

(B) by striking clause (ii);

(6) in subparagraph (H), by striking "(H)(i) The Secretary" and all that follows through "(ii) Federal funds" and inserting "(H) Federal funds";

(7) in subparagraph (I)(i)(II), by striking ", or was in operation," and all that follows through "Social Security Act" and inserting the following: "), except that no such payment or reimbursement shall exceed the applicable local market rate";

(8)(A) by striking subparagraphs (K) and (L) and inserting the following:

"(K) LIMITATION ON FUNDING.—Notwithstanding any other provision of this paragraph, the amount of funds a State agency uses to carry out this paragraph (including under subparagraph (I)) for participants who are receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall not exceed the amount of funds the State agency used in fiscal year 1995 to carry out this paragraph for participants who were receiving benefits in fiscal year 1995 under a State program funded under part A of title IV of the Act (42 U.S.C. 601 et seq.).."; and

(B) by redesignating subparagraphs (M) and (N) as subparagraphs (L) and (M), respectively; and

(9) in subparagraph (L) (as redesignated by paragraph (8)(B))—

(A) by striking "(L)(i) The Secretary" and inserting "(L) The Secretary"; and

(B) by striking clause (ii).

(b) EFFECTIVE DATE.—The amendment made by subsection (a)(1)(C) shall take effect—

(1) in a State described in section 815(b)(1), on July 1, 1997; and

(2) in any other State, on July 1, 1998.

(c) FUNDING.—Section 16(h) of the Act (7 U.S.C. 2025(h)) is amended by striking "(h)(1)(A) The Secretary" and all that follows through the end of paragraph (1) and inserting the following:

"(h) FUNDING OF EMPLOYMENT AND TRAINING PROGRAMS.—

"(1) IN GENERAL.—

"(A) AMOUNTS.—To carry out employment and training programs, the Secretary shall reserve for allocation to State agencies from funds made available for each fiscal year under section 18(a)(1) the amount of—

"(i) for fiscal year 1996, $77,000,000;

"(ii) for fiscal year 1997, $80,000,000;

"(iii) for fiscal year 1998, $83,000,000;

"(iv) for fiscal year 1999, $86,000,000;

"(v) for fiscal year 2000, $89,000,000;

"(vi) for fiscal year 2001, $92,000,000; and

"(vii) for fiscal year 2002, $95,000,000.

"(B) ALLOCATION.—The Secretary shall allocate the amounts reserved under subparagraph (A) among the State agencies using a reasonable formula (as determined by the Secretary) that gives consideration to the population in each State affected by section 6(n).

"(C) REALLOCATION.—

"(i) NOTIFICATION.—A State agency shall promptly notify the Secretary if the State agency determines that the State agency will not expend all of the funds allocated to the State agency under subparagraph (B).

"(ii) REALLOCATION.—On notification under clause (i), the Secretary shall reallocate the

funds that the State agency will not expend as the Secretary considers appropriate and equitable.

"(D) MINIMUM ALLOCATION.—Notwithstanding subparagraphs (A) through (C), the Secretary shall ensure that each State agency operating an employment and training program shall receive not less than $50,000 in each fiscal year.".

(d) REPORTS.—Section 16(h) of the Act (7 U.S.C. 2025(h)) is amended—

(1) in paragraph (5)—

(A) by striking "(5)(A) The Secretary" and inserting "(5) The Secretary"; and

(B) by striking subparagraph (B); and

(2) by striking paragraph (6).

SEC. 315. COMPARABLE TREATMENT FOR DISQUALIFICATION.

(a) IN GENERAL.—Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) is amended—

(1) by redesignating subsection (i) (as added by section 106) as subsection (o); and

(2) by inserting after subsection (h) the following:

"(i) COMPARABLE TREATMENT FOR DISQUALIFICATION.—

"(1) IN GENERAL.—If a disqualification is imposed on a member of a household for a failure of the member to perform an action required under a Federal, State, or local law relating to a welfare or public assistance program, the State agency may impose the same disqualification on the member of the household under the food stamp program.

"(2) APPLICATION AFTER DISQUALIFICATION PERIOD.—A member of a household disqualified under paragraph (1) may, after the disqualification period has expired, apply for benefits under this Act and shall be treated as a new applicant, except that a prior disqualification under subsection (d) shall be considered in determining eligibility.".

(b) STATE PLAN PROVISIONS.—Section 11(e) of the Act (7 U.S.C. 2020(e)) is amended—

(1) in paragraph (24), by striking "and" at the end; and

(2) by adding at the end the following:

"(26) the guidelines the State agency uses in carrying out section 6(i):".

(c) CONFORMING AMENDMENT.—Section 6(d)(2)(A) of the Act (7 U.S.C. 2015(d)(2)(A)) is amended by striking "that is comparable to a requirement of paragraph (1)".

SEC. 316. COOPERATION WITH CHILD SUPPORT AGENCIES.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) (as amended by section 315) is further amended by inserting after subsection (i) the following:

"(j) CUSTODIAL PARENT'S COOPERATION WITH CHILD SUPPORT AGENCIES.—

"(1) IN GENERAL.—At the option of a State agency, subject to paragraphs (2) and (3), no natural or adoptive parent or other individual (collectively referred to in this subsection as 'the individual') who is living with and exercising parental control over a child under the age of 18 who has an absent parent shall be eligible to participate in the food stamp program unless the individual cooperates with the State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.)—

"(A) in establishing the paternity of the child (if the child is born out of wedlock); and

"(B) in obtaining support for—

"(i) the child; or

"(ii) the individual and the child.

"(2) GOOD CAUSE FOR NONCOOPERATION.—Paragraph (1) shall not apply to the individual if good cause is found for refusing to cooperate, as determined by the State agency in accordance with standards prescribed by the Secretary in consultation with the Secretary of Health and Human Services. The standards shall take into consideration circumstances under which cooperation may be against the best interests of the child.

"(3) FEES.—Paragraph (1) shall not require the payment of a fee or other cost for services provided under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.).

"(k) NON-CUSTODIAL PARENT'S COOPERATION WITH CHILD SUPPORT AGENCIES.—

"(1) IN GENERAL.—At the option of a State agency, subject to paragraphs (2) and (3), a putative or identified non-custodial parent of a child under the age of 18 (referred to in this subsection as 'the individual') shall not be eligible to participate in the food stamp program if the individual refuses to cooperate with the State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.)—

"(A) in establishing the paternity of the child (if the child is born out of wedlock); and

"(B) in providing support for the child.

"(2) REFUSAL TO COOPERATE.—

"(A) GUIDELINES.—The Secretary, in consultation with the Secretary of Health and Human Services, shall develop guidelines on what constitutes a refusal to cooperate under paragraph (1).

"(B) PROCEDURES.—The State agency shall develop procedures, using guidelines developed under subparagraph (A), for determining whether an individual is refusing to cooperate under paragraph (1).

"(3) FEES.—Paragraph (1) shall not require the payment of a fee or other cost for services provided under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.).

"(4) PRIVACY.—The State agency shall provide safeguards to restrict the use of information collected by a State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.) to purposes for which the information is collected.".

SEC. 317. DISQUALIFICATION FOR CHILD SUPPORT ARREARS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) (as amended by section 316) is further amended by inserting after subsection (k) the following:

"(l) DISQUALIFICATION FOR CHILD SUPPORT ARREARS.—

"(1) IN GENERAL.—At the option of a State agency, except as provided in paragraph (2), no individual shall be eligible to participate in the food stamp program as a member of any household during any month that the individual is delinquent in any payment due under a court order for the support of a child of the individual.

"(2) EXCEPTIONS.—Paragraph (1) shall not apply if—

"(A) a court is allowing the individual to delay payment; or

"(B) the individual is complying with a payment plan approved by a court or the State agency designated under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.) to provide support for the child of the individual.".

SEC. 318. PERMANENT DISQUALIFICATION FOR PARTICIPATING IN 2 OR MORE STATES.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) (as amended by section 317) is further amended by inserting after subsection (l) the following:

"(m) PERMANENT DISQUALIFICATION FOR PARTICIPATING IN 2 OR MORE STATES.—An individual shall be permanently ineligible to participate in the food stamp program as a member of any household if the individual is found by a State agency to have made, or is convicted in Federal or State court of having made, a fraudulent statement or representation with respect to the place of residence of the individual in order to receive benefits simultaneously from 2 or more States under the food stamp program.".

SEC. 319. WORK REQUIREMENT.

(a) IN GENERAL.—Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) (as amended by section 318) is further amended by inserting after subsection (m) the following:

"(n) WORK REQUIREMENT.—

"(1) DEFINITION OF WORK PROGRAM.—In this subsection, the term 'work program' means—

"(A) a program under the Job Training Partnership Act (29 U.S.C. 1501 et seq.);

"(B) a program under section 236 of the Trade Act of 1974 (19 U.S.C. 2296); or

"(C) a program of employment or training operated or supervised by a State or political subdivision of a State that meets standards approved by the Governor of the State, including a program under section 6(d)(4) other than a job search program or a job search training program under clause (i) or (ii) of section 6(d)(4)(B).

"(2) WORK REQUIREMENT.—No individual shall be eligible to participate in the food stamp program as a member of any household if, during the preceding 12-month period, the individual received food stamp benefits for not less than 6 months during which the individual did not—

"(A) work 20 hours or more per week, averaged monthly; or

"(B) participate in and comply with the requirements of a work program for 20 hours or more per week, as determined by the State agency.

"(3) EXCEPTION.—Paragraph (2) shall not apply to an individual if the individual is—

"(A) under 18 or over 50 years of age;

"(B) medically certified as physically or mentally unfit for employment;

"(C) a parent or other member of a household with responsibility for a dependent child; or

"(D) otherwise exempt under section 6(d)(2).

"(4) WAIVER.—

"(A) IN GENERAL.—On the request of a State agency, the Secretary may waive the applicability of paragraph (2) to any group of individuals in the State if the Secretary makes a determination that the area in which the individuals reside—

"(i) has an unemployment rate of over 8 percent; or

"(ii) does not have a sufficient number of jobs to provide employment for the individuals.

"(B) REPORT.—The Secretary shall report the basis for a waiver under subparagraph (A) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.".

(b) TRANSITION PROVISION.—Prior to October 1, 1996, the term "preceding 12-month period" in section 6(n)(2) of the Food Stamp Act of 1977 (as amended by subsection (a)) means the preceding period that begins on October 1, 1995.

SEC. 320. ELECTRONIC BENEFIT TRANSFERS.

Section 7 of the Food Stamp Act of 1977 (7 U.S.C. 2016) is amended by adding at the end the following:

"(j) ELECTRONIC BENEFIT TRANSFERS.—

"(1) APPLICABLE LAW.—

"(A) IN GENERAL.—Disclosures, protections, responsibilities, and remedies established by the Federal Reserve Board under section 904 of the Electronic Fund Transfer Act (15 U.S.C. 1693b) shall not apply to benefits under this Act delivered through any electronic benefit transfer system.

"(B) DEFINITION OF ELECTRONIC BENEFIT TRANSFER SYSTEM.—In this paragraph, the

term 'electronic benefit transfer system' means a system under which a governmental entity distributes benefits under this Act or other benefits or payments by establishing accounts to be accessed by recipients of the benefits electronically, including through the use of an automated teller machine, a point-of-sale terminal, or an intelligent benefit card.

"(2) CHARGING FOR ELECTRONIC BENEFIT TRANSFER CARD REPLACEMENT.—

"(A) IN GENERAL.—A State agency may charge an individual for the cost of replacing a lost or stolen electronic benefit transfer card.

"(B) REDUCING ALLOTMENT.—A State agency may collect a charge imposed under subparagraph (A) by reducing the monthly allotment of the household of which the individual is a member.

"(3) OPTIONAL PHOTOGRAPHIC IDENTIFICATION.—

"(A) IN GENERAL.—A State agency may require that an electronic benefit card contain a photograph of 1 or more members of a household.

"(B) OTHER AUTHORIZED USERS.—If a State agency requires a photograph on an electronic benefit card under subparagraph (A), the State agency shall establish procedures to ensure that any other appropriate member of the household or any authorized representative of the household may utilize the card.".

SEC. 321. MINIMUM BENEFIT.

The proviso in section 8(a) of the Food Stamp Act of 1977 (7 U.S.C. 2017(a)) is amended by striking ", and shall be adjusted" and all that follows through "$5".

SEC. 322. BENEFITS ON RECERTIFICATION.

Section 8(c)(2)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2017(c)(2)(B)) is amended by striking "of more than one month".

SEC. 323. OPTIONAL COMBINED ALLOTMENT FOR EXPEDITED HOUSEHOLDS.

Section 8(c) of the Food Stamp Act of 1977 (7 U.S.C. 2017(c)) is amended by striking paragraph (3) and inserting the following:

"(3) OPTIONAL COMBINED ALLOTMENT FOR EXPEDITED HOUSEHOLDS.—A State agency may provide to an eligible household applying after the 15th day of a month, in lieu of the initial allotment of the household and the regular allotment of the household for the following month, an allotment that is the aggregate of the initial allotment and the first regular allotment, which shall be provided in accordance with section 11(e)(3) in the case of a household that is not entitled to expedited service or in accordance with paragraphs (3) and (9) of section 11(e) in the case of a household that is entitled to expedited service.".

SEC. 324. FAILURE TO COMPLY WITH OTHER WELFARE AND PUBLIC ASSISTANCE PROGRAMS.

Section 8 of the Food Stamp Act of 1977 (7 U.S.C. 2017) is amended by striking subsection (d) and inserting the following:

"(d) REDUCTION OF PUBLIC ASSISTANCE BENEFITS.—

"(1) IN GENERAL.—If the benefits of a household are reduced under a Federal, State, or local law relating to a welfare or public assistance program for the failure to perform an action required under the law or program, for the duration of the reduction—

"(A) the household may not receive an increased allotment as the result of a decrease in the income of the household to the extent that the decrease is the result of the reduction; and

"(B) the State agency may reduce the allotment of the household by not more than 25 percent.

"(2) OPTIONAL METHOD.—In carrying out paragraph (1), a State agency may consider, for the duration of a reduction referred to under paragraph (1), the benefits of the household under a welfare or public assistance program before the reduction as income of the household after the reduction.".

SEC. 325. ALLOTMENTS FOR HOUSEHOLDS RESIDING IN INSTITUTIONS.

Section 8 of the Food Stamp Act of 1977 (7 U.S.C. 2017) is amended by adding at the end the following:

"(f) ALLOTMENTS FOR HOUSEHOLDS RESIDING IN INSTITUTIONS.—

"(1) IN GENERAL.—In the case of an individual who resides in a homeless shelter, or in an institution or center for the purpose of a drug or alcoholic treatment program, described in the last sentence of section 3(i), a State agency may provide an allotment for the individual to—

"(A) the institution as an authorized representative for the individual for a period that is less than 1 month; and

"(B) the individual, if the individual leaves the institution.

"(2) DIRECT PAYMENT.—A State agency may require an individual referred to in paragraph (1) to designate the shelter, institution, or center in which the individual resides as the authorized representative of the individual for the purpose of receiving an allotment.".

SEC. 326. OPERATION OF FOOD STAMP OFFICES.

Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended—

(1) in subsection (e)—

(A) by striking paragraph (2) and inserting the following:

"(2)(A) that the State agency shall establish procedures governing the operation of food stamp offices that the State agency determines best serve households in the State, including households with special needs, such as households with elderly or disabled members, households in rural areas with low-income members, homeless individuals, households residing on reservations, and households in which a substantial number of members speak a language other than English.

"(B) In carrying out subparagraph (A), a State agency—

"(i) shall provide timely, accurate, and fair service to applicants for, and participants in, the food stamp program;

"(ii) shall permit an applicant household to apply to participate in the program on the same day that the household first contacts a food stamp office in person during office hours;

"(iii) shall consider an application filed on the date the applicant submits an application that contains the name, address, and signature of the applicant; and

"(iv) may establish operating procedures that vary for local food stamp offices to reflect regional and local differences within the State;";

(B) in paragraph (3) (as amended by section 309(b))—

(i) by striking "shall—" and all that follows through "provide each" and inserting "shall provide each"; and

(ii) by striking "(B) assist" and all that follows through "representative of the State agency;";

(C) by striking paragraph (14) and inserting the following:

"(14) the standards and procedures used by the State agency under section 6(d)(1)(D) to determine whether an individual is eligible to participate under section 6(d)(1)(A);"; and

(D) by striking paragraph (25) and inserting the following:

"(25) a description of the work supplementation or support program, if any, carried out by the State agency under section 16(b);"; and

(2) in subsection (i)—

(A) by striking "(i) Notwithstanding" and all that follows through "(2)" and inserting the following:

"(i) APPLICATION AND DENIAL PROCEDURES.—

"(1) APPLICATION PROCEDURES.—Notwithstanding any other provision of law,"; and

(B) by striking "; (3) households" and all that follows through "title IV of the Social Security Act. No" and inserting a period and the following:

"(2) DENIAL AND TERMINATION.—Other than in a case of disqualification as a penalty for failure to comply with a public assistance program rule or regulation, no".

SEC. 327. STATE EMPLOYEE AND TRAINING STANDARDS.

Section 11(e)(6) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(6)) is amended—

(1) by striking "(A)"; and

(2) by striking subparagraphs (B) through (E).

SEC. 328. EXCHANGE OF LAW ENFORCEMENT INFORMATION.

Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) (as amended by section 315(b)) is further amended—

(1) in paragraph (8)—

(A) by striking "that (A) such" and inserting the following: "that—

"(A) the";

(B) by striking "law, (B) notwithstanding" and inserting the following: "law;

"(B) notwithstanding";

(C) by striking "Act, and (C) such" and inserting the following: "Act;

"(C) the"; and

(D) by adding at the end the following:

"(D) notwithstanding any other provision of law, the address, social security number, and, when available, photograph of any member of a household shall be made available, on request, to any Federal, State, or local law enforcement officer if the officer furnishes the State agency with the name of the member and notifies the agency that—

"(i) the member—

"(I) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime (or attempt to commit a crime) that, under the law of the place the member is fleeing, is a felony (or, in the case of New Jersey, a high misdemeanor), or is violating a condition of probation or parole imposed under Federal or State law; or

"(II) has information that is necessary for the officer to conduct the official duties of the officer;

"(ii) the location or apprehension of the member is an official duty of the officer; and

"(iii) the request is being made in the proper exercise of the official duties of the officer; and

"(E) the safeguards shall not prevent compliance with paragraph (27);"; and

(3) by adding at the end the following:

"(27) that the State agency shall furnish the Immigration and Naturalization Service with the name of, address of, and identifying information on any individual the State agency knows is unlawfully in the United States; and".

SEC. 329. EXPEDITED COUPON SERVICE.

Section 11(e)(9) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(9)) is amended—

(1) in subparagraph (A)—

(A) by striking "five days" and inserting "7 business days"; and

(B) by inserting "and" at the end;

(2) by striking subparagraphs (B) and (C);

(3) by redesignating subparagraph (D) as subparagraph (B); and

(4) in subparagraph (B) (as redesignated by paragraph (3)), by striking ", (B), or (C)".

SEC. 330. FAIR HEARINGS.

Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended by adding at the end the following:

"(p) WITHDRAWING FAIR HEARING REQUESTS.—A household may withdraw, orally or in writing, a request by the household for a fair hearing under subsection (e)(10). If the withdrawal request is an oral request, the State agency shall provide a written notice to the household confirming the request and providing the household with an opportunity to request a hearing.".

SEC. 331. INCOME AND ELIGIBILITY VERIFICATION SYSTEM.

Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) (as amended by section 330) is further amended by adding at the end the following:

"(q) STATE VERIFICATION OPTION.—Notwithstanding any other provision of law, a State agency shall not be required to use an income and eligibility verification system established under section 1137 of the Social Security Act (42 U.S.C. 1320b-7).".

SEC. 332. COLLECTION OF OVERISSUANCES.

(a) IN GENERAL.—Section 13 of the Food Stamp Act of 1977 (7 U.S.C. 2022) is amended—

(1) by striking subsection (b) and inserting the following:

"(b) COLLECTION OF OVERISSUANCES.—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, a State agency shall collect any overissuance of coupons issued to a household by—

"(A) reducing the allotment of the household;

"(B) withholding unemployment compensation from a member of the household under subsection (c);

"(C) recovering from Federal pay or a Federal income tax refund under subsection (d); or

"(D) any other means.

"(2) COST EFFECTIVENESS.—Paragraph (1) shall not apply if the State agency demonstrates to the satisfaction of the Secretary that all of the means referred to in paragraph (1) are not cost effective.

"(3) HARDSHIPS.—A State agency may not use an allotment reduction under paragraph (1)(A) as a means of collecting an overissuance from a household if the allotment reduction would cause a hardship on the household, as determined by the State agency.

"(4) MAXIMUM REDUCTION ABSENT FRAUD.—If a household received an overissuance of coupons without any member of the household being found ineligible to participate in the program under section 6(b)(1) and a State agency elects to reduce the allotment of the household under paragraph (1)(A), the State agency shall reduce the monthly allotment of the household under paragraph (1)(A) by the greater of—

"(A) 10 percent of the monthly allotment of the household; or

"(B) $10.

"(5) PROCEDURES.—A State agency shall collect an overissuance of coupons issued to a household under paragraph (1) in accordance with requirements established by the State agency for providing notice, electing a means of payment, and establishing a time schedule for payment."; and

(2) in subsection (d)—

(A) by striking "as determined under subsection (b) and except for claims arising from an error of the State agency," and inserting ", as determined under subsection (b)(1),"; and

(B) by inserting before the period at the end the following: "or a Federal income tax refund as authorized by section 3720A of title 31, United States Code".

(b) CONFORMING AMENDMENT.—Section 11(e)(8) of the Act (7 U.S.C. 2020(e)(8)) is amended—

(1) by striking "and excluding claims" and all that follows through "such section"; and

(2) by inserting before the semicolon at the end the following: "or a Federal income tax refund as authorized by section 3720A of title 31, United States Code".

SEC. 333. TERMINATION OF FEDERAL MATCH FOR OPTIONAL INFORMATION ACTIVITIES.

(a) IN GENERAL.—Section 16(a) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)) is amended—

(1) by striking paragraph (4); and

(2) by redesignating paragraphs (5) through (8) as paragraphs (4) through (7), respectively.

(b) CONFORMING AMENDMENT.—Section 16(g) of the Act (7 U.S.C. 2025(g)) is amended by striking "an amount equal to" and all that follows through "1991, of" and inserting "the amount provided under subsection (a)(5) for".

SEC. 334. STANDARDS FOR ADMINISTRATION.

(a) IN GENERAL.—Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended by striking subsection (b).

(b) CONFORMING AMENDMENTS.—

(1) The first sentence of section 11(g) of the Act (7 U.S.C. 2020(g)) is amended by striking "the Secretary's standards for the efficient and effective administration of the program established under section 16(b)(1) or".

(2) Section 16(c)(1)(B) of the Act (7 U.S.C. 2025(c)(1)(B)) is amended by striking "pursuant to subsection (b)".

SEC. 335. WORK SUPPLEMENTATION OR SUPPORT PROGRAM.

Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) (as amended by section 334(a)) is further amended by inserting after subsection (a) the following:

"(b) WORK SUPPLEMENTATION OR SUPPORT PROGRAM.—

"(1) DEFINITION.—In this subsection, the term 'work supplementation or support program' means a program in which, as determined by the Secretary, public assistance (including any benefits provided under a program established by the State and the food stamp program) is provided to an employer to be used for hiring and employing a new employee who is a public assistance recipient.

"(2) PROGRAM.—A State agency may elect to use amounts equal to the allotment that would otherwise be allotted to a household under the food stamp program, but for the operation of this subsection, for the purpose of subsidizing or supporting jobs under a work supplementation or support program established by the State.

"(3) PROCEDURE.—If a State agency makes an election under paragraph (2) and identifies each household that participates in the food stamp program that contains an individual who is participating in the work supplementation or support program—

"(A) the Secretary shall pay to the State agency an amount equal to the value of the allotment that the household would be eligible to receive but for the operation of this subsection;

"(B) the State agency shall expend the amount paid under subparagraph (A) in accordance with the work supplementation or support program in lieu of providing the allotment that the household would receive but for the operation of this subsection;

"(C) for purposes of—

"(i) sections 5 and 8(a), the amount received under this subsection shall be excluded from household income and resources; and

"(ii) section 8(b), the amount received under this subsection shall be considered to be the value of an allotment provided to the household; and

"(D) the household shall not receive an allotment from the State agency for the period during which the member continues to participate in the work supplementation or support program.

"(4) OTHER WORK REQUIREMENTS.—No individual shall be excused, by reason of the fact that a State has a work supplementation or support program, from any work requirement under section 6(d), except during the periods in which the individual is employed under the work supplementation or support program.

"(5) MAXIMUM LENGTH OF PARTICIPATION.—A work supplementation or support program may not allow the participation of any individual for longer than 6 months, unless the Secretary approves a longer period.".

SEC. 336. WAIVER AUTHORITY.

Section 17(b)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(A)) is amended—

(1) by striking "benefits to eligible households, including" and inserting the following: "benefits to eligible households. The Secretary may waive the requirements of this Act to the extent necessary to conduct a pilot or experimental project, including a project designed to test innovative welfare reform, promote work, and allow conformity with other Federal, State, and local government assistance programs, except that a project involving the payment of benefits in the form of cash shall maintain the average value of allotments for affected households as a group. Pilot or experimental projects may include"; and

(2) by striking "The Secretary may waive" and all that follows through "sections 5 and 8 of this Act.".

SEC. 337. AUTHORIZATION OF PILOT PROJECTS.

The last sentence of section 17(b)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(A)) is amended by striking "1995" and inserting "2002".

SEC. 338. RESPONSE TO WAIVERS.

Section 17(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)) is amended by adding at the end the following:

"(C) RESPONSE TO WAIVERS.—

"(i) RESPONSE.—Not later than 60 days after the date of receiving a request for a waiver under subparagraph (A), the Secretary shall provide a response that—

"(I) approves the waiver request;

"(II) denies the waiver request and explains any modification needed for approval of the waiver request;

"(III) denies the waiver request and explains the grounds for the denial; or

"(IV) requests clarification of the waiver request.

"(ii) FAILURE TO RESPOND.—If the Secretary does not provide a response under clause (i) not later than 60 days after receiving a request for a waiver, the waiver shall be considered approved.

"(iii) NOTICE OF DENIAL.—On denial of a waiver request under clause (i)(III), the Secretary shall provide a copy of the waiver request and the grounds for the denial to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.".

SEC. 339. PRIVATE SECTOR EMPLOYMENT INITIATIVES.

Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) is amended by adding at the end the following:

"(m) PRIVATE SECTOR EMPLOYMENT INITIATIVES.—

"(1) ELECTION TO PARTICIPATE.—

"(A) IN GENERAL.—Subject to the other provisions of this subsection, a State may

elect to carry out a private sector employment initiative program under this subsection.

"(B) REQUIREMENT.—A State shall be eligible to carry out a private sector employment initiative under this subsection only if not less than 50 percent of the households that received food stamp benefits during the summer of 1993 also received benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) during the summer of 1993.

"(2) PROCEDURE.—A State that has elected to carry out a private sector employment initiative under paragraph (1) may use amounts equal to the food stamp allotments that would otherwise be allotted to a household under the food stamp program, but for the operation of this subsection, to provide cash benefits in lieu of the food stamp allotments to the household if the household is eligible under paragraph (3).

"(3) ELIGIBILITY.—A household shall be eligible to receive cash benefits under paragraph (2) if an adult member of the household—

"(A) has worked in unsubsidized employment in the private sector for not less than the preceding 90 days;

"(B) has earned not less than $350 per month from the employment referred to in subparagraph (A) for not less than the preceding 90 days;

"(C)(i) is eligible to receive benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); or

"(ii) was eligible to receive benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) at the time the member first received cash benefits under this subsection and is no longer eligible for the State program because of earned income;

"(D) is continuing to earn not less than $350 per month from the employment referred to in subparagraph (A); and

"(E) elects to receive cash benefits in lieu of food stamp benefits under this subsection.

"(4) EVALUATION.—A State that operates a program under this subsection for 2 years shall provide to the Secretary a written evaluation of the impact of cash assistance under this subsection. The State agency shall determine the content of the evaluation.".

SEC. 340. REAUTHORIZATION OF APPROPRIATIONS.

The first sentence of section 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended by striking "1995" and inserting "2002".

SEC. 341. REAUTHORIZATION OF PUERTO RICO NUTRITION ASSISTANCE PROGRAM.

The first sentence of section 19(a)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(1)(A)) is amended by striking "$974,000,000" and all that follows through "fiscal year 1995" and inserting the following: "$1,143,000,000 for each of fiscal years 1995 and 1996, $1,182,000,000 for fiscal year 1997, $1,223,000,000 for fiscal year 1998, $1,266,000,000 for fiscal year 1999, $1,310,000,000 for fiscal year 2000, $1,343,000,000 for fiscal year 2001, and $1,376,000,000 for fiscal year 2002"

SEC. 342. SIMPLIFIED FOOD STAMP PROGRAM.

(a) IN GENERAL.—The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) is amended by adding at the end the following:

"SEC. 24. SIMPLIFIED FOOD STAMP PROGRAM.

"(a) ELECTION.—Subject to subsection (c), a State agency may elect to carry out a Simplified Food Stamp Program (referred to in this section as a 'Program') under this section.

"(b) OPERATION OF PROGRAM.—

"(1) IN GENERAL.—If a State agency elects to carry out a Program, within the State or a political subdivision of the State—

"(A) a household in which all members receive assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall automatically be eligible to participate in the Program; and

"(B) subject to subsection (e), benefits under the Program shall be determined under rules and procedures established by the State under—

"(i) a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

"(ii) the food stamp program (other than section 25); or

"(iii) a combination of a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) and the food stamp program.

"(2) SHELTER STANDARD.—The State agency may elect to apply 1 shelter standard to a household that receives a housing subsidy and another shelter standard to a household that does not receive the subsidy.

"(c) APPROVAL OF PROGRAM.—

"(1) STATE PLAN.—A State agency may not operate a Program unless the Secretary approves a State plan for the operation of the Program under paragraph (2).

"(2) APPROVAL OF PLAN.—

"(A) IN GENERAL.—The Secretary shall approve any State plan to carry out a Program if the Secretary determines that the plan—

"(i) complies with this section; and

"(ii) would not increase Federal costs incurred under this Act.

"(B) DEFINITION OF FEDERAL COSTS.—In this section, the term 'Federal costs' does not include any Federal costs incurred under section 17.

"(d) INCREASED FEDERAL COSTS.—

"(1) DETERMINATION.—

"(A) IN GENERAL.—The Secretary shall determine whether a Program being carried out by a State agency is increasing Federal costs under this Act.

"(B) NO EXCLUDED HOUSEHOLDS.—In making a determination under subparagraph (A), the Secretary shall not require the State agency to collect or report any information on households not included in the Program.

"(C) ALTERNATIVE ACCOUNTING PERIODS.—The Secretary may approve the request of a State agency to apply alternative accounting periods to determine if Federal costs do not exceed the Federal costs had the State agency not elected to carry out the Program.

"(2) NOTIFICATION.—If the Secretary determines that the Program has increased Federal costs under this Act for any fiscal year, the Secretary shall notify the State agency not later than January 1 of the immediately succeeding fiscal year.

"(3) RETURN OF FUNDS.—

"(A) IN GENERAL.—If the Secretary determines that the Program has increased Federal costs under this Act for a 2-year period, including a fiscal year for which notice was given under paragraph (2) and an immediately succeeding fiscal year, the State agency shall pay to the Treasury of the United States the amount of the increased costs.

"(B) ENFORCEMENT.—If the State agency does not pay an amount due under subparagraph (A) on a date that is not later than 90 days after the date of the determination, the Secretary shall reduce amounts otherwise due to the State agency for administrative costs under section 16(a).

"(e) RULES AND PROCEDURES.—

"(1) IN GENERAL.—Except as provided by paragraph (2), a State may apply—

"(A) the rules and procedures established by the State under—

"(i) the State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); or

"(ii) the food stamp program; or

"(B) the rules and procedures of 1 of the programs to certain matters and the rules and procedures of the other program to all remaining matters.

"(2) STANDARDIZED DEDUCTIONS.—The State may standardize the deductions provided under section 5(e). In developing the standardized deduction, the State shall give consideration to the work expenses, dependent care costs, and shelter costs of participating households.

"(3) REQUIREMENTS.—In operating a Program, the State shall comply with—

"(A) subsections (a) through (g) of section 7;

"(B) section 8(a), except that the income of a household may be determined under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

"(C) subsections (b) and (d) of section 8;

"(D) subsections (a), (c), (d), and (n) of section 11;

"(E) paragraph (3) of section 11(e), to the extent that the paragraph requires that an eligible household be certified and receive an allotment for the period of application not later than 30 days after filing an application;

"(F) paragraphs (8), (9), (12), (17), (19), (21), and (27) of section 11(e);

"(G) section 11(e)(10) or a comparable requirement established by the State under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); and

"(H) section 16.".

(b) STATE PLAN PROVISIONS.—Section 11(e) of the Act (7 U.S.C. 2020(e)) (as amended by sections 315(b) and 328) is further amended by adding at the end the following:

"(28) the plans of the State agency for operating, at the election of the State, a program under section 24, including—

"(A) the rules and procedures to be followed by the State to determine food stamp benefits;

"(B) how the State will address the needs of households that experience high shelter costs in relation to the incomes of the households; and

"(C) a description of the method by which the State will carry out a quality control system under section 16(c).".

(c) CONFORMING AMENDMENTS.—

(1) Section 8 of the Act (7 U.S.C. 2017) (as amended by section 325) is further amended—

(A) by striking subsection (e); and

(B) by redesignating subsection (f) as subsection (e).

(2) Section 17 of the Act (7 U.S.C. 2026) (as amended by section 339) is further amended—

(A) by striking subsection (i); and

(B) by redesignating subsections (j) through (m) as subsections (i) through (l), respectively.

SEC. 343. OPTIONAL STATE FOOD ASSISTANCE BLOCK GRANT.

(a) IN GENERAL.—The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) (as amended by section 342) is further amended by adding at the end the following:

"SEC. 25. OPTIONAL STATE FOOD ASSISTANCE BLOCK GRANT.

"(a) ESTABLISHMENT.—The Secretary shall establish a program to make grants to States in accordance with this section to provide—

"(1) food assistance to needy individuals and families residing in the State;

"(2) at the option of a State, wage subsidies and payments in return for work for needy individuals under the program;

"(3) funds to operate an employment and training program under section (g)(2) for needy individuals under the program; and

"(4) funds for administrative costs incurred in providing the assistance.

"(b) ELECTION.—

"(1) IN GENERAL.—A State may elect to participate in the program established under subsection (a).

"(2) ELECTION IRREVOCABLE.—A State that elects to participate in the program established under subsection (a) may not subsequently elect to participate in the food stamp program in accordance with any other section of this Act.

"(3) PROGRAM EXCLUSIVE.—A State that is participating in the program established under subsection (a) shall not be subject to, or receive any benefit under, this Act except as provided in this section.

"(c) LEAD AGENCY.—

"(1) DESIGNATION.—A State desiring to receive a grant under this section shall designate, in an application submitted to the Secretary under subsection (d)(1), an appropriate State agency that complies with paragraph (2) to act as the lead agency for the State.

"(2) DUTIES.—

"(A) IN GENERAL.—The lead agency shall—

"(i) administer, either directly, through other State agencies, or through local agencies, the assistance received under this section by the State;

"(ii) develop the State plan to be submitted to the Secretary under subsection (d)(1);

"(iii) in conjunction with the development of the State plan, hold at least 1 hearing in the State to provide to the public an opportunity to comment on the program under the State plan; and

"(iv) coordinate the provision of food assistance under this section with other Federal, State, and local programs.

"(B) DEVELOPMENT OF PLAN.—In the development of the State plan described in subparagraph (A)(ii), the lead agency shall consult with local governments and private sector organizations regarding the plan and design of the State plan so that services are provided in a manner appropriate to local populations.

"(d) APPLICATION AND PLAN.—

"(1) APPLICATION.—To be eligible to receive assistance under this section, a State shall prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary shall by regulation require, including—

"(A) an assurance that the State will comply with the requirements of this section;

"(B) a State plan that meets the requirements of paragraph (3); and

"(C) an assurance that the State will comply with the requirements of the State plan under paragraph (3).

"(2) ANNUAL PLAN.—The State plan contained in the application under paragraph (1) shall be submitted for approval annually.

"(3) REQUIREMENTS OF PLAN.—

"(A) LEAD AGENCY.—The State plan shall identify the lead agency.

"(B) USE OF BLOCK GRANT FUNDS.—The State plan shall provide that the State shall use the amounts provided to the State for each fiscal year under this section—

"(i) to provide food assistance to needy individuals and families residing in the State, other than residents of institutions who are ineligible for food stamps under section 3(i);

"(ii) at the option of a State, to provide wage subsidies and workfare under section 20(a) (except that any reference in section 20(a) to an allotment shall be considered a reference to the food assistance or benefits in lieu of food assistance received by an individual or family during a month under this section) for needy individuals and families participating in the program;

"(iii) to administer an employment and training program under section (g)(2) for needy individuals under the program and to provide reimbursements to needy individuals and families as would be allowed under section 16(h)(3); and

"(iv) to pay administrative costs incurred in providing the assistance.

"(C) GROUPS SERVED.—The State plan shall describe how the program will serve specific groups of individuals and families and how the treatment will differ from treatment under the food stamp program under the other sections of this Act of the individuals and families, including—

"(i) elderly individuals and families;

"(ii) migrants or seasonal farmworkers;

"(iii) homeless individuals and families;

"(iv) individuals and families who live under the supervision of institutions (other than incarcerated individuals);

"(v) individuals and families with earnings; and

"(vi) members of Indian tribes or tribal organizations.

"(D) ASSISTANCE FOR ENTIRE STATE.—The State plan shall provide that benefits under this section shall be available throughout the entire State.

"(E) NOTICE AND HEARINGS.—The State plan shall provide that an individual or family who applies for, or receives, assistance under this section shall be provided with notice of, and an opportunity for a hearing on, any action under this section that adversely affects the individual or family.

"(F) OTHER ASSISTANCE.—

"(i) COORDINATION.—The State plan may coordinate assistance received under this section with assistance provided under the State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

"(ii) PENALTIES.—If an individual or family is penalized for violating part A of title IV of the Act, the State plan may reduce the amount of assistance provided under this section or otherwise penalize the individual or family.

"(G) ASSESSMENT OF NEEDS.—The State plan shall assess the food and nutrition needs of needy persons residing in the State.

"(H) ELIGIBILITY LIMITATIONS.—The State plan shall describe the income and resource eligibility limitations that are established for the receipt of assistance under this section.

"(I) RECEIVING BENEFITS IN MORE THAN 1 JURISDICTION.—The State plan shall establish a system to verify and otherwise ensure that no individual or family shall receive benefits under this section in more than 1 jurisdiction within the State.

"(J) PRIVACY.—The State plan shall provide for safeguarding and restricting the use and disclosure of information about any individual or family receiving assistance under this section.

"(K) OTHER INFORMATION.—The State plan shall contain such other information as may be required by the Secretary.

"(4) APPROVAL OF APPLICATION AND PLAN.—The Secretary shall approve an application and State plan that satisfies the requirements of this section.

"(e) LIMITATIONS ON STATE ALLOTMENTS.—

"(1) NO INDIVIDUAL OR FAMILY ENTITLEMENT TO ASSISTANCE.—Nothing in this section—

"(A) entitles any individual or family to assistance under this section; or

"(B) limits the right of a State to impose additional limitations or conditions on assistance under this section.

"(2) CONSTRUCTION OF FACILITIES.—No funds made available under this section shall be expended for the purchase or improvement of land, or for the purchase, construction, or permanent improvement of any building or facility.

"(f) BENEFITS FOR ALIENS.—

"(1) ELIGIBILITY.—No individual shall be eligible to receive benefits under a State plan approved under subsection (d)(4) if the individual is not eligible to participate in the food stamp program under section 6(f).

"(2) INCOME.—The State plan shall provide that the income of an alien shall be determined in accordance with section 5(i).

"(g) EMPLOYMENT AND TRAINING.—

"(1) WORK REQUIREMENTS.—No individual or member of a family shall be eligible to receive benefits under a State plan funded under this section if the individual is not eligible to participate in the food stamp program under subsection (d) or (n) of section 6.

"(2) WORK PROGRAMS.—Each State shall implement an employment and training program under section 6(d)(4) for needy individuals under the program.

"(h) ENFORCEMENT.—

"(1) REVIEW OF COMPLIANCE WITH STATE PLAN.—The Secretary shall review and monitor State compliance with this section and the State plan approved under subsection (d)(4).

"(2) NONCOMPLIANCE.—

"(A) IN GENERAL.—If the Secretary, after reasonable notice to a State and opportunity for a hearing, finds that—

"(i) there has been a failure by the State to comply substantially with any provision or requirement set forth in the State plan approved under subsection (d)(4); or

"(ii) in the operation of any program or activity for which assistance is provided under this section, there is a failure by the State to comply substantially with any provision of this section;

the Secretary shall notify the State of the finding and that no further payments will be made to the State under this section (or, in the case of noncompliance in the operation of a program or activity, that no further payments to the State will be made with respect to the program or activity) until the Secretary is satisfied that there is no longer any failure to comply or that the noncompliance will be promptly corrected.

"(B) OTHER SANCTIONS.—In the case of a finding of noncompliance made pursuant to subparagraph (A), the Secretary may, in addition to, or in lieu of, imposing the sanctions described in subparagraph (A), impose other appropriate sanctions, including recoupment of money improperly expended for purposes prohibited or not authorized by this section and disqualification from the receipt of financial assistance under this section.

"(C) NOTICE.—The notice required under subparagraph (A) shall include a specific identification of any additional sanction being imposed under subparagraph (B).

"(3) ISSUANCE OF REGULATIONS.—The Secretary shall establish by regulation procedures for—

"(A) receiving, processing, and determining the validity of complaints concerning any failure of a State to comply with the State plan or any requirement of this section; and

"(B) imposing sanctions under this section.

"(4) INCOME AND ELIGIBILITY VERIFICATION SYSTEM.—The Secretary may withhold not more than 5 percent of the amount allotted to a State under subsection (l)(2) if the State does not use an income and eligibility verification system established under section 1137 of the Social Security Act (42 U.S.C. 1320b-7).

"(i) PAYMENTS.—

"(1) IN GENERAL.—For each fiscal year, the Secretary shall pay to a State that has an application approved by the Secretary under

subsection (d)(4) an amount that is equal to the allotment of the State under subsection (l)(2) for the fiscal year.

"(2) METHOD OF PAYMENT.—The Secretary shall make payments to a State for a fiscal year under this section by issuing 1 or more letters of credit for the fiscal year, with necessary adjustments on account of overpayments or underpayments, as determined by the Secretary.

"(3) SPENDING OF FUNDS BY STATE.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), payments to a State from an allotment under subsection (l)(2) for a fiscal year may be expended by the State only in the fiscal year.

"(B) CARRYOVER.—The State may reserve up to 10 percent of an allotment under subsection (l)(2) for a fiscal year to provide assistance under this section in subsequent fiscal years, except that the reserved funds may not exceed 30 percent of the total allotment received under this section for a fiscal year.

"(4) FOOD ASSISTANCE AND ADMINISTRATIVE EXPENDITURES.—In each fiscal year, of the Federal funds expended by a State under this section—

"(A) not less than 80 percent shall be for food assistance; and

"(B) not more than 6 percent shall be for administrative expenses.

"(5) PROVISION OF FOOD ASSISTANCE.—A State may provide food assistance under this section in any manner determined appropriate by the State to provide food assistance to needy individuals and families in the State, such as electronic benefits transfer limited to food purchases, coupons limited to food purchases, or direct provision of commodities.

"(6) DEFINITION OF FOOD ASSISTANCE.—In this section, the term 'food assistance' means assistance that may be used only to obtain food, as defined in section 3(g).

"(j) AUDITS.—

"(1) REQUIREMENT.—After the close of each fiscal year, a State shall arrange for an audit of the expenditures of the State during the program period from amounts received under this section.

"(2) INDEPENDENT AUDITOR.—An audit under this section shall be conducted by an entity that is independent of any agency administering activities that receive assistance under this section and be in accordance with generally accepted auditing principles.

"(3) PAYMENT ACCURACY.—Each annual audit under this section shall include an audit of payment accuracy under this section that shall be based on a statistically valid sample of the caseload in the State.

"(4) SUBMISSION.—Not later than 30 days after the completion of an audit under this section, the State shall submit a copy of the audit to the legislature of the State and to the Secretary.

"(5) REPAYMENT OF AMOUNTS.—Each State shall repay to the United States any amounts determined through an audit under this section to have not been expended in accordance with this section or to have not been expended in accordance with the State plan, or the Secretary may offset the amounts against any other amount paid to the State under this section.

"(k) NONDISCRIMINATION.—

"(1) IN GENERAL.—The Secretary shall not provide financial assistance for any program, project, or activity under this section if any person with responsibilities for the operation of the program, project, or activity discriminates with respect to the program, project, or activity because of race, religion, color, national origin, sex, or disability.

"(2) ENFORCEMENT.—The powers, remedies, and procedures set forth in title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) may be used by the Secretary to enforce paragraph (1).

"(l) ALLOTMENTS.—

"(1) DEFINITION OF STATE.—In this section, the term 'State' means each of the 50 States, the District of Columbia, Guam, and the Virgin Islands of the United States.

"(2) STATE ALLOTMENT.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), from the amounts made available under section 18 of this Act for each fiscal year, the Secretary shall allot to each State participating in the program established under this section an amount that is equal to the sum of—

"(i) the greater of, as determined by the Secretary—

"(I) the total dollar value of all benefits issued under the food stamp program established under this Act by the State during fiscal year 1994; or

"(II) the average per fiscal year of the total dollar value of all benefits issued under the food stamp program by the State during each of fiscal years 1992 through 1994; and

"(ii) the greater of, as determined by the Secretary—

"(I) the total amount received by the State for administrative costs and the employment and training program under subsections (a) and (h), respectively, of section 16 of this Act for fiscal year 1994; or

"(II) the average per fiscal year of the total amount received by the State for administrative costs and the employment and training program under subsections (a) and (h), respectively, of section 16 of this Act for each of fiscal years 1992 through 1994.

"(B) INSUFFICIENT FUNDS.—If the Secretary finds that the total amount of allotments to which States would otherwise be entitled for a fiscal year under subparagraph (A) will exceed the amount of funds that will be made available to provide the allotments for the fiscal year, the Secretary shall reduce the allotments made to States under this subsection, on a pro rata basis, to the extent necessary to allot under this subsection a total amount that is equal to the funds that will be made available.".

(b) RESEARCH ON OPTIONAL STATE FOOD ASSISTANCE BLOCK GRANT.—Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) (as amended by section 339 and 342(c)(2)) is further amended by adding at the end the following:

"(m) RESEARCH ON OPTIONAL STATE FOOD ASSISTANCE BLOCK GRANT.—The Secretary may conduct research on the effects and costs of a State program carried out under section 25.".

SEC. 344. EFFECTIVE DATE.

Except as otherwise provided in this subtitle, this subtitle and the amendments made by this subtitle shall become effective on October 1, 1995.

Subtitle B—Anti-Fraud and Trafficking

SEC. 351. EXPANDED DEFINITION OF COUPON.

Section 3(d) of the Food Stamp Act of 1977 (7 U.S.C. 2012(d)) is amended by striking "or type of certificate" and inserting "type of certificate, authorization card, cash or check issued as a coupon, or access device, including an electronic benefits transfer card or a personal identification number.".

SEC. 352. DOUBLED PENALTIES FOR VIOLATING FOOD STAMP PROGRAM REQUIREMENTS.

Section 6(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2015(b)(1)) is amended—

(1) in clause (i), by striking "six months upon" and inserting "1 year on"; and

(2) in clause (ii), by striking "1 year upon" and inserting "2 years on".

SEC. 353. AUTHORITY TO ESTABLISH AUTHORIZATION PERIODS.

Section 9(a) of the Food Stamp Act of 1977 (7 U.S.C. 2018(a)) is amended by adding at the end the following:

"(3) AUTHORIZATION PERIODS.—The Secretary is authorized to issue regulations establishing specific time periods during which authorization to accept and redeem coupons under the food stamp program shall be valid.".

SEC. 354. SPECIFIC PERIOD FOR PROHIBITING PARTICIPATION OF STORES BASED ON LACK OF BUSINESS INTEGRITY.

Section 9(a) of the Food Stamp Act of 1977 (7 U.S.C. 2018(a)) (as amended by section 353) is further amended by adding at the end the following:

"(4) PERIODS FOR PARTICIPATION OF STORES AND CONCERNS.—The Secretary may issue regulations establishing specific time periods during which a retail food store or wholesale food concern that has an application for approval to accept and redeem coupons denied, or that has an approval withdrawn, on the basis of business integrity and reputation cannot submit a new application for approval. The periods shall reflect the severity of business integrity infractions that are the basis of the denials or withdrawals.".

SEC. 355. INFORMATION FOR VERIFYING ELIGIBILITY FOR AUTHORIZATION.

Section 9(c) of the Food Stamp Act of 1977 (7 U.S.C. 2018(c)) is amended—

(1) in the first sentence, by inserting ", which may include relevant income and sales tax filing documents," after "submit information"; and

(2) by inserting after the first sentence the following: "The regulations may require retail food stores and wholesale food concerns to provide written authorization for the Secretary to verify all relevant tax filings with appropriate agencies and to obtain corroborating documentation from other sources so that the accuracy of information provided by the stores and concerns may be verified.".

SEC. 356. WAITING PERIOD FOR STORES THAT INITIALLY FAIL TO MEET AUTHORIZATION CRITERIA.

Section 9(d) of the Food Stamp Act of 1977 (7 U.S.C. 2018(d)) is amended by adding at the end the following: "A retail food store or wholesale food concern that has an application for approval to accept and redeem coupons denied because the store or concern does not meet criteria for approval established by the Secretary by regulation may not submit a new application for 6 months after the date of the denial.".

SEC. 357. BASES FOR SUSPENSIONS AND DISQUALIFICATIONS.

Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021) is amended—

(1) by striking the section heading;

(2) by striking "SEC. 12 (a) Any" and inserting the following:

"SEC. 12. CIVIL MONEY PENALTIES AND DISQUALIFICATION OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS.

"(a) DISQUALIFICATION.—

"(1) IN GENERAL.—Any"; and

(3) in subsection (a), by adding at the end the following:

"(2) BASIS.—Regulations issued pursuant to this Act shall provide criteria for the finding of a violation, and the suspension or disqualification of a retail food store or wholesale food concern, on the basis of evidence that may include facts established through on-site investigations, inconsistent redemption data, or evidence obtained through transaction reports under electronic benefits transfer systems.".

SEC. 358. DISQUALIFICATION OF STORES PENDING JUDICIAL AND ADMINISTRATIVE REVIEW.

(a) AUTHORITY.—Section 12(a) of the Food Stamp Act of 1977 (7 U.S.C. 2021(a)) (as amended by section 357) is further amended by adding at the end the following:

"(3) DISQUALIFICATION PENDING REVIEW.—The regulations may establish criteria under which the authorization of a retail food store or wholesale food concern to accept and redeem coupons may be suspended at the time the store or concern is initially found to have committed a violation of a requirement of the food stamp program that would result in a permanent disqualification. The suspension may coincide with the period of a review under section 14. The Secretary shall not be liable for the value of any sales lost during a suspension or disqualification period.".

(b) REVIEW.—Section 14(a) of the Act (7 U.S.C. 2023(a)) is amended—

(1) in the first sentence, by striking "disqualified or subjected" and inserting "suspended, disqualified, or subjected";

(2) in the fifth sentence, by inserting before the period at the end the following: ", except that, in the case of the suspension of a retail food store or wholesale food concern under section 12(a)(3), the suspension shall remain in effect pending any judicial or administrative review of the proposed disqualification action, and the period of suspension shall be considered a part of any period of disqualification that is imposed"; and

(3) by striking the last sentence.

SEC. 359. DISQUALIFICATION OF RETAILERS WHO ARE DISQUALIFIED UNDER THE WIC PROGRAM.

Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021) is amended by adding at the end the following:

"(g) DISQUALIFICATION OF RETAILERS WHO ARE DISQUALIFIED UNDER THE WIC PROGRAM.—

"(1) IN GENERAL.—The Secretary shall issue regulations providing criteria for the disqualification of an approved retail food store and a wholesale food concern that is disqualified from accepting benefits under the special supplemental nutrition program for women, infants, and children established under section 17 of the Child Nutrition Act of 1966 (7 U.S.C. 1786).

"(2) TERMS.—A disqualification under paragraph (1)—

"(A) shall be for the same period as the disqualification from the program referred to in paragraph (1);

"(B) may begin at a later date than the disqualification from the program referred to in paragraph (1); and

"(C) notwithstanding section 14, shall not be subject to judicial or administrative review.".

SEC. 360. PERMANENT DEBARMENT OF RETAILERS WHO INTENTIONALLY SUBMIT FALSIFIED APPLICATIONS.

Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021) (as amended by section 359) is further amended by adding at the end the following:

"(h) FALSIFIED APPLICATIONS.—

"(1) IN GENERAL.—The Secretary shall issue regulations providing for the permanent disqualification of a retail food store, or wholesale food concern, that knowingly submits an application for approval to accept and redeem coupons that contains false information about a substantive matter that was, or could have been, a basis for approving the application.

"(2) REVIEW.—A disqualification under paragraph (1) shall be subject to judicial and administrative review under section 14, except that the disqualification shall remain in effect pending the review.".

SEC. 361. EXPANDED CRIMINAL FORFEITURE FOR VIOLATIONS.

(a) FORFEITURE OF ITEMS EXCHANGED IN FOOD STAMP TRAFFICKING.—The first sentence of section 15(g) of the Food Stamp Act of 1977 (7 U.S.C. 2024(g)) is amended by striking "or intended to be furnished".

(b) CRIMINAL FORFEITURE.—Section 15 of the Act (7 U.S.C. 2024)) is amended by adding at the end the following:

"(h) CRIMINAL FORFEITURE.—

"(A) IN GENERAL.—Any person convicted of violating subsection (b) or (c) involving food stamp benefits having an aggregate value of not less than $5,000, shall forfeit to the United States—

"(i) any food stamp benefits and any property constituting, or derived from, or traceable to any proceeds the person obtained directly or indirectly as a result of the violation; and

"(ii) any food stamp benefits and any property of the person used, or intended to be used, in any manner or part, to commit, or to facilitate the commission of the violation.

"(B) SENTENCE.—In imposing a sentence on a person under subparagraph (A), a court shall order that the person forfeit to the United States all property described in this subsection.

"(C) PROCEDURES.—Any food stamp benefits or property subject to forfeiture under this subsection, any seizure or disposition of the benefits or property, and any administrative or judicial proceeding relating to the benefits or property, shall be governed by subsections (b), (c), (e), and (g) through (p) of section 413 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 853), if not inconsistent with this subsection.

"(3) EXCLUDED PROPERTY.—This subsection shall not apply to property referred to in subsection (g).".

SEC. 362. EFFECTIVE DATE.

This subtitle and the amendments made by this subtitle shall become effective on October 1, 1995.

TITLE IV—CHILD NUTRITION PROGRAMS

Subtitle A—Reimbursement Rates

SEC. 401. TERMINATION OF ADDITIONAL PAYMENT FOR LUNCHES SERVED IN HIGH FREE AND REDUCED PRICE PARTICIPATION SCHOOLS.

(a) IN GENERAL.—Section 4(b)(2) of the National School Lunch Act (42 U.S.C. 1753(b)(2)) is amended by striking "except that" and all that follows through "2 cents more".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on July 1, 1996.

SEC. 402. VALUE OF FOOD ASSISTANCE.

(a) IN GENERAL.—Section 6(e)(1) of the National School Lunch Act (42 U.S.C. 1755(e)(1)) is amended by striking subparagraph (B) and inserting the following:

"(B) ADJUSTMENTS.—

"(i) IN GENERAL.—The value of food assistance for each meal shall be adjusted each July 1 by the annual percentage change in a 3-month average value of the Price Index for Foods Used in Schools and Institutions for March, April, and May each year.

"(ii) ADJUSTMENTS.—Except as otherwise provided in this subparagraph, in the case of each school year, the Secretary shall—

"(I) base the adjustment made under clause (i) on the amount of the unrounded adjustment for the preceding school year;

"(II) adjust the resulting amount in accordance with clause (i); and

"(III) round the result to the nearest lower cent increment.

"(iii) ADJUSTMENT ON JANUARY 1, 1996.—On January 1, 1996, the Secretary shall adjust the value of food assistance for the remainder of the school year by rounding the previously established value of food assistance to the nearest lower cent increment.

"(iv) ADJUSTMENT FOR 1996-97 SCHOOL YEAR.—In the case of the school year beginning July 1, 1996, the value of food assistance shall be the same as the value of food assistance in effect on June 30, 1996.

"(v) ADJUSTMENT FOR 1997-98 SCHOOL YEAR.—In the case of the school year beginning July 1, 1997, the Secretary shall—

"(I) base the adjustment made under clause (i) on the amount of the unrounded adjustment for the value of food assistance for the school year beginning July 1, 1995;

"(II) adjust the resulting amount to reflect the annual percentage change in a 3-month average value of the Price Index for Foods Used in Schools and Institutions for March, April, and May for the most recent 12-month period for which the data are available; and

"(III) round the result to the nearest lower cent increment.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall become effective on January 1, 1996.

SEC. 403. LUNCHES, BREAKFASTS, AND SUPPLEMENTS.

(a) IN GENERAL.—Section 11(a)(3)(B) of the National School Lunch Act (42 U.S.C. 1759a(a)(3)(B)) is amended—

(1) by designating the second and third sentences as subparagraphs (C) and (D), respectively; and

(2) by striking subparagraph (D) (as so designated) and inserting the following:

"(D) ROUNDING.—Except as otherwise provided in this paragraph, in the case of each school year, the Secretary shall—

"(i) base the adjustment made under this paragraph on the amount of the unrounded adjustment for the preceding school year;

"(ii) adjust the resulting amount in accordance with subparagraphs (B) and (C); and

"(iii) round the result to the nearest lower cent increment.

"(E) ADJUSTMENT ON JANUARY 1, 1996.—On January 1, 1996, the Secretary shall adjust the rates and factor for the remainder of the school year by rounding the previously established rates and factor to the nearest lower cent increment.

"(F) ADJUSTMENT FOR 24-MONTH PERIOD BEGINNING JULY 1, 1996.—In the case of the 24-month period beginning July 1, 1996, the national average payment rates for paid lunches, paid breakfasts, and paid supplements shall be the same as the national average payment rate for paid lunches, paid breakfasts, and paid supplements, respectively, for the school year beginning July 1, 1995, rounded to the nearest lower cent increment.

"(G) ADJUSTMENT FOR SCHOOL YEAR BEGINNING JULY 1, 1998.—In the case of the school year beginning July 1, 1998, the Secretary shall—

"(i) base the adjustments made under this paragraph for—

"(I) paid lunches and paid breakfasts on the amount of the unrounded adjustment for paid lunches for the school year beginning July 1, 1995; and

"(II) paid supplements on the amount of the unrounded adjustment for paid supplements for the school year beginning July 1, 1995;

"(ii) adjust each resulting amount in accordance with subparagraph (C); and

"(iii) round each result to the nearest lower cent increment.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall become effective on January 1, 1996.

SEC. 404. SUMMER FOOD SERVICE PROGRAM FOR CHILDREN.

(a) IN GENERAL.—Section 13(b) of the National School Lunch Act (42 U.S.C. 1761(b)) is amended—

(1) by striking "(b)(1)" and all that follows through the end of paragraph (1) and inserting the following:

"(b) SERVICE INSTITUTIONS.—

"(1) PAYMENTS.—

"(A) IN GENERAL.—Except as otherwise provided in this paragraph, payments to service institutions shall equal the full cost of food service operations (which cost shall include the costs of obtaining, preparing, and serving food, but shall not include administrative costs).

"(B) MAXIMUM AMOUNTS.—Subject to subparagraph (C), payments to any institution under subparagraph (A) shall not exceed—

"(i) $2 for each lunch and supper served;

"(ii) $1.20 for each breakfast served; and

"(iii) 50 cents for each meal supplement served.

"(C) ADJUSTMENTS.—Amounts specified in subparagraph (B) shall be adjusted each January 1 to the nearest lower cent increment in accordance with the changes for the 12-month period ending the preceding November 30 in the series for food away from home of the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor. Each adjustment shall be based on the unrounded adjustment for the prior 12-month period.";

(2) in the second sentence of paragraph (3), by striking "levels determined" and all that follows through "this subsection" and inserting "level determined by the Secretary"; and

(3) by striking paragraph (4).

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall become effective on January 1, 1996.

SEC. 405. SPECIAL MILK PROGRAM.

(a) IN GENERAL.—Section 3(a) of the Child Nutrition Act of 1966 (42 U.S.C. 1772(a)) is amended by striking paragraph (8) and inserting the following:

"(8) ADJUSTMENTS.—

"(A) IN GENERAL.—Except as otherwise provided in this paragraph, in the case of each school year, the Secretary shall—

"(i) base the adjustment made under paragraph (7) on the amount of the unrounded adjustment for the preceding school year;

"(ii) adjust the resulting amount in accordance with paragraph (7); and

"(iii) round the result to the nearest lower cent increment.

"(B) ADJUSTMENT ON JANUARY 1, 1996.—On January 1, 1996, the Secretary shall adjust the minimum rate for the remainder of the school year by rounding the previously established minimum rate to the nearest lower cent increment.

"(C) ADJUSTMENT FOR 1996-97 SCHOOL YEAR.—In the case of the school year beginning July 1, 1996, the minimum rate shall be the same as the minimum rate in effect on June 30, 1996.

"(D) ADJUSTMENT FOR 1997-98 SCHOOL YEAR.—In the case of the school year beginning July 1, 1997, the Secretary shall—

"(i) base the adjustment made under paragraph (7) on the amount of the unrounded adjustment for the minimum rate for the school year beginning July 1, 1995;

"(ii) adjust the resulting amount to reflect changes in the Producer Price Index for Fresh Processed Milk published by the Bureau of Labor Statistics of the Department of Labor for the most recent 12-month period for which the data are available; and

"(iii) round the result to the nearest lower cent increment.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on January 1, 1996.

SEC. 406. FREE AND REDUCED PRICE BREAKFASTS.

(a) IN GENERAL.—Section 4(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(b)) is amended—

(1) in the second sentence of paragraph (1)(B), by striking ", adjusted to the nearest one-fourth cent" and inserting "(as adjusted pursuant to section 11(a) of the National School Lunch Act (42 U.S.C. 1759a(a))"; and

(2) in paragraph (2)(B)(ii)—

(A) by striking "nearest one-fourth cent" and inserting "nearest lower cent increment for the applicable school year"; and

(B) by inserting before the period at the end the following: ", and the adjustment required by this clause shall be based on the unrounded adjustment for the preceding school year".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall become effective on July 1, 1996.

SEC. 407. CONFORMING REIMBURSEMENT FOR PAID BREAKFASTS AND LUNCHES.

(a) IN GENERAL.—The last sentence of section 4(b)(1)(B) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(b)(1)(B)) is amended by striking "8.25 cents" and all that follows through "Act)" and inserting "the same as the national average lunch payment for paid meals established under section 4(b) of the National School Lunch Act (42 U.S.C. 1753(b))".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on January 1, 1996.

Subtitle B—Grant Programs

SEC. 411. SCHOOL BREAKFAST STARTUP GRANTS.

Section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773) is amended by striking subsection (g).

SEC. 412. NUTRITION EDUCATION AND TRAINING PROGRAMS.

Section 19(i)(2)(A) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(i)(2)(A)) is amended by striking "$10,000,000" and inserting "$7,000,000".

SEC. 413. EFFECTIVE DATE.

The amendments made by this subtitle shall become effective on October 1, 1996.

Subtitle C—Other Amendments

SEC. 421. FREE AND REDUCED PRICE POLICY STATEMENT.

(a) SCHOOL LUNCH PROGRAM.—Section 9(b)(2) of the National School Lunch Act (42 U.S.C. 1758(b)(2)) is amended by adding at the end the following:

"(D) FREE AND REDUCED PRICE POLICY STATEMENT.—After the initial submission, a school shall not be required to submit a free and reduced price policy statement to a State educational agency under this Act unless there is a substantive change in the free and reduced price policy of the school. A routine change in the policy of a school, such as an annual adjustment of the income eligibility guidelines for free and reduced price meals, shall not be sufficient cause for requiring the school to submit a policy statement.".

(b) SCHOOL BREAKFAST PROGRAM.—Section 4(b)(1) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(b)(1)) is amended by adding at the end the following:

"(E) FREE AND REDUCED PRICE POLICY STATEMENT.—After the initial submission, a school shall not be required to submit a free and reduced price policy statement to a State educational agency under this Act unless there is a substantive change in the free and reduced price policy of the school. A routine change in the policy of a school, such as an annual adjustment of the income eligibility guidelines for free and reduced price meals, shall not be sufficient cause for requiring the school to submit a policy statement.".

SEC. 422. SUMMER FOOD SERVICE PROGRAM FOR CHILDREN.

(a) PERMITTING OFFER VERSUS SERVE.—Section 13(f) of the National School Lunch Act (42 U.S.C. 1761(f)) is amended—

(1) by striking "(f) Service" and inserting the following:

"(f) NUTRITIONAL STANDARDS.—

"(1) IN GENERAL.—Service"; and

(2) by adding at the end the following:

"(2) OFFER VERSUS SERVE.—A school food authority participating as a service institution may permit a child attending a site on school premises operated directly by the authority to refuse not more than 1 item of a meal that the child does not intend to consume. A refusal of an offered food item shall not affect the amount of payments made under this section to a school for the meal.".

(b) REMOVING MANDATORY NOTICE TO INSTITUTIONS.—Section 13(n)(2) of the Act is amended by striking "and its plans and schedule" and inserting "except that the Secretary may not require a State to submit a plan or schedule".

SEC. 423. CHILD AND ADULT CARE FOOD PROGRAM.

(a) PAYMENTS TO SPONSOR EMPLOYEES.—Paragraph (2) of the last sentence of section 17(a) of the National School Lunch Act (42 U.S.C. 1766(a)) is amended—

(1) by striking "and" at the end of subparagraph (B);

(2) by striking the period at the end of subparagraph (C) and inserting "; and"; and

(3) by adding at the end the following:

"(D) in the case of a family or group day care home sponsoring organization that employs more than 1 employee, the organization does not base payments to an employee of the organization on the number of family or group day care homes recruited, managed, or monitored.".

(b) IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.—

(1) RESTRUCTURED DAY CARE HOME REIMBURSEMENTS.—Section 17(f)(3) of the Act is amended by striking "(3)(A) Institutions" and all that follows through the end of subparagraph (A) and inserting the following:

"(3) REIMBURSEMENT OF FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

"(A) REIMBURSEMENT FACTOR.—

"(i) IN GENERAL.—An institution that participates in the program under this section as a family or group day care home sponsoring organization shall be provided, for payment to a home sponsored by the organization, reimbursement factors in accordance with this subparagraph for the cost of obtaining and preparing food and prescribed labor costs involved in providing meals under this section.

"(ii) TIER I FAMILY OR GROUP DAY CARE HOMES.—

"(I) DEFINITION.—In this paragraph, the term 'tier I family or group day care home' means—

"(aa) a family or group day care home that is located in a geographic area, as defined by the Secretary based on census data, in which at least 50 percent of the children residing in the area are members of households whose incomes meet the income eligibility guidelines for free or reduced price meals under section 9;

"(bb) a family or group day care home that is located in an area served by a school enrolling elementary students in which at least 50 percent of the total number of children enrolled are certified eligible to receive free or reduced price school meals under this Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.); or

"(cc) a family or group day care home that is operated by a provider whose household meets the income eligibility guidelines for

free or reduced price meals under section 9 and whose income is verified by the sponsoring organization of the home under regulations established by the Secretary.

"(II) REIMBURSEMENT.—Except as provided in subclause (III), a tier I family or group day care home shall be provided reimbursement factors under this clause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the income eligibility guidelines for free or reduced price meals under section 9.

"(III) FACTORS.—Except as provided in subclause (IV), the reimbursement factors applied to a home referred to in subclause (II) shall be the factors in effect on the date of enactment of this subclause.

"(IV) ADJUSTMENTS.—The reimbursement factors under this subparagraph shall be adjusted on August 1, 1996, July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The reimbursement factors under this subparagraph shall be rounded to the nearest lower cent increment and based on the unrounded adjustment in effect on June 30 of the preceding school year.

"(iii) TIER II FAMILY OR GROUP DAY CARE HOMES.—

"(I) IN GENERAL.—

"(aa) FACTORS.—Except as provided in subclause (II), with respect to meals or supplements served under this clause by a family or group day care home that does not meet the criteria set forth in clause (ii)(I), the reimbursement factors shall be $1 for lunches and suppers, 30 cents for breakfasts, and 15 cents for supplements.

"(bb) ADJUSTMENTS.—The factors shall be adjusted on July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The reimbursement factors under this item shall be rounded down to the nearest lower cent increment and based on the unrounded adjustment for the preceding 12-month period.

"(cc) REIMBURSEMENT.—A family or group day care home shall be provided reimbursement factors under this subclause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the income eligibility guidelines for free or reduced price meals under section 9.

"(II) OTHER FACTORS.—A family or group day care home that does not meet the criteria set forth in clause (ii)(I) may elect to be provided reimbursement factors determined in accordance with the following requirements:

"(aa) CHILDREN ELIGIBLE FOR FREE OR REDUCED PRICE MEALS.—In the case of meals or supplements served under this subsection to children who are members of households whose incomes meet the income eligibility guidelines for free or reduced price meals under section 9, the family or group day care home shall be provided reimbursement factors set by the Secretary in accordance with clause (ii)(III).

"(bb) INELIGIBLE CHILDREN.—In the case of meals or supplements served under this subsection to children who are members of households whose incomes do not meet the income eligibility guidelines, the family or group day care home shall be provided reimbursement factors in accordance with subclause (I).

"(III) INFORMATION AND DETERMINATIONS.—

"(aa) IN GENERAL.—If a family or group day care home elects to claim the factors described in subclause (II), the family or group day care home sponsoring organization serving the home shall collect the necessary income information, as determined by the Secretary, from any parent or other caretaker to make the determinations specified in subclause (II) and shall make the determinations in accordance with rules prescribed by the Secretary.

"(bb) CATEGORICAL ELIGIBILITY.—In making a determination under item (aa), a family or group day care home sponsoring organization may consider a child participating in or subsidized under, or a child with a parent participating in or subsidized under, a federally or State supported child care or other benefit program with an income eligibility limit that does not exceed the eligibility standard for free or reduced price meals under section 9 to be a child who is a member of a household whose income meets the income eligibility guidelines under section 9.

"(cc) FACTORS FOR CHILDREN ONLY.—A family or group day care home may elect to receive the reimbursement factors prescribed under clause (ii)(III) solely for the children participating in a program referred to in item (bb) if the home elects not to have income statements collected from parents or other caretakers.

"(IV) SIMPLIFIED MEAL COUNTING AND REPORTING PROCEDURES.—The Secretary shall prescribe simplified meal counting and reporting procedures for use by a family or group day care home that elects to claim the factors under subclause (II) and by a family or group day care home sponsoring organization that sponsors the home. The procedures the Secretary prescribes may include 1 or more of the following:

"(aa) Setting an annual percentage for each home of the number of meals served that are to be reimbursed in accordance with the reimbursement factors prescribed under clause (ii)(III) and an annual percentage of the number of meals served that are to be reimbursed in accordance with the reimbursement factors prescribed under subclause (I), based on the family income of children enrolled in the home in a specified month or other period.

"(bb) Placing a home into 1 of 2 or more reimbursement categories annually based on the percentage of children in the home whose households have incomes that meet the income eligibility guidelines under section 9, with each such reimbursement category carrying a set of reimbursement factors such as the factors prescribed under clause (ii)(III) or subclause (I) or factors established within the range of factors prescribed under clause (ii)(III) and subclause (I).

"(cc) Such other simplified procedures as the Secretary may prescribe.

"(V) MINIMUM VERIFICATION REQUIREMENTS.—The Secretary may establish any necessary minimum verification requirements.".

(2) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—Section 17(f)(3) of the Act is amended by adding at the end the following:

"(D) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—

"(i) IN GENERAL.—

"(I) RESERVATION.—From amounts made available to carry out this section, the Secretary shall reserve $5,000,000 of the amount made available for fiscal year 1996.

"(II) PURPOSE.—The Secretary shall use the funds made available under subclause (I) to provide grants to States for the purpose of providing—

"(aa) assistance, including grants, to family and day care home sponsoring organizations and other appropriate organizations, in securing and providing training, materials, automated data processing assistance, and other assistance for the staff of the sponsoring organizations; and

"(bb) training and other assistance to family and group day care homes in the implementation of the amendments to subparagraph (A) made by section 423(b)(1) of the Work Opportunity Act of 1995.

"(ii) ALLOCATION.—The Secretary shall allocate from the funds reserved under clause (i)(I)—

"(I) $30,000 in base funding to each State; and

"(II) any remaining amount among the States, based on the number of family day care homes participating in the program in a State during fiscal year 1994 as a percentage of the number of all family day care homes participating in the program during fiscal year 1994.

"(iii) RETENTION OF FUNDS.—Of the amount of funds made available to a State for fiscal year 1996 under clause (i), the State may retain not to exceed 30 percent of the amount to carry out this subparagraph.

"(iv) ADDITIONAL PAYMENTS.—Any payments received under this subparagraph shall be in addition to payments that a State receives under subparagraph (A) (as amended by section 423(b)(1) of the Work Opportunity Act of 1995).".

(3) PROVISION OF DATA.—Section 17(f)(3) of the Act (as amended by paragraph (2)) is further amended by adding at the end the following:

"(E) PROVISION OF DATA TO FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

"(i) CENSUS DATA.—The Secretary shall provide to each State agency administering a child and adult care food program under this section data from the most recent decennial census survey or other appropriate census survey for which the data are available showing which areas in the State meet the requirements of subparagraph (A)(ii)(I)(aa). The State agency shall provide the data to family or group day care home sponsoring organizations located in the State.

"(ii) SCHOOL DATA.—

"(I) IN GENERAL.—A State agency administering the school lunch program under this Act or the school breakfast program under the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) shall provide data for each elementary school in the State, or shall direct each school within the State to provide data for the school, to approved family or group day care home sponsoring organizations that request the data, on the percentage of enrolled children who are eligible for free or reduced price meals.

"(II) USE OF DATA FROM PRECEDING SCHOOL YEAR.—In determining for a fiscal year or other annual period whether a home qualifies as a tier I family or group day care home under subparagraph (A)(ii)(I), the State agency administering the program under this section, and a family or group day care home sponsoring organization, shall use the most current available data at the time of the determination.

"(iii) DURATION OF DETERMINATION.—For purposes of this section, a determination that a family or group day care home is located in an area that qualifies the home as a tier I family or group day care home (as the term is defined in subparagraph (A)(ii)(I)), shall be in effect for 3 years (unless the determination is made on the basis of census data, in which case the determination shall

remain in effect until more recent census data are available) unless the State agency determines that the area in which the home is located no longer qualifies the home as a tier I family or group day care home.".

(4) CONFORMING AMENDMENTS.—Section 17(c) of the Act is amended by inserting "except as provided in subsection (f)(3)," after "For purposes of this section." each place it appears in paragraphs (1), (2), and (3).

(c) DISALLOWING MEAL CLAIMS.—The fourth sentence of section 17(f)(4) of the Act is amended by inserting "(including institutions that are not family or group day care home sponsoring organizations)" after "institutions".

(d) ELIMINATION OF STATE PAPERWORK AND OUTREACH BURDEN.—Section 17 of the Act is amended by striking subsection (k) and inserting the following:

"(k) TRAINING AND TECHNICAL ASSISTANCE.—A State participating in the program established under this section shall provide sufficient training, technical assistance, and monitoring to facilitate effective operation of the program. The Secretary shall assist the State in developing plans to fulfill the requirements of this subsection.".

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall become effective on the date of enactment of this Act.

(2) IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.—The amendments made by paragraphs (1), (3), and (4) of subsection (b) shall become effective on August 1, 1996.

SEC. 424. REDUCING REQUIRED REPORTS TO STATE AGENCIES AND SCHOOLS.

Section 19 of the National School Lunch Act (42 U.S.C. 1769a) is amended by striking subsection (c) and inserting the following:

"(c) REPORT.—Not later than 1 year after the date of enactment of the Work Opportunity Act of 1995, the Secretary shall—

"(1) review all reporting requirements under this Act and the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) that are in effect, as of the date of enactment of the Work Opportunity Act of 1995, for agencies and schools referred to in subsection (a); and

"(2) provide a report to the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate that—

"(A) describes the reporting requirements described in paragraph (1) that are required by law;

"(B) makes recommendations concerning the elimination of any requirement described in subparagraph (A) because the contribution of the requirement to program effectiveness is not sufficient to warrant the paperwork burden that is placed on agencies and schools referred to in subsection (a); and

"(C) provides a justification for reporting requirements described in paragraph (1) that are required solely by regulation.".

Subtitle D—Reauthorization

SEC. 431. COMMODITY DISTRIBUTION PROGRAM; COMMODITY SUPPLEMENTAL FOOD PROGRAM.

(a) REAUTHORIZATION.—The first sentence of section 4(a) of the Agriculture and Consumer Protection Act of 1973 (Public Law 93-86; 7 U.S.C. 612c note) is amended by striking "1995" and inserting "2002".

(b) ADMINISTRATIVE FUNDING.—Section 5(a)(2) of the Act (Public Law 93-86; 7 U.S.C. 612c note) is amended by striking "1995" and inserting "2002".

SEC. 432. EMERGENCY FOOD ASSISTANCE PROGRAM.

(a) REAUTHORIZATION.—The first sentence of section 204(a)(1) of the Emergency Food Assistance Act of 1983 (Public Law 98-8; 7 U.S.C. 612c note) is amended by striking "1995" and inserting "2002".

(b) PROGRAM TERMINATION.—Section 212 of the Act (Public Law 98-8; 7 U.S.C. 612c note) is amended by striking "1995" and inserting "2002".

(c) REQUIRED PURCHASES OF COMMODITIES.—Section 214 of the Act (Public Law 98-8; 7 U.S.C. 612c note) is amended—

(1) in the first sentence of subsection (a), by striking "1995" and inserting "2002"; and

(2) in subsection (e), by striking "1995" each place it appears and inserting "2002".

(d) EXTENSION.—Section 13962 of the Omnibus Budget Reconciliation Act of 1993 (Public Law 103-66; 107 Stat. 680) is amended by striking "1994, 1995, and 1996" each place it appears and inserting "1994 through 2002".

SEC. 433. SOUP KITCHENS PROGRAM.

Section 110 of the Hunger Prevention Act of 1988 (Public Law 100-435; 7 U.S.C. 612c note) is amended—

(1) in the first sentence of subsection (a), by striking "1995" and inserting "2002"; and

(2) in subsection (c)(2)—

(A) in the paragraph heading, by striking "1995" and inserting "2002"; and

(B) by striking "1995" each place it appears and inserting "2002".

SEC. 434. NATIONAL COMMODITY PROCESSING.

The first sentence of section 1114(a)(2)(A) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e(2)(A)) is amended by striking "1995" and inserting "2002".

SEC. 435. COMMODITY SUPPLEMENTAL FOOD PROGRAM.

Section 5(d)(2) of the Agriculture and Consumer Protection Act of 1973 (Public Law 93-86; 7 U.S.C. 612c note) is amended by striking "1995" and inserting "2002".

TITLE V—NONCITIZENS

SEC. 501. STATE OPTION TO PROHIBIT ASSISTANCE FOR CERTAIN ALIENS.

(a) IN GENERAL.—A State may, at its option, prohibit the use of any Federal funds received for the provision of assistance under any means-tested public assistance program for any individual who is a noncitizen of the United States.

(b) EXCEPTIONS.—Subsection (a) shall not apply to—

(1) any individual who is described in subclause (II), (III), (IV), or (V) of section 1614(a)(1)(B)(i) of the Social Security Act (42 U.S.C. 1382c(a)(1)(B)(i)); and

(2) any program described in section 502(f)(2).

SEC. 502. DEEMED INCOME REQUIREMENT FOR FEDERAL AND FEDERALLY FUNDED PROGRAMS.

(a) DEEMING REQUIREMENT FOR FEDERAL AND FEDERALLY FUNDED PROGRAMS.—Subject to subsection (d), for purposes of determining the eligibility of an individual (whether a citizen or national of the United States or an alien) for assistance and the amount of assistance, under any Federal program of assistance provided or funded, in whole or in part, by the Federal Government for which eligibility is based on need, the income and resources described in subsection (b) shall, notwithstanding any other provision of law, be deemed to be the income and resources of such individual.

(b) DEEMED INCOME AND RESOURCES.—The income and resources described in this subsection include the following:

(1) The income and resources of any person who, as a sponsor of such individual's entry into the United States, or in order to enable such individual lawfully to remain in the United States, executed an affidavit of support or similar agreement with respect to such individual.

(2) The income and resources of the sponsor's spouse.

(c) LENGTH OF DEEMING PERIOD.—The requirement of subsection (a) shall apply for the period for which the sponsor has agreed, in such affidavit or agreement, to provide support for such individual, or for a period of 5 years beginning on the date such individual was first lawfully in the United States after the execution of such affidavit or agreement, whichever period is longer.

(d) LIMITATION ON MEASUREMENT OF DEEMED INCOME AND RESOURCES.—

(1) IN GENERAL.—If a determination described in paragraph (2) is made, the amount of income and resources of the sponsor or the sponsor's spouse which shall be attributed to the sponsored individual shall not exceed the amount actually provided, for a period beginning on the date of such determination and lasting 12 months or, if the address of the sponsor is unknown to the sponsored individual on the date of such determination, for 12 months after the address becomes known to the sponsored individual or to the agency (which shall inform such individual within 7 days).

(2) DETERMINATION.—The determination described in this paragraph is a determination by an agency that a sponsored individual would, in the absence of the assistance provided by the agency, be unable to obtain food and shelter, taking into account the individual's own income, plus any cash, food, housing, or other assistance provided by other individuals, including the sponsor.

(e) DEEMING AUTHORITY TO STATE AND LOCAL AGENCIES.—

(1) IN GENERAL.—Notwithstanding any other provision of law, but subject to an exception equivalent to that in subsection (d), the State or local government may, for purposes of determining the eligibility of an individual (whether a citizen or national of the United States or an alien) for assistance, and the amount of assistance, under any State or local program of assistance for which eligibility is based on need, or any need-based program of assistance administered by a State or local government other than a program described in subsection (a), require that the income and resources described in paragraph (2) be deemed to be the income and resources of such individual.

(2) DEEMED INCOME AND RESOURCES.—The income and resources described in this paragraph include the following:

(A) The income and resources of any person who, as a sponsor of such individual's entry into the United States, or in order to enable such individual lawfully to remain in the United States, executed an affidavit of support or similar agreement with respect to such individual.

(B) The income and resources of the sponsor's spouse.

(3) LENGTH OF DEEMED INCOME PERIOD.—Subject to an exception equivalent to subsection (d), a State or local government may impose a requirement described in paragraph (1) for the period for which the sponsor has agreed, in such affidavit or agreement, to provide support for such individual, or for a period of 5 years beginning on the date such individual was first lawfully in the United States after the execution of such affidavit or agreement, whichever period is longer.

(f) APPLICABILITY OF SECTION.—

(1) INDIVIDUALS.—The provisions of this section shall not apply to the eligibility of any individual who is described in subclause (II), (III), (IV), or (V) of section 1614(a)(1)(B)(i) of the Social Security Act (42 U.S.C. 1382c(a)(1)(B)(i)).

(2) PROGRAMS.—The provisions of this section shall not apply to eligibility for—

(A) emergency medical services under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.);

(B) short-term emergency disaster relief;

(C) assistance or benefits under the National School Lunch Act;

(D) assistance or benefits under the Child Nutrition Act of 1966; and

(E) public health assistance for immunizations with respect to immunizable diseases and for testing and treatment for communicable diseases if the Secretary of Health and Human Services determines that such testing and treatment is necessary.

(g) CONFORMING AMENDMENTS.—

(1) Section 1621 of the Social Security Act (42 U.S.C. 1382j) is repealed.

(2) Section 1614(f)(3) of such Act (42 U.S.C. 1382c(f)(3)) is amended by striking "section 1621" and inserting "section 502 of the Work Opportunity Act of 1995".

SEC. 503. REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT.

(a) ENFORCEABILITY.—No affidavit of support may be relied upon by the Attorney General or by any consular officer to establish that an alien is not excludable as a public charge under section 212(a)(4) of the Immigration and Nationality Act unless such affidavit is executed as a contract—

(1) which is legally enforceable against the sponsor by the sponsored individual, by the Federal Government, and by any State, district, territory, or possession of the United States (or any subdivision of such State, district, territory, or possession of the United States) which provides any benefit described in clause (I)(A)(ii) of subsection (d), but not later than 10 years after the sponsored individual last receives any such benefit;

(2) in which the sponsor agrees to financially support the sponsored individual, so that he or she will not become a public charge, until the sponsored individual has worked in the United States for 40 qualifying quarters; and

(3) in which the sponsor agrees to submit to the jurisdiction of any Federal or State court for the purpose of actions brought under subsection (d)(2).

(b) FORMS.—Not later than 90 days after the date of enactment of this Act, the Secretary of State, the Attorney General, and the Secretary of Health and Human Services shall jointly formulate the affidavit of support described in this section.

(c) NOTIFICATION OF CHANGE OF ADDRESS.—

(1) IN GENERAL.—The sponsor shall notify the Attorney General and the State, district, territory, or possession in which the sponsored individual is currently resident within 30 days of any change of address of the sponsor during the period specified in subsection (a)(1).

(2) PENALTY.—Any person subject to the requirement of paragraph (1) who fails to satisfy such requirement shall be subject to a civil penalty of—

(A) not less than $250 or more than $2,000, or

(B) if such failure occurs with knowledge that the sponsored individual has received any benefit described in section 241(a)(5)(C) of the Immigration and Nationality Act, not less than $2,000 or more than $5,000.

(d) REIMBURSEMENT OF GOVERNMENT EXPENSES.—

(1) IN GENERAL.—Upon notification that a sponsored individual has received any benefit described in paragraph (2), the appropriate Federal, State, or local official shall request reimbursement by the sponsor in the amount of such assistance.

(2) PROGRAMS DESCRIBED.—The programs described in this paragraph include the following:

(A) Assistance under a State program funded under part A of title IV of the Social Security Act.

(B) The medicaid program under title XIX of the Social Security Act.

(C) The food stamp program under the Food Stamp Act of 1977.

(D) The supplemental security income program under title XVI of the Social Security Act.

(E) Any State general assistance program.

(F) Any other program of assistance funded, in whole or in part, by the Federal Government or any State or local government entity, for which eligibility for benefits is based on need, except the programs specified in section 502(f)(2).

(3) REGULATIONS.—The Commissioner of Social Security shall prescribe such regulations as may be necessary to carry out paragraph (1). Such regulations shall provide for notification to the sponsor by certified mail to the sponsor's last known address.

(4) REIMBURSEMENT.—If within 45 days after requesting reimbursement, the appropriate Federal, State, or local agency has not received a response from the sponsor indicating a willingness to commence payments, an action may be brought against the sponsor pursuant to the affidavit of support.

(5) ACTION IN CASE OF FAILURE.—If the sponsor fails to abide by the repayment terms established by such agency, the agency may, within 60 days of such failure, bring an action against the sponsor pursuant to the affidavit of support.

(6) STATUTE OF LIMITATIONS.—No cause of action may be brought under this subsection later than 10 years after the sponsored individual last received any benefit under a program described in paragraph (2).

(e) JURISDICTION.—For purposes of this section, no State court shall decline for lack of jurisdiction to hear any action brought against a sponsor for reimbursement of the cost of any benefit under a program described in subsection (d)(2) if the sponsored individual received public assistance while residing in the State.

(f) DEFINITIONS.—For the purposes of this section—

(1) the term "sponsor" means an individual who—

(A) is a United States citizen or national or an alien who is lawfully admitted to the United States for permanent residence;

(B) is 18 years of age or over;

(C) is domiciled in any of the several States of the United States, the District of Columbia, or any territory or possession of the United States; and

(D) demonstrates the means to maintain an annual income equal to at least 200 percent of the Federal poverty line for the individual and the individual's family (including the sponsored individual), through evidence that shall include a copy of the individual's Federal income tax returns for his or her most recent two taxable years and a written statement, executed under oath or as permitted under penalty of perjury under section 1746 of title 28, United States Code, that the copies are true copies of such returns; and

(2) the term "Federal poverty line" means the level of income equal to the official poverty line (as defined by the Director of the Office of Management and Budget, as revised by the Secretary of Health and Human Services, in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981, 42 U.S.C. 9902) that is applicable to a family of the size involved.

(3) the term "qualifying quarter" means a three-month period in which the sponsored individual has—

(A) earned at least the minimum necessary for the period to count as one of the 40 calendar quarters required to qualify for social security retirement benefits;

(B) not received need-based public assistance; and

(C) had income tax liability for the tax year of which the period was part.

SEC. 504. LIMITED ELIGIBILITY OF NONCITIZENS FOR SSI BENEFITS.

(a) IN GENERAL.—Paragraph (1) of section 1614(a) of the Social Security Act (42 U.S.C. 1382c(a)) is amended—

(1) in subparagraph (B)(i), by striking "either" and all that follows through ", or" and inserting "(I) a citizen; (II) a noncitizen who is granted asylum under section 208 of the Immigration and Nationality Act or whose deportation has been withheld under section 243(h) of such Act for a period of not more than 5 years after the date of arrival into the United States; (III) a noncitizen who is admitted to the United States as a refugee under section 207 of such Act for not more than such 5-year period; (IV) a noncitizen, lawfully present in any State (or any territory or possession of the United States), who is a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage or who is the spouse or unmarried dependent child of such veteran; or (V) a noncitizen who has worked sufficient calendar quarters of coverage to be a fully insured individual for benefits under title II, or"; and

(2) by adding at the end the following new flush sentence:

"For purposes of subparagraph (B)(i)(IV), the determination of whether a noncitizen is lawfully present in the United States shall be made in accordance with regulations of the Attorney General. A noncitizen shall not be considered to be lawfully present in the United States for purposes of this title merely because the noncitizen may be considered to be permanently residing in the United States under color of law for purposes of any particular program.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by subsection (a) shall apply to applicants for benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) APPLICATION TO CURRENT RECIPIENTS.—

(A) APPLICATION AND NOTICE.—Notwithstanding any other provision of law, in the case of an individual who is receiving supplemental security income benefits under title XVI of the Social Security Act as of the date of the enactment of this Act and whose eligibility for such benefits would terminate by reason of the amendments made by subsection (a), such amendments shall apply with respect to the benefits of such individual for months beginning on or after January 1, 1997, and the Commissioner of Social Security shall so notify the individual not later than 90 days after the date of the enactment of this Act.

(B) REAPPLICATION.—

(i) IN GENERAL.—Not later than 120 days after the date of the enactment of this Act, each individual notified pursuant to subparagraph (A) who desires to reapply for benefits under title XVI of the Social Security Act shall reapply to the Commissioner of Social Security.

(ii) DETERMINATION OF ELIGIBILITY.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall determine the eligibility of each individual who reapplies for benefits under clause (i) pursuant to the procedures of such title XVI.

SEC. 505. TREATMENT OF NONCITIZENS.

(a) IN GENERAL.—Notwithstanding any other provision of law, a noncitizen who has entered into the United States on or after the date of the enactment of this Act shall not, during the 5-year period beginning on the date of such noncitizen's entry into the

United States, be eligible to receive any benefits under any program of assistance provided, or funded, in whole or in part, by the Federal Government, for which eligibility for benefits is based on need.

(b) EXCEPTIONS.—Subsection (a) shall not apply to—

(1) any individual who is described in subclause (II), (III), (IV), or (V) of section 1614(a)(1)(B)(i) of the Social Security Act (42 U.S.C. 1382c(a)(1)(B)(i)); and

(2) any program described in section 502(f)(2).

TITLE VI—CHILD CARE

SEC. 601. SHORT TITLE.

This title may be cited as the "Child Care and Development Block Grant Amendments Act of 1995".

SEC. 602. AMENDMENTS TO THE CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT OF 1990.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 658B of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858) is amended to read as follows:

"**SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.**

"There are authorized to be appropriated to carry out this subchapter $1,000,000,000 for fiscal year 1996, and such sums as may be necessary for each of the fiscal years 1997 through 2000.".

(b) LEAD AGENCY.—Section 658D(b) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858b(b)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A), by striking "State" and inserting "governmental or nongovernmental"; and

(B) in subparagraph (C), by inserting "with sufficient time and Statewide distribution of the notice of such hearing," after "hearing in the State"; and

(2) in paragraph (2), by striking the second sentence.

(c) APPLICATION AND PLAN.—Section 658E of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c) is amended—

(1) in subsection (b), by striking "implemented—" and all that follows through "plans." and inserting "implemented during a 2-year period.";

(2) in subsection (c)—

(A) in paragraph (2)—

(i) in subparagraph (A)—

(I) in clause (iii) by striking the semicolon and inserting a period; and

(II) by striking "except" and all that follows through "1992."; and

(ii) in subparagraph (E)—

(I) by striking clause (ii) and inserting the following new clause:

"(ii) the State will implement mechanisms to ensure that appropriate payment mechanisms exist so that proper payments under this subchapter will be made to providers within the State and to permit the State to furnish information to such providers."; and

(II) by adding at the end thereof the following new sentence: "In lieu of any licensing and regulatory requirements applicable under State and local law, the Secretary, in consultation with Indian tribes and tribal organizations, shall develop minimum child care standards (that appropriately reflect tribal needs and available resources) that shall be applicable to Indian tribes and tribal organization receiving assistance under this subchapter."; and

(iii) by striking subparagraphs (H) and (I); and

(B) in paragraph (3)—

(i) in subparagraph (C)—

(I) in the subparagraph heading, by striking "AND TO INCREASE" and all that follows through "CARE SERVICES";

(II) by striking "25 percent" and inserting "15 percent"; and

(III) by striking "and to provide before-" and all that follows through "658H)"; and

(ii) by adding at the end thereof the following new subparagraph:

"(D) LIMITATION ON ADMINISTRATIVE COSTS.—Not more than 5 percent of the aggregate amount of payments received under this subchapter by a State in each fiscal year may be expended for administrative costs incurred by such State to carry out all its functions and duties under this subchapter.".

(d) SLIDING FEE SCALE.—

(1) IN GENERAL.—Section 658E(c)(5) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)(5)) is amended by inserting before the period the following: "and that ensures a representative distribution of funding among the working poor and recipients of Federal welfare assistance".

(2) ELIGIBILITY.—Section 658P(4)(B) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n(4)(B)) is amended by striking "75 percent" and inserting "100 percent".

(e) QUALITY.—Section 658G of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858e) is amended—

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

(A) by striking "A State" and inserting "(a) IN GENERAL.—A State";

(B) by striking "not less than 20 percent of"; and

(C) by striking "one or more of the following" and inserting "carrying out the resource and referral activities described in subsection (b), and for one or more of the activities described in subsection (c).";

(2) in paragraph (1), by inserting before the period the following: ", including providing comprehensive consumer education to parents and the public, referrals that honor parental choice, and activities designed to improve the quality and availability of child care";

(3) by striking "(1) RESOURCE AND REFERRAL PROGRAMS.—Operating" and inserting the following:

"(b) RESOURCE AND REFERRAL PROGRAMS.—The activities described in this subsection are operating";

(4) by redesignating paragraphs (2) through (5) as paragraphs (1) through (4), respectively;

(5) by inserting before paragraph (1) (as so redesignated) the following:

"(c) OTHER ACTIVITIES.—The activities described in this section are the following:"; and

(6) by adding at the end thereof the following:

"(5) BEFORE- AND AFTER-SCHOOL ACTIVITIES.—Increasing the availability of before- and after-school care.

"(6) INFANT CARE.—Increasing the availability of child care for infants under the age of 18 months.

"(7) NONTRADITIONAL WORK HOURS.—Increasing the availability of child care between the hours of 5:00 p.m. and 8:00 a.m.

"(d) NONDISCRIMINATION.—With respect to child care providers that comply with applicable State law but which are otherwise not required to be licensed by the State, the State, in carrying out this section, may not discriminate against such a provider if such provider desires to participate in resource and referral activities carried out under subsection (b).".

(f) REPEAL.—Section 658H of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858f) is repealed.

(g) ENFORCEMENT.—Section 658I(b)(2) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858g(b)(2)) is amended—

(1) in the matter following clause (ii) of subparagraph (A), by striking "finding and that" and all that follows through the period and inserting "finding and may impose additional program requirements on the State, including a requirement that the State reimburse the Secretary for any funds that were improperly expended for purposes prohibited or not authorized by this subchapter, that the Secretary deduct from the administrative portion of the State allotment for the following fiscal year an amount that is less than or equal to any improperly expended funds, or a combination of such options."; and

(2) by striking subparagraphs (B) and (C).

(h) REPORTS.—Section 658K of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858i) is amended—

(1) in the section heading, by striking "ANNUAL REPORT" and inserting "REPORTS"; and

(2) in subsection (a)—

(A) in the subsection heading, by striking "ANNUAL REPORT" and inserting "REPORTS";

(B) by striking "December 31, 1992, and annually thereafter" and inserting "December 31, 1996, and every 2 years thereafter";

(C) in paragraph (2)—

(i) in subparagraph (A), by inserting before the semicolon "and the types of child care programs under which such assistance is provided";

(ii) by striking subparagraph (B); and

(iii) by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively;

(D) by striking paragraph (4);

(E) by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively;

(F) in paragraph (4), as so redesignated, by striking "and" at the end thereof;

(G) in paragraph (5), as so redesignated, by adding "and" at the end thereof; and

(H) by inserting after paragraph (5), as so redesignated, the following new paragraph:

"(6) describing the extent and manner to which the resource and referral activities are being carried out by the State;".

(i) REPORT BY SECRETARY.—Section 658L of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858j) is amended—

(1) by striking "1993" and inserting "1997";

(2) by striking "annually" and inserting "bi-annually"; and

(3) by striking "Education and Labor" and inserting "Economic and Educational Opportunities".

(j) ALLOTMENTS.—Section 658O of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858m) is amended—

(1) in subsection (c), by adding at the end thereof the following new paragraph:

"(6) CONSTRUCTION OR RENOVATION OF FACILITIES.—

"(A) REQUEST FOR USE OF FUNDS.—An Indian tribe or tribal organization may submit to the Secretary a request to use amounts provided under this subsection for construction or renovation purposes.

"(B) DETERMINATION.—With respect to a request submitted under subparagraph (A), and except as provided in subparagraph (C), upon a determination by the Secretary that adequate facilities are not otherwise available to an Indian tribe or tribal organization to enable such tribe or organization to carry out child care programs in accordance with this subchapter, and that the lack of such facilities will inhibit the operation of such programs in the future, the Secretary may permit the tribe or organization to use assistance provided under this subsection to make payments for the construction or renovation of facilities that will be used to carry out such programs.

"(C) LIMITATION.—The Secretary may not permit an Indian tribe or tribal organization to use amounts provided under this subsection for construction or renovation if such use will result in a decrease in the level

of child care services provided by the tribe or organization as compared to the level of such services provided by the tribe or organization in the fiscal year preceding the year for which the determination under subparagraph (A) is being made.

"(D) UNIFORM PROCEDURES.—The Secretary shall develop and implement uniform procedures for the solicitation and consideration of requests under this paragraph."; and

(2) in subsection (e)—

(A) in paragraph (1), by striking "Any" and inserting "Except as provided in paragraph (4), any"; and

(B) by adding at the end thereof the following new paragraph:

"(4) INDIAN TRIBES OR TRIBAL ORGANIZATIONS.—Any portion of a grant or contract made to an Indian tribe or tribal organization under subsection (c) that the Secretary determines is not being used in a manner consistent with the provision of this subchapter in the period for with the grant or contract is made available, shall be reallocated by the Secretary to other tribes or organization that have submitted applications under subsection (c) in proportion to the original allocations to such tribes or organization.".

(k) DEFINITIONS.—Section 658P of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n) is amended—

(1) in paragraph (2), in the first sentence by inserting "or as a deposit for child care services if such a deposit is required of other children being cared for by the provider" after "child care services"; and

(2) in paragraph (5)(B)—

(A) by inserting "great grandchild, sibling (if the provider lives in a separate residence)," after "grandchild,";

(B) by striking "is registered and"; and

(C) by striking "State" and inserting "applicable".

(l) AUTHORITY TO TRANSFER FUNDS.—The Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) is amended by inserting after section 658S the following new section:

"SEC. 658T. TRANSFER OF FUNDS.

"(a) AUTHORITY.—Of the aggregate amount of payments received under this subchapter by a State in each fiscal year, the State may transfer not more than 30 percent for use by the State to carry out the State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

"(b) REQUIREMENTS APPLICABLE TO FUNDS TRANSFERRED.—Funds transferred under subsection (a) to carry out the State program specified in such subsection shall not be subject to the requirements of this subchapter, but shall be subject to the same requirements that apply to Federal funds provided directly under such program.".

SEC. 603. REPEALS AND TECHNICAL AND CONFORMING AMENDMENTS.

(a) STATE DEPENDENT CARE DEVELOPMENT GRANTS ACT.—The State Dependent Care Development Grants Act (42 U.S.C. 9871 et seq.) is repealed.

(b) CHILD DEVELOPMENT ASSOCIATE SCHOLARSHIP ASSISTANCE ACT OF 1985.—The Child Development Associate Scholarship Assistance Act of 1985 (42 U.S.C. 10901 et seq.) is repealed.

(c) ADDITIONAL CONFORMING AMENDMENTS.—

(1) RECOMMENDED LEGISLATION.—After consultation with the appropriate committees of the Congress and the Director of the Office of Management and Budget, the Secretary of Health and Human Services shall prepare and submit to the Congress a legislative proposal in the form of an implementing bill containing technical and conforming amendments to reflect the amendments and repeals made by this title.

(2) SUBMISSION TO CONGRESS.—Not later than 6 months after the date of enactment of this title, the Secretary of Health and Human Services shall submit the implementing bill referred to under paragraph (1).

TITLE VII—WORKFORCE DEVELOPMENT AND WORKFORCE PREPARATION ACTIVITIES

Subtitle A—General Provisions

SEC. 701. SHORT TITLE.

This title and title VIII may be cited as the "Workforce Development Act of 1995".

SEC. 702. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds that—

(1) increasing international competition, technological advances, and structural changes in the United States economy present new challenges to private businesses and public policymakers in creating a skilled workforce with the ability to adapt to change and technological progress;

(2) despite more than 60 years of federally funded employment training programs, the Federal Government has no single, coherent policy guiding employment training efforts;

(3) according to the General Accounting Office, there are over 100 federally funded employment training programs, which are administered by 15 different Federal agencies and cost more than $20,000,000,000 annually;

(4) many of the programs fail to collect enough performance data to determine the relative effectiveness of each of the programs or the effectiveness of the programs as a whole;

(5) because of the fragmentation, duplication, and lack of accountability that currently exist within and among Federal employment training programs it is often difficult for workers, jobseekers, and businesses to easily access the services they need;

(6) high quality, innovative vocational education programs provide youth with skills and knowledge on which to build successful careers and, in providing the skills and knowledge, vocational education serves as the foundation of a successful workforce development system;

(7) in recent years, several States and communities have begun to develop promising new initiatives such as—

(A) school-to-work programs to better integrate youth employment and education programs; and

(B) one-stop systems to make workforce development activities more accessible to workers, jobseekers, and businesses; and

(8) Federal, State, and local governments have failed to adequately allow for private sector leadership in designing workforce development activities that are responsive to local labor market needs.

(b) PURPOSES.—The purposes of this title are—

(1) to make the United States more competitive in the world economy by eliminating the fragmentation in Federal employment training efforts and creating coherent, integrated statewide workforce development systems designed to develop more fully the academic, occupational, and literacy skills of all segments of the workforce;

(2) to ensure that all segments of the workforce will obtain the skills necessary to earn wages sufficient to maintain the highest quality of living in the world; and

(3) to promote the economic development of each State by developing a skilled workforce that is responsive to the labor market needs of the businesses of each State.

SEC. 703. DEFINITIONS.

As used in this title and title VIII:

(1) ADULT EDUCATION.—

(A) IN GENERAL.—The term "adult education" means services or instruction below the college level for adults who—

(i) lack sufficient education or literacy skills to enable the adults to function effectively in society; or

(ii) do not have a certificate of graduation from a school providing secondary education (as determined under State law) and who have not achieved an equivalent level of education.

(B) ADULT.—As used in subparagraph (A), the term "adult" means an individual who is age 16 or older, or beyond the age of compulsory school attendance under State law, and who is not enrolled in secondary school.

(2) APPROPRIATE SECRETARY.—The term "appropriate Secretary" means, as determined under section 776(c)—

(A) the Secretary of Labor;

(B) the Secretary of Education; or

(C) the Secretary of Labor and the Secretary of Education, acting jointly.

(3) AREA VOCATIONAL EDUCATION SCHOOL.—The term "area vocational education school" means—

(A) a specialized secondary school used exclusively or principally for the provision of vocational education to individuals who are available for study in preparation for entering the labor market;

(B) the department of a secondary school exclusively or principally used for providing vocational education in not fewer than 5 different occupational fields to individuals who are available for study in preparation for entering the labor market;

(C) a technical institute or vocational school used exclusively or principally for the provision of vocational education to individuals who have completed or left secondary school and who are available for study in preparation for entering the labor market, if the institute or school admits as regular students both individuals who have completed secondary school and individuals who have left secondary school; or

(D) the department or division of a junior college, community college, or university that provides vocational education in not fewer than 5 different occupational fields leading to immediate employment but not necessarily leading to a baccalaureate degree, if the department or division admits as regular students both individuals who have completed secondary school and individuals who have left secondary school.

(4) AT-RISK YOUTH.—The term "at-risk youth" means an individual who—

(A) is not less than age 15 and not more than age 24; and

(B)(i) is determined under guidelines developed by the Federal Partnership to be low-income, using the most recent available data provided by the Bureau of the Census, prior to the determination; or

(ii) is a dependent of a family that is determined under guidelines developed by the Federal Partnership to be low-income, using such data.

(5) CHIEF ELECTED OFFICIAL.—The term "chief elected official" means the chief elected officer of a unit of general local government in a substate area.

(6) COMMUNITY-BASED ORGANIZATION.—The term "community-based organization" means a private nonprofit organization of demonstrated effectiveness that is representative of a community or a significant segment of a community and that provides workforce development activities.

(7) COVERED ACTIVITY.—The term "covered activity" means an activity authorized to be carried out under a provision described in section 781(b) (as such provision was in effect on the day before the date of enactment of this Act).

(8) DISLOCATED WORKER.—The term "dislocated worker" means an individual who—

(A) has been terminated from employment and is eligible for unemployment compensation;

(B) has received a notice of termination of employment as a result of any permanent closure, or any layoff of 50 or more people, at a plant, facility, or enterprise, or as a result of a closure or realignment of a military installation;

(C) is long-term unemployed;

(D) was self-employed (including a farmer and a rancher) but is unemployed due to local economic conditions;

(E) is a displaced homemaker; or

(F) has become unemployed as a result of a Federal action that limits the use of, or restricts access to, a marine natural resource.

(9) DISPLACED HOMEMAKER.—The term "displaced homemaker" means an individual who was a full-time homemaker for a substantial number of years, as determined under guidelines developed by the Federal Partnership, and who no longer receives financial support previously provided by a spouse or by public assistance.

(10) ECONOMIC DEVELOPMENT ACTIVITIES.—The term "economic development activities" means the activities described in section 716(e).

(11) EDUCATIONAL SERVICE AGENCY.—The term "educational service agency" means a regional public multiservice agency authorized by State statute to develop and manage a service or program, and provide the service or program to a local educational agency.

(12) ELEMENTARY SCHOOL; LOCAL EDUCATIONAL AGENCY; SECONDARY SCHOOL.—The terms "elementary school", "local educational agency" and "secondary school" have the meanings given the terms in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

(13) FEDERAL PARTNERSHIP.—The term "Federal Partnership" means the Workforce Development Partnership established in section 771, acting under the direction of the National Board.

(14) FLEXIBLE WORKFORCE ACTIVITIES.—The term "flexible workforce activities" means the activities described in section 716(d).

(15) INDIVIDUAL WITH A DISABILITY.—

(A) IN GENERAL.—The term "individual with a disability" means an individual with any disability (as defined in section 3 of the Americans with Disabilities Act of 1990 (42 U.S.C. 12102)).

(B) INDIVIDUALS WITH DISABILITIES.—The term "individuals with disabilities" means more than 1 individual with a disability.

(16) LOCAL ENTITY.—The term "local entity" means a public or private entity responsible for local workforce development activities or workforce preparation activities for at-risk youth.

(17) LOCAL PARTNERSHIP.—The term "local partnership" means a partnership referred to in section 728(a).

(18) NATIONAL BOARD.—The term "National Board" means the National Board of the Federal Partnership.

(19) OLDER WORKER.—The term "older worker" means an individual who is age 55 or older and who is determined under guidelines developed by the Federal Partnership to be low-income, using the most recent available data provided by the Bureau of the Census, prior to the determination.

(20) OUTLYING AREA.—The term "outlying area" means the United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

(21) PARTICIPANT.—The term "participant" means an individual participating in workforce development activities or workforce preparation activities for at-risk youth, provided through a statewide system.

(22) POSTSECONDARY EDUCATIONAL INSTITUTION.—The term "postsecondary educational institution" means an institution of higher education, as defined in section 481(a) of the Higher Education Act of 1965 (20 U.S.C. 1088(a)), that offers—

(A) a 2-year program of instruction leading to an associate's degree or a certificate of mastery; or

(B) a 4-year program of instruction leading to a bachelor's degree.

(23) RAPID RESPONSE ASSISTANCE.—The term "rapid response assistance" means workforce employment assistance provided in the case of a permanent closure, or layoff of 50 or more people, at a plant, facility, or enterprise, including the establishment of on-site contact with employers and employee representatives immediately after the State is notified of a current or projected permanent closure, or layoff of 50 or more people.

(24) SCHOOL-TO-WORK ACTIVITIES.—The term "school-to-work activities" means activities for youth that—

(A) integrate school-based learning and work-based learning;

(B) integrate academic and occupational learning;

(C) establish effective linkages between secondary education and postsecondary education;

(D) provide each youth participant with the opportunity to complete a career major;

(E) provide assistance in the form of connecting activities that link each youth participant with an employer in an industry or occupation relating to the career major of the youth participant; and

(F) are designed and carried out by local partnerships that include representatives of business and industry, education providers, and the community in which the activities are carried out.

(25) STATE.—The term "State" means each of the several States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

(26) STATE BENCHMARKS.—The term "State benchmarks", used with respect to a State, means—

(A) the quantifiable indicators established under section 731(c) and identified in the report submitted under section 731(a); and

(B) such other quantifiable indicators of the statewide progress of the State toward meeting the State goals as the State may identify in the report submitted under section 731(a).

(27) STATE EDUCATIONAL AGENCY.—The term "State educational agency" means the State board of education or other agency or officer primarily responsible for the State supervision of public elementary or secondary schools, or, if there is no such officer or agency, an officer or agency designated by the Governor or by State law.

(28) STATE GOALS.—The term "State goals", used with respect to a State, means—

(A) the goals specified in section 731(b); and

(B) such other major goals of the statewide system of the State as the State may identify in the report submitted under section 731(a).

(29) STATEWIDE SYSTEM.—The term "statewide system" means a statewide workforce development system, referred to in section 711, that is designed to integrate workforce employment activities, workforce education activities, flexible workforce activities, economic development activities (in a State that is eligible to carry out such activities), vocational rehabilitation program activities, and workforce preparation activities for at-risk youth in the State in order to enhance and develop more fully the academic, occupational, and literacy skills of all segments of the population of the State and assist participants in obtaining meaningful unsubsidized employment.

(30) SUBSTATE AREA.—The term "substate area" means a geographic area designated by a Governor that reflects, to the extent feasible, a local labor market in a State.

(31) TECH-PREP PROGRAM.—The term "tech-prep program" means a program of study that—

(A) combines at least 2 years of secondary education (as determined under State law) and 2 years of postsecondary education in a nonduplicative sequence;

(B) integrates academic and vocational instruction and utilizes worksite learning where appropriate;

(C) provides technical preparation in an area such as engineering technology, applied science, a mechanical, industrial, or practical art or trade, agriculture, a health occupation, business, or applied economics;

(D) builds student competence in mathematics, science, communications, economics, and workplace skills, through applied academics and integrated instruction in a coherent sequence of courses;

(E) leads to an associate degree or a certificate in a specific career field; and

(F) leads to placement in appropriate employment or further education.

(32) VETERAN.—The term "veteran" has the meaning given the term in section 101(2) of title 38, United States Code.

(33) VOCATIONAL EDUCATION.—The term "vocational education" means organized educational programs that—

(A) offer a sequence of courses that provide individuals with the academic knowledge and skills the individuals need to prepare for further education and careers in current or emerging employment sectors; and

(B) include competency-based applied learning that contributes to the academic knowledge, higher-order reasoning and problem-solving skills, work attitudes, general employability skills, and occupational-specific skills, of an individual.

(34) VOCATIONAL REHABILITATION PROGRAM.—The term "vocational rehabilitation program" means a program assisted under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.).

(35) WELFARE ASSISTANCE.—The term "welfare assistance" means—

(A) assistance provided under part A of title IV of the Social Security Act; and

(B) assistance provided under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).

(36) WELFARE RECIPIENT.—The term "welfare recipient" means—

(A) an individual who receives assistance under part A of title IV of the Social Security Act; and

(B) an individual who—

(i) is not an individual described in subparagraph (A); and

(ii) receives assistance under the Food Stamp Act of 1977.

(37) WORKFORCE DEVELOPMENT ACTIVITIES.—The term "workforce development activities" means workforce education activities, workforce employment activities, flexible workforce activities, and economic development activities (within a State that is eligible to carry out such activities).

(38) WORKFORCE EDUCATION ACTIVITIES.—The term "workforce education activities" means the activities described in section 716(b).

(39) WORKFORCE EMPLOYMENT ACTIVITIES.—The term "workforce employment activities" means the activities described in paragraphs (2) through (8) of section 716(a), including activities described in section 716(a)(6) provided through a voucher described in section 716(a)(9).

(40) WORKFORCE PREPARATION ACTIVITIES FOR AT-RISK YOUTH.—The term "workforce preparation activities for at-risk youth" means the activities described in section 759(b), carried out for at-risk youth.

Subtitle B—Statewide Workforce Development Systems

CHAPTER 1—PROVISIONS FOR STATES AND OTHER ENTITIES

SEC. 711. STATEWIDE WORKFORCE DEVELOPMENT SYSTEMS ESTABLISHED.

For program year 1998 and each subsequent program year, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make allotments under section 712 to States to assist the States in paying for the cost of establishing and carrying out activities through statewide workforce development systems, in accordance with this subtitle.

SEC. 712. STATE ALLOTMENTS.

(a) IN GENERAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall allot to each State with a State plan approved under section 714 an amount equal to the total of the amounts made available under subparagraphs (A), (B), (C), and (D) of subsection (b)(2), adjusted in accordance with subsection (c).

(b) ALLOTMENTS BASED ON POPULATIONS.—

(1) DEFINITIONS.—As used in this subsection:

(A) ADULT RECIPIENT OF ASSISTANCE.—The term "adult recipient of assistance" means a recipient of assistance under a State program funded under part A of title IV of the Social Security Act who is not a minor child (as defined in section 402(c)(1) of such Act).

(B) INDIVIDUAL IN POVERTY.—The term "individual in poverty" means an individual who—

(i) is not less than age 18;

(ii) is not more than age 64; and

(iii) is a member of a family (of 1 or more members) with an income at or below the poverty line.

(C) POVERTY LINE.—The term "poverty line" means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved, using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made, and applying the definition of poverty used by the Bureau of the Census in compiling the 1990 decennial census.

(2) CALCULATION.—Except as provided in subsection (c), from the amount reserved under section 734(b)(1), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership—

(A) using funds equal to 60 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals who are not less than 15 and not more than 65 (as determined by the Federal Partnership using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made) in the State bears to the total number of such individuals in all States;

(B) using funds equal to 10 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals in poverty in the State bears to the total number of individuals in poverty in all States;

(C) using funds equal to 10 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the average number of unemployed individuals (as determined by the Secretary of Labor for the most recent 24-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average number of unemployed individuals (as so determined) in all States; and

(D) using funds equal to 20 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the average monthly number of adult recipients of assistance (as determined by the Secretary of Health and Human Services for the most recent 12-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average monthly number of adult recipients of assistance (as so determined) in all States.

(c) ADJUSTMENTS.—

(1) DEFINITION.—As used in this subsection, the term "national average per capita payment", used with respect to a program year, means the amount obtained by dividing—

(A) the total amount allotted to all States under this section for the program year; by

(B) the total number of individuals who are not less than 15 and not more than 65 (as determined by the Federal Partnership using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made) in all States.

(2) MINIMUM ALLOTMENT.—Except as provided in paragraph (3), no State with a State plan approved under section 714 for a program year shall receive an allotment under this section for the program year in an amount that is less than 0.5 percent of the amount reserved under section 734(b)(1) for the program year.

(3) LIMITATION.—No State that receives an increase in an allotment under this section for a program year as a result of the application of paragraph (2) shall receive an allotment under this section for the program year in an amount that is more than the product obtained by multiplying—

(A) the total number of individuals who are not less than 15 and not more than 65 (as determined by the Federal Partnership using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made) in the State; and

(B) the product obtained by multiplying—

(i) 1.3; and

(ii) the national average per capita payment for the program year.

SEC. 713. STATE APPORTIONMENT BY ACTIVITY.

(a) ACTIVITIES.—From the sum of the funds made available to a State through an allotment received under section 712 and the funds made available under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) to carry out this title for a program year—

(1) a portion equal to 25 percent of such sum (which portion shall include the amount allotted to the State from funds made available under section 901(c)(1)(A) of the Social Security Act) shall be made available for workforce employment activities;

(2) a portion equal to 25 percent of such sum shall be made available for workforce education activities; and

(3) a portion (referred to in this title as the "flex account") equal to 50 percent of such sum shall be made available for flexible workforce activities.

(b) RECIPIENTS.—In making an allotment under section 712 to a State, the Secretary of Labor and the Secretary of Education, acting jointly, shall make a payment—

(1) to the Governor of the State for the portion described in subsection (a)(1), and such part of the flex account as the Governor may be eligible to receive, as determined under the State plan of the State submitted under section 714; and

(2) to the State educational agency of the State for the portion described in subsection (a)(2), and such part of the flex account as the State educational agency may be eligible to receive, as determined under the State plan of the State submitted under section 714.

SEC. 714. STATE PLANS.

(a) IN GENERAL.—For a State to be eligible to receive an allotment under section 712, the Governor of the State shall submit to the Federal Partnership, and obtain approval of, a single comprehensive State workforce development plan (referred to in this section as a "State plan"), outlining a 3-year strategy for the statewide system of the State.

(b) PARTS.—

(1) IN GENERAL.—The State plan shall contain 3 parts.

(2) STRATEGIC PLAN AND FLEXIBLE WORKFORCE ACTIVITIES.—The first part of the State plan shall describe a strategic plan for the statewide system, including the flexible workforce activities, and, if appropriate, economic development activities, that are designed to meet the State goals and reach the State benchmarks and are to be carried out with the allotment. The Governor shall develop the first part of the State plan, using procedures that are consistent with the procedures described in subsection (d).

(3) WORKFORCE EMPLOYMENT ACTIVITIES.—The second part of the State plan shall describe the workforce employment activities that are designed to meet the State goals and reach the State benchmarks and are to be carried out with the allotment. The Governor shall develop the second part of the State plan.

(4) WORKFORCE EDUCATION ACTIVITIES.—The third part of the State plan shall describe the workforce education activities that are designed to meet the State goals and reach the State benchmarks and are to be carried out with the allotment. The State educational agency of the State shall develop the third part of the State plan in consultation, where appropriate, with the State postsecondary education agency and with community colleges.

(c) CONTENTS OF THE PLAN.—The State plan shall include—

(1) with respect to the strategic plan for the statewide system—

(A) information describing how the State will identify the current and future workforce development needs of the industry sectors most important to the economic competitiveness of the State;

(B) information describing how the State will identify the current and future workforce development needs of all segments of the population of the State;

(C) information identifying the State goals and State benchmarks and how the goals and benchmarks will make the statewide system relevant and responsive to labor market and education needs at the local level;

(D) information describing how the State will coordinate workforce development activities to meet the State goals and reach the State benchmarks;

(E) information describing the allocation within the State of the funds made available through the flex account for the State, and how the flexible workforce activities, including school-to-work activities, to be carried out with such funds will be carried out to meet the State goals and reach the State benchmarks;

(F) information identifying how the State will obtain the active and continuous participation of business, industry, and labor in the development and continuous improvement of the statewide system;

(G) information identifying how any funds that a State receives under this subtitle will be leveraged with other public and private resources to maximize the effectiveness of such resources for all workforce development activities, and expand the participation of business, industry, labor, and individuals in the statewide system;

(H) information identifying how the workforce development activities to be carried out with funds received through the allotment will be coordinated with programs carried out by the Veterans' Employment and Training Service with funds received under title 38, United States Code, in order to meet the State goals and reach the State benchmarks related to veterans;

(I) information describing how the State will eliminate duplication in the administration and delivery of services under this title;

(J) information describing the process the State will use to independently evaluate and continuously improve the performance of the statewide system, on a yearly basis, including the development of specific performance indicators to measure progress toward meeting the State goals;

(K) an assurance that the funds made available under this subtitle will supplement and not supplant other public funds expended to provide workforce development activities;

(L) information identifying the steps that the State will take over the 3 years covered by the plan to establish common data collection and reporting requirements for workforce development activities and vocational rehabilitation program activities;

(M) with respect to economic development activities, information—

(i) describing the activities to be carried out with the funds made available under this subtitle;

(ii) describing how the activities will lead directly to increased earnings of nonmanagerial employees in the State; and

(iii) describing whether the labor organization, if any, representing the nonmanagerial employees supports the activities;

(N) the description referred to in subsection (d)(1); and

(O)(i) information demonstrating the support of individuals and entities described in subsection (d)(1) for the plan; or

(ii) in a case in which the Governor is unable to obtain the support of such individuals and entities as provided in subsection (d)(2), the comments referred to in subsection (d)(2)(B),

(2) with respect to workforce employment activities, information—

(A)(i) identifying and designating substate areas, including urban and rural areas, to which funds received through the allotment will be distributed, which areas shall, to the extent feasible, reflect local labor market areas; or

(ii) stating that the State will be treated as a substate area for purposes of the application of this subtitle, if the State receives an increase in an allotment under section 712 for a program year as a result of the application of section 712(c)(2); and

(B) describing the basic features of one-stop delivery of core services described in section 716(a)(2) in the State, including information regarding—

(i) the strategy of the State for developing fully operational one-stop delivery of core services described in section 716(a)(2);

(ii) the time frame for achieving the strategy;

(iii) the estimated cost for achieving the strategy;

(iv) the steps that the State will take over the 3 years covered by the plan to provide individuals with access to one-stop delivery of core services described in section 716(a)(2);

(v) the steps that the State will take over the 3 years covered by the plan to provide information through the one-stop delivery to individuals on the quality of workforce employment activities, workforce education activities, and vocational rehabilitation program activities, provided through the statewide system;

(vi) the steps that the State will take over the 3 years covered by the plan to link services provided through the one-stop delivery with services provided through State welfare agencies; and

(vii) in a case in which the State chooses to use vouchers to deliver workforce employment activities, the steps that the State will take over the 3 years covered by the plan to comply with the requirements in section 716(a)(9) and the information required in such section;

(C) identifying performance indicators that relate to the State goals, and to the State benchmarks, concerning workforce employment activities;

(D) describing the workforce employment activities to be carried out with funds received through the allotment;

(E) describing the steps that the State will take over the 3 years covered by the plan to establish a statewide comprehensive labor market information system described in section 773(c) that will be utilized by all the providers of one-stop delivery of core services described in section 716(a)(2), providers of other workforce employment activities, and providers of workforce education activities, in the State;

(F) describing the steps that the State will take over the 3 years covered by the plan to establish a job placement accountability system described in section 731(d);

(G) describing the process the State will use to approve all providers of workforce employment activities through the statewide system; and

(H)(i) describing the steps that the State will take to segregate the amount allotted to the State from funds made available under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) from the remainder of the portion described in section 713(a)(1); and

(ii) describing how the State will use the amount allotted to the State from funds made available under such section 901(c)(1)(A) to carry out the required activities described in clauses (ii) through (v) of section 716(a)(2)(B) and section 773;

(3) with respect to workforce education activities, information—

(A) describing how funds received through the allotment will be allocated among—

(i) secondary school vocational education, or postsecondary and adult vocational education, or both; and

(ii) adult education;

(B) identifying performance indicators that relate to the State goals, and to the State benchmarks, concerning workforce education activities;

(C) describing the workforce education activities that will be carried out with funds received through the allotment;

(D) describing how the State will address the adult education needs of the State;

(E) describing how the State will disaggregate data relating to at-risk youth in order to adequately measure the progress of at-risk youth toward accomplishing the results measured by the State goals, and the State benchmarks;

(F) describing how the State will adequately address the needs of both at-risk youth who are in school, and out-of-school youth, in alternative education programs that teach to the same challenging academic, occupational, and skill proficiencies as are provided for in-school youth;

(G) describing how the workforce education activities described in the State plan and the State allocation of funds received through the allotment for such activities are an integral part of comprehensive efforts of the State to improve education for all students and adults;

(H) describing how the State will annually evaluate the effectiveness of the State plan with respect to workforce education activities;

(I) describing how the State will address the professional development needs of the State with respect to workforce education activities;

(J) describing how the State will provide local educational agencies in the State with technical assistance; and

(K) describing how the State will assess the progress of the State in implementing student performance measures.

(d) PROCEDURE FOR DEVELOPMENT OF PART OF PLAN RELATING TO STRATEGIC PLAN.—

(1) DESCRIPTION OF DEVELOPMENT.—The part of the State plan relating to the strategic plan shall include a description of the manner in which—

(A) the Governor;

(B) the State educational agency;

(C) representatives of business and industry, including representatives of key industry sectors, and of small- and medium-size and large employers, in the State;

(D) representatives of labor and workers;

(E) local elected officials from throughout the State;

(F) the State agency officials responsible for vocational education;

(G) the State agency officials responsible for postsecondary education;

(H) the State agency officials responsible for adult education;

(I) the State agency officials responsible for vocational rehabilitation;

(J) such other State agency officials, including officials responsible for economic development and employment, as the Governor may designate;

(K) the representative of the Veterans' Employment and Training Service assigned to the State under section 4103 of title 38, United States Code; and

(L) other appropriate officials, including members of the State workforce development board described in section 715, if the State has established such a board;

collaborated in the development of such part of the plan.

(2) FAILURE TO OBTAIN SUPPORT.—If, after a reasonable effort, the Governor is unable to obtain the support of the individuals and entities described in paragraph (1) for the strategic plan the Governor shall—

(A) provide such individuals and entities with copies of the strategic plan;

(B) allow such individuals and entities to submit to the Governor, not later than the end of the 30-day period beginning on the date on which the Governor provides such individuals and entities with copies of such plan under subparagraph (A), comments on such plan; and

(C) include any such comments in such plan.

(e) APPROVAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall approve a State plan if—

(1) the Federal Partnership determines that the plan contains the information described in subsection (c);

(2) the Federal Partnership determines that the State has prepared the plan in accordance with the requirements of this section, including the requirements relating to development of any part of the plan; and

(3) the State benchmarks for the State have been negotiated and approved in accordance with section 731(c).

(f) NO ENTITLEMENT TO A SERVICE.—Nothing in this title shall be construed to provide any individual with an entitlement to a service provided under this title.

SEC. 715. STATE WORKFORCE DEVELOPMENT BOARDS.

(a) ESTABLISHMENT.—A Governor of a State that receives an allotment under section 712 may establish a State workforce development board—

(1) on which a majority of the members are representatives of business and industry;

(2) on which not less than 25 percent of the members shall be representatives of labor, workers, and community-based organizations;

(3) that shall include representatives of veterans;

(4) that shall include a representative of the State educational agency and a representative from the State agency responsible for vocational rehabilitation;

(5) that may include any other individual or entity that participates in the collaboration described in section 714(d)(1); and

(6) that may include any other individual or entity the Governor may designate.

(b) CHAIRPERSON.—The State workforce development board shall select a chairperson from among the members of the board who are representatives of business and industry.

(c) FUNCTIONS.—The functions of the State workforce development board shall include—

(1) advising the Governor on the development of the statewide system, the State plan described in section 714, and the State goals and State benchmarks;

(2) assisting in the development of specific performance indicators to measure progress toward meeting the State goals and reaching the State benchmarks and providing guidance on how such progress may be improved;

(3) serving as a link between business, industry, labor, and the statewide system;

(4) assisting the Governor in preparing the annual report to the Federal Partnership regarding progress in reaching the State benchmarks, as described in section 731(a);

(5) receiving and commenting on the State plan developed under section 101 of the Rehabilitation Act of 1973 (29 U.S.C. 721);

(6) assisting the Governor in developing the statewide comprehensive labor market information system described in section 773(c) to provide information that will be utilized by all the providers of one-stop delivery of core services described in section 716(a)(2), providers of other workforce employment activities, and providers of workforce education activities, in the State; and

(7) assisting in the monitoring and continuous improvement of the performance of the statewide system, including evaluation of the effectiveness of workforce development activities funded under this title.

SEC. 716. USE OF FUNDS.

(a) WORKFORCE EMPLOYMENT ACTIVITIES.—

(1) IN GENERAL.—Funds made available to a State under this subtitle to carry out workforce employment activities through a statewide system—

(A) shall be used to carry out the activities described in paragraphs (2), (3), and (4); and

(B) may be used to carry out the activities described in paragraphs (5), (6), (7), and (8), including providing activities described in paragraph (6) through vouchers described in paragraph (9).

(2) ONE-STOP DELIVERY OF CORE SERVICES.—

(A) ACCESS.—The State shall use a portion of the funds described in paragraph (1) to establish a means of providing access to the statewide system through core services described in subparagraph (B) available—

(i) through multiple, connected access points, linked electronically or otherwise;

(ii) through a network that assures participants that such core services will be available regardless of where the participants initially enter the statewide system;

(iii) at not less than 1 physical location in each substate area of the State; or

(iv) through some combination of the options described in clauses (i), (ii), and (iii).

(B) CORE SERVICES.—The core services referred to in subparagraph (A) shall, at a minimum, include—

(i) outreach, intake, and orientation to the information and other services available through one-stop delivery of core services described in this subparagraph;

(ii) initial assessment of skill levels, aptitudes, abilities, and supportive service needs;

(iii) job search and placement assistance and, where appropriate, career counseling;

(iv) customized screening and referral of qualified applicants to employment;

(v) provision of accurate information relating to local labor market conditions, including employment profiles of growth industries and occupations within a substate area, the educational and skills requirements of jobs in the industries and occupations, and the earnings potential of the jobs;

(vi) provision of accurate information relating to the quality and availability of other workforce employment activities, workforce education activities, and vocational rehabilitation program activities;

(vii) provision of information regarding how the substate area is performing on the State benchmarks;

(viii) provision of initial eligibility information on forms of public financial assistance that may be available in order to enable persons to participate in workforce employment activities, workforce education activities, or vocational rehabilitation program activities; and

(ix) referral to other appropriate workforce employment activities, workforce education activities, and vocational rehabilitation employment activities.

(3) LABOR MARKET INFORMATION SYSTEM.—The State shall use a portion of the funds described in paragraph (1) to establish a statewide comprehensive labor market information system described in section 773(c).

(4) JOB PLACEMENT ACCOUNTABILITY SYSTEM.—The State shall use a portion of the funds described in paragraph (1) to establish a job placement accountability system described in section 731(d).

(5) PERMISSIBLE ONE-STOP DELIVERY ACTIVITIES.—The State may provide, through one-stop delivery—

(A) co-location of services related to workforce development activities, such as unemployment insurance, vocational rehabilitation program activities, welfare assistance, veterans' employment services, or other public assistance;

(B) intensive services for participants who are unable to obtain employment through the core services described in paragraph (2)(B), as determined by the State; and

(C) dissemination to employers of information on activities carried out through the statewide system.

(6) OTHER PERMISSIBLE ACTIVITIES.—The State may use a portion of the funds described in paragraph (1) to provide services through the statewide system that may include—

(A) on-the-job training;

(B) occupational skills training;

(C) entrepreneurial training;

(D) training to develop work habits to help individuals obtain and retain employment;

(E) customized training conducted with a commitment by an employer or group of employers to employ an individual after successful completion of the training;

(F) rapid response assistance for dislocated workers;

(G) skill upgrading and retraining for persons not in the workforce;

(H) preemployment and work maturity skills training for youth;

(I) connecting activities that organize consortia of small- and medium-size businesses to provide work-based learning opportunities for youth participants in school-to-work programs;

(J) programs for adults that combine workplace training with related instruction;

(K) services to assist individuals in attaining certificates of mastery with respect to industry-based skill standards;

(L) case management services;

(M) supportive services, such as transportation and financial assistance, that enable individuals to participate in the statewide system;

(N) followup services for participants who are placed in unsubsidized employment; and

(O) an employment and training program described in section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)).

(7) STAFF DEVELOPMENT AND TRAINING.—The State may use a portion of the funds described in paragraph (1) for the development and training of staff of providers of one-stop delivery of core services described in paragraph (2), including development and training relating to principles of quality management.

(8) INCENTIVE GRANT AWARDS.—The State may use a portion of the funds described in paragraph (1) to award incentive grants to substate areas that reach or exceed the State benchmarks established under section 731(c), with an emphasis on benchmarks established under section 731(c)(3). A substate area that receives such a grant may use the funds made available through the grant to carry out any workforce development activities authorized under this title.

(9) VOUCHERS.—

(A) IN GENERAL.—A State may deliver some or all of the workforce employment activities described in paragraph (6) that are provided under this subtitle through a system of vouchers administered through the one-stop delivery of core services described in paragraph (2) in the State.

(B) ELIGIBILITY REQUIREMENTS.—

(i) IN GENERAL.—A State that chooses to deliver the activities described in subparagraph (A) through vouchers shall indicate in the State plan described in section 714 the criteria that will be used to determine—

(I) which workforce employment activities described in paragraph (6) will be delivered through the voucher system;

(II) eligibility requirements for participants to receive the vouchers and the amount of funds that participants will be able to access through the voucher system; and

(III) which employment, training, and education providers are eligible to receive payment through the vouchers.

(ii) CONSIDERATIONS.—In establishing State criteria for service providers eligible to receive payment through the vouchers under clause (i)(III), the State shall take into account industry-recognized skills standards promoted by the National Skills Standards Board.

(C) ACCOUNTABILITY REQUIREMENTS.—A State that chooses to deliver the activities described in paragraph (6) through vouchers shall indicate in the State plan—

(i) information concerning how the State will utilize the statewide comprehensive labor market information system described in section 773(c) and the job placement accountability system established under section 731(d) to provide timely and accurate information to participants about the performance of eligible employment, training, and education providers;

(ii) other information about the performance of eligible providers of services that the State believes is necessary for participants receiving the vouchers to make informed career choices; and

(iii) the timeframe in which the information developed under clauses (i) and (ii) will be widely available through the one-stop delivery of core services described in paragraph (2) in the State.

(10) FUNDS FROM UNEMPLOYMENT TRUST FUND.—Funds made available to a Governor under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) for a program year shall only be available for workforce employment activities authorized under such section 901(c)(1)(A), which are—

(A) the administration of State unemployment compensation laws as provided in title III of the Social Security Act (including administration pursuant to agreements under any Federal unemployment compensation law);

(B) the establishment and maintenance of statewide workforce development systems, to the extent the systems are used to carry out activities described in section 773, or in any of clauses (ii) through (v) of section 716(a)(2)(B); and

(C) carrying out the activities described in sections 4103, 4103A, 4104, and 4104A of title 38, United States Code (relating to veterans' employment services).

(b) WORKFORCE EDUCATION ACTIVITIES.—The State educational agency shall use the funds made available to the State educational agency under this subtitle for workforce education activities to carry out, through the statewide system, activities that include—

(1) integrating academic and vocational education;

(2) linking secondary education (as determined under State law) and postsecondary education, including implementing tech-prep programs;

(3) providing career guidance and counseling for students at the earliest possible age, including the provision of career awareness, exploration, planning, and guidance information to students and their parents that is, to the extent possible, in a language and form that the students and their parents understand;

(4) providing literacy and basic education services for adults and out-of-school youth, including adults and out-of-school youth in correctional institutions;

(5) providing programs for adults and out-of-school youth to complete their secondary education;

(6) expanding, improving, and modernizing quality vocational education programs; and

(7) improving access to quality vocational education programs for at-risk youth.

(c) FISCAL REQUIREMENTS FOR WORKFORCE EDUCATION ACTIVITIES.—

(1) SUPPLEMENT NOT SUPPLANT.—Funds made available under this subtitle for workforce education activities shall supplement, and may not supplant, other public funds expended to carry out workforce education activities.

(2) MAINTENANCE OF EFFORT.—

(A) DETERMINATION.—No payments shall be made under this subtitle for any program year to a State for workforce education activities unless the Federal Partnership determines that the fiscal effort per student or the aggregate expenditures of such State for workforce education for the program year preceding the program year for which the determination is made, equaled or exceeded such effort or expenditures for workforce education for the second program year preceding the fiscal year for which the determination is made.

(B) WAIVER.—The Federal Partnership may waive the requirements of this section (with respect to not more than 5 percent of expenditures by any State educational agency) for 1 program year only, on making a determination that such waiver would be equitable due to exceptional or uncontrollable circumstances affecting the ability of the applicant to meet such requirements, such as a natural disaster or an unforeseen and precipitous decline in financial resources. No level of funding permitted under such a waiver may be used as the basis for computing the fiscal effort or aggregate expenditures required under this section for years subsequent to the year covered by such waiver. The fiscal effort or aggregate expenditures for the subsequent years shall be computed on the basis of the level of funding that would, but for such waiver, have been required.

(d) FLEXIBLE WORKFORCE ACTIVITIES.—

(1) CORE FLEXIBLE WORKFORCE ACTIVITIES.—The State shall use a portion of the funds made available to the State under this subtitle through the flex account to carry out school-to-work activities through the statewide system, except that any State that received a grant under subtitle B of title II of the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6141 et seq.) shall use such portion to support the continued development of the statewide School-to-Work Opportunities system of the State through the continuation of activities that are carried out in accordance with the terms of such grant.

(2) PERMISSIBLE FLEXIBLE WORKFORCE ACTIVITIES.—The State may use a portion of the funds made available to the State under this subtitle through the flex account—

(A) to carry out workforce employment activities through the statewide system; and

(B) to carry out workforce education activities through the statewide system.

(e) ECONOMIC DEVELOPMENT ACTIVITIES.—In the case of a State that meets the requirements of section 728(c), the State may use a portion of the funds made available to the State under this subtitle through the flex account to supplement other funds provided by the State or private sector—

(1) to provide customized assessments of the skills of workers and an analysis of the skill needs of employers;

(2) to assist consortia of small- and medium-size employers in upgrading the skills of their workforces;

(3) to provide productivity and quality improvement training programs for the workforces of small- and medium-size employers;

(4) to provide recognition and use of voluntary industry-developed skills standards by employers, schools, and training institutions;

(5) to carry out training activities in companies that are developing modernization plans in conjunction with State industrial extension service offices; and

(6) to provide on-site, industry-specific training programs supportive of industrial and economic development;

through the statewide system.

(f) LIMITATIONS.—

(1) WAGES.—No funds provided under this subtitle shall be used to pay the wages of incumbent workers during their participation in economic development activities provided through the statewide system.

(2) RELOCATION.—No funds provided under this subtitle shall be used or proposed for use to encourage or induce the relocation, of a business or part of a business, that results in a loss of employment for any employee of such business at the original location.

(3) TRAINING AND ASSESSMENTS FOLLOWING RELOCATION.—No funds provided under this subtitle shall be used for customized or skill training, on-the-job training, or company specific assessments of job applicants or workers, for any business or part of a business, that has relocated, until 120 days after the date on which such business commences operations at the new location, if the relocation of such business or part of a business, results in a loss of employment for any worker of such business at the original location.

(g) LIMITATIONS ON PARTICIPANTS.—

(1) DIPLOMA OR EQUIVALENT.—

(A) IN GENERAL.—No individual may participate in workforce employment activities described in subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6) until the individual has obtained a secondary school diploma or its recognized equivalent, or is enrolled in a program or course of study to obtain a secondary school diploma or its recognized equivalent.

(B) EXCEPTION.—Nothing in subparagraph (A) shall prevent participation in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6) by individuals who, after testing and in the judgment of medical, psychiatric, academic, or other appropriate professionals, lack the requisite capacity to complete successfully a course of study that would lead to a secondary school diploma or its recognized equivalent.

(2) SERVICES.—

(A) REFERRAL.—If an individual who has not obtained a secondary school diploma or its recognized equivalent applies to participate in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6), such individual shall be referred to State approved adult education services that provide instruction designed to help such individual obtain a secondary school diploma or its recognized equivalent.

(B) STATE PROVISION OF SERVICES.—Notwithstanding any other provision of this title, a State may use funds made available under section 713(a)(1) to provide State approved adult education services that provide instruction designed to help individuals obtain a secondary school diploma or its recognized equivalent, to individuals who—

(i) are seeking to participate in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6); and

(ii) are otherwise unable to obtain such services.

SEC. 717. INDIAN WORKFORCE DEVELOPMENT ACTIVITIES.

(a) PURPOSE.—

(1) IN GENERAL.—The purpose of this section is to support workforce development activities for Indian and Native Hawaiian individuals in order—

(A) to develop more fully the academic, occupational, and literacy skills of such individuals;

(B) to make such individuals more competitive in the workforce; and

(C) to promote the economic and social development of Indian and Native Hawaiian communities in accordance with the goals and values of such communities.

(2) INDIAN POLICY.—All programs assisted under this section shall be administered in a manner consistent with the principles of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.) and the

government-to-government relationship between the Federal Government and Indian tribal governments.

(b) DEFINITIONS.—As used in this section:

(1) ALASKA NATIVE.—The term "Alaska Native" means a Native as such term is defined in section 3(b) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(b)).

(2) INDIAN, INDIAN TRIBE, AND TRIBAL ORGANIZATION.—The terms "Indian", "Indian tribe", and "tribal organization" have the same meanings given such terms in subsections (d), (e) and (l), respectively, of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(3) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" has the meaning given the term in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

(4) NATIVE HAWAIIAN AND NATIVE HAWAIIAN ORGANIZATION.—The terms "Native Hawaiian" and "Native Hawaiian organization" have the same meanings given such terms in paragraphs (1) and (3), respectively, of section 9212 of the Native Hawaiian Education Act (20 U.S.C. 7912).

(5) TRIBALLY CONTROLLED COMMUNITY COLLEGE.—The term "tribally controlled community college" has the same meaning given such term in section 2(a)(4) of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801(a)(4)).

(6) TRIBALLY CONTROLLED POSTSECONDARY VOCATIONAL INSTITUTION.—The term "tribally controlled postsecondary vocational institution" means an institution of higher education that—

(A) is formally controlled, or has been formally sanctioned or chartered, by the governing body of an Indian tribe or Indian tribes;

(B) offers a technical degree or certificate granting program;

(C) is governed by a board of directors or trustees, a majority of whom are Indians;

(D) demonstrates adherence to stated goals, a philosophy, or a plan of operation, that fosters individual Indian economic and self-sufficiency opportunity, including programs that are appropriate to stated tribal goals of developing individual entrepreneurships and self-sustaining economic infrastructures on reservations;

(E) has been in operation for at least 3 years;

(F) holds accreditation with or is a candidate for accreditation by a nationally recognized accrediting authority for postsecondary vocational education; and

(G) enrolls the full-time equivalent of not fewer than 100 students, of whom a majority are Indians.

(c) PROGRAM AUTHORIZED.—

(1) ASSISTANCE AUTHORIZED.—From amounts made available under section 734(b)(2), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to, or enter into contracts or cooperative agreements with, Indian tribes and tribal organizations, Alaska Native entities, tribally controlled community colleges, tribally controlled postsecondary vocational institutions, Indian-controlled organizations serving Indians or Alaska Natives, and Native Hawaiian organizations to carry out the authorized activities described in subsection (d).

(2) FORMULA.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to, or enter into contracts and cooperative agreements with, entities as described in paragraph (1) to carry out the activities described in paragraphs (2) and (3) of subsection (d) on the basis of a formula developed by the Federal Partnership in consultation with entities described in paragraph (1).

(d) AUTHORIZED ACTIVITIES.—

(1) IN GENERAL.—Funds made available under this section shall be used to carry out the activities described in paragraphs (2) and (3) that—

(A) are consistent with this section; and

(B) are necessary to meet the needs of Indians and Native Hawaiians preparing to enter, reenter, or retain unsubsidized employment.

(2) WORKFORCE DEVELOPMENT ACTIVITIES AND SUPPLEMENTAL SERVICES.—

(A) IN GENERAL.—Funds made available under this section shall be used for—

(i) comprehensive workforce development activities for Indians and Native Hawaiians;

(ii) supplemental services for Indian or Native Hawaiian youth on or near Indian reservations in Oklahoma, Alaska, or Hawaii; and

(iii) supplemental services to recipients of public assistance on or near Indian reservations or former reservation areas in Oklahoma or in Alaska.

(B) SPECIAL RULE.—Notwithstanding any other provision of this section, individuals who were eligible to participate in programs under section 401 of the Job Training Partnership Act (29 U.S.C. 1671) (as such section was in effect on the day before the date of enactment of this Act) shall be eligible to participate in an activity assisted under subparagraph (A)(i).

(3) VOCATIONAL EDUCATION, ADULT EDUCATION, AND LITERACY SERVICES.—Funds made available under this section shall be used for—

(A) workforce education activities conducted by entities described in subsection (c)(1); and

(B) the support of tribally controlled postsecondary vocational institutions in order to ensure continuing and expanded educational opportunities for Indian students.

(e) PROGRAM PLAN.—In order to receive a grant or enter into a contract or cooperative agreement under this section an entity described in subsection (c)(1) shall submit to the Federal Partnership a plan that describes a 3-year strategy for meeting the needs of Indian and Native Hawaiian individuals, as appropriate, in the area served by such entity. Such plan shall—

(1) be consistent with the purposes of this section;

(2) identify the population to be served;

(3) identify the education and employment needs of the population to be served and the manner in which the services to be provided will strengthen the ability of the individuals served to obtain or retain unsubsidized employment;

(4) describe the services to be provided and the manner in which such services are to be integrated with other appropriate services; and

(5) describe the goals and benchmarks to be used to assess the performance of entities in carrying out the activities assisted under this section.

(f) FURTHER CONSOLIDATION OF FUNDS.—Each entity receiving assistance under this section may consolidate such assistance with assistance received from related programs in accordance with the provisions of the Indian Employment, Training and Related Services Demonstration Act of 1992 (25 U.S.C. 3401 et seq.).

(g) NONDUPLICATIVE AND NONEXCLUSIVE SERVICES.—Nothing in this section shall be construed—

(1) to limit the eligibility of any entity described in subsection (c)(1) to participate in any program offered by a State or local entity under this title; or

(2) to preclude or discourage any agreement, between any entity described in subsection (c)(1) and any State or local entity, to facilitate the provision of services by such entity or to the population served by such entity.

(h) PARTNERSHIP PROVISIONS.—

(1) OFFICE ESTABLISHED.—There shall be established within the Federal Partnership an office to administer the activities assisted under this section.

(2) CONSULTATION REQUIRED.—

(A) IN GENERAL.—The Federal Partnership, through the office established under paragraph (1), shall develop regulations and policies for activities assisted under this section in consultation with tribal organizations and Native Hawaiian organizations. Such regulations and policies shall take into account the special circumstances under which such activities operate.

(B) ADMINISTRATIVE SUPPORT.—The Federal Partnership shall provide such administrative support to the office established under paragraph (1) as the Federal Partnership determines to be necessary to carry out the consultation required by subparagraph (A).

(3) TECHNICAL ASSISTANCE.—The Federal Partnership, through the office established under paragraph (1), is authorized to provide technical assistance to entities described in subsection (c)(1) that receive assistance under this section to enable such entities to improve the workforce development activities provided by such entities.

SEC. 718. GRANTS TO OUTLYING AREAS.

(a) GENERAL AUTHORITY.—Using funds made available under section 734(b)(3), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to outlying areas to carry out workforce development activities.

(b) APPLICATION.—The Federal Partnership shall issue regulations specifying the provisions of this title that shall apply to outlying areas that receive funds under this subtitle.

CHAPTER 2—LOCAL PROVISIONS

SEC. 721. LOCAL APPORTIONMENT BY ACTIVITY.

(a) WORKFORCE EMPLOYMENT ACTIVITIES.—

(1) IN GENERAL.—The sum of the funds made available to a State for any program year under paragraphs (1) and (3) of section 713(a) for workforce employment activities shall be made available to the Governor of such State for use in accordance with paragraph (2).

(2) DISTRIBUTION.—Of the sum described in paragraph (1), for a program year—

(A) 25 percent shall be reserved by the Governor to carry out workforce employment activities through the statewide system, of which not more than 20 percent of such 25 percent may be used for administrative expenses; and

(B) 75 percent shall be distributed by the Governor to local entities to carry out workforce employment activities through the statewide system, based on—

(i) such factors as the relative distribution among substate areas of individuals who are not less than 15 and not more than 65, individuals in poverty, unemployed individuals, and adult recipients of assistance, as determined using the definitions specified and the determinations described in section 712(b); and

(ii) such additional factors as the Governor (in consultation with local partnerships described in section 728(a) or, where established, local workforce development boards described in section 728(b)), determines to be necessary.

(b) WORKFORCE EDUCATION ACTIVITIES.—

(1) IN GENERAL.—The sum of the funds made available to a State for any program year under paragraphs (2) and (3) of section 713(a) for workforce education activities

shall be made available to the State educational agency serving such State for use in accordance with paragraph (2).

(2) DISTRIBUTION.—Of the sum described in paragraph (1), for a program year—

(A) 20 percent shall be reserved by the State educational agency to carry out statewide workforce education activities through the statewide system, of which not more than 5 percent of such 20 percent may be used for administrative expenses; and

(B) 80 percent shall be distributed by the State educational agency to entities eligible for financial assistance under section 722, 723, or 724, to carry out workforce education activities through the statewide system.

(3) STATE ACTIVITIES.—Activities to be carried out under paragraph (2)(A) may include professional development, technical assistance, and program assessment activities.

(4) STATE DETERMINATIONS.—From the amount available to a State educational agency under paragraph (2)(B) for a program year, such agency shall determine the percentage of such amount that will be distributed in accordance with sections 722, 723, and 724 for such year for workforce education activities in such State in each of the following areas:

(A) Secondary school vocational education, or postsecondary and adult vocational education, or both; and

(B) Adult education.

(c) SPECIAL RULE.—Nothing in this subtitle shall be construed to prohibit any individual, entity, or agency in a State (other than the State educational agency) that is administering workforce education activities or setting education policies consistent with authority under State law for workforce education activities, on the day preceding the date of enactment of this Act from continuing to administer or set education policies consistent with authority under State law for such activities under this subtitle.

SEC. 722. DISTRIBUTION FOR SECONDARY SCHOOL VOCATIONAL EDUCATION.

(a) ALLOCATION.—Except as otherwise provided in this section and section 725, each State educational agency shall distribute the portion of the funds made available for any program year (from funds made available for the corresponding fiscal year, as determined under section 734(c)) by such agency for secondary school vocational education under section 721(b)(3)(A) to local educational agencies within the State as follows:

(1) SEVENTY PERCENT.—From 70 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 70 percent as the amount such local educational agency was allocated under section 1124 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6333) for the preceding fiscal year bears to the total amount received under such section by all local educational agencies in the State for such year.

(2) TWENTY PERCENT.—From 20 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 20 percent as the number of students with disabilities who have individualized education programs under section 614(a)(5) of the Individuals with Disabilities Education Act (20 U.S.C. 1414(a)(5)) served by such local educational agency for the preceding fiscal year bears to the total number of such students served by all local educational agencies in the State for such year.

(3) TEN PERCENT.—From 10 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 10 percent as the number of students enrolled in schools and adults enrolled in training programs under the jurisdiction of such local educational agency for the preceding fiscal year bears to the number of students enrolled in schools and adults enrolled in training programs under the jurisdiction of all local educational agencies in the State for such year.

(b) MINIMUM ALLOCATION.—

(1) IN GENERAL.—Except as provided in paragraph (2), no local educational agency shall receive an allocation under subsection (a) unless the amount allocated to such agency under subsection (a) is not less than $15,000. A local educational agency may enter into a consortium with other local educational agencies for purposes of meeting the minimum allocation requirement of this paragraph.

(2) WAIVER.—The State educational agency may waive the application of paragraph (1) in any case in which the local educational agency—

(A) is located in a rural, sparsely-populated area; and

(B) demonstrates that such agency is unable to enter into a consortium for purposes of providing services under this section.

(3) REDISTRIBUTION.—Any amounts that are not allocated by reason of paragraph (1) or (2) shall be redistributed to local educational agencies that meet the requirements of paragraph (1) or (2) in accordance with the provisions of this section.

(c) LIMITED JURISDICTION AGENCIES.—

(1) IN GENERAL.—In applying the provisions of subsection (a), no State educational agency receiving assistance under this subtitle shall allocate funds to a local educational agency that serves only elementary schools, but shall distribute such funds to the local educational agency or regional educational agency that provides secondary school services to secondary school students in the same attendance area.

(2) SPECIAL RULE.—The amount to be allocated under paragraph (1) to a local educational agency that has jurisdiction only over secondary schools shall be determined based on the number of students that entered such secondary schools in the previous year from the elementary schools involved.

(d) ALLOCATIONS TO AREA VOCATIONAL EDUCATION SCHOOLS AND EDUCATIONAL SERVICE AGENCIES.—

(1) IN GENERAL.—Each State educational agency shall distribute the portion of funds made available for any program year by such agency for secondary school vocational education under section 721(b)(3)(A) to the appropriate area vocational education school or educational service agency in any case in which—

(A) the area vocational education school or educational service agency, and the local educational agency concerned—

(i) have formed or will form a consortium for the purpose of receiving funds under this section; or

(ii) have entered into or will enter into a cooperative arrangement for such purpose; and

(B)(i) the area vocational education school or educational service agency serves an approximately equal or greater proportion of students who are individuals with disabilities or are low-income than the proportion of such students attending the secondary schools under the jurisdiction of all of the local educational agencies sending students to the area vocational education school or the educational service agency; or

(ii) the area vocational education school, educational service agency, or local educational agency demonstrates that the vocational education school or educational service agency is unable to meet the criterion described in clause (i) due to the lack of interest by students described in clause (i) in attending vocational education programs in that area vocational education school or educational service agency.

(2) ALLOCATION BASIS.—If an area vocational education school or educational service agency meets the requirements of paragraph (1), then—

(A) the amount that will otherwise be distributed to the local educational agency under this section shall be allocated to the area vocational education school, the educational service agency, and the local educational agency, based on each school's or agency's relative share of students described in paragraph (1)(B)(i) who are attending vocational education programs (based, if practicable, on the average enrollment for the prior 3 years); or

(B) such amount may be allocated on the basis of an agreement between the local educational agency and the area vocational education school or educational service agency.

(3) STATE DETERMINATION.—

(A) IN GENERAL.—For the purposes of this subsection, the State educational agency may determine the number of students who are low-income on the basis of—

(i) eligibility for—

(I) free or reduced-price meals under the National School Lunch Act (7 U.S.C. 1751 et seq.);

(II) assistance under a State program funded under part A of title IV of the Social Security Act;

(III) benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.); or

(IV) services under title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.); and

(ii) another index of economic status, including an estimate of such index, if the State educational agency demonstrates to the satisfaction of the Federal Partnership that such index is a more representative means of determining such number.

(B) DATA.—If a State educational agency elects to use more than 1 factor described in subparagraph (A) for purposes of making the determination described in such subparagraph, the State educational agency shall ensure that the data used is not duplicative.

(4) APPEALS PROCEDURE.—The State educational agency shall establish an appeals procedure for resolution of any dispute arising between a local educational agency and an area vocational education school or an educational service agency with respect to the allocation procedures described in this section, including the decision of a local educational agency to leave a consortium.

(5) SPECIAL RULE.—Notwithstanding the provisions of paragraphs (1), (2), (3), and (4), any local educational agency receiving an allocation that is not sufficient to conduct a secondary school vocational education program of sufficient size, scope, and quality to be effective may—

(A) form a consortium or enter into a cooperative agreement with an area vocational education school or educational service agency offering secondary school vocational education programs of sufficient size, scope, and quality to be effective and that are accessible to students who are individuals with disabilities or are low-income, and are served by such local educational agency; and

(B) transfer such allocation to the area vocational education school or educational service agency.

(e) SPECIAL RULE.—Each State educational agency distributing funds under this section shall treat a secondary school funded by the Bureau of Indian Affairs within the State as if such school were a local educational agency within the State for the purpose of receiving a distribution under this section.

SEC. 723. DISTRIBUTION FOR POSTSECONDARY AND ADULT VOCATIONAL EDUCATION.

(a) ALLOCATION.—

(1) IN GENERAL.—Except as provided in subsection (b) and section 725, each State educational agency, using the portion of the funds made available for any program year by such agency for postsecondary and adult vocational education under section 721(b)(3)(A)—

(A) shall reserve funds to carry out subsection (d); and

(B) shall distribute the remainder to eligible institutions or consortia of the institutions within the State.

(2) FORMULA.—Each such eligible institution or consortium shall receive an amount for the program year (from funds made available for the corresponding fiscal year, as determined under section 734(c)) from such remainder bears the same relationship to such remainder as the number of individuals who are Pell Grant recipients or recipients of assistance from the Bureau of Indian Affairs and are enrolled in programs offered by such institution or consortium for the preceding fiscal year bears to the number of all such individuals who are enrolled in any such program within the State for such preceding year.

(3) CONSORTIUM REQUIREMENTS.—In order for a consortium of eligible institutions described in paragraph (1) to receive assistance pursuant to such paragraph such consortium shall operate joint projects that—

(A) provide services to all postsecondary institutions participating in the consortium; and

(B) are of sufficient size, scope, and quality to be effective.

(b) WAIVER FOR MORE EQUITABLE DISTRIBUTION.—The Federal Partnership may waive the application of subsection (a) in the case of any State educational agency that submits to the Federal Partnership an application for such a waiver that—

(1) demonstrates that the formula described in subsection (a) does not result in a distribution of funds to the institutions or consortia within the State that have the highest numbers of low-income individuals and that an alternative formula will result in such a distribution; and

(2) includes a proposal for an alternative formula that may include criteria relating to the number of individuals attending the institutions or consortia within the State who—

(A) receive need-based postsecondary financial aid provided from public funds;

(B) are members of families receiving assistance under a State program funded under part A of title IV of the Social Security Act;

(C) are enrolled in postsecondary educational institutions that—

(i) are funded by the State;

(ii) do not charge tuition; and

(iii) serve only low-income students;

(D) are enrolled in programs serving low-income adults; or

(E) are Pell Grant recipients.

(c) MINIMUM AMOUNT.—

(1) IN GENERAL.—No distribution of funds provided to any institution or consortium for a program year under this section shall be for an amount that is less than $50,000.

(2) REDISTRIBUTION.—Any amounts that are not distributed by reason of paragraph (1) shall be redistributed to eligible institutions or consortia in accordance with the provisions of this section.

(d) SPECIAL RULE FOR CRIMINAL OFFENDERS.—Each State educational agency shall distribute the funds reserved under subsection (a)(1)(A) to 1 or more State corrections agencies to enable the State corrections agencies to administer vocational education programs for juvenile and adult criminal offenders in correctional institutions in the State, including correctional institutions operated by local authorities.

(e) DEFINITION.—For the purposes of this section—

(1) the term "eligible institution" means a postsecondary educational institution, a local educational agency serving adults, or an area vocational education school serving adults that offers or will offer a program that seeks to receive financial assistance under this section;

(2) the term "low-income", used with respect to a person, means a person who is determined under guidelines developed by the Federal Partnership to be low-income, using the most recent available data provided by the Bureau of the Census, prior to the determination; and

(3) the term "Pell Grant recipient" means a recipient of financial aid under subpart 1 of part A of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070a et seq.).

SEC. 724. DISTRIBUTION FOR ADULT EDUCATION.

(a) IN GENERAL.—Except as provided in subsection (b)(3), from the amount made available by a State educational agency for adult education under section 721(b)(3)(B) for a program year, such agency shall award grants, on a competitive basis, to local educational agencies, correctional education agencies, community-based organizations of demonstrated effectiveness, volunteer literacy organizations, libraries, public or private nonprofit agencies, postsecondary educational institutions, public housing authorities, and other nonprofit institutions that have the ability to provide literacy services to adults and families, or consortia of agencies, organizations, or institutions described in this subsection, to enable such agencies, organizations, institutions, and consortia to establish or expand adult education programs.

(b) GRANT REQUIREMENTS.—

(1) ACCESS.—Each State educational agency making funds available for any program year for adult education under section 721(b)(3)(B) shall ensure that the entities described in subsection (a) will be provided direct and equitable access to all Federal funds provided under this section.

(2) CONSIDERATIONS.—In awarding grants under this section, the State educational agency shall consider—

(A) the past effectiveness of applicants in providing services (especially with respect to recruitment and retention of educationally disadvantaged adults and the learning gains demonstrated by such adults);

(B) the degree to which an applicant will coordinate and utilize other literacy and social services available in the community; and

(C) the commitment of the applicant to serve individuals in the community who are most in need of literacy services.

(3) CONSORTIA.—A State educational agency may award a grant under subsection (a) to a consortium that includes an entity described in subsection (a) and a for-profit agency, organization, or institution, if such agency, organization, or institution—

(A) can make a significant contribution to carrying out the purposes of this title; and

(B) enters into a contract with the entity described in subsection (a) for the purpose of establishing or expanding adult education programs.

(c) LOCAL ADMINISTRATIVE COSTS LIMITS.—

(1) IN GENERAL.—Except as provided in paragraph (2), of the funds provided under this section by a State educational agency to an agency, organization, institution, or consortium described in subsection (a), at least 95 percent shall be expended for provision of adult education instructional activities. The remainder shall be used for planning, administration, personnel development, and interagency coordination.

(2) SPECIAL RULE.—In cases where the cost limits described in paragraph (1) will be too restrictive to allow for adequate planning, administration, personnel development, and interagency coordination supported under this section, the State educational agency shall negotiate with the agency, organization, institution, or consortium described in subsection (a) in order to determine an adequate level of funds to be used for noninstructional purposes.

SEC. 725. SPECIAL RULE FOR MINIMAL ALLOCATION.

(a) GENERAL AUTHORITY.—For any program year for which a minimal amount is made available by a State educational agency for distribution under section 722 or 723 such agency may, notwithstanding the provisions of section 722 or 723, respectively, in order to make a more equitable distribution of funds for programs serving the highest numbers of low-income individuals (as defined in section 723(e)), distribute such minimal amount—

(1) on a competitive basis; or

(2) through any alternative method determined by the State educational agency.

(b) MINIMAL AMOUNT.—For purposes of this section, the term "minimal amount" means not more than 15 percent of the total amount made available by the State educational agency under section 721(b)(3)(A) for section 722 or 723, respectively, for such program year.

SEC. 726. REDISTRIBUTION.

(a) IN GENERAL.—In any program year that an entity receiving financial assistance under section 722 or 723 does not expend all of the amounts distributed to such entity for such year under section 722 or 723, respectively, such entity shall return any unexpended amounts to the State educational agency for distribution under section 722 or 723, respectively.

(b) REDISTRIBUTION OF AMOUNTS RETURNED LATE IN A PROGRAM YEAR.—In any program year in which amounts are returned to the State educational agency under subsection (a) for programs described in section 722 or 723 and the State educational agency is unable to redistribute such amounts according to section 722 or 723, respectively, in time for such amounts to be expended in such program year, the State educational agency shall retain such amounts for distribution in combination with amounts provided under such section for the following program year.

SEC. 727. LOCAL APPLICATION FOR WORKFORCE EDUCATION ACTIVITIES.

(a) IN GENERAL.—

(1) IN GENERAL.—Each eligible entity desiring financial assistance under this subtitle for workforce education activities shall submit an application to the State educational agency at such time, in such manner and accompanied by such information as such agency (in consultation with such other educational entities as the State educational agency determines to be appropriate) may require. Such application shall cover the same period of time as the period of time applicable to the State workforce development plan.

(2) DEFINITION.—For the purpose of this section the term "eligible entity" means an entity eligible for financial assistance under section 722, 723, or 724 from a State educational agency.

(b) CONTENTS.—Each application described in subsection (a) shall, at a minimum—

(1) describe how the workforce education activities required under section 716(b), and other workforce education activities, will be carried out with funds received under this subtitle;

(2) describe how the activities to be carried out relate to meeting the State goals, and reaching the State benchmarks, concerning workforce education activities;

(3) describe how the activities to be carried out are an integral part of the comprehensive efforts of the eligible entity to improve education for all students and adults;

(4) describe the process that will be used to independently evaluate and continuously improve the performance of the eligible entity; and

(5) describe how the eligible entity will coordinate the activities of the entity with the activities of the local workforce development board, if any, in the substate area.

SEC. 728. LOCAL PARTNERSHIPS, AGREEMENTS, AND WORKFORCE DEVELOPMENT BOARDS.

(a) LOCAL AGREEMENTS.—

(1) IN GENERAL.—After a Governor submits the State plan described in section 714 to the Federal Partnership, the Governor shall negotiate and enter into a local agreement regarding the workforce employment activities, school-to-work activities, and economic development activities (within a State that is eligible to carry out such activities, as described in subsection (c)) to be carried out in each substate area in the State with local partnerships (or, where established, local workforce development boards described in subsection (b)).

(2) LOCAL PARTNERSHIPS.—

(A) IN GENERAL.—A local partnership referred to in paragraph (1) shall be established by the local chief elected official, in accordance with subparagraphs (B) and (C), and shall consist of individuals representing business, industry, and labor, local secondary schools, local postsecondary education institutions, local adult education providers, local elected officials, rehabilitation agencies and organizations, community-based organizations, and veterans, within the appropriate substate area.

(B) MULTIPLE JURISDICTIONS.—In any case in which there are 2 or more units of general local government in the substate area involved, the chief elected official of each such unit shall appoint members of the local partnership in accordance with an agreement entered into by such chief elected officials. In the absence of such an agreement, such appointments shall be made by the Governor of the State involved from the individuals nominated or recommended by the chief elected officials.

(C) SELECTION OF BUSINESS AND INDUSTRY REPRESENTATIVES.—Individuals representing business and industry in the local partnership shall be appointed by the chief elected official from nominations submitted by business organizations in the substate area involved. Such individuals shall reasonably represent the industrial and demographic composition of the business community. Where possible, at least 50 percent of such business and industry representatives shall be representatives of small business.

(3) BUSINESS AND INDUSTRY INVOLVEMENT.—The business and industry representatives shall have a lead role in the design, management, and evaluation of the activities to be carried out in the substate area under the local agreement.

(4) CONTENTS.—

(A) STATE GOALS AND STATE BENCHMARKS.—Such an agreement shall include a description of the manner in which funds allocated to a substate area under this subtitle will be spent to meet the State goals and reach the State benchmarks in a manner that reflects local labor market conditions.

(B) COLLABORATION.—The agreement shall also include information that demonstrates the manner in which—

(i) the Governor; and

(ii) the local partnership (or, where established, the local workforce development board);

collaborated in reaching the agreement.

(5) FAILURE TO REACH AGREEMENT.—If, after a reasonable effort, the Governor is unable to enter into an agreement with the local partnership (or, where established, the local workforce development board), the Governor shall notify the partnership or board, as appropriate, and provide the partnership or board, as appropriate, with the opportunity to comment, not later than 30 days after the date of the notification, on the manner in which funds allocated to such substate area will be spent to meet the State goals and reach the State benchmarks.

(6) EXCEPTION.—A State that indicates in the State plan described in section 714 that the State will be treated as a substate area for purposes of the application of this subtitle shall not be subject to this subsection.

(b) LOCAL WORKFORCE DEVELOPMENT BOARDS.—

(1) IN GENERAL.—Each State may facilitate the establishment of local workforce development boards in each substate area to set policy and provide oversight over the workforce development activities in the substate area.

(2) MEMBERSHIP.—

(A) STATE CRITERIA.—The Governor shall establish criteria for use by local chief elected officials in each substate area in the selection of members of the local workforce development boards, in accordance with the requirements of subparagraph (B).

(B) REPRESENTATION REQUIREMENT.—Such criteria shall require, at a minimum, that a local workforce development board consist of—

(i) representatives of business and industry in the substate area, who shall constitute a majority of the board;

(ii) representatives of labor, workers, and community-based organizations, who shall constitute not less than 25 percent of the members of the board;

(iii) representatives of local secondary schools, postsecondary education institutions, and adult education providers;

(iv) representatives of veterans; and

(v) 1 or more individuals with disabilities, or their representatives.

(C) CHAIR.—Each local workforce development board shall select a chairperson from among the members of the board who are representatives of business and industry.

(3) CONFLICT OF INTEREST.—No member of a local workforce development board shall vote on a matter relating to the provision of services by the member (or any organization that the member directly represents) or vote on a matter that would provide direct financial benefit to such member or the immediate family of such member or engage in any other activity determined by the Governor to constitute a conflict of interest.

(4) FUNCTIONS.—The functions of the local workforce development board shall include—

(A) submitting to the Governor a single comprehensive 3-year strategic plan for workforce development activities in the substate area that includes information—

(i) identifying the workforce development needs of local industries, students, jobseekers, and workers;

(ii) identifying the workforce development activities to be carried out in the substate area with funds received through the allotment made to the State under section 712, to meet the State goals and reach the State benchmarks; and

(iii) identifying how the local workforce development board will obtain the active and continuous participation of business, industry, and labor in the development and continuous improvement of the workforce development activities carried out in the substate area;

(B) entering into local agreements with the Governor as described in subsection (a);

(C) overseeing the operations of the one-stop delivery of core services described in section 716(a)(2) in the substate area, including the responsibility to—

(i) designate local entities to operate the one-stop delivery in the substate area, consistent with the criteria referred to in section 716(a)(2); and

(ii) develop and approve the budgets and annual operating plans of the providers of the one-stop delivery; and

(D) submitting annual reports to the Governor on the progress being made in the substate area toward meeting the State goals and reaching the State benchmarks.

(5) CONSULTATION.—A local workforce development board that serves a substate area shall conduct the functions described in paragraph (4) in consultation with the chief elected officials in the substate area.

(c) ECONOMIC DEVELOPMENT ACTIVITIES.—A State shall be eligible to use the funds made available through the flex account for flexible workforce activities to carry out economic development activities if—

(1) the boards described in section 715 and subsection (b) are established in the State; or

(2) in the case of a State that indicates in the State plan described in section 714 that the State will be treated as a substate area for purposes of the application of this subtitle, the board described in section 715 is established in the State.

SEC. 729. CONSTRUCTION.

Nothing in this title shall be construed—

(1) to prohibit a local educational agency (or a consortium thereof) that receives assistance under section 722, from working with an eligible entity (or consortium thereof) that receives assistance under section 723, to carry out secondary school vocational education activities in accordance with this title; or

(2) to prohibit an eligible entity (or consortium thereof) that receives assistance under section 723, from working with a local educational agency (or consortium thereof) that receives assistance under section 722, to carry out postsecondary and adult vocational education activities in accordance with this title.

CHAPTER 3—ADMINISTRATION

SEC. 731. ACCOUNTABILITY.

(a) REPORT.—

(1) IN GENERAL.—Each State that receives an allotment under section 712 shall annually prepare and submit to the Federal Partnership, a report that states how the State is performing on State benchmarks specified in this section, which relate to workforce development activities carried out through the statewide system of the State. In preparing the report, the State may include information on such additional benchmarks as the State may establish to meet the State goals.

(2) CONSOLIDATED REPORT.—In lieu of submitting separate reports under paragraph (1) and section 409(a) of the Social Security Act, the State may prepare a consolidated report. Any consolidated report prepared under this paragraph shall contain the information described in paragraph (1) and subsections (a) through (h) of section 409 of the Social Security Act. The State shall submit any consolidated report prepared under this paragraph to the Federal Partnership, the Secretary of Agriculture, and the Secretary of Health and Human Services, on the dates specified in section 409(a) of the Social Security Act.

(b) GOALS.—

(1) MEANINGFUL EMPLOYMENT.—Each statewide system supported by an allotment

under section 712 shall be designed to meet the goal of assisting participants in obtaining meaningful unsubsidized employment opportunities in the State.

(2) EDUCATION.—Each statewide system supported by an allotment under section 712 shall be designed to meet the goal of enhancing and developing more fully the academic, occupational, and literacy skills of all segments of the population of the State.

(c) BENCHMARKS.—

(1) MEANINGFUL EMPLOYMENT.—To be eligible to receive an allotment under section 712, a State shall develop, in accordance with paragraph (5), and identify in the State plan of the State, proposed quantifiable benchmarks to measure the statewide progress of the State toward meeting the goal described in subsection (b)(1), which shall include, at a minimum, measures of—

(A) placement in unsubsidized employment of participants;

(B) retention of the participants in such employment (12 months after completion of the participation); and

(C) increased earnings for the participants.

(2) EDUCATION.—To be eligible to receive an allotment under section 712, a State shall develop, in accordance with paragraph (5), and identify in the State plan of the State, proposed quantifiable benchmarks to measure the statewide progress of the State toward meeting the goal described in subsection (b)(2), which shall include, at a minimum, measures of—

(A) student mastery of academic knowledge and work readiness skills;

(B) student mastery of occupational and industry-recognized skills according to skill proficiencies for students in career preparation programs;

(C) placement in, retention in, and completion of secondary education (as determined under State law) and postsecondary education, and placement and retention in employment and in military service; and

(D) mastery of the literacy, knowledge, and skills adults need to be productive and responsible citizens and to become more actively involved in the education of their children.

(3) POPULATIONS.—To be eligible to receive an allotment under section 712, a State shall develop, in accordance with paragraph (5), and identify in the State plan of the State, proposed quantifiable benchmarks to measure progress toward meeting the goals described in subsection (b) for populations including, at a minimum—

(A) welfare recipients (including a benchmark for welfare recipients described in section 3(36)(B));

(B) individuals with disabilities;

(C) older workers;

(D) at-risk youth;

(E) dislocated workers; and

(F) veterans.

(4) SPECIAL RULE.—If a State has developed for all students in the State performance indicators, attainment levels, or assessments for skills according to challenging academic, occupational, or industry-recognized skill proficiencies, the State shall use such performance indicators, attainment levels, or assessments in measuring the progress of all students served under this title in attaining the skills.

(5) NEGOTIATIONS.—

(A) INITIAL DETERMINATION.—On receipt of a State plan submitted under section 714, the Federal Partnership shall, not later than 30 days after the date of the receipt, determine—

(i) how the proposed State benchmarks identified by the State in the State plan compare to the model benchmarks established by the Federal Partnership under section 772(b)(2);

(ii) how the proposed State benchmarks compare with State benchmarks proposed by other States in their State plans; and

(iii) whether the proposed State benchmarks, taken as a whole, are sufficient—

(I) to enable the State to meet the State goals; and

(II) to make the State eligible for an incentive grant under section 732(a).

(B) NOTIFICATION.—The Federal Partnership shall immediately notify the State of the determinations referred to in subparagraph (A). If the Federal Partnership determines that the proposed State benchmarks are not sufficient to make the State eligible for an incentive grant under section 732(a), the Federal Partnership shall provide the State with guidance on the steps the State may take to allow the State to become eligible for the grant.

(C) REVISION.—Not later than 30 days after the date of receipt of the notification referred to in subparagraph (B), the State may revise some or all of the State benchmarks identified in the State plan in order to become eligible for the incentive grant or provide reasons why the State benchmarks should be sufficient to make the State eligible for the incentive grant.

(D) DETERMINATION.—After reviewing any revised State benchmarks or information submitted by the State in accordance with subparagraph (C), the Federal Partnership shall make a determination on the eligibility of the State for the incentive grant, as described in paragraph (6), and provide advice to the Secretary of Labor and the Secretary of Education. The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may award a grant to the State under section 732(a).

(6) INCENTIVE GRANTS.—Each State that sets high benchmarks under paragraph (1), (2), or (3) and reaches or exceeds the benchmarks, as determined by the Federal Partnership, shall be eligible to receive an incentive grant under section 732(a).

(7) SANCTIONS.—A State that has failed to demonstrate sufficient progress toward reaching the State benchmarks established under this subsection for the 3 years covered by a State plan described in section 714, as determined by the Federal Partnership, may be subject to sanctions under section 732(b).

(d) JOB PLACEMENT ACCOUNTABILITY SYSTEM.—

(1) IN GENERAL.—Each State that receives an allotment under section 712 shall establish a job placement accountability system, which will provide a uniform set of data to track the progress of the State toward reaching the State benchmarks.

(2) DATA.—

(A) IN GENERAL.—In order to maintain data relating to the measures described in subsection (c)(1), each such State shall establish a job placement accountability system using quarterly wage records available through the unemployment insurance system. The State agency or entity within the State responsible for labor market information, as designated in section 773(c)(1)(B), in conjunction with the Commissioner of Labor Statistics, shall maintain the job placement accountability system and match information on participants served by the statewide systems of the State and other States with quarterly employment and earnings records.

(B) REIMBURSEMENT.—Each local entity that carries out workforce employment activities or workforce education activities and that receives funds under this subtitle shall provide information regarding the social security numbers of the participants served by the entity and such other information as the State may require to the State agency or entity within the State responsible for labor market information, as designated in section 773(c)(1)(B).

(C) CONFIDENTIALITY.—The State agency or entity within the State responsible for labor market information, as designated in section 773(c)(1)(B), shall protect the confidentiality of information obtained through the job placement accountability system through the use of recognized security procedures.

(e) INDIVIDUAL ACCOUNTABILITY.—Each State that receives an allotment under section 712 shall devise and implement procedures to provide, in a timely manner, information on participants in activities carried out through the statewide system who are participating as a condition of receiving welfare assistance. The procedures shall require that the State provide the information to the State and local agencies carrying out the programs through which the welfare assistance is provided, in a manner that ensures that the agencies can monitor compliance with the conditions regarding the receipt of the welfare assistance.

SEC. 732. INCENTIVES AND SANCTIONS.

(a) INCENTIVES.—

(1) IN GENERAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may award incentive grants of not more than $15,000,000 per program year to a State that—

(A) reaches or exceeds State benchmarks established under section 731(c), with an emphasis on the benchmarks established under section 731(c)(3), in accordance with section 731(c)(6); or

(B) demonstrates to the Federal Partnership that the State has made substantial reductions in the number of adult recipients of assistance, as defined in section 712(b)(1)(A), resulting from increased placement of such adult recipients in unsubsidized employment.

(2) USE OF FUNDS.—A State that receives such a grant may use the funds made available through the grant to carry out any workforce development activities authorized under this title.

(b) SANCTIONS.—

(1) FAILURE TO DEMONSTRATE SUFFICIENT PROGRESS.—If the Federal Partnership determines, after notice and an opportunity for a hearing, that a State has failed to demonstrate sufficient progress toward reaching the State benchmarks established under section 731(c) for the 3 years covered by a State plan described in section 714, the Federal Partnership shall provide advice to the Secretary of Labor and the Secretary of Education. The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may reduce the allotment of the State under section 712 by not more than 10 percent per program year for not more than 3 years. The Federal Partnership may determine that the failure of the State to demonstrate such progress is attributable to the workforce employment activities, workforce education activities, or flexible workforce activities, of the State and provide advice to the Secretary of Labor and the Secretary of Education. The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may decide to reduce only the portion of the allotment for such activities.

(2) EXPENDITURE CONTRARY TO TITLE.—If the Governor of a State determines that a local entity that carries out workforce employment activities in a substate area of the State has expended funds made available under this title in a manner contrary to the purposes of this title, and such expenditures do not constitute fraudulent activity, the Governor may deduct an amount equal to

the funds from a subsequent program year allocation to the substate area.

(c) FUNDS RESULTING FROM REDUCED ALLOTMENTS.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may use an amount retained as a result of a reduction in an allotment made under subsection (b)(1) to award an incentive grant under subsection (a).

SEC. 733. UNEMPLOYMENT TRUST FUND.

(a) IN GENERAL.—Section 901(c) of the Social Security Act (42 U.S.C. 1101(c)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) by striking clause (ii) and inserting the following:

"(ii) the establishment and maintenance of statewide workforce development systems, to the extent the systems are used to carry out activities described in section 773, or in any of clauses (ii) through (v) of section 716(a)(2)(B), of the Workforce Development Act of 1995, and"; and

(ii) in clause (iii), by striking "carrying into effect section 4103" and "carrying out the activities described in sections 4103, 4103A, 4104, and 4104A"; and

(B) in subparagraph (B)—

(i) in the matter preceding clause (i), by striking "Department of Labor" and inserting "Department of Labor or the Workforce Development Partnership, as appropriate,"; and

(ii) by striking clause (iii) and inserting the following:

"(iii) the Workforce Development Act of 1995."; and

(2) in the first sentence of paragraph (4), by striking "the total cost" and all that follows through "the President determines" and inserting "the total cost of administering the statewide workforce development systems, to the extent the systems are used to carry out activities described in section 773, or in any of clauses (ii) through (v) of section 716(a)(2)(B), of the Workforce Development Act of 1995, and of the necessary expenses of the Workforce Development Partnership for the performance of the functions of the partnership under such Act, as the President determines".

(b) GUAM; UNITED STATES VIRGIN ISLANDS.—From the total amount made available under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) (referred to in this section as the "total amount") for each fiscal year, the Secretary of Labor and the Secretary of Education, acting jointly, shall first allot to Guam and the United States Virgin Islands an amount that, in relation to the total amount for the fiscal year, is equal to the allotment percentage that each received of amounts available under section 6 of the Wagner-Peyser Act (29 U.S.C. 49e) in fiscal year 1983.

(c) STATES.—

(1) ALLOTMENTS.—

(A) IN GENERAL.—Subject to paragraphs (2) and (3), the Secretary of Labor and the Secretary of Education, acting jointly, shall (after making the allotments required by subsection (b)) allot the remainder of the total amount for each fiscal year among the States as follows:

(i) CIVILIAN LABOR FORCE.—Two-thirds of such remainder shall be allotted on the basis of the relative number of individuals in the civilian labor force in each State as compared to the total number of such individuals in all States.

(ii) UNEMPLOYED INDIVIDUALS.—One-third of such remainder shall be allotted on the basis of the relative number of unemployed individuals in each State as compared to the total number of such individuals in all States.

(B) CALCULATION.—For purposes of this paragraph, the number of individuals in the civilian labor force and the number of unemployed individuals shall be based on data for the most recent calendar year available, as determined by the Secretary of Labor and the Secretary of Education, acting jointly.

(2) MINIMUM PERCENTAGE.—No State allotment under this section for any fiscal year shall be a smaller percentage of the total amount for the fiscal year than 90 percent of the allotment percentage for the State for the fiscal year preceding the fiscal year for which the determination is made. For the purpose of this section, the Secretary of Labor and the Secretary of Education, acting jointly, shall determine the allotment percentage for each State for fiscal year 1984, which shall be the percentage that the State received of amounts available under section 6 of the Wagner-Peyser Act for fiscal year 1983. For the purpose of this section, for each succeeding fiscal year, the allotment percentage for each such State shall be the percentage that the State received of amounts available under section 6 of the Wagner-Peyser Act for the preceding fiscal year.

(3) MINIMUM ALLOTMENT.—For each fiscal year, no State shall receive a total allotment under paragraphs (1) and (2) that is less than 0.28 percent of the total amount for such fiscal year.

(4) ESTIMATES.—The Secretary of Labor and the Secretary of Education, acting jointly, shall, not later than March 15 of each fiscal year, provide preliminary planning estimates and shall, not later than May 15 of each fiscal year, provide final planning estimates, showing the projected allocation for each State for the following year.

(5) DEFINITION.—Notwithstanding section 703, as used in paragraphs (2) through (4), the term "State" means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, and United States Virgin Islands.

(d) EFFECTIVE DATE.—This section, and the amendments made by this section, shall take effect July 1, 1998.

SEC. 734. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated to carry out this title (other than subtitle C) $6,127,000,000 for each of fiscal years 1998 through 2001.

(b) RESERVATIONS.—Of the amount appropriated under subsection (a)—

(1) 92.7 percent shall be reserved for making allotments under section 712;

(2) 1.25 percent shall be reserved for carrying out section 717;

(3) 0.2 percent shall be reserved for carrying out section 718;

(4) 4.3 percent shall be reserved for making incentive grants under section 732(a) and for the administration of this title;

(5) 1.4 percent shall be reserved for carrying out section 773; and

(6) 0.15 percent shall be reserved for carrying out sections 774 and 775 and the National Literacy Act of 1991 (20 U.S.C. 1201 note).

(c) PROGRAM YEAR.—

(1) IN GENERAL.—Appropriations for any fiscal year for programs and activities under this title shall be available for obligation only on the basis of a program year. The program year shall begin on July 1 in the fiscal year for which the appropriation is made.

(2) ADMINISTRATION.—Funds obligated for any program year may be expended by each recipient during the program year and the 2 succeeding program years and no amount shall be deobligated on account of a rate of expenditure that is consistent with the provisions of the State plan specified in section 714 that relate to workforce employment activities.

SEC. 735. EFFECTIVE DATE.

This subtitle shall take effect July 1, 1998.

Subtitle C—Job Corps and Other Workforce Preparation Activities for At-Risk Youth

CHAPTER 1—GENERAL PROVISIONS

SEC. 741. PURPOSES.

The purposes of this subtitle are—

(1) to maintain a Job Corps for at-risk youth as part of statewide systems;

(2) to set forth standards and procedures for selecting individuals as enrollees in the Job Corps;

(3) to authorize the establishment of residential and nonresidential Job Corps centers in which enrollees will participate in intensive programs of workforce development activities;

(4) to prescribe various other powers, duties, and responsibilities incident to the operation and continuing development of the Job Corps; and

(5) to assist at-risk youth who need and can benefit from an unusually intensive program, operated in a group setting, to become more responsible, employable, and productive citizens.

SEC. 742. DEFINITIONS.

As used in this subtitle:

(1) AT-RISK YOUTH.—The term "at-risk youth" means an individual who—

(A) is not less than age 15 and not more than age 24;

(B) is low-income (as defined in section 723(e));

(C) is 1 or more of the following:

(i) Basic skills deficient.

(ii) A school dropout.

(iii) Homeless or a runaway.

(iv) Pregnant or parenting.

(v) Involved in the juvenile justice system.

(vi) An individual who requires additional education, training, or intensive counseling and related assistance, in order to secure and hold employment or participate successfully in regular schoolwork.

(2) ENROLLEE.—The term "enrollee" means an individual enrolled in the Job Corps.

(3) GOVERNOR.—The term "Governor" means the chief executive officer of a State.

(4) JOB CORPS.—The term "Job Corps" means the corps described in section 744.

(5) JOB CORPS CENTER.—The term "Job Corps center" means a center described in section 744.

SEC. 743. AUTHORITY OF GOVERNOR.

The duties and powers granted to a State by this subtitle shall be considered to be granted to the Governor of the State.

CHAPTER 2—JOB CORPS

SEC. 744. GENERAL AUTHORITY.

If a State receives an allotment under section 759, and a center located in the State received assistance under part B of title IV of the Job Training Partnership Act for fiscal year 1996 and was not closed in accordance with section 755, the State shall use a portion of the funds made available through the allotment to maintain the center, and carry out activities described in this subtitle for individuals enrolled in a Job Corps and assigned to the center.

SEC. 745. SCREENING AND SELECTION OF APPLICANTS.

(a) STANDARDS AND PROCEDURES.—

(1) IN GENERAL.—The State shall prescribe specific standards and procedures for the screening and selection of applicants for the Job Corps.

(2) IMPLEMENTATION.—To the extent practicable, the standards and procedures shall be implemented through arrangements with—

(A) one-stop career centers;

(B) agencies and organizations such as community action agencies, professional groups, and labor organizations; and

(C) agencies and individuals that have contact with youth over substantial periods of time and are able to offer reliable information about the needs and problems of the youth.

(3) CONSULTATION.—The standards and procedures shall provide for necessary consultation with individuals and organizations, including court, probation, parole, law enforcement, education, welfare, and medical authorities and advisers.

(b) SPECIAL LIMITATIONS.—No individual shall be selected as an enrollee unless the individual or organization implementing the standards and procedures determines that—

(1) there is a reasonable expectation that the individual can participate successfully in group situations and activities, is not likely to engage in behavior that would prevent other enrollees from receiving the benefit of the program or be incompatible with the maintenance of sound discipline and satisfactory relationships between the Job Corps center to which the individual might be assigned and surrounding communities; and

(2) the individual manifests a basic understanding of both the rules to which the individual will be subject and of the consequences of failure to observe the rules.

(c) INDIVIDUALS ELIGIBLE.—To be eligible to become an enrollee, an individual shall be an at-risk youth.

SEC. 746. ENROLLMENT AND ASSIGNMENT.

(a) RELATIONSHIP BETWEEN ENROLLMENT AND MILITARY OBLIGATIONS.—Enrollment in the Job Corps shall not relieve any individual of obligations under the Military Selective Service Act (50 U.S.C. App. 451 et seq.).

(b) ASSIGNMENT.—

(1) IN GENERAL.—Except as provided in paragraph (2), the State shall assign an enrollee to the Job Corps center within the State that is closest to the residence of the enrollee.

(2) AGREEMENTS WITH OTHER STATES.—The State may enter into agreements with 1 or more States to enroll individuals from the States in the Job Corps and assign the enrollees to Job Corps centers in the State.

SEC. 747. JOB CORPS CENTERS.

(a) DEVELOPMENT.—The State shall enter into an agreement with a Federal, State, or local agency, which may be a State board or agency that operates or wishes to develop an area vocational education school facility or residential vocational school, or with a private organization, for the establishment and operation of a Job Corps center.

(b) CHARACTER AND ACTIVITIES.—Job Corps centers may be residential or nonresidential in character, and shall be designed and operated so as to provide enrollees, in a well-supervised setting, with access to activities described in section 748.

(c) CIVILIAN CONSERVATION CENTERS.—The Job Corps centers may include Civilian Conservation Centers, located primarily in rural areas, which shall provide, in addition to other training and assistance, programs of work experience to conserve, develop, or manage public natural resources or public recreational areas or to develop community projects in the public interest.

(d) JOB CORPS OPERATORS.—To be eligible to receive funds under this chapter, an entity who entered into a contract with the Secretary of Labor that is in effect on the effective date of this section to carry out activities through a center under part B of title IV of the Job Training Partnership Act (as in effect on the day before the effective date of this section), shall enter into a contract with the State in which the center is located that contains provisions substantially similar to the provisions of the contract with the Secretary of Labor, as determined by the State.

SEC. 748. PROGRAM ACTIVITIES.

(a) ACTIVITIES PROVIDED THROUGH JOB CORPS CENTERS.—Each Job Corps center shall provide enrollees assigned to the center with access to activities described in section 716(a)(2)(B), and such other workforce development activities as may be appropriate to meet the needs of the enrollees, including providing work-based learning throughout the enrollment of the enrollees and assisting the enrollees in obtaining meaningful unsubsidized employment on completion of their enrollment.

(b) ARRANGEMENTS.—The State shall arrange for enrollees assigned to Job Corps centers in the State to receive workforce development activities through the statewide system, including workforce development activities provided through local public or private educational agencies, vocational educational institutions, or technical institutes.

(c) JOB PLACEMENT ACCOUNTABILITY.—Each Job Corps center located in a State shall be connected to the job placement accountability system of the State described in section 731(d).

SEC. 749. SUPPORT.

The State shall provide enrollees assigned to Job Corps centers in the State with such personal allowances as the State may determine to be necessary or appropriate to meet the needs of the enrollees.

SEC. 750. OPERATING PLAN.

To be eligible to operate a Job Corps center and receive assistance under section 759 for program year 1998 or any subsequent program year, an entity shall prepare and submit, to the Governor of the State in which the center is located, and obtain the approval of the Governor for, an operating plan that shall include, at a minimum, information indicating—

(1) in quantifiable terms, the extent to which the center will contribute to the achievement of the proposed State goals and State benchmarks identified in the State plan for the State submitted under section 714;

(2) the extent to which workforce employment activities and workforce education activities delivered through the Job Corps center are directly linked to the workforce development needs of the industry sectors most important to the economic competitiveness of the State; and

(3) an implementation strategy to ensure that all enrollees assigned to the Job Corps center will have access to services through the one-stop delivery of core services described in section 716(a)(2) by the State.

SEC. 751. STANDARDS OF CONDUCT.

(a) PROVISION AND ENFORCEMENT.—The State shall provide, and directors of Job Corps center shall stringently enforce, standards of conduct within the centers. Such standards of conduct shall include provisions forbidding violence, drug abuse, and other criminal activity.

(b) DISCIPLINARY MEASURES.—To promote the proper moral and disciplinary conditions in the Job Corps, the directors of Job Corps centers shall take appropriate disciplinary measures against enrollees. If such a director determines that an enrollee has committed a violation of the standards of conduct, the director shall dismiss the enrollee from the Corps if the director determines that the retention of the enrollee in the Corps will jeopardize the enforcement of such standards or diminish the opportunities of other enrollees. If the director determines that an enrollee has engaged in an incident involving violence, drug abuse, or other criminal activity, the director shall immediately dismiss the enrollee from the Corps.

(c) APPEAL.—A disciplinary measure taken by a director under this section shall be subject to expeditious appeal in accordance with procedures established by the State.

SEC. 752. COMMUNITY PARTICIPATION.

The State shall encourage and cooperate in activities to establish a mutually beneficial relationship between Job Corps centers in the State and nearby communities. The activities may include the use of any local workforce development boards established in the State under section 728(b) to provide a mechanism for joint discussion of common problems and for planning programs of mutual interest.

SEC. 753. COUNSELING AND PLACEMENT.

The State shall ensure that enrollees assigned to Job Corps centers in the State receive counseling and job placement services, which shall be provided, to the maximum extent practicable, through the delivery of core services described in section 716(a)(2).

SEC. 754. LEASES AND SALES OF CENTERS.

(a) LEASES.—

(1) IN GENERAL.—The Secretary of Labor shall offer to enter into a lease with each State that has an approved State plan submitted under section 714 and in which 1 or more Job Corps centers are located.

(2) NOMINAL CONSIDERATION.—Under the terms of the lease, the Secretary of Labor shall lease the Job Corps centers in the State to the State in return for nominal consideration.

(3) INDEMNITY AGREEMENT.—To be eligible to lease such a center, a State shall enter into an agreement to hold harmless and indemnify the United States from any liability or claim for damages or injury to any person or property arising out of the lease.

(b) SALES.—Notwithstanding the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.), the Secretary of Labor shall offer each State described in subsection (a)(1) the opportunity to purchase the Job Corps centers in the State in return for nominal consideration.

SEC. 755. CLOSURE OF JOB CORPS CENTERS.

(a) NATIONAL JOB CORPS AUDIT.—Not later than March 31, 1997, the Federal Partnership shall conduct an audit of the activities carried out under part B of title IV of the Job Training Partnership Act (29 U.S.C. 1691 et seq.), and submit to the appropriate committees of Congress a report containing the results of the audit, including information indicating—

(1) the amount of funds expended for fiscal year 1996 to carry out activities under such part, for each State and for the United States;

(2) for each Job Corps center funded under such part (referred to in this subtitle as a "Job Corps center"), the amount of funds expended for fiscal year 1996 under such part to carry out activities related to the direct operation of the center, including funds expended for student training, outreach or intake activities, meals and lodging, student allowances, medical care, placement or settlement activities, and administration;

(3) for each Job Corps center, the amount of funds expended for fiscal year 1996 under such part through contracts to carry out activities not related to the direct operation of the center, including funds expended for student travel, national outreach, screening, and placement services, national vocational training, and national and regional administrative costs;

(4) for each Job Corps center, the amount of funds expended for fiscal year 1996 under such part for facility construction, rehabilitation, and acquisition expenses; and

(5) the amount of funds required to be expended under such part to complete each new or proposed Job Corps center, and to rehabilitate and repair each existing Job Corps center, as of the date of the submission of the report.

(b) RECOMMENDATIONS OF NATIONAL BOARD.—

(1) RECOMMENDATIONS.—The National Board shall, based on the results of the audit described in subsection (a), make recommendations to the Secretary of Labor, including identifying 25 Job Corps centers to be closed by September 30, 1997.

(2) CONSIDERATIONS.—

(A) IN GENERAL.—In determining whether to recommend that the Secretary of Labor close a Job Corps center, the National Board shall consider whether the center—

(i) has consistently received low performance measurement ratings under the Department of Labor or the Office of Inspector General Job Corps rating system;

(ii) is among the centers that have experienced the highest number of serious incidents of violence or criminal activity in the past 5 years;

(iii) is among the centers that require the largest funding for renovation or repair, as specified in the Department of Labor Job Corps Construction/Rehabilitation Funding Needs Survey, or for rehabilitation or repair, as reflected in the portion of the audit described in subsection (a)(5);

(iv) is among the centers for which the highest relative or absolute fiscal year 1996 expenditures were made, for any of the categories of expenditures described in paragraph (2), (3), or (4) of subsection (a), as reflected in the audit described in subsection (a);

(v) is among the centers with the least State and local support; or

(vi) is among the centers with the lowest rating on such additional criteria as the National Board may determine to be appropriate.

(B) COVERAGE OF STATES AND REGIONS.—Notwithstanding subparagraph (A), the National Board shall not recommend that the Secretary of Labor close the only Job Corps center in a State or a region of the United States.

(C) ALLOWANCE FOR NEW JOB CORPS CENTERS.—Notwithstanding any other provision of this section, if the planning or construction of a Job Corps center that received Federal funding for fiscal year 1994 or 1995 has not been completed by the date of enactment of this Act—

(i) the appropriate entity may complete the planning or construction and begin operation of the center; and

(ii) the National Board shall not evaluate the center under this title sooner than 3 years after the first date of operation of the center.

(3) REPORT.—Not later than June 30, 1997, the National Board shall submit a report to the Secretary of Labor, which shall contain a detailed statement of the findings and conclusions of the National Board resulting from the audit described in subsection (a) together with the recommendations described in paragraph (1).

(c) CLOSURE.—The Secretary of Labor shall, after reviewing the report submitted under subsection (b)(3), close 25 Job Corps centers by September 30, 1997.

SEC. 756. INTERIM OPERATING PLANS FOR JOB CORPS CENTERS.

Part B of title IV of the Job Training Partnership Act (29 U.S.C. 1691 et seq.) is amended by inserting after section 439 the following section:

"SEC. 439A. OPERATING PLAN.

"(a) SUBMISSION OF PLAN.—To be eligible to operate a Job Corps center and receive assistance under this part for fiscal year 1997, an entity shall prepare and submit to the Secretary and the Governor of the State in which the center is located, and obtain the approval of the Secretary for, an operating plan that shall include, at a minimum, information indicating—

"(1) in quantifiable terms, the extent to which the center will contribute to the achievement of the proposed State goals and State benchmarks identified in the interim plan for the State submitted under section 763 of the Workforce Development Act of 1995;

"(2) the extent to which workforce employment activities and workforce education activities delivered through the Job Corps center are directly linked to the workforce development needs of the industry sectors most important to the economic competitiveness of the State; and

"(3) an implementation strategy to ensure that all enrollees assigned to the Job Corps center will have access to services through the one-stop delivery of core services described in section 716(a)(2) of the Workforce Development Act of 1995 by the State as identified in the interim plan.

"(b) SUBMISSION OF COMMENTS.—Not later than 30 days after receiving an operating plan described in subsection (a), the Governor of the State in which the center is located may submit comments on the plan to the Secretary.

"(c) APPROVAL.—The Secretary shall not approve an operating plan described in subsection (a) for a center if the Secretary determines that the activities proposed to be carried out through the center are not sufficiently integrated with the activities to be carried out through the statewide system of the State in which the center is located.".

SEC. 757. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), this chapter shall take effect on July 1, 1998.

(b) INTERIM PROVISIONS.—Sections 754 and 755, and the amendment made by section 756, shall take effect on the date of enactment of this Act.

CHAPTER 3—OTHER WORKFORCE PREPARATION ACTIVITIES FOR AT-RISK YOUTH

SEC. 759. WORKFORCE PREPARATION ACTIVITIES FOR AT-RISK YOUTH.

(a) IN GENERAL.—For program year 1998 and each subsequent program year, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make allotments under subsection (c) to States to assist the States in paying for the cost of carrying out workforce preparation activities for at-risk youth, as described in this section.

(b) STATE USE OF FUNDS.—

(1) CORE ACTIVITIES.—The State shall use a portion of the funds made available to the State through an allotment received under subsection (c) to establish and operate Job Corps centers as described in chapter 2, if a center located in the State received assistance under part B of title IV of the Job Training Partnership Act for fiscal year 1996 and was not closed in accordance with section 755.

(2) PERMISSIBLE ACTIVITIES.—The State may use a portion of the funds described in paragraph (1) to—

(A) make grants to eligible entities, as described in subsection (e), to assist the entities in carrying out innovative programs to assist out-of-school at-risk youth in participating in school-to-work activities;

(B) make grants to eligible entities, as described in subsection (e), to assist the entities in providing work-based learning as a component of school-to-work activities, including summer jobs linked to year-round school-to-work programs; and

(C) carry out other workforce development activities specifically for at-risk youth.

(c) ALLOTMENTS.—

(1) IN GENERAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall allot to each State an amount equal to the total of—

(A) the amount made available to the State under paragraph (2); and

(B) the amounts made available to the State under subparagraphs (C), (D), and (E) of paragraph (3).

(2) ALLOTMENTS BASED ON FISCAL YEAR 1996 APPROPRIATIONS.—Using a portion of the funds appropriated under subsection (g) for a fiscal year, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State the amount that Job Corps centers in the State expended for fiscal year 1996 under part B of title IV of the Job Training Partnership Act to carry out activities related to the direct operation of the centers, as determined under section 755(a)(2).

(3) ALLOTMENTS BASED ON POPULATIONS.—

(A) DEFINITIONS.—As used in this paragraph:

(i) INDIVIDUAL IN POVERTY.—The term "individual in poverty" means an individual who—

(I) is not less than age 18;

(II) is not more than age 64; and

(III) is a member of a family (of 1 or more members) with an income at or below the poverty line.

(ii) POVERTY LINE.—The term "poverty line" means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved, using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made, and applying the definition of poverty used by the Bureau of the Census in compiling the 1990 decennial census.

(B) TOTAL ALLOTMENTS.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall use the remainder of the funds that are appropriated under subsection (g) for a fiscal year, and that are not made available under paragraph (2), to make amounts available under this paragraph.

(C) UNEMPLOYED INDIVIDUALS.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the average number of unemployed individuals (as determined by the Secretary of Labor for the most recent 24-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average number of unemployed individuals (as so determined) in the United States.

(D) INDIVIDUALS IN POVERTY.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals in poverty in the State bears to the total number of individuals in poverty in the United States.

(E) AT-RISK YOUTH.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the total number of at-risk youth in the State bears to the total

number of at-risk youth in the United States.

(d) STATE PLAN.—

(1) INFORMATION.—To be eligible to receive an allotment under subsection (c), a State shall include, in the State plan to be submitted under section 714, information describing the allocation within the State of the funds made available through the allotment, and how the programs and activities described in subsection (b)(2) will be carried out to meet the State goals and reach the State benchmarks.

(2) LIMITATION.—A State may not be required to include the information described in paragraph (1) in the State plan to be submitted under section 714 to be eligible to receive an allotment under section 712.

(e) APPLICATION.—To be eligible to receive a grant under subparagraph (A) or (B) of subsection (b)(2) from a State, an entity shall prepare and submit to the Governor of the State an application at such time, in such manner, and containing such information as the Governor may require.

(f) WITHIN STATE DISTRIBUTION.—Of the funds allotted to a State under subsection (c)(3) for workforce preparation activities for at-risk youth for a program year—

(1) 15 percent shall be reserved by the Governor to carry out such activities through the statewide system; and

(2) 85 percent shall be distributed to local entities to carry out such activities through the statewide system.

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subtitle, $2,100,000,000 for each of fiscal years 1998 through 2001.

(h) EFFECTIVE DATE.—This chapter shall take effect on July 1, 1998.

Subtitle D—Transition Provisions

SEC. 761. WAIVERS.

(a) WAIVER AUTHORITY.—

(1) IN GENERAL.—Notwithstanding any other provision of Federal law, and except as provided in subsection (d), the Secretary may waive any requirement under any provision of law relating to a covered activity, or of any regulation issued under such a provision, for—

(A) a State that requests such a waiver and submits an application as described in subsection (b); or

(B) a local entity that requests such a waiver and complies with the requirements of subsection (c);

in order to assist the State or local entity in planning or developing a statewide system or workforce development activities to be carried out through the statewide system.

(2) TERM.—

(A) IN GENERAL.—Except as provided in subparagraph (B), each waiver approved pursuant to this section shall be for a period beginning on the date of the approval and ending on June 30, 1998.

(B) FAILURE TO SUBMIT INTERIM PLAN.—If a State receives a waiver under this section and fails to submit an interim plan under section 763 by June 30, 1997, the waiver shall be deemed to terminate on September 30, 1997. If a local entity receives a waiver under this section, and the State in which the local entity is located fails to submit an interim plan under section 763 by June 30, 1997, the waiver shall be deemed to terminate on September 30, 1997.

(b) STATE REQUEST FOR WAIVER.—

(1) IN GENERAL.—A State may submit to the Secretary a request for a waiver of 1 or more requirements referred to in subsection (a). The request may include a request for different waivers with respect to different areas within the State.

(2) APPLICATION.—To be eligible to receive a waiver described in subsection (a), a State shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require, including information—

(A) identifying the requirement to be waived and the goal that the State (or the local agency applying to the State under subsection (c)) intends to achieve through the waiver;

(B) identifying, and describing the actions that the State will take to remove, similar State requirements;

(C) describing the activities to which the waiver will apply, including information on how the activities may be continued, or related to activities carried out, under the statewide system of the State;

(D) describing the number and type of persons to be affected by such waiver; and

(E) providing evidence of support for the waiver request by the State agencies or officials with jurisdiction over the requirement to be waived.

(c) LOCAL ENTITY REQUEST FOR WAIVER.—

(1) IN GENERAL.—A local entity that seeks a waiver of such a requirement shall submit to the State a request for the waiver and an application containing sufficient information to enable the State to comply with the requirements of subsection (b)(2). The State shall determine whether to submit a request and an application for a waiver to the Secretary, as provided in subsection (b).

(2) TIME LIMIT.—

(A) IN GENERAL.—The State shall make a determination concerning whether to submit the request and application for a waiver as described in paragraph (1) not later than 30 days after the date on which the State receives the application from the local entity.

(B) DIRECT SUBMISSION.—

(i) IN GENERAL.—If the State does not make a determination to submit or does not submit the request and application within the 30-day time period specified in subparagraph (A), the local entity may submit the request and application to the Secretary.

(ii) REQUIREMENTS.—In submitting such a request, the local entity shall obtain the agreement of the State involved to comply with the requirements of this section that would otherwise apply to a State submitting a request for a waiver. In reviewing an application submitted by a local entity, the Secretary shall comply with the requirements of this section that would otherwise apply to the Secretary with respect to review of such an application submitted by a State.

(d) WAIVERS NOT AUTHORIZED.—The Secretary may not waive any requirement of any provision referred to in subsection (a), or of any regulation issued under such provision, relating to—

(1) the allocation of funds to States, local entities, or individuals;

(2) public health or safety, civil rights, occupational safety and health, environmental protection, displacement of employees, or fraud and abuse;

(3) the eligibility of an individual for participation in a covered activity, except in a case in which the State or local entity can demonstrate that the individuals who would have been eligible to participate in such activity without the waiver will participate in a similar covered activity; or

(4) a required supplementation of funds by the State or a prohibition against the State supplanting such funds.

(e) ACTIVITIES.—Subject to subsection (d), the Secretary may approve a request for a waiver described in subsection (a) that would enable a State or local entity to—

(1) use the assistance that would otherwise have been used to carry out 2 or more covered activities (if the State or local entity were not using the assistance as described in this section)—

(A) to address the high priority needs of unemployed persons and at-risk youth in the appropriate State or community for workforce employment activities or workforce education activities;

(B) to improve efficiencies in the delivery of the covered activities; or

(C) in the case of overlapping or duplicative activities—

(i) by combining the covered activities and funding the combined activities; or

(ii) by eliminating 1 of the covered activities and increasing the funding to the remaining covered activity; and

(2) use the assistance that would otherwise have been used for administrative expenses relating to a covered activity (if the State or local entity were not using the assistance as described in this section) to pay for the cost of developing an interim State plan described in section 763 or a State plan described in section 714.

(f) APPROVAL OR DISAPPROVAL.—The Secretary shall approve or disapprove any request submitted pursuant to subsection (b) or (c), not later than 45 days after the date of the submission and shall issue a decision that shall include the reasons for approving or disapproving the request.

(g) FAILURE TO ACT.—If the Secretary fails to approve or disapprove the request within the 45-day period described in subsection (f), the request shall be deemed to be approved on the day after such period ends. If the Secretary subsequently determines that the waiver relates to a matter described in subsection (d) and issues a decision that includes the reasons for the determination, the waiver shall be deemed to terminate on the date of issuance of the decision.

(h) DEFINITION.—As used in this section:

(1) LOCAL ENTITY.—The term "local entity" means—

(A) a local educational agency, with respect to any act by a local agency or organization relating to a covered activity that is a workforce education activity; and

(B) the local public or private agency or organization responsible for carrying out the covered activity at issue, with respect to any act by a local agency or organization relating to any other covered activity.

(2) SECRETARY.—The term "Secretary" means—

(A) the Secretary of Labor, with respect to any act relating to a covered activity carried out by the Secretary of Labor;

(B) the Secretary of Education, with respect to any act relating to a covered activity carried out by the Secretary of Education; and

(C) the Secretary of Health and Human Services, with respect to any act relating to a covered activity carried out by the Secretary of Health and Human Services.

(3) STATE.—The term "State" means—

(A) a State educational agency, with respect to any act by a State entity relating to a covered activity that is a workforce education activity; and

(B) the Governor, with respect to any act by a State entity relating to any other covered activity.

(i) CONFORMING AMENDMENTS.—

(1) Section 501 of the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6211) is amended—

(A) in subsection (a), by striking "sections 502 and 503" and inserting "section 502";

(B) in subsection (b)(2)(B)(ii)—

(i) by striking "section 502(a)(1)(C) or 503(a)(1)(C), as appropriate," and inserting "section 502(a)(1)(C)"; and

(ii) by striking "section 502 or 503, as appropriate," and inserting "section 502";

(C) in subsection (c), by striking "section 502 or 503" and inserting "section 502"; and

(D) by striking "Secretaries" each place the term appears and inserting "Secretary of Education".

(2) Section 502(b) of such Act (20 U.S.C. 6212(b)) is amended—

(A) in paragraph (4), by striking the semicolon and inserting "; and";

(B) in paragraph (5), by striking "; and" and inserting a period; and

(C) by striking paragraph (6).

(3) Section 503 of such Act (20 U.S.C. 6213) is repealed.

(4) Section 504 of such Act (20 U.S.C. 6214) is amended—

(A) in subsection (a)(2)(B), by striking clauses (i) and (ii) and inserting the following clauses:

"(i) the provisions of law listed in paragraphs (2) through (5) of section 502(b);

"(ii) the Job Training Partnership Act (29 U.S.C. 1501 et seq.); and

"(iii) the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.).''; and

(B) in subsection (b), by striking "paragraphs (1) through (3), and paragraphs (5) and (6), of section 503(b)" and inserting "paragraphs (2) through (4) and paragraphs (6) and (7) of section 505(b)".

(5) Section 505(b) of such Act (20 U.S.C. 6215(b)) is amended to read as follows:

"(b) USE OF FUNDS.—A State may use, under the requirements of this Act, Federal funds that are made available to the State and combined under subsection (a) to carry out school-to-work activities, except that the provisions relating to—

"(1) the matters specified in section 502(c);

"(2) basic purposes or goals;

"(3) maintenance of effort;

"(4) distribution of funds;

"(5) eligibility of an individual for participation;

"(6) public health or safety, labor standards, civil rights, occupational safety and health, or environmental protection; or

"(7) prohibitions or restrictions relating to the construction of buildings or facilities;

that relate to the program through which the funds described in subsection (a)(2)(B) were made available, shall remain in effect with respect to the use of such funds.".

SEC. 762. FLEXIBILITY DEMONSTRATION PROGRAM.

(a) DEFINITION.—As used in this section:

(1) ELIGIBLE STATE.—The term "eligible State" means a State that—

(A)(i) has submitted an interim State plan under section 763;

(ii) has an executed Memorandum of Understanding with the Federal Government; or

(iii) is a designated "Ed-Flex Partnership State" under section 311(e) of the Goals 2000: Educate America Act (20 U.S.C. 5891(e)); and

(B) waives State statutory or regulatory requirements relating to workforce development activities while holding local entities within the State that are effected by such waivers accountable for the performance of the participants who are affected by such waivers.

(2) LOCAL ENTITY; SECRETARY; STATE.—The terms "local entity", "Secretary", and "State" have the meanings given the terms in section 761(h).

(b) DEMONSTRATION PROGRAM.—

(1) ESTABLISHMENT.—In addition to providing for the waivers described in section 761(a), the Secretary shall establish a workforce flexibility demonstration program under which the Secretary shall permit not more than 6 eligible States (or local entities within such States) to waive any statutory or regulatory requirement applicable to any covered activity described in section 761(a), other than the requirements described in section 761(d).

(2) SELECTION OF PARTICIPANT STATES.—In carrying out the program under paragraph (1), the Secretary shall select for participation in the program 3 eligible States that each have a population of not less than 3,500,000 individuals and 3 eligible States that each have a population of not more than 3,500,000 individuals, as determined in accordance with the most recent decennial census of the population as provided by the Bureau of the Census.

(3) APPLICATION.—

(A) SUBMISSION.—To be eligible to participate in the program established under paragraph (1), a State shall prepare and submit an application, in accordance with section 761(b)(2), that includes—

(i) a description of the process the eligible State will use to evaluate applications from local entities requesting waivers of—

(I) Federal statutory or regulatory requirements described in section 761(a); and

(II) State statutory or regulatory requirements relating to workforce development activities; and

(ii) a detailed description of the State statutory or regulatory requirements relating to workforce development activities that the State will waive.

(B) APPROVAL.—The Secretary may approve an application submitted under subparagraph (A) if the Secretary determines that such application demonstrates substantial promise of assisting the State and local entities within such State in carrying out comprehensive reform of workforce development activities and in otherwise meeting the purposes of this title.

(C) LOCAL ENTITY APPLICATIONS.—A State participating in the program established under paragraph (1) shall not approve an application by a local entity for a waiver under this subsection unless the State determines that such waiver will assist the local entity in reaching the goals of the local entity.

(4) MONITORING.—A State participating in the program established under paragraph (1) shall annually monitor the activities of local entities receiving waivers under this subsection and shall submit an annual report regarding such monitoring to the Secretary. The Secretary shall periodically review the performance of such States and shall terminate the waiver of a State under this subsection if the Secretary determines, after notice and opportunity for a hearing, that the performance of such State has been inadequate to a level that justifies discontinuation of such authority.

(5) REFERENCE.—Each eligible State participating in the program established under paragraph (1) shall be referred to as a "Work-Flex Partnership State".

SEC. 763. INTERIM STATE PLANS.

(a) IN GENERAL.—For a State or local entity in a State to use a waiver received under section 761 or 762 through June 30, 1998, and for a State to be eligible to submit a State plan described in section 714 for program year 1998, the Governor of the State shall submit an interim State plan to the Federal Partnership. The Governor shall submit the plan not later than June 30, 1997.

(b) REQUIREMENTS.—The interim State plan shall comply with the requirements applicable to State plans described in section 714.

(c) PROGRAM YEAR.—In submitting the interim State plan, the Governor shall indicate whether the plan is submitted—

(1) for review and approval for program year 1997; or

(2) solely for review.

(d) REVIEW.—In reviewing an interim State plan, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may—

(1) in the case of a plan submitted for review and approval for program year 1997—

(A) approve the plan and permit the State to use a waiver as described in section 761 or 762 to carry out the plan; or

(B)(i) disapprove the plan and provide to the State reasons for the disapproval; and

(ii) direct the Federal Partnership to provide technical assistance to the State for developing an approvable plan to be submitted under section 714 for program year 1998; and

(2) in the case of a plan submitted solely for review, review the plan and provide to the State technical assistance for developing an approvable plan to be submitted under section 714 for program year 1998.

(e) EFFECT OF DISAPPROVAL.—Disapproval of an interim plan shall not affect the ability of a State to use a waiver as described in section 761 or 762 through June 30, 1998.

SEC. 764. APPLICATIONS AND PLANS UNDER COVERED ACTS.

Notwithstanding any other provision of law, no State or local entity shall be required to comply with any provision of a covered Act that would otherwise require the entity to submit an application or a plan to a Federal agency during fiscal year 1996 or 1997 for funding of a covered activity. In determining whether to provide funding to the State or local entity for the covered activity, the Secretary of Education, the Secretary of Labor, or the Secretary of Health and Human Services, as appropriate, shall consider the last application or plan, as appropriate, submitted by the entity for funding of the covered activity.

SEC. 765. INTERIM ADMINISTRATION OF SCHOOL-TO-WORK PROGRAMS.

(a) IN GENERAL.—Any provision of the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6101 et seq.) that grants authority to the Secretary of Labor or the Secretary of Education shall be considered to grant the authority to the Federal Partnership.

(b) EFFECTIVE DATE.—Subsection (a) shall take effect on October 1, 1996.

SEC. 766. INTERIM AUTHORIZATIONS OF APPROPRIATIONS.

(a) OLDER AMERICAN COMMUNITY SERVICE EMPLOYMENT ACT.—Section 508(a)(1) of the Older American Community Service Employment Act (42 U.S.C. 3056f(a)(1)) is amended by striking "for fiscal years 1993, 1994, and 1995" and inserting "for each of fiscal years 1993 through 1998".

(b) CARL D. PERKINS VOCATIONAL AND APPLIED TECHNOLOGY EDUCATION ACT.—

(1) IN GENERAL.—Section 3(a) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2302(a)) is amended by striking "for each of the fiscal years" and all that follows through "1995" and inserting "for each of fiscal years 1992 through 1998".

(2) RESEARCH.—Section 404(d) of such Act (20 U.S.C. 2404(d)) is amended by striking "for each of the fiscal years" and all that follows through "1995" and inserting "for each of fiscal years 1992 through 1998".

(c) ADULT EDUCATION ACT.—

(1) IN GENERAL.—Section 313(a) of the Adult Education Act (20 U.S.C. 1201b(a)) is amended by striking "for each of the fiscal years" and all that follows through "1995" and inserting "for each of fiscal years 1993 through 1998".

(2) STATE LITERACY RESOURCE CENTERS.—Section 356(k) of such Act (20 U.S.C. 1208aa(k)) is amended by striking "for each of the fiscal years 1994 and 1995" and inserting "for each of fiscal years 1994 and 1995".

(3) BUSINESS, INDUSTRY, LABOR, AND EDUCATION PARTNERSHIPS FOR WORKPLACE LITERACY.—Section 371(e)(1) of such Act (20 U.S.C. 1211(e)(1)) is amended by striking "for each of the fiscal years" and all that follows through "1995" and inserting "for each of fiscal years 1993 through 1998".

(4) NATIONAL INSTITUTE FOR LITERACY.—Section 384(n)(1) of such Act (20 U.S.C.

1213c(n)(1)) is amended by striking "for each of the fiscal years" and all that follows through "1996" and inserting "for each of fiscal years 1992 through 1995".

Subtitle E—National Activities

SEC. 771. FEDERAL PARTNERSHIP.

(a) ESTABLISHMENT.—There is established in the Department of Labor and the Department of Education a Workforce Development Partnership, under the joint control of the Secretary of Labor and the Secretary of Education.

(b) ADMINISTRATION.—Notwithstanding the Department of Education Organization Act (20 U.S.C. 3401 et seq.), the General Education Provisions Act (20 U.S.C. 1221 et seq.), the Act entitled "An Act To Create a Department of Labor", approved March 4, 1913 (29 U.S.C. 551 et seq.), and section 169 of the Job Training Partnership Act (29 U.S.C. 1579), the Secretary of Labor and the Secretary of Education, acting jointly, in accordance with the plan approved or determinations made by the President under section 776(c), shall provide for, and exercise final authority over, the effective and efficient administration of this title and the officers and employees of the Federal Partnership.

(c) RESPONSIBILITIES OF SECRETARY OF LABOR AND SECRETARY OF EDUCATION.—The Secretary of Labor and the Secretary of Education, working jointly through the Federal Partnership, shall—

(1) approve applications and plans under sections 714, 717, 718, and 763;

(2) award financial assistance under sections 712, 717, 718, 732(a), 759, and 774;

(3) approve State benchmarks in accordance with section 731(c); and

(4) apply sanctions described in section 732(b).

(d) WORKPLANS.—The Secretary of Labor and the Secretary of Education, acting jointly, shall prepare and submit the workplans described in sections 776(c) and 777(b).

(e) INFORMATION AND TECHNICAL ASSISTANCE RESPONSIBILITIES.—The Secretary of Labor and the Secretary of Education, acting jointly, shall, in appropriate cases, disseminate information and provide technical assistance to States on the best practices for establishing and carrying out activities through statewide systems, including model programs to provide structured work and learning experiences for welfare recipients.

SEC. 772. NATIONAL WORKFORCE DEVELOPMENT BOARD AND PERSONNEL.

(a) NATIONAL BOARD.—

(1) COMPOSITION.—The Federal Partnership shall be directed by a National Board that shall be composed of 13 individuals, including—

(A) 7 individuals who are representative of business and industry in the United States, appointed by the President by and with the advice and consent of the Senate;

(B) 2 individuals who are representative of labor and workers in the United States, appointed by the President by and with the advice and consent of the Senate;

(C) 2 individuals who are representative of education providers, 1 of whom is a State or local adult education provider and 1 of whom is a State or local vocational education provider, appointed by the President by and with the advice and consent of the Senate; and

(D) 2 Governors, representing different political parties, appointed by the President by and with the advice and consent of the Senate.

(2) TERMS.—Each member of the National Board shall serve for a term of 3 years, except that, as designated by the President—

(A) 5 of the members first appointed to the National Board shall serve for a term of 2 years;

(B) 4 of the members first appointed to the National Board shall serve for a term of 3 years; and

(C) 4 of the members first appointed to the National Board shall serve for a term of 4 years.

(3) VACANCIES.—Any vacancy in the National Board shall not affect the powers of the National Board, but shall be filled in the same manner as the original appointment. Any member appointed to fill such a vacancy shall serve for the remainder of the term for which the predecessor of such member was appointed.

(4) DUTIES AND POWERS OF THE NATIONAL BOARD.—

(A) OVERSIGHT.—Subject to section 771(b), the National Board shall oversee all activities of the Federal Partnership.

(B) RECOMMENDATIONS ABOUT IMPLEMENTATION.—If the Secretary of Labor and the Secretary of Education fail to reach agreement with respect to the implementation of their duties and responsibilities under this title, the National Board shall review the issues about which disagreement exists and make a recommendation to the President regarding a solution to the disagreement.

(5) CHAIRPERSON.—The position of Chairperson of the National Board shall rotate annually among the appointed members described in paragraph (1)(A).

(6) MEETINGS.—The National Board shall meet at the call of the Chairperson but not less often than 4 times during each calendar year. Seven members of the National Board shall constitute a quorum. All decisions of the National Board with respect to the exercise of the duties and powers of the National Board shall be made by a majority vote of the members of the National Board.

(7) COMPENSATION AND TRAVEL EXPENSES.—

(A) COMPENSATION.—In accordance with the plan approved or the determinations made by the President under section 776(c), each member of the National Board shall be compensated at a rate to be fixed by the President but not to exceed the daily equivalent of the maximum rate authorized for a position above GS-15 of the General Schedule under section 5108 of title 5, United States Code, for each day (including travel time) during which such member is engaged in the performance of the duties of the National Board.

(B) EXPENSES.—While away from their homes or regular places of business on the business of the National Board, members of such National Board shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, for persons employed intermittently in the Government service.

(8) DATE OF APPOINTMENT.—The National Board shall be appointed not later than 120 days after the date of enactment of this Act.

(b) DUTIES AND POWERS OF THE FEDERAL PARTNERSHIP.—The Federal Partnership shall—

(1) oversee the development, maintenance, and continuous improvement of the nationwide integrated labor market information system described in section 773, and the relationship between such system and the job placement accountability system described in section 731(d);

(2) establish model benchmarks for each of the benchmarks referred to in paragraph (1), (2), or (3) of section 731(c), at achievable levels based on existing (as of the date of the establishment of the benchmarks) workforce development efforts in the States;

(3) negotiate State benchmarks with States in accordance with section 731(c);

(4) provide advice to the Secretary of Labor and the Secretary of Education regarding the review and approval of applications and plans described in section 771(c)(1) and the approval of financial assistance described in section 771(c)(2);

(5) receive and review reports described in section 731(a);

(6) prepare and submit to the appropriate committees of Congress an annual report on the absolute and relative performance of States toward reaching the State benchmarks;

(7) provide advice to the Secretary of Labor and the Secretary of Education regarding applying sanctions described in section 732(b);

(8) review all federally funded programs providing workforce development activities, other than programs carried out under this title, and submit recommendations to Congress on how the federally funded programs could be integrated into the statewide systems of the States, including recommendations on the development of common terminology for activities and services provided through the programs;

(9) prepare an annual plan for the nationwide integrated labor market information system, as described in section 773(b)(2); and

(10) perform the duties specified for the Federal Partnership in this title.

(c) DIRECTOR.—

(1) IN GENERAL.—There shall be in the Federal Partnership a Director, who shall be appointed by the President, by and with the advice and consent of the Senate.

(2) COMPENSATION.—The Director shall be compensated at the rate provided for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

(3) DUTIES.—The Director shall make recommendations to the National Board regarding the activities described in subsection (b).

(4) DATE OF APPOINTMENT.—The Director shall be appointed not later than 120 days after the date of enactment of this Act.

(d) PERSONNEL.—

(1) APPOINTMENTS.—The Director may appoint and fix the compensation of such officers and employees as may be necessary to carry out the functions of the Federal Partnership. Except as otherwise provided by law, such officers and employees shall be appointed in accordance with the civil service laws and their compensation fixed in accordance with title 5, United States Code.

(2) EXPERTS AND CONSULTANTS.—The Director may obtain the services of experts and consultants in accordance with section 3109 of title 5, United States Code, and compensate such experts and consultants for each day (including travel time) at rates not in excess of the rate of pay for level IV of the Executive Schedule under section 5315 of such title. The Director may pay experts and consultants who are serving away from their homes or regular place of business travel expenses and per diem in lieu of subsistence at rates authorized by sections 5702 and 5703 of such title for persons in Government service employed intermittently.

(3) DETAIL OF GOVERNMENT EMPLOYEES.—Any Federal Government employee may be detailed to the Federal Partnership without reimbursement, and such detail shall be without interruption or loss of civil service or privilege. The Secretary of Education and the Secretary of Labor shall detail a sufficient number of employees to the Federal Partnership for the period beginning October 1, 1996 and ending June 30, 1998 to carry out the functions of the Federal Partnership during such period.

(4) USE OF VOLUNTARY AND UNCOMPENSATED SERVICES.—Notwithstanding section 1342 of title 31, United States Code, the Secretary of Labor and the Secretary of Education are

authorized to accept voluntary and uncompensated services in furtherance of the purposes of this title.

(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for fiscal years 1996 and 1997 $500,000 to the National Board for the administration of the duties and responsibilities of the Federal Partnership under this title.

SEC. 773. LABOR MARKET INFORMATION.

(a) FEDERAL RESPONSIBILITIES.—The Federal Partnership, in accordance with the provisions of this section, shall oversee the development, maintenance, and continuous improvement of a nationwide integrated labor market information system that shall include—

(1) statistical data from cooperative statistical survey and projection programs and data from administrative reporting systems, that, taken together, shall enumerate, estimate, and project the supply and demand for labor at the substate, State, and national levels in a timely manner, including data on—

(A) the demographics, socioeconomic characteristics, and current employment status of the substate, State, and national populations (as of the date of the collection of the data), including self-employed, part-time, and seasonal workers;

(B) job vacancies, education and training requirements, skills, wages, benefits, working conditions, and industrial distribution, of occupations, as well as current and projected employment opportunities and trends by industry and occupation;

(C) the educational attainment, training, skills, skill levels, and occupations of the populations;

(D) information maintained in a longitudinal manner on the quarterly earnings, establishment and industry affiliation, and geographic location of employment for all individuals for whom the information is collected by the States; and

(E) the incidence, industrial and geographical location, and number of workers displaced by permanent layoffs and plant closings;

(2) State and substate area employment and consumer information (which shall be current, comprehensive, automated, accessible, easy to understand, and in a form useful for facilitating immediate employment, entry into education and training programs, and career exploration) on—

(A) job openings, locations, hiring requirements, and application procedures, including profiles of industries in the local labor market that describe the nature of work performed, employment requirements, and patterns in wages and benefits;

(B) jobseekers, including the education, training, and employment experience of the jobseekers; and

(C) the cost and effectiveness of providers of workforce employment activities, workforce education activities, and flexible workforce activities, including the percentage of program completion, acquisition of skills to meet industry-recognized skill standards, continued education, job placement, and earnings, by participants, and other information that may be useful in facilitating informed choices among providers by participants;

(3) technical standards for labor market information that will—

(A) ensure compatibility of the information and the ability to aggregate the information from substate areas to State and national levels;

(B) support standardization and aggregation of the data from administrative reporting systems;

(C) include—

(i) classification and coding systems for industries, occupations, skills, programs, and courses;

(ii) nationally standardized definitions of labor market terms, including terms related to State benchmarks established pursuant to section 731(c);

(iii) quality control mechanisms for the collection and analysis of labor market information; and

(iv) common schedules for collection and dissemination of labor market information; and

(D) eliminate gaps and duplication in statistical undertakings, with a high priority given to the systemization of wage surveys;

(4) an analysis of data and information described in paragraphs (1) and (2) for uses such as—

(A) national, State, and substate area economic policymaking;

(B) planning and evaluation of workforce development activities;

(C) the implementation of Federal policies, including the allocation of Federal funds to States and substate areas; and

(D) research on labor market dynamics;

(5) dissemination mechanisms for data and analysis, including mechanisms that may be standardized among the States; and

(6) programs of technical assistance for States and substate areas in the development, maintenance, utilization, and continuous improvement of the data, information, standards, analysis, and dissemination mechanisms, described in paragraphs (1) through (5).

(b) JOINT FEDERAL-STATE RESPONSIBILITIES.—

(1) IN GENERAL.—The nationwide integrated labor market information system shall be planned, administered, overseen, and evaluated through a cooperative governance structure involving the Federal Government and the States receiving financial assistance under this title.

(2) ANNUAL PLAN.—The Federal Partnership shall, with the assistance of the Bureau of Labor Statistics and other Federal agencies, where appropriate, prepare an annual plan that shall be the mechanism for achieving the cooperative Federal-State governance structure for the nationwide integrated labor market information system. The plan shall—

(A) establish goals for the development and improvement of a nationwide integrated labor market information system based on information needs for achieving economic growth and productivity, accountability, fund allocation equity, and an understanding of labor market characteristics and dynamics;

(B) describe the elements of the system, including—

(i) standards, definitions, formats, collection methodologies, and other necessary system elements, for use in collecting the data and information described in paragraphs (1) and (2) of subsection (a); and

(ii) assurances that—

(I) data will be sufficiently timely and detailed for uses including the uses described in subsection (a)(4);

(II) administrative records will be standardized to facilitate the aggregation of data from substate areas to State and national levels and to support the creation of new statistical series from program records; and

(III) paperwork and reporting requirements on employers and individuals will be reduced;

(C) recommend needed improvements in administrative reporting systems to be used for the nationwide integrated labor market information system;

(D) describe the current spending on integrated labor market information activities from all sources, assess the adequacy of the funds spent, and identify the specific budget needs of the Federal Government and States with respect to implementing and improving the nationwide integrated labor market information system;

(E) develop a budget for the nationwide integrated labor market information system that—

(i) accounts for all funds described in subparagraph (D) and any new funds made available pursuant to this title; and

(ii) describes the relative allotments to be made for—

(I) operating the cooperative statistical programs pursuant to subsection (a)(1);

(II) developing and providing employment and consumer information pursuant to subsection (a)(2);

(III) ensuring that technical standards are met pursuant to subsection (a)(3); and

(IV) providing the analysis, dissemination mechanisms, and technical assistance under paragraphs (4), (5), and (6) of subsection (a), and matching data;

(F) describe the involvement of States in developing the plan by holding formal consultations conducted in cooperation with representatives of the Governors of each State or the State workforce development board described in section 715, where appropriate, pursuant to a process established by the Federal Partnership; and

(G) provide for technical assistance to the States for the development of statewide comprehensive labor market information systems described in subsection (c), including assistance with the development of easy-to-use software and hardware, or uniform information displays.

For purposes of applying Office of Management and Budget Circular A-11 to determine persons eligible to participate in deliberations relating to budget issues for the development of the plan, the representatives of the Governors of each State and the State workforce development board described in subparagraph (F) shall be considered to be employees of the Department of Labor.

(c) STATE RESPONSIBILITIES.—

(1) DESIGNATION OF STATE AGENCY.—In order to receive Federal financial assistance under this title, the Governor of a State shall—

(A) establish an interagency process for the oversight of a statewide comprehensive labor market information system and for the participation of the State in the cooperative Federal-State governance structure for the nationwide integrated labor market information system; and

(B) designate a single State agency or entity within the State to be responsible for the management of the statewide comprehensive labor market information system.

(2) DUTIES.—In order to receive Federal financial assistance under this title, the State agency or entity within the State designated under paragraph (1)(B) shall—

(A) consult with employers and local workforce development boards described in section 728(b), where appropriate, about the labor market relevance of the data to be collected and displayed through the statewide comprehensive labor market information system;

(B) develop, maintain, and continuously improve the statewide comprehensive labor market information system, which shall—

(i) include all of the elements described in paragraphs (1), (2), (3), (4), (5), and (6) of subsection (a); and

(ii) provide the consumer information described in clauses (v) and (vi) of section 716(a)(2)(B) in a manner that shall be responsive to the needs of business, industry, workers, and jobseekers;

(C) ensure the performance of contract and grant responsibilities for data collection, analysis, and dissemination, through the statewide comprehensive labor market information system;

(D) conduct such other data collection, analysis, and dissemination activities to ensure that State and substate area labor market information is comprehensive;

(E) actively seek the participation of other State and local agencies, with particular attention to State education, economic development, human services, and welfare agencies, in data collection, analysis, and dissemination activities in order to ensure complementarity and compatibility among data;

(F) participate in the development of the national annual plan described in subsection (b)(2); and

(G) ensure that the matches required for the job placement accountability system by section 731(d)(2)(A) are made for the State and for other States.

(3) RULE OF CONSTRUCTION.—Nothing in this title shall be construed as limiting the ability of a State agency to conduct additional data collection, analysis, and dissemination activities with State funds or with Federal funds from sources other than this title.

(d) EFFECTIVE DATE.—This section shall take effect on July 1, 1998.

SEC. 774. NATIONAL CENTER FOR RESEARCH IN EDUCATION AND WORKFORCE DEVELOPMENT.

(a) GRANTS AUTHORIZED.—From amounts made available under section 734(b)(6), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, are authorized to award a grant, on a competitive basis, to an institution of higher education, public or private nonprofit organization or agency, or a consortium of such institutions, organizations, or agencies, to enable such institution, organization, agency, or consortium to establish a national center to carry out the activities described in subsection (b).

(b) AUTHORIZED ACTIVITIES.—Grant funds made available under this section shall be used by the national center assisted under subsection (a)—

(1) to increase the effectiveness and improve the implementation of workforce development programs, including conducting research and development and providing technical assistance with respect to—

(A) combining academic and vocational education;

(B) connecting classroom instruction with work-based learning;

(C) creating a continuum of educational programs that provide multiple exit points for employment, which may include changes or development of instructional materials or curriculum;

(D) establishing high quality support services for all students to ensure access to workforce development programs, educational success, and job placement assistance;

(E) developing new models for remediation of basic academic skills, which models shall incorporate appropriate instructional methods, rather than using rote and didactic methods;

(F) identifying ways to establish links among educational and job training programs at the State and local levels;

(G) developing new models for career guidance, career information, and counseling services;

(H) identifying economic and labor market changes that will affect workforce needs;

(I) developing model programs for the transition of members of the Armed Forces from military service to civilian employment;

(J) conducting preparation of teachers, counselors, administrators, and other professionals, who work with programs funded under this title; and

(K) obtaining information on practices in other countries that may be adapted for use in the United States;

(2) to provide assistance to States and local recipients of assistance under this title in developing and using systems of performance measures and standards for improvement of programs and services; and

(3) to maintain a clearinghouse that will provide data and information to Federal, State, and local organizations and agencies about the condition of statewide systems and programs funded under this title, which data and information shall be disseminated in a form that is useful to practitioners and policymakers.

(c) OTHER ACTIVITIES.—The Federal Partnership may request that the national center assisted under subsection (a) conduct activities not described in subsection (b), or study topics not described in subsection (b), as the Federal Partnership determines to be necessary to carry out this title.

(d) IDENTIFICATION OF CURRENT NEEDS.—The national center assisted under subsection (a) shall identify current needs (as of the date of the identification) for research and technical assistance through a variety of sources including a panel of Federal, State, and local level practitioners.

(e) SUMMARY REPORT.—The national center assisted under subsection (a) shall annually prepare and submit to the Federal Partnership and Congress a report summarizing the research findings obtained, and the results of development and technical assistance activities carried out, under this section.

(f) DEFINITION.—As used in this section, the term "institution of higher education" has the meaning given the term in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

(g) EFFECTIVE DATE.—This section shall take effect on July 1, 1998.

SEC. 775. NATIONAL ASSESSMENT OF VOCATIONAL EDUCATION PROGRAMS.

(a) IN GENERAL.—The Assistant Secretary for Educational Research and Improvement (referred to in this section as the "Assistant Secretary") shall conduct a national assessment of vocational education programs assisted under this title, through studies and analyses conducted independently through competitive awards.

(b) INDEPENDENT ADVISORY PANEL.—The Assistant Secretary shall appoint an independent advisory panel, consisting of vocational education administrators, educators, researchers, and representatives of business, industry, labor, career guidance and counseling professionals, and other relevant groups, to advise the Assistant Secretary on the implementation of such assessment, including the issues to be addressed and the methodology of the studies involved, and the findings and recommendations resulting from the assessment. The panel, in the discretion of the panel, may submit to Congress an independent analysis of the findings and recommendations resulting from the assessment. The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the panel established under this subsection.

(c) CONTENTS.—The assessment required under subsection (a) shall include descriptions and evaluations of—

(1) the effect of this title on State and tribal administration of vocational education programs and on local vocational education practices, including the capacity of State, tribal, and local vocational education systems to address the purposes of this title;

(2) expenditures at the Federal, State, tribal, and local levels to address program improvement in vocational education, including the impact of Federal allocation requirements (such as within-State distribution formulas) on the delivery of services;

(3) preparation and qualifications of teachers of vocational and academic curricula in vocational education programs, as well as shortages of such teachers;

(4) participation in vocational education programs;

(5) academic and employment outcomes of vocational education, including analyses of—

(A) the effect of educational reform on vocational education;

(B) the extent and success of integration of academic and vocational curricula;

(C) the success of the school-to-work transition; and

(D) the degree to which vocational training is relevant to subsequent employment;

(6) employer involvement in, and satisfaction with, vocational education programs;

(7) the effect of benchmarks, performance measures, and other measures of accountability on the delivery of vocational education services; and

(8) the degree to which minority students are involved in vocational student organizations.

(d) CONSULTATION.—

(1) IN GENERAL.—The Secretary of Education shall consult with the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate in the design and implementation of the assessment required under subsection (a).

(2) REPORTS.—The Secretary of Education shall submit to Congress—

(A) an interim report regarding the assessment on or before January 1, 2000; and

(B) a final report, summarizing all studies and analyses that relate to the assessment and that are completed after the assessment, on or before July 1, 2000.

(3) PROHIBITION.—Notwithstanding any other provision of law or regulation, the reports required by this subsection shall not be subject to any review outside of the Office of Educational Research and Improvement before their transmittal to Congress, but the President, the Secretary, and the independent advisory panel established under subsection (b) may make such additional recommendations to Congress with respect to the assessment as the President, Secretary, or panel determine to be appropriate.

(e) EFFECTIVE DATE.—This section shall take effect on July 1, 1998.

SEC. 776. TRANSFERS TO FEDERAL PARTNERSHIP.

(a) DEFINITIONS.—For purposes of this section, unless otherwise provided or indicated by the context—

(1) the term "Federal agency" has the meaning given to the term "agency" by section 551(1) of title 5, United States Code;

(2) the term "function" means any duty, obligation, power, authority, responsibility, right, privilege, activity, or program; and

(3) the term "office" includes any office, administration, agency, institute, unit, organizational entity, or component thereof.

(b) TRANSFER OF FUNCTIONS.—There are transferred to the appropriate Secretary in the Federal Partnership, in accordance with subsection (c), all functions that the Secretary of Labor or the Secretary of Education exercised before the effective date of this section (including all related functions of any officer or employee of the Department of Labor or the Department of Education) that relate to a covered activity and that are minimally necessary to carry out the functions of the Federal Partnership. The authority of a transferred employee to carry

out a function that relates to a covered activity shall terminate on July 1, 1998.

(c) TRANSITION WORKPLAN.—

(1) IN GENERAL.—Not later than 120 days after the date of enactment of this Act, the Secretary of Labor and the Secretary of Education shall prepare and submit to the National Board a proposed workplan as described in paragraph (2). The Secretary of Labor and the Secretary of Education shall also submit the plan to the President, the Committee on Economic and Educational Opportunities of the House of Representatives, and the Committee on Labor and Human Resources of the Senate for review and comment.

(2) CONTENTS.—The proposed workplan shall include, at a minimum—

(A) an analysis of the functions that officers and employees of the Department of Labor and the Department of Education carry out (as of the date of the submission of the workplan) that relate to a covered activity;

(B) information on the levels of personnel and funding used to carry out the functions (as of such date);

(C) a determination of the functions described in subparagraph (A) that are minimally necessary to carry out the functions of the Federal Partnership;

(D) information on the levels of personnel and other resources that are minimally necessary to carry out the functions of the Federal Partnership;

(E) a determination of the manner in which the Secretary of Labor and the Secretary of Education will provide personnel and other resources of the Department of Labor and the Department of Education for the Federal Partnership;

(F) a determination of the appropriate Secretary to receive the personnel, resources, and related items to be transferred under this section, based on factors including increased efficiency and elimination of duplication of functions;

(G) a determination of the proposed organizational structure for the Federal Partnership; and

(H) a determination of the manner in which the Secretary of Labor and the Secretary of Education, acting jointly through the Federal Partnership, will carry out their duties and responsibilities under this title.

(3) REVIEW BY NATIONAL BOARD.—

(A) IN GENERAL.—Not later than 45 days after the date of submission of the proposed workplan under paragraph (1), the National Board shall—

(i) review and concur with the workplan; or

(ii) reject the workplan and prepare and submit to the President a revised workplan that contains the analysis, information, and determinations described in paragraph (2).

(B) FUNCTIONS TRANSFERRED.—If the National Board concurs with the proposed workplan, the functions described in paragraph (2)(C), as determined in the workplan, shall be transferred under subsection (b).

(4) REVIEW BY THE PRESIDENT.—

(A) IN GENERAL.—Not later than 30 days after the date of submission of a revised workplan under paragraph (3)(A)(ii), the President shall—

(i) review and approve the workplan; or

(ii) reject the workplan and prepare an alternative workplan that contains the analysis, information, and determinations described in paragraph (2).

(B) FUNCTIONS TRANSFERRED.—If the President approves the revised workplan, or prepares the alternative workplan, the functions described in paragraph (2)(C), as determined in such revised or alternative workplan, shall be transferred under subsection (b).

(C) SPECIAL RULE.—If the President takes no action on the revised workplan submitted under paragraph (3)(A)(ii) within the 30-day period described in subparagraph (A), the Secretary of Labor, the Secretary of Education, and the National Board may attempt to reach agreement on a compromise workplan. If the Secretary of Labor, the Secretary of Education, and the National Board reach such agreement, the functions described in paragraph (2)(C), as determined in such compromise workplan, shall be transferred under subsection (b). If, after an additional 15-day period, the Secretary of Labor, the Secretary of Education and the National Board are unable to reach such agreement, the revised workplan shall be deemed to be approved and shall take effect on the day after the end of such period. The functions described in paragraph (2)(C), as determined in the revised workplan, shall be transferred under subsection (b).

(5) DETERMINATION BY PRESIDENT.—

(A) IN GENERAL.—In the event that the Secretary of Labor and the Secretary of Education fail to reach agreement regarding, and submit, a proposed workplan described in paragraph (2), the President shall make the determinations described in paragraph (2)(C). The President shall delegate full responsibility for administration of this title to 1 of the 2 Secretaries. Such Secretary shall be considered to be the appropriate Secretary for purposes of this title and shall have authority to carry out any function that the Secretaries would otherwise be authorized to carry out jointly.

(B) TRANSFERS.—The functions described in paragraph (2)(C), as determined by the President under subparagraph (A), shall be transferred under subsection (b). All positions of personnel that relate to a covered activity and that, prior to the transfer, were within the Department headed by the other of the 2 Secretaries shall be separated from service as provided in subsection (i)(2)(A).

(d) DELEGATION AND ASSIGNMENT.—Except where otherwise expressly prohibited by law or otherwise provided by this section, the National Board may delegate any function transferred or granted to the Federal Partnership after the effective date of this section to such officers and employees of the Federal Partnership as the National Board may designate, and may authorize successive redelegations of such functions as may be necessary or appropriate. No delegation of functions by the National Board under this subsection or under any other provision of this section shall relieve such National Board of responsibility for the administration of such functions.

(e) REORGANIZATION.—The National Board may allocate or reallocate any function transferred or granted to the Federal Partnership after the effective date of this section among the officers of the Federal Partnership, and establish, consolidate, alter, or discontinue such organizational entities in the Federal Partnership as may be necessary or appropriate.

(f) RULES.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may prescribe, in accordance with the provisions of chapters 5 and 6 of title 5, United States Code, such rules and regulations as the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, determine to be necessary or appropriate to administer and manage the functions of the Federal Partnership.

(g) TRANSFER AND ALLOCATIONS OF APPROPRIATIONS AND PERSONNEL.—

(1) IN GENERAL.—Except as otherwise provided in this section, the personnel employed in connection with, and the assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds employed, used, held, arising from, available to, or to be made available in connection with the functions transferred by this section, subject to section 1531 of title 31, United States Code, shall be transferred to the appropriate Secretary in the Federal Partnership. Unexpended funds transferred pursuant to this subsection shall be used only to carry out the functions of the Federal Partnership.

(2) EXISTING FACILITIES AND OTHER FEDERAL RESOURCES.—Pursuant to paragraph (1), the Secretary of Labor and the Secretary of Education shall supply such office facilities, office supplies, support services, and related expenses as may be minimally necessary to carry out the functions of the Federal Partnership. None of the funds made available under this title may be used for the construction of office facilities for the Federal Partnership.

(h) INCIDENTAL TRANSFERS.—The Director of the Office of Management and Budget, at such time or times as the Director shall provide, may make such determinations as may be necessary with regard to the functions transferred by this section, and to make such additional incidental dispositions of personnel, assets, liabilities, grants, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to, or to be made available in connection with such functions, as may be necessary to carry out the provisions of this section. The Director of the Office of Management and Budget shall provide for the termination of the affairs of all entities terminated by this section and for such further measures and dispositions as may be necessary to effectuate the objectives of this section.

(i) EFFECT ON PERSONNEL.—

(1) TERMINATION OF CERTAIN POSITIONS.—Positions whose incumbents are appointed by the President, by and with the advice and consent of the Senate, the functions of which are transferred by this section, shall terminate on the effective date of this section.

(2) ACTIONS.—

(A) IN GENERAL.—The Secretary of Labor and the Secretary of Education shall take such actions as may be necessary, including reduction in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to ensure that the positions of personnel that relate to a covered activity and are not transferred under subsection (b) are separated from service.

(B) SCOPE.—The Secretary of Labor and the Secretary of Education shall take the actions described in subparagraph (A) with respect to not less than ⅓ of the positions of personnel that relate to a covered activity.

(j) SAVINGS PROVISIONS.—

(1) SUITS NOT AFFECTED.—The provisions of this section shall not affect suits commenced before the effective date of this section, and in all such suits, proceedings shall be had, appeals taken, and judgments rendered in the same manner and with the same effect as if this section had not been enacted.

(2) NONABATEMENT OF ACTIONS.—No suit, action, or other proceeding commenced by or against the Department of Labor or the Department of Education, or by or against any individual in the official capacity of such individual as an officer of the Department of Labor or the Department of Education, shall abate by reason of the enactment of this section.

(k) TRANSITION.—The National Board may utilize—

(1) the services of officers, employees, and other personnel of the Department of Labor or the Department of Education, other than

personnel of the Federal Partnership, with respect to functions transferred to the Federal Partnership by this section; and

(2) funds appropriated to such functions;

for such period of time as may reasonably be needed to facilitate the orderly implementation of this section.

(l) REFERENCES.—A reference in any other Federal law, Executive order, rule, regulation, or delegation of authority, or any document of or relating to—

(1) the Secretary of Labor or the Secretary of Education with regard to functions transferred under subsection (b), shall be deemed to refer to the Federal Partnership; and

(2) the Department of Labor or the Department of Education with regard to functions transferred under subsection (b), shall be deemed to refer to the Federal Partnership.

(m) ADDITIONAL CONFORMING AMENDMENTS.—

(1) RECOMMENDED LEGISLATION.—After consultation with the appropriate committees of Congress and the Director of the Office of Management and Budget, the Federal Partnership shall prepare and submit to Congress recommended legislation containing technical and conforming amendments to reflect the changes made by this section.

(2) SUBMISSION TO CONGRESS.—Not later than March 31, 1997, the Federal Partnership shall submit the recommended legislation referred to in paragraph (1).

(n) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), this section shall take effect on June 30, 1998.

(2) REGULATIONS AND CONFORMING AMENDMENTS.—Subsections (f) and (m) shall take effect on September 30, 1996.

(3) WORKPLAN.—Subsection (c) shall take effect on the date of enactment of this Act.

SEC. 777. TRANSFERS TO OTHER FEDERAL AGENCIES AND OFFICES.

(a) TRANSFER.—There are transferred to the appropriate receiving agency, in accordance with subsection (b), all functions that the Secretary of Labor, acting through the Employment and Training Administration, or the Secretary of Education, acting through the Office of Vocational and Adult Education, exercised before the effective date of this section (including all related functions of any officer or employee of the Employment and Training Administration or the Office of Vocational and Adult Education) that do not relate to a covered activity.

(b) DETERMINATIONS OF FUNCTIONS AND APPROPRIATE RECEIVING AGENCIES.—

(1) TRANSITION WORKPLAN.—Not later than 180 days after the date of enactment of this Act, the Secretary of Labor and the Secretary of Education shall prepare and submit to the President a proposed workplan that specifies the steps that the Secretaries will take, during the period ending on July 1, 1998, to carry out the transfer described in subsection (a).

(2) CONTENTS.—The proposed workplan shall include, at a minimum—

(A) a determination of the functions that officers and employees of the Employment and Training Administration and the Office of Vocational and Adult Education carry out (as of the date of the submission of the workplan) that do not relate to a covered activity; and

(B) a determination of the appropriate receiving agencies for the functions, based on factors including increased efficiency and elimination of duplication of functions.

(3) REVIEW.—

(A) IN GENERAL.—Not later than 45 days after the date of submission of the proposed workplan under paragraph (1), the President shall—

(i) review and approve the workplan and submit the workplan to the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate; or

(ii) reject the workplan, prepare an alternative workplan that contains the determinations described in paragraph (2), and submit the alternative workplan to the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

(B) FUNCTIONS TRANSFERRED.—If the President approves the proposed workplan, or prepares the alternative workplan, the functions described in paragraph (2)(A), as determined in such proposed or alternative workplan, shall be transferred under subsection (a) to the appropriate receiving agencies described in paragraph (2)(B), as determined in such proposed or alternative workplan.

(C) SPECIAL RULE.—If the President takes no action on the proposed workplan submitted under paragraph (1) within the 45-day period described in subparagraph (A), such workplan shall be deemed to be approved and shall take effect on the day after the end of such period. The functions described in paragraph (2)(A), as determined in the proposed workplan, shall be transferred under subsection (a) to the appropriate receiving agencies described in paragraph (2)(B), as determined in the proposed workplan.

(4) REPORT.—Not later than July 1, 1998, the Secretary of Education and the Secretary of Labor shall submit to the appropriate committees of Congress information on the transfers required by this section.

(c) APPLICATION OF AUTHORITIES.—

(1) IN GENERAL.—

(A) APPLICATION.—Subsection (a), and subsections (d) through (m), of section 776 (other than subsections (f), (g)(2), (i)(2), and (m)) shall apply to transfers under this section, in the same manner and to the same extent as the subsections apply to transfers under section 776.

(B) REGULATIONS AND CONFORMING AMENDMENTS.—Subsections (f) and (m) of section 776 shall apply to transfers under this section, in the same manner and to the same extent as the subsections apply to transfers under section 776.

(2) REFERENCES.—For purposes of the application of the subsections described in paragraph (1) (other than subsections (g)(2) and (i)(2) of section 776) to transfers under this section—

(A) references to the Federal Partnership shall be deemed to be references to the appropriate receiving agency, as determined in the approved or alternative workplan referred to in subsection (b)(3);

(B) references to the Secretary of Labor and the Secretary of Education, Director, or National Board shall be deemed to be references to the head of the appropriate receiving agency; and

(C) references to transfers in section 776 shall be deemed to include transfers under this section.

(3) ADMINISTRATION.—Unexpended funds transferred pursuant to this section shall be used only for the purposes for which the funds were originally authorized and appropriated.

(4) CONTINUING EFFECT OF LEGAL DOCUMENTS.—All orders, determinations, rules, regulations, permits, agreements, grants, contracts, certificates, licenses, registrations, privileges, and other administrative actions—

(A) that have been issued, made, granted, or allowed to become effective by the President, any Federal agency or official of a Federal agency, or by a court of competent jurisdiction, in the performance of functions that are transferred under this section; and

(B) that are in effect on the effective date of this section or were final before the effective date of this section and are to become effective on or after the effective date of this section;

shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked in accordance with law by the President, the appropriate receiving agency or other authorized official, a court of competent jurisdiction, or by operation of law.

(5) PROCEEDINGS NOT AFFECTED.—

(A) IN GENERAL.—The provisions of this section shall not affect any proceedings, including notices of proposed rulemaking, or any application for any license, permit, certificate, or financial assistance pending before the Department of Labor or the Department of Education on the date this section takes effect, with respect to functions transferred by this section.

(B) CONTINUATION.—Such proceedings and applications shall be continued. Orders shall be issued in such proceedings, appeals shall be taken from the orders, and payments shall be made pursuant to such orders, as if this section had not been enacted, and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or revoked by a duly authorized official, by a court of competent jurisdiction, or by operation of law.

(C) CONSTRUCTION.—Nothing in this paragraph shall be deemed to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued or modified if this section had not been enacted.

(6) ADMINISTRATIVE ACTIONS RELATING TO PROMULGATION OF REGULATIONS.—Any administrative action relating to the preparation or promulgation of a regulation by the Department of Labor or the Department of Education relating to a function transferred under this section may be continued by the appropriate receiving agency with the same effect as if this section had not been enacted.

(d) CONSTRUCTION.—Nothing in this section shall be construed to require the transfer of any function described in subsection (b)(2)(A) to the Federal Partnership.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), this section shall take effect on June 30, 1998.

(2) REGULATIONS AND CONFORMING AMENDMENTS.—Subsection (c)(1)(B) shall take effect on September 30, 1996.

(3) WORKPLAN.—Subsection (b) shall take effect on the date of enactment of this Act.

SEC. 778. ELIMINATION OF CERTAIN OFFICES.

(a) TERMINATION.—The Office of Vocational and Adult Education and the Employment and Training Administration shall terminate on July 1, 1998.

(b) OFFICE OF VOCATIONAL AND ADULT EDUCATION.—

(1) TITLE 5, UNITED STATES CODE.—Section 5315 of title 5, United States Code, is amended by striking "Assistant Secretaries of Education (10)" and inserting "Assistant Secretaries of Education (9)".

(2) DEPARTMENT OF EDUCATION ORGANIZATION ACT.—

(A) Section 202 of the Department of Education Organization Act (20 U.S.C. 3412) is amended—

(i) in subsection (b)(1)—

(I) by striking subparagraph (C); and

(II) by redesignating subparagraphs (D) through (F) as subparagraphs (C) through (E), respectively;

(ii) by striking subsection (h); and

(iii) by redesignating subsection (i) as subsection (h).

(B) Section 206 of such Act (20 U.S.C. 3416) is repealed.

(C) Section 402(c)(1) of the Improving America's Schools Act of 1994 (20 U.S.C. 9001(c)(1)) is amended by striking "established under" and all that follows and inserting a semicolon.

(3) GOALS 2000: EDUCATE AMERICA ACT.—Section 931(h)(3)(A) of the Goals 2000: Educate America Act (20 U.S.C. 6031(h)(3)(A)) is amended—

(A) by striking clause (iii); and

(B) by redesignating clauses (iv) and (v) as clauses (iii) and (iv), respectively.

(c) EMPLOYMENT AND TRAINING ADMINISTRATION.—

(1) TITLE 5, UNITED STATES CODE.—Section 5315 of title 5, United States Code, is amended by striking "Assistant Secretaries of Labor (10)" and inserting "Assistant Secretaries of Labor (9)".

(2) VETERANS' BENEFITS AND PROGRAMS IMPROVEMENT ACT OF 1988.—Section 402(d)(3) of the Veterans' Benefits and Programs Improvement Act of 1988 (29 U.S.C. 1721 note) is amended by striking "and under any other program administered by the Employment and Training Administration of the Department of Labor".

(3) TITLE 38, UNITED STATES CODE.—Section 4110(d) of title 38, United States Code, is amended—

(A) by striking paragraph (7); and

(B) by redesignating paragraphs (8) through (12) as paragraphs (7) through (11), respectively.

(4) NATIONAL AND COMMUNITY SERVICE ACT OF 1990.—The last sentence of section 162(b) of the National and Community Service Act of 1990 (42 U.S.C. 12622(b)) is amended by striking "or the Office of Job Training".

(d) UNITED STATES EMPLOYMENT SERVICE.—

(1) TITLE 5, UNITED STATES CODE.—Section 3327 of title 5, United States Code, is amended—

(A) in subsection (a), by striking "the employment offices of the United States Employment Service" and inserting "Governors"; and

(B) in subsection (b), by striking "of the United States Employment Service".

(2) TITLE 10, UNITED STATES CODE.—

(A) Section 1143a(d) of title 10, United States Code, is amended by striking paragraph (3).

(B) Section 2410k(b) of title 10, United States Code, is amended by striking ", and where appropriate the Interstate Job Bank (established by the United States Employment Service),".

(3) INTERNAL REVENUE CODE OF 1986.—Section 51 of the Internal Revenue Code of 1986 is amended by striking subsection (g).

(4) NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1993.—Section 4468 of the National Defense Authorization Act for Fiscal Year 1993 (29 U.S.C. 1662d-1 note) is repealed.

(5) TITLE 38, UNITED STATES CODE.—Section 4110(d) of title 38, United States Code (as amended by subsection (c)(3)), is further amended—

(A) by striking paragraph (10); and

(B) by redesignating paragraph (11) as paragraph (10).

(6) TITLE 39, UNITED STATES CODE.—

(A) Section 3202(a)(1) of title 39, United States Code is amended—

(i) in subparagraph (D), by striking the semicolon and inserting "; and";

(ii) by striking subparagraph (E); and

(iii) by redesignating subparagraph (F) as subparagraph (E).

(B) Section 3203(b) of title 39, United States Code, is amended by striking "(1)(E), (2), and (3)" and inserting "(2) and (3)".

(C) Section 3206(b) of title 39, United States Code, is amended by striking "(1)(F)" and inserting "(1)(E)".

(7) NATIONAL AND COMMUNITY SERVICE ACT OF 1990.—Section 162(b) of the National and Community Service Act of 1990 (42 U.S.C. 12622(b)) (as amended by subsection (c)(4)) is further amended by striking the last sentence.

(e) REORGANIZATION PLANS.—Except with respect to functions transferred under section 777, the authority granted to the Employment and Training Administration, the Office of Vocational and Adult Education, or any unit of the Employment and Training Administration or the Office of Vocational and Adult Education by any reorganization plan shall terminate on July 1, 1998.

Subtitle F—Repeals of Employment and Training and Vocational and Adult Education Programs

SEC. 781. REPEALS.

(a) IMMEDIATE REPEALS.—The following provisions are repealed:

(1) Section 204 of the Immigration Reform and Control Act of 1986 (8 U.S.C. 1255a note).

(2) Title II of Public Law 95-250 (92 Stat. 172).

(3) The Displaced Homemakers Self-Sufficiency Assistance Act (29 U.S.C. 2301 et seq.).

(4) Section 211 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App. 211).

(5) Subtitle C of title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11441 et seq.).

(6) Section 5322 of title 49, United States Code.

(7) Subchapter I of chapter 421 of title 49, United States Code.

(b) SUBSEQUENT REPEALS.—The following provisions are repealed:

(1) Sections 235 and 236 of the Trade Act of 1974 (19 U.S.C. 2295 and 2296), and paragraphs (1) and (2) of section 250(d) of such Act (19 U.S.C. 2331(d)).

(2) The Adult Education Act (20 U.S.C. 1201 et seq.).

(3) The Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.).

(4) The School-to-Work Opportunities Act of 1994 (20 U.S.C. 6101 et seq.).

(5) The Wagner-Peyser Act (29 U.S.C. 49 et seq.).

(6) The Job Training Partnership Act (29 U.S.C. 1501 et seq.).

(7) Title V of the Older Americans Act of 1965 (42 U.S.C. 3056 et seq.).

(8) Title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11421 et seq.), other than subtitle C of such title.

(c) EFFECTIVE DATES.—

(1) IMMEDIATE REPEALS.—The repeals made by subsection (a) shall take effect on the date of enactment of this Act.

(2) SUBSEQUENT REPEALS.—The repeals made by subsection (b) shall take effect on July 1, 1998.

SEC. 782. CONFORMING AMENDMENTS.

(a) IMMEDIATE REPEALS.—

(1) REFERENCES TO SECTION 204 OF THE IMMIGRATION REFORM AND CONTROL ACT OF 1986.—The table of contents for the Immigration Reform and Control Act of 1986 is amended by striking the item relating to section 204 of such Act.

(2) REFERENCES TO TITLE II OF PUBLIC LAW 95-250.—Section 103 of Public Law 95-250 (16 U.S.C. 791) is amended—

(A) by striking the second sentence of subsection (a); and

(B) by striking the second sentence of subsection (b).

(3) REFERENCES TO SUBTITLE C OF TITLE VII OF THE STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT.—

(A) Section 762(a) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11472(a)) is amended—

(i) by striking "each of the following programs" and inserting "the emergency community services homeless grant program established in section 751"; and

(ii) by striking "tribes:" and all that follows and inserting "tribes.".

(B) The table of contents of such Act is amended by striking the items relating to subtitle C of title VII of such Act.

(4) REFERENCES TO TITLE 49, UNITED STATES CODE.—

(A) Sections 5313(b)(1) and 5314(a)(1) of title 49, United States Code, are amended by striking "5317, and 5322" and inserting "and 5317".

(B) The table of contents for chapter 53 of title 49, United States Code, is amended by striking the item relating to section 5322.

(b) SUBSEQUENT REPEALS.—

(1) REFERENCES TO THE CARL D. PERKINS VOCATIONAL AND APPLIED TECHNOLOGY EDUCATION ACT.—

(A) Section 245A(h)(4)(C) of the Immigration and Nationality Act (8 U.S.C. 1255a(h)(4)(C)) is amended by striking "Vocational Education Act of 1963" and inserting "Workforce Development Act of 1995".

(B) The Goals 2000: Educate America Act (20 U.S.C. 5801 et seq.) is amended—

(i) in section 306 (20 U.S.C. 5886)—

(I) in subsection (c)(1)(A), by striking all beginning with " which process" through "Act" and inserting "which process shall include coordination with the benchmarks described in section 731(c)(2) of the Workforce Development Act of 1995"; and

(II) in subsection (l), by striking "Carl D. Perkins Vocational and Applied Technology Education Act" and inserting "Workforce Development Act of 1995"; and

(ii) in section 311(b) (20 U.S.C. 5891(b)), by striking paragraph (6).

(C) The Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.) is amended—

(i) in section 1114(b)(2)(C)(v) (20 U.S.C. 6314(b)(2)(C)(v)), by striking "Carl D. Perkins Vocational and Applied Technology Education Act" and inserting "Workforce Development Act of 1995";

(ii) in section 9115(b)(5) (20 U.S.C. 7815(b)(5)), by striking "Carl D. Perkins Vocational and Applied Technology Education Act" and inserting "Workforce Development Act of 1995";

(iii) in section 14302(a)(2) (20 U.S.C. 8852(a)(2))—

(I) by striking subparagraph (C); and

(II) by redesignating subparagraphs (D), (E), and (F) as subparagraphs (C), (D), and (E), respectively; and

(iv) in the matter preceding subparagraph (A) of section 14307(a)(1) (20 U.S.C. 8857(a)(1)), by striking "Carl D. Perkins Vocational and Applied Technology Education Act" and inserting "Workforce Development Act of 1995".

(D) Section 533(c)(4)(A) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note) is amended by striking "(20 U.S.C. 2397h(3)" and inserting ", as such section was in effect on the day preceding the date of enactment of the Workforce Development Act of 1995".

(E) Section 563 of the Improving America's Schools Act of 1994 (20 U.S.C. 6301 note) is amended by striking "the date of enactment of an Act reauthorizing the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.)" and inserting "July 1, 1998".

(F) Section 135(c)(3)(B) of the Internal Revenue Code of 1986 (26 U.S.C. 135(c)(3)(B)) is amended—

(i) by striking "subparagraph (C) or (D) of section 521(3) of the Carl D. Perkins Vocational Education Act" and inserting "subparagraph (C) or (D) of section 703(2) of the Workforce Development Act of 1995"; and

(ii) by striking "any State (as defined in section 521(27) of such Act)" and inserting "any State or outlying area (as the terms 'State' and 'outlying area' are defined in section 703 of such Act)".

(G) Section 101(a)(11)(A) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)(11)(A)) is amended by striking "Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.)" and inserting "Workforce Development Act of 1995".

(H) Section 214(c) of the Appalachian Regional Development Act of 1965 (40 U.S.C. App. 214(c)) is amended by striking "Carl D. Perkins Vocational Education Act" and inserting "Workforce Development Act of 1995".

(I) Section 104 of the Vocational Education Amendments of 1968 (82 Stat. 1091) is amended by striking "section 3 of the Carl D. Perkins Vocational Education Act" and inserting "the Workforce Development Act of 1995".

(2) REFERENCES TO THE ADULT EDUCATION ACT.—

(A) Subsection (b) of section 402 of the Refugee Education Assistance Act (8 U.S.C. 1522, note) is repealed.

(B) Paragraph (20) of section 3 of the Library Services and Construction Act (20 U.S.C. 351a(20)) is amended to read as follows:

"(20) The term 'educationally disadvantaged adult' means an individual who—

"(A) is age 16 or older, or beyond the age of compulsory school attendance under State law;

"(B) is not enrolled in secondary school;

"(C) demonstrates basic skills equivalent to or below that of students at the fifth grade level; or

"(D) has been placed in the lowest or beginning level of an adult education program when that program does not use grade level equivalencies as a measure of students' basic skills.".

(C)(i) Section 1202(c)(1) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6362(c)(1)) is amended by striking "Adult Education Act" and inserting "Workforce Development Act of 1995".

(ii) Section 1205(8)(B) of such Act (20 U.S.C. 6365(8)(B)) is amended by striking "Adult Education Act" and inserting "Workforce Development Act of 1995".

(iii) Section 1206(a)(1)(A) of such Act (20 U.S.C. 6366(a)(1)(A)) is amended by striking "an adult basic education program under the Adult Education Act" and inserting "adult education activities under the Workforce Development Act of 1995".

(iv) Section 3113(1) of such Act (20 U.S.C. 6813(1)) is amended by striking "section 312 of the Adult Education Act" and inserting "section 703 of the Workforce Development Act of 1995".

(v) Section 9161(2) of such Act (20 U.S.C. 7881(2)) is amended by striking "section 312(2) of the Adult Education Act" and inserting "section 703 of the Workforce Development Act of 1995".

(D) Section 203(b)(8) of the Older Americans Act (42 U.S.C. 3013(b)(8)) is amended by striking "Adult Education Act" and inserting "Workforce Development Act of 1995".

(3) RECOMMENDED LEGISLATION.—After consultation with the appropriate committees of Congress and the Director of the Office of Management and Budget, the Federal Partnership shall prepare and submit to Congress recommended legislation containing technical and conforming amendments to reflect the changes made by section 781(b).

(4) SUBMISSION TO CONGRESS.—Not later than March 31, 1997, the Federal Partnership shall submit the recommended legislation referred to under paragraph (3).

TITLE VIII—WORKFORCE DEVELOPMENT-RELATED ACTIVITIES

Subtitle A—Amendments to the Rehabilitation Act of 1973

SEC. 801. REFERENCES.

Except as otherwise expressly provided in this subtitle, whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.).

SEC. 802. FINDINGS AND PURPOSES.

Section 2 (29 U.S.C. 701) is amended—

(1) in subsection (a)(4), by striking "the provision of individualized training, independent living services, educational and support services," and inserting "implementation of a statewide workforce development system that provides meaningful and effective participation for individuals with disabilities in workforce development activities and activities carried out through the vocational rehabilitation program established under title I, and through the provision of independent living services, support services,"; and

(2) in subsection (b)(1)(A), by inserting "statewide workforce development systems that include, as integral components," after "(A)".

SEC. 803. CONSOLIDATED REHABILITATION PLAN.

(a) IN GENERAL.—Section 6 (29 U.S.C. 705) is repealed.

(b) CONFORMING AMENDMENT.—The table of contents for the Act is amended by striking the item relating to section 6.

SEC. 804. DEFINITIONS.

Section 7 (29 U.S.C. 706) is amended by adding at the end the following new paragraphs:

"(36) The term 'statewide workforce development system' means a statewide system, as defined in section 703 of the Workforce Development Act of 1995.

"(37) The term 'workforce development activities' has the meaning given the term in section 703 of the Workforce Development Act of 1995.

"(38) The term 'workforce employment activities' means the activities described in paragraphs (2) through (8) of section 716(a) of the Workforce Development Act of 1995, including activities described in section 716(a)(6) of such Act provided through a voucher described in section 716(a)(9) of such Act.".

SEC. 805. ADMINISTRATION.

Section 12(a)(1) (29 U.S.C. 711(a)(1)) is amended by inserting ", including providing assistance to achieve the meaningful and effective participation by individuals with disabilities in the activities carried out through a statewide workforce development system" before the semicolon.

SEC. 806. REPORTS.

Section 13 (29 U.S.C. 712) is amended in the fourth sentence by striking "The data elements" and all that follows through "age," and inserting the following: "The information shall include all information that is required to be submitted in the report described in section 731(a) of the Workforce Development Act of 1995 and that pertains to the employment of individuals with disabilities, including information on age,".

SEC. 807. EVALUATION.

Section 14(a) (29 U.S.C. 713(a)) is amended in the third sentence by striking "to the extent feasible," and all that follows through the end of the sentence and inserting the following: "to the maximum extent appropriate, be consistent with the State benchmarks established under paragraphs (1) and (2) of section 731(c) of the Workforce Development Act of 1995. For purposes of this section, the Secretary may modify or supplement such benchmarks after consultation with the National Board established under section 772 of the Workforce Development Act of 1995, to the extent necessary to address unique considerations applicable to the participation of individuals with disabilities in the vocational rehabilitation program established under title I and activities carried out under other provisions of this Act.".

SEC. 808. DECLARATION OF POLICY.

Section 100(a) (29 U.S.C. 720(a)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (E), by striking "; and" and inserting a semicolon;

(B) in subparagraph (F)—

(i) by inserting "workforce development activities and" before "vocational rehabilitation services"; and

(ii) by striking the period and inserting "; and"; and

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

"(G) linkages between the vocational rehabilitation program established under this title and other components of the statewide workforce development system are critical to ensure effective and meaningful participation by individuals with disabilities in workforce development activities."; and

(2) in paragraph (2)—

(A) by striking "a comprehensive" and inserting "statewide comprehensive"; and

(B) by striking "program of vocational rehabilitation that is designed" and inserting "programs of vocational rehabilitation, each of which is—

"(A) an integral component of a statewide workforce development system; and

"(B) designed".

SEC. 809. STATE PLANS.

(a) IN GENERAL.—Section 101(a) (29 U.S.C. 721(a)) is amended—

(1) in the first sentence, by striking ", or shall submit" and all that follows through "et seq.)" and inserting ", and shall submit the State plan on the same dates as the State submits the State plan described in section 714 of the Workforce Development Act of 1995 to the Federal Partnership established under section 771 of such Act";

(2) by inserting after the first sentence the following: "The State shall also submit the State plan for vocational rehabilitation services for review and comment to any State workforce development board established for the State under section 715 of the Workforce Development Act of 1995, which shall submit the comments on the State plan to the designated State unit.";

(3) by striking paragraphs (10), (12), (13), (15), (17), (19), (23), (27), (28), (30), (34), and (35);

(4) in paragraph (20), by striking "(20)" and inserting "(B)";

(5) by redesignating paragraphs (3), (4), (5), (6), (7), (8), (9), (14), (16), (18), (21), (22), (24), (25), (26), (29), (31), (32), (33), and (36) as paragraphs (4), (5), (6), (7), (8), (9), (10), (12), (13), (14), (15), (16), (17), (18), (19), (20), (21), (22), (23), and (24), respectively;

(6) in paragraph (1)(B)—

(A) by redesignating clauses (i), (ii), and (iii) as clauses (ii), (iii), and (iv), respectively; and

(B) by inserting before clause (ii) (as redesignated in subparagraph (A)) the following:

"(i) a State entity primarily responsible for implementing workforce employment activities through the statewide workforce development system of the State.";

(7) in paragraph (2)—

(A) in the matter preceding subparagraph (A), by striking "(1)(B)(i)" and inserting "(1)(B)(ii)"; and

(B) in subparagraph (B)(ii), by striking "(1)(B)(ii)" and inserting "(1)(B)(iii)";

(8) by inserting after paragraph (2) the following paragraph:

"(3) provide a plan for expanding and improving vocational rehabilitation services for individuals with disabilities on a statewide basis, including—

"(A) a statement of values and goals;

"(B) evidence of ongoing efforts to use outcome measures to make decisions about the effectiveness and future direction of the vocational rehabilitation program established under this title in the State; and

"(C) information on specific strategies for strengthening the program as an integral component of the statewide workforce development system established in the State, including specific innovative, state-of-the-art approaches for achieving sustained success in improving and expanding vocational rehabilitation services provided through the program, for all individuals with disabilities who seek employment, through plans, policies, and procedures that link the program with other components of the system, including plans, policies, and procedures relating to—

"(i) entering into cooperative agreements, between the designated State unit and appropriate entities responsible for carrying out the other components of the statewide workforce development system, which agreements may provide for—

"(I) provision of intercomponent staff training and technical assistance regarding the availability and benefits of, and eligibility standards for, vocational rehabilitation services, and regarding the provision of equal, effective, and meaningful participation by individuals with disabilities in workforce employment activities in the State through program accessibility, use of nondiscriminatory policies and procedures, and provision of reasonable accommodations, auxiliary aids and services, and rehabilitation technology, for individuals with disabilities;

"(II) use of information and financial management systems that link all components of the statewide workforce development system, that link the components to other electronic networks, and that relate to such subjects as labor market information, and information on job vacancies, skill qualifications, career planning, and workforce development activities;

"(III) use of customer service features such as common intake and referral procedures, customer data bases, resource information, and human service hotlines;

"(IV) establishment of cooperative efforts with employers to facilitate job placement and to develop and sustain working relationships with employers, trade associations, and labor organizations;

"(V) identification of staff roles and responsibilities and available resources for each entity that carries out a component of the statewide workforce development system with regard to paying for necessary services (consistent with State law); and

"(VI) specification of procedures for resolving disputes among such entities; and

"(ii) providing for the replication of such cooperative agreements at the local level between individual offices of the designated State unit and local entities carrying out activities through the statewide workforce development system;";

(9) in paragraph (6) (as redesignated in paragraph (5))—

(A) by striking subparagraph (A) and inserting the following:

"(A) contain the plans, policies, and methods to be followed in carrying out the State plan and in the administration and supervision of the plan, including—

"(i)(I) the results of a comprehensive, statewide assessment of the rehabilitation needs of individuals with disabilities (including individuals with severe disabilities, individuals with disabilities who are minorities, and individuals with disabilities who have been unserved, or underserved, by the vocational rehabilitation system) who are residing within the State; and

"(II) the response of the State to the assessment;

"(ii) a description of the method to be used to expand and improve services to individuals with the most severe disabilities, including individuals served under part C of title VI;

"(iii) with regard to community rehabilitation programs—

"(I) a description of the method to be used (such as a cooperative agreement) to utilize the programs to the maximum extent feasible; and

"(II) a description of the needs of the programs, including the community rehabilitation programs funded under the Act entitled "An Act to Create a Committee on Purchases of Blind-made Products, and for other purposes", approved June 25, 1938 (commonly known as the Wagner-O'Day Act; 41 U.S.C. 46 et seq.) and such programs funded by State use contracting programs; and

"(iv) an explanation of the methods by which the State will provide vocational rehabilitation services to all individuals with disabilities within the State who are eligible for such services, and, in the event that vocational rehabilitation services cannot be provided to all such eligible individuals with disabilities who apply for such services, information—

"(I) showing and providing the justification for the order to be followed in selecting individuals to whom vocational rehabilitation services will be provided (which order of selection for the provision of vocational rehabilitation services shall be determined on the basis of serving first the individuals with the most severe disabilities in accordance with criteria established by the State, and shall be consistent with priorities in such order of selection so determined, and outcome and service goals for serving individuals with disabilities, established in regulations prescribed by the Commissioner);

"(II) showing the outcomes and service goals, and the time within which the outcomes and service goals may be achieved, for the rehabilitation of individuals receiving such services; and

"(III) describing how individuals with disabilities who will not receive such services if such order is in effect will be referred to other components of the statewide workforce development system for access to services offered by the components;"; and

(B) by striking subparagraph (C) and inserting the following subparagraphs:

"(C) with regard to the statewide assessment of rehabilitation needs described in subparagraph (A)(i)—

"(i) provide that the State agency will make reports at such time, in such manner, and containing such information, as the Commissioner may require to carry out the functions of the Commissioner under this title, and comply with such provisions as are necessary to assure the correctness and verification of such reports; and

"(ii) provide that reports made under clause (i) will include information regarding individuals with disabilities and, if an order of selection described in subparagraph (A)(iv)(I) is in effect in the State, will separately include information regarding individuals with the most severe disabilities, on—

"(I) the number of such individuals who are evaluated and the number rehabilitated;

"(II) the costs of administration, counseling, provision of direct services, development of community rehabilitation programs, and other functions carried out under this Act; and

"(III) the utilization by such individuals of other programs pursuant to paragraph (11); and

"(D) describe—

"(i) how a broad range of rehabilitation technology services will be provided at each stage of the rehabilitation process;

"(ii) how a broad range of such rehabilitation technology services will be provided on a statewide basis; and

"(iii) the training that will be provided to vocational rehabilitation counselors, client assistance personnel, personnel of the providers of one-stop delivery of core services described in section 716(a)(2) of the Workforce Development Act of 1995, and other related services personnel;";

(10) in subparagraph (A) of paragraph (8) (as redesignated in paragraph (5))—

(A) in clause (i)(II), by striking ", based on projections" and all that follows through "relevant factors"; and

(B) by striking clauses (iii) and (iv) and inserting the following clauses:

"(iii) a description of the ways in which the system for evaluating the performance of rehabilitation counselors, coordinators, and other personnel used in the State facilitates the accomplishment of the purpose and policy of this title, including the policy of serving, among others, individuals with the most severe disabilities;

"(iv) provide satisfactory assurances that the system described in clause (iii) in no way impedes such accomplishment; and";

(11) in paragraph (9) (as redesignated in paragraph (5)) by striking "required—" and all that follows through "(B) prior" and inserting "required prior";

(12) in paragraph (10) (as redesignated in paragraph (5))—

(A) in subparagraph (B), by striking "written rehabilitation program" and inserting "employment plan"; and

(B) in subparagraph (C), by striking "plan in accordance with such program" and inserting "State plan in accordance with the employment plan";

(13) in paragraph (11)—

(A) in subparagraph (A), by striking "State's public" and all that follows and inserting "State programs that are not part of the statewide workforce development system of the State;"; and

(B) in subparagraph (C)—

(i) by striking "if appropriate—" and all that follows through "entering into" and inserting "if appropriate, entering into";

(ii) by redesignating subclauses (I), (II), and (III) as clauses (i), (ii), and (iii), respectively; and

(iii) by indenting the clauses and aligning the margins of the clauses with the margins of clause (ii) of subparagraph (A) of paragraph (8) (as redesignated in paragraph (5));

(14) in paragraph (14) (as redesignated in paragraph (5))—

(A) by striking "(14)" and inserting "(14)(A)"; and

(B) by inserting before the semicolon the following ", and, in the case of the designated State unit, will take actions to take such views into account that include providing timely notice, holding public hearings, preparing a summary of hearing comments, and documenting and disseminating information relating to the manner in which the comments will affect services; and";

(15) in paragraph (16) (as redesignated in paragraph (5)), by striking "referrals to other Federal and State programs" and inserting "referrals within the statewide workforce development system of the State to programs"; and

(16) in paragraph (17) (as redesignated in paragraph (5))—

(A) in subparagraph (B), by striking "written rehabilitation program" and inserting "employment plan"; and

(B) in subparagraph (C)—

(i) in clause (ii), by striking "; and" and inserting a semicolon;

(ii) in clause (iii), by striking the semicolon and inserting "; and"; and

(iii) by adding at the end the following clause:

"(iv) the manner in which students who are individuals with disabilities and who are not in special education programs can access and receive vocational rehabilitation services, where appropriate;".

(b) CONFORMING AMENDMENTS.—

(1) Section 7 (29 U.S.C. 706) is amended—

(A) in paragraph (3)(B)(ii), by striking "101(a)(1)(B)(i)" and inserting "101(a)(1)(B)(ii)"; and

(B) in paragraph (22)(A)(i)(II), by striking "101(a)(5)(A)" each place it appears and inserting "101(a)(6)(A)(iv)".

(2) Section 12(d) (29 U.S.C. 711(d)) is amended by striking "101(a)(5)(A)" and inserting "101(a)(6)(A)(iv)".

(3) Section 101(a) (29 U.S.C. 721(a)) is amended—

(A) in paragraph (1)(A), by striking "paragraph (4) of this subsection" and inserting "paragraph (5)";

(B) in paragraph (2)—

(i) in the matter preceding subparagraph (A), by striking "paragraph (1)(B)(i)" and inserting "paragraph (1)(B)(ii)"; and

(ii) in subparagraph (B)(i), by striking "paragraph (1)(B)(ii)" and inserting "paragraph (1)(B)(iii)";

(C) in paragraph (17) (as redesignated in subsection (a)(5)), by striking "paragraph (11)(C)(ii)" and inserting "paragraph (11)(C)";

(D) in paragraph (22) (as redesignated in subsection (a)(5)), by striking "paragraph (36)" and inserting "paragraph (24)"; and

(E) in subparagraph (C) of paragraph (24) (as redesignated in subsection (a)(5)), by striking "101(a)(1)(A)(i)" and inserting "paragraph (1)(A)(i)".

(4) Section 102 (29 U.S.C. 722) is amended—

(A) in subsection (a)(3), by striking "101(a)(24)" and inserting "101(a)(17)"; and

(B) in subsection (d)(2)(C)(ii)—

(i) in subclause (II), by striking "101(a)(36)" and inserting "101(a)(24)"; and

(ii) in subclause (III), by striking "101(a)(36)(C)(ii)" and inserting "101(a)(24)(C)(ii)".

(5) Section 105(a)(1) (29 U.S.C. 725(a)(1)) is amended by striking "101(a)(36)" and inserting "101(a)(24)".

(6) Section 107(a) (29 U.S.C. 727(a)) is amended—

(A) in paragraph (2)(F), by striking "101(a)(32)" and inserting "101(a)(22)";

(B) in paragraph (3)(A), by striking "101(a)(5)(A)" and inserting "101(a)(6)(A)(iv)"; and

(C) in paragraph (4), by striking "101(a)(35)" and inserting "101(a)(8)(A)(iii)".

(7) Section 111(a) (29 U.S.C. 731(a)) is amended—

(A) in paragraph (1), by striking "and development and implementation" and all that follows through "referred to in section 101(a)(34)(B)"; and

(B) in paragraph (2)(A), by striking "and such payments shall not be made in an amount which would result in a violation of the provisions of the State plan required by section 101(a)(17)".

(8) Section 124(a)(1)(A) (29 U.S.C. 744(a)(1)(A)) is amended by striking "(not including sums used in accordance with section 101(a)(34)(B))".

(9) Section 315(b)(2) (29 U.S.C. 777e(b)(2)) is amended by striking "101(a)(22)" and inserting "101(a)(16)".

(10) Section 635(b)(2) (29 U.S.C. 795n(b)(2)) is amended by striking "101(a)(5)" and inserting "101(a)(6)(A)(i)(I)".

(11) Section 802(h)(2)(B)(ii) (29 U.S.C. 797a(h)(2)(B)(ii)) is amended by striking "101(a)(5)(A)" and inserting "101(a)(6)(A)(iv)".

(12) Section 102(e)(23)(A) of the Technology-Related Assistance for Individuals With Disabilities Act of 1988 (29 U.S.C. 2212(e)(23)(A)) is amended by striking "section 101(a)(36) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)(36))" and inserting "section 101(a)(24) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)(24))".

SEC. 810. INDIVIDUALIZED EMPLOYMENT PLANS.

(a) IN GENERAL.—Section 102 (29 U.S.C. 722) is amended—

(1) by striking the section heading and inserting the following:

"SEC. 102. INDIVIDUALIZED EMPLOYMENT PLANS.";

(2) in subsection (a)(6), by striking "written rehabilitation program" and inserting "employment plan";

(3) in subsection (b)—

(A) in paragraph (1)(A)—

(i) in clause (i), by striking "written rehabilitation program" and inserting "employment plan"; and

(ii) in clause (ii), by striking "program" and inserting "plan";

(B) in paragraph (1)(B)—

(i) in the matter preceding clause (i), by striking "written rehabilitation program" and inserting "employment plan";

(ii) in clause (iv)—

(I) by striking subclause (I) and inserting the following:

"(I) include a statement of the specific vocational rehabilitation services to be provided (including, if appropriate, rehabilitation technology services and training in how to use such services) that includes specification of the public or private entity that will provide each such vocational rehabilitation service and the projected dates for the initiation and the anticipated duration of each such service; and";

(II) by striking subclause (II); and

(III) by redesignating subclause (III) as subclause (II); and

(iii) in clause (xi)(I), by striking "program" and inserting "plan";

(C) in paragraph (1)(C), by striking "written rehabilitation program and amendments to the program" and inserting "employment plan and amendments to the plan"; and

(D) in paragraph (2)—

(i) by striking "program" each place the term appears and inserting "plan"; and

(ii) by striking "written rehabilitation" each place the term appears and inserting "employment";

(4) in subsection (c)—

(A) in paragraph (1), by striking "written rehabilitation program" and inserting "employment plan"; and

(B) by striking "written program" each place the term appears and inserting "plan"; and

(5) in subsection (d)—

(A) in paragraph (5), by striking "written rehabilitation program" and inserting "employment plan"; and

(B) in paragraph (6)(A), by striking the second sentence.

(b) CONFORMING AMENDMENTS.—

(1) The table of contents for the Act is amended by striking the item relating to section 102 and inserting the following:

"Sec. 102. Individualized employment plans.".

(2) Paragraphs (22)(B) and (27)(B), and subparagraphs (B) and (C) of paragraph (34) of section 7 (29 U.S.C. 706), section 12(e)(1) (29 U.S.C. 711(e)(1)), section 501(e) (29 U.S.C. 791(e)), subparagraphs (C), (D), and (E) of section 635(b)(6) (29 U.S.C. 795n(b)(6) (C), (D), and (E)), section 802(g)(8)(B) (29 U.S.C. 797a(g)(8)(B)), and section 803(c)(2)(D) (29 U.S.C. 797b(c)(2)(D)) are amended by striking "written rehabilitation program" each place the term appears and inserting "employment plan".

(3) Section 7(22)(B)(i) (29 U.S.C. 706(22)(B)(i)) is amended by striking "rehabilitation program" and inserting "employment plan".

(4) Section 107(a)(3)(D) (29 U.S.C. 727(a)(3)(D)) is amended by striking "written rehabilitation programs" and inserting "employment plans".

(5) Section 101(b)(7)(A)(ii)(II) of the Technology-Related Assistance for Individuals With Disabilities Act of 1988 (29 U.S.C. 2211(b)(7)(A)(ii)(II)) is amended by striking "written rehabilitation program" and inserting "employment plan".

SEC. 811. SCOPE OF VOCATIONAL REHABILITATION SERVICES.

Section 103 (29 U.S.C. 723) is amended—

(1) in subsection (a)(4)—

(A) in subparagraph (B), by striking "surgery or";

(B) in subparagraph (D), by striking the comma at the end and inserting ", and";

(C) by striking subparagraph (E); and

(D) by redesignating subparagraph (F) as subparagraph (E); and

(2) in subsection (b)(1), by striking "the most severe".

SEC. 812. STATE REHABILITATION ADVISORY COUNCIL.

(a) IN GENERAL.—Section 105 (29 U.S.C. 725) is amended—

(1) in subsection (b)(1)(A)(vi), by inserting before the semicolon the following: "who, to the extent feasible, are members of any State workforce development board established for the State under section 715 of the Workforce Development Act of 1995"; and

(2) in subsection (c)—

(A) by redesignating paragraphs (3) through (7) as paragraphs (4) through (8), respectively;

(B) by inserting after paragraph (2) the following new paragraph:

"(3) advise the designated State agency and the designated State unit regarding strategies for ensuring that the vocational rehabilitation program established under this title becomes an integral part of the statewide workforce development system of the State;"; and

(C) in paragraph (6) (as redesignated in subparagraph (A))—

(i) by striking "6024), and" and inserting "6024),"; and

(ii) by striking the semicolon at the end and inserting the following: ", and any State workforce development board established for the State under section 715 of the Workforce Development Act of 1995;".

(b) CONFORMING AMENDMENT.—Subparagraph (B)(iv), and clauses (ii)(I) and (iii)(I) of subparagraph (C), of paragraph (24) (as redesignated in section 409(a)(5)) of section 101(a) (29 U.S.C. 721(a)) are amended by striking "105(c)(3)" and inserting "105(c)(4)".

SEC. 813. EVALUATION STANDARDS AND PERFORMANCE INDICATORS.

Section 106(a)(1) (29 U.S.C. 726(a)(1)) is amended—

(1) by striking "1994" and inserting "1996"; and

(2) by striking the period and inserting the following: "that shall, to the maximum extent appropriate, be consistent with the State benchmarks established under paragraphs (1) and (2) of section 731(c) of the Workforce Development Act of 1995. For purposes of this section, the Commissioner may modify or supplement such benchmarks, after consultation with the National Board established under section 772 of the Workforce Development Act of 1995, to the extent necessary to address unique considerations applicable to the participation of individuals with disabilities in the vocational rehabilitation program.".

SEC. 814. REPEALS.

(a) IN GENERAL.—Title I (29 U.S.C. 720 et seq.) is amended—

(1) by repealing part C; and

(2) by redesignating parts D and E as parts C and D, respectively.

(b) CONFORMING AMENDMENTS.—The table of contents for the Act is amended—

(1) by striking the items relating to part C of title I; and

(2) by striking the items relating to parts D and E of title I and inserting the following:

"PART C—AMERICAN INDIAN VOCATIONAL REHABILITATION SERVICES

"Sec. 130. Vocational rehabilitation services grants.

"PART D—VOCATIONAL REHABILITATION SERVICES CLIENT INFORMATION

"Sec. 140. Review of data collection and reporting system.

"Sec. 141. Exchange of data.".

SEC. 815. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), the amendments made by this subtitle shall take effect on the date of enactment of this Act.

(b) STATEWIDE SYSTEM REQUIREMENTS.—The changes made in the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.) by the amendments made by this subtitle that relate to State benchmarks, or other components of a statewide system, shall take effect—

(1) in a State that submits and obtains approval of an interim plan under section 763 for program year 1997, on July 1, 1997; and

(2) in any other State, on July 1, 1998.

Subtitle B—Amendments to Immigration and Nationality Act

SEC. 821. PROHIBITION ON USE OF FUNDS FOR CERTAIN EMPLOYMENT ACTIVITIES.

Section 412(c)(1) of the Immigration and Nationality Act is amended by adding at the end the following new subparagraph:

"(D) Funds available under this paragraph may not be provided to States for workforce employment activities authorized and funded under the Workforce Development Act of 1995.".

Subtitle C—Amendments to the National Literacy Act of 1991

SEC. 831. NATIONAL INSTITUTE FOR LITERACY.

Section 102 of the National Literacy Act of 1991 (20 U.S.C. 1213c note) is amended to read as follows:

"SEC. 102. NATIONAL INSTITUTE FOR LITERACY.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—There is established the National Institute for Literacy (in this section referred to as the 'Institute'). The Institute shall be administered by the National Board established under section 772 of the Workforce Development Act of 1995 (in this section referred to as the 'National Board'). The National Board may include in the Institute any research and development center, institute, or clearinghouse that the National Board determines is appropriately included in the Institute.

"(2) OFFICES.—The Institute shall have offices separate from the offices of the Department of Education or the Department of Labor.

"(3) RECOMMENDATIONS.—The National Board shall consider the recommendations of the National Institute Council established under subsection (d) in planning the goals of the Institute and in the implementation of any programs to achieve such goals. The daily operations of the Institute shall be carried out by the Director of the Institute appointed under subsection (g). If such Council's recommendations are not followed, the National Board shall provide a written explanation to such Council concerning actions the National Board has taken that includes the National Board's reasons for not following such Council's recommendations with respect to such actions. Such Council may also request a meeting with the National Board to discuss such Council's recommendations.

"(b) DUTIES.—

"(1) IN GENERAL.—The Institute is authorized, in order to improve the quality and accountability of the adult basic skills and literacy delivery system, to—

"(A) coordinate the support of research and development on literacy and basic skills education across Federal agencies and carry out basic and applied research and development on topics such as—

"(i) identifying effective models of basic skills and literacy education for adults and families that are essential to success in job training, work, the family, and the community;

"(ii) carrying out evaluations of the effectiveness of literacy and adult education programs and services, including those supported by this Act; and

"(iii) supporting the development of models at the State and local level of accountability systems that consist of goals, performance measures, benchmarks, and assessments that can be used to improve the quality of literacy and adult education services;

"(B) provide technical assistance, information, and other program improvement activities to national, State, and local organizations, such as—

"(i) providing information and training to State and local workforce development boards and one-stop centers concerning how literacy and basic skills services can be incorporated in a coordinated workforce development model;

"(ii) improving the capacity of national, State, and local public and private literacy and basic skills professional development and technical assistance organizations, such as the State Literacy Resource Centers established under section 103; and

"(iii) providing information on-line and in print to all literacy and basic skills programs about best practices, models of collaboration for effective workforce, family, English as a Second Language, and other literacy programs, and other informational and communication needs; and

"(C) work with the National Board, the Departments of Education, Labor, and Health and Human Services, and the Congress to ensure that they have the best information available on literacy and basic skills programs in formulating Federal policy around the issues of literacy, basic skills, and workforce development.

"(2) CONTRACTS, COOPERATIVE AGREEMENTS, AND GRANTS.—The Institute may enter into contracts or cooperative agreements with, or make grants to, individuals, public or private nonprofit institutions, agencies, organizations, or consortia of such institutions, agencies, or organizations to carry out the activities of the Institute. Such grants, contracts, or agreements shall be subject to the laws and regulations that generally apply to grants, contracts, or agreements entered into by Federal agencies.

"(c) LITERACY LEADERSHIP.—

"(1) FELLOWSHIPS.—The Institute is, in consultation with the Council, authorized to award fellowships, with such stipends and allowances that the Director considers necessary, to outstanding individuals pursuing careers in adult education or literacy in the areas of instruction, management, research, or innovation.

"(2) USE OF FELLOWSHIPS.—Fellowships awarded under this subsection shall be used, under the auspices of the Institute, to engage in research, education, training, technical assistance, or other activities to advance the field of adult education or literacy, including the training of volunteer literacy providers at the national, State, or local level.

"(3) DESIGNATION.—Individuals receiving fellowships pursuant to this subsection shall be known as "Literacy Leader Fellows".

"(d) NATIONAL INSTITUTE COUNCIL.—

"(1) IN GENERAL.—

"(A) ESTABLISHMENT.—There is established the National Institute Council (in this section referred to as the "Council"). The Council shall consist of 10 individuals appointed by the President with the advice and consent of the Senate from individuals who—

"(i) are not otherwise officers or employees of the Federal Government;

"(ii) are representative of entities or groups described in subparagraph (B); and

"(iii) are chosen from recommendations made to the President by individuals who represent such entities or groups.

"(B) ENTITIES OR GROUPS.—Entities or groups described in this subparagraph are—

"(i) literacy organizations and providers of literacy services, including—

"(I) providers of literacy services receiving assistance under this Act; and

"(II) nonprofit providers of literacy services;

"(ii) businesses that have demonstrated interest in literacy programs;

"(iii) literacy students;

"(iv) experts in the area of literacy research;

"(v) State and local governments; and

"(vi) organized labor.

"(2) DUTIES.—The Council shall—

"(A) make recommendations concerning the appointment of the Director and staff of the Institute;

"(B) provide independent advice on the operation of the Institute; and

"(C) receive reports from the National Board and the Director.

"(3) Except as otherwise provided, the Council established by this subsection shall be subject to the provisions of the Federal Advisory Committee Act.

"(4) APPOINTMENT.—

"(A) DURATION.—Each member of the Council shall be appointed for a term of 3 years. Any such member may be appointed for not more than 2 consecutive terms.

"(B) VACANCIES.—Any member appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of that members' term until a successor has taken office. A vacancy in the Council shall be filled in the manner in which the original appointment was made. A vacancy in the Council shall not affect the powers of the Council.

"(5) QUORUM.—A majority of the members of the Council shall constitute a quorum but a lesser number may hold hearings. Any recommendation may be passed only by a majority of its members present.

"(6) ELECTION OF OFFICERS.—The Chairperson and Vice Chairperson of the Council shall be elected by the members. The term of

office of the Chairperson and Vice Chairperson shall be 2 years.

"(7) MEETINGS.—The Council shall meet at the call of the Chairperson or a majority of its members.

"(e) GIFTS, BEQUESTS, AND DEVISES.—The Institute and the Council may accept (but not solicit), use, and dispose of gifts, bequests, or devises of services or property, both real and personal, for the purpose of aiding or facilitating the work of the Institute or the Council, respectively. Gifts, bequests, or devises of money and proceeds from sales of other property received as gifts, bequests, or devises shall be deposited in the Treasury and shall be available for disbursement upon order of the Institute or the Council, respectively.

"(f) MAILS.—The Council and the Institute may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

"(g) STAFF.—The National Board, after considering recommendations made by the Council, shall appoint and fix the pay of a Director of the Institute and staff of the Institute.

"(h) APPLICABILITY OF CERTAIN CIVIL SERVICE LAWS.—The Director of the Institute and staff of the Institute may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of that title relating to classification and General Schedule pay rates, except that an individual so appointed may not receive pay in excess of the annual rate of basic pay payable for GS-15 of the General Schedule.

"(i) EXPERTS AND CONSULTANTS.—The Council and the Institute may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

"(j) REPORT.—The Institute shall submit a report to the Congress biennially. Each report submitted under this subsection shall include—

"(1) a comprehensive and detailed description of the Institute's operations, activities, financial condition, and accomplishments in the field of literacy for such fiscal year;

"(2) a description of how plans for the operation of the Institute for the succeeding fiscal year will facilitate achievement of the goals of the Institute and the goals of the literacy programs within the National Board, Department of Education, the Department of Labor, and the Department of Health and Human Services; and

"(3) any additional minority, or dissenting views submitted by members of the Council.

"(k) FUNDING.—Any amounts appropriated to the National Board, the Secretary of Education, the Secretary of Labor, or the Secretary of Health and Human Services for purposes that the Institute is authorized to perform under this section may be provided to the Institute for such purposes.".

SEC. 832. STATE LITERACY RESOURCE CENTERS.

Section 103 of the National Literacy Act of 1991 is amended to read as follows:

"SEC. 103. STATE LITERACY RESOURCE CENTERS.

"(a) PURPOSE.—The purpose of this section is to establish a network of State or regional adult literacy resource centers to assist State and local public and private nonprofit efforts to eliminate illiteracy by—

"(1) stimulating the coordination of literacy services;

"(2) enhancing the capacity of State and local organizations to provide literacy services; and

"(3) serving as a reciprocal link between the National Institute for Literacy established under section 102 and service providers for the purpose of sharing information, data, research, and expertise and literacy resources.

"(b) ESTABLISHMENT.—From amounts appropriated pursuant to section 734(b)(6) of the Workforce Development Act of 1995, the National Board is authorized to make grants for purposes of establishing a network of State or regional adult literacy resource centers.

"(c) ALLOTMENT.—

"(1) IN GENERAL.—From sums available for purposes of making grants under this section for any fiscal year, the National Board shall allot to each State having an application approved under subsection (f) an amount that bears the same ratio to such sums as the amount allotted to such State—

"(A) in the case of fiscal year 1996 only, under section 313(b) of the Adult Education Act (20 U.S.C. 1201(b)) for fiscal year 1995 for the purpose of making grants under section 321 of such Act (20 U.S.C. 1203), bears to the aggregate amount allotted to all States under such section for fiscal year 1995 for such purpose; and

"(B) in the case of fiscal years 1997, 1998, 1999, 2000, and 2001, under section 712 of the Workforce Development Act of 1995 for the fiscal year preceding the fiscal year for which the determination is made, bears to the aggregate amount allotted to all States under such section for such preceding fiscal year.

"(2) CONTRACTS.—The chief executive officer of each State that receives its allotment under this section shall contract on a competitive basis with the State educational agency, 1 or more local educational agencies, a State office on literacy, a volunteer organization, a community-based organization, an institution of higher education, or another nonprofit entity to operate a State or regional literacy resource center. No applicant participating in a competition pursuant to the preceding sentence shall participate in the review of its own application.

"(d) USE OF FUNDS.—Funds provided to each State under subsection (c)(1) to carry out this section shall be used to conduct activities to—

"(1) improve and promote the diffusion and adoption of state-of-the-art teaching methods, technologies and program evaluations;

"(2) develop innovative approaches to the coordination of literacy services within and among States and with the Federal Government;

"(3) assist public and private agencies in coordinating the delivery of literacy services;

"(4) encourage government and industry partnerships, including partnerships with small businesses, private nonprofit organizations, and community-based organizations;

"(5) encourage innovation and experimentation in literacy activities that will enhance the delivery of literacy services and address emerging problems;

"(6) provide technical and policy assistance to State and local governments and service providers to improve literacy policy and programs and access to such programs;

"(7) provide training and technical assistance to literacy instructors in reading instruction and in—

"(A) selecting and making the most effective use of state-of-the-art methodologies, instructional materials, and technologies such as—

"(i) computer assisted instruction;

"(ii) video tapes;

"(iii) interactive systems; and

"(iv) data link systems; or

"(B) assessing learning style, screening for learning disabilities, and providing individualized remedial reading instruction; or

"(8) encourage and facilitate the training of full-time professional adult educators.

"(e) ALTERNATIVE USES OF EQUIPMENT.—Equipment purchases pursuant to this section, when not being used to carry out the provisions of this section, may be used for other instructional purposes if—

"(1) the acquisition of the equipment was reasonable and necessary for the purpose of conducting a properly designed project or activity under this section;

"(2) the equipment is used after regular program hours or on weekends; and

"(3) such other use is—

"(A) incidental to the use of the equipment under this section;

"(B) does not interfere with the use of the equipment under this section; and

"(C) does not add to the cost of using the equipment under this section.

"(f) APPLICATIONS.—Each State or group of States, as appropriate, that desires to receive a grant under this section for a regional adult literacy resource center, a State adult literacy resource center, or both, shall submit to the National Board an application that describes how the State or group of States will—

"(1) develop a literacy resource center or expand an existing literacy resource center;

"(2) provide services and activities with the assistance provided under this section;

"(3) assure access to services of the center for the maximum participation of all public and private programs and organizations providing or seeking to provide basic skills instruction, including local educational agencies, agencies responsible for corrections education, welfare agencies, labor organizations, businesses, volunteer groups, and community-based organizations;

"(4) address the measurable goals for improving literacy levels as set forth in the plan submitted pursuant to section 714 of the Workforce Development Act of 1995; and

"(5) develop procedures for the coordination of literacy activities for statewide and local literacy efforts conducted by public and private organizations, and for enhancing the systems of service delivery.

"(g) PAYMENTS; FEDERAL SHARE.—

"(1) PAYMENTS.—The National Board shall pay to each State having an application approved pursuant to subsection (f) the Federal share of the cost of the activities described in the application.

"(2) FEDERAL SHARE.—The Federal share—

"(A) for each of the first 2 fiscal years in which the State receives funds under this section shall not exceed 80 percent;

"(B) for each of the third and fourth fiscal years in which the State receives funds under this section shall not exceed 70 percent; and

"(C) for the fifth and each succeeding fiscal year in which the State receives funds under this section shall not exceed 60 percent.

"(3) NON-FEDERAL SHARE.—The non-Federal share of payments under this section may be in cash or in kind, fairly evaluated, including plant, equipment, or services.

"(h) REGIONAL CENTERS.—

"(1) IN GENERAL.—A group of States may enter into an interstate agreement to develop and operate a regional adult literacy resource center for purposes of receiving assistance under this section if the States determine that a regional approach is more appropriate for their situation.

"(2) REQUIREMENTS.—Any State that receives assistance under this section as part of a regional center shall only be required to provide under subsection (g) 50 percent of the funds such State would otherwise be required to provide under such subsection.

"(3) MINIMUM.—In any fiscal year in which the amount a State will receive under this section is less than $100,000, the National

Board may designate the State to receive assistance under this section only as part of a regional center.

"(4) INAPPLICABILITY.—The provisions of paragraph (3) shall not apply to any State that can demonstrate to the National Board that the total amount of Federal, State, local and private funds expended to carry out the purposes of this section would equal or exceed $100,000.

"(5) SPECIAL RULE.—In any fiscal year in which paragraph (2) applies, the National Board may allow certain States that receive assistance as part of a regional center to reserve a portion of such assistance for a State adult literacy resource center pursuant to this section.".

SEC. 833. NATIONAL WORKFORCE LITERACY ASSISTANCE COLLABORATIVE.

Subsection (c) of section 201 of the National Literacy Act of 1991 (20 U.S.C. 1211-1) is repealed.

SEC. 834. FAMILY LITERACY PUBLIC BROADCASTING PROGRAM.

Section 304 of the National Literacy Act of 1991 (20 U.S.C. 1213c note) is repealed.

SEC. 835. MANDATORY LITERACY PROGRAM.

Paragraph (3) of section 601(i) of the National Literacy Act of 1991 (20 U.S.C. 1211-2(i) is amended—

(1) by striking "1994, and" and inserting "1994."; and

(2) by inserting ", and such sums as may be necessary for each of the fiscal years 1996, 1997, 1998, 1999, 2000, and 2001" before the period.

TITLE IX—CHILD SUPPORT

SEC. 900. REFERENCE TO SOCIAL SECURITY ACT.

Except as otherwise specifically provided, whenever in this title an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

Subtitle A—Eligibility for Services; Distribution of Payments

SEC. 901. STATE OBLIGATION TO PROVIDE CHILD SUPPORT ENFORCEMENT SERVICES.

(a) STATE PLAN REQUIREMENTS.—Section 454 (42 U.S.C. 654) is amended—

(1) by striking paragraph (4) and inserting the following new paragraph:

"(4) provide that the State will—

"(A) provide services relating to the establishment of paternity or the establishment, modification, or enforcement of child support obligations, as appropriate, under the plan with respect to—

"(i) each child for whom (I) assistance is provided under the State program funded under part A of this title, (II) benefits or services are provided under the State program funded under part E of this title, or (III) medical assistance is provided under the State plan approved under title XIX, unless the State agency administering the plan determines (in accordance with paragraph (29)) that it is against the best interests of the child to do so; and

"(ii) any other child, if an individual applies for such services with respect to the child; and

"(B) enforce any support obligation established with respect to—

"(i) a child with respect to whom the State provides services under the plan; or

"(ii) the custodial parent of such a child.";

and

(2) in paragraph (6)—

(A) by striking "provide that" and inserting "provide that—";

(B) by striking subparagraph (A) and inserting the following new subparagraph:

"(A) services under the plan shall be made available to nonresidents on the same terms as to residents;";

(C) in subparagraph (B), by inserting "on individuals not receiving assistance under any State program funded under part A" after "such services shall be imposed";

(D) in each of subparagraphs (B), (C), (D), and (E)—

(i) by indenting the subparagraph in the same manner as, and aligning the left margin of the subparagraph with the left margin of, the matter inserted by subparagraph (B) of this paragraph; and

(ii) by striking the final comma and inserting a semicolon; and

(E) in subparagraph (E), by indenting each of clauses (i) and (ii) 2 additional ems.

(b) CONTINUATION OF SERVICES FOR FAMILIES CEASING TO RECEIVE ASSISTANCE UNDER THE STATE PROGRAM FUNDED UNDER PART A.—Section 454 (42 U.S.C. 654) is amended—

(1) by striking "and" at the end of paragraph (23);

(2) by striking the period at the end of paragraph (24) and inserting "; and"; and

(3) by adding after paragraph (24) the following new paragraph:

"(25) provide that when a family with respect to which services are provided under the plan ceases to receive assistance under the State program funded under part A, the State shall provide appropriate notice to the family and continue to provide such services, subject to the same conditions and on the same basis as in the case of individuals to whom services are furnished under this section, except that an application or other request to continue services shall not be required of such a family and paragraph (6)(B) shall not apply to the family.".

(c) CONFORMING AMENDMENTS.—

(1) Section 452(b) (42 U.S.C. 652(b)) is amended by striking "454(6)" and inserting "454(4)".

(2) Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended by striking "454(6)" each place it appears and inserting "454(4)(A)(ii)".

(3) Section 466(a)(3)(B) (42 U.S.C. 666(a)(3)(B)) is amended by striking "in the case of overdue support which a State has agreed to collect under section 454(6)" and inserting "in any other case".

(4) Section 466(e) (42 U.S.C. 666(e)) is amended by striking "paragraph (4) or (6) of section 454" and inserting "section 454(4)".

SEC. 902. DISTRIBUTION OF CHILD SUPPORT COLLECTIONS.

(a) IN GENERAL.—Section 457 (42 U.S.C. 657) is amended to read as follows:

"SEC. 457. DISTRIBUTION OF COLLECTED SUPPORT.

"(a) IN GENERAL.—An amount collected on behalf of a family as support by a State pursuant to a plan approved under this part shall be distributed as follows:

"(1) FAMILIES RECEIVING ASSISTANCE.—In the case of a family receiving assistance from the State, the State shall—

"(A) retain, or distribute to the family, the State share of the amount so collected; and

"(B) pay to the Federal Government the Federal share of the amount so collected.

"(2) FAMILIES THAT FORMERLY RECEIVED ASSISTANCE.—In the case of a family that formerly received assistance from the State:

"(A) CURRENT SUPPORT PAYMENTS.—The State shall, with regard to amounts collected which represent amounts owed for the current month, distribute the amounts so collected to the family.

"(B) PAYMENT OF ARREARAGES.—The State shall, with regard to amounts collected which exceed amounts owed for the current month, distribute the amounts so collected as follows:

"(i) DISTRIBUTION TO THE FAMILY TO SATISFY ARREARAGES THAT ACCRUED AFTER THE FAMILY RECEIVED ASSISTANCE.—The State shall distribute the amount so collected to the family to the extent necessary to satisfy any support arrearages with respect to the family that accrued after the family stopped receiving assistance from the State.

"(ii) DISTRIBUTION TO THE FAMILY TO SATISFY ARREARAGES THAT ACCRUED BEFORE OR WHILE THE FAMILY RECEIVED ASSISTANCE TO THE EXTENT PAYMENTS EXCEED ASSISTANCE RECEIVED.—In the case of arrearages of support obligations with respect to the family that were assigned to the State making or receiving the collection, as a condition of receiving assistance from the State, and which accrued before or while the family received such assistance, the State may retain all or a part of the State share and if the State does so retain, shall retain and pay to the Federal Government the Federal share of amounts so collected, to the extent the amount so retained does not exceed the amount of assistance provided to the family by the State.

"(iii) DISTRIBUTION OF THE REMAINDER TO THE FAMILY.—To the extent that neither clause (i) nor clause (ii) applies to the amount so collected, the State shall distribute the amount to the family.

"(3) FAMILIES THAT NEVER RECEIVED ASSISTANCE.—In the case of any other family, the State shall distribute the amount so collected to the family.

"(b) TRANSITION RULE.—Any rights to support obligations which were assigned to a State as a condition of receiving assistance from the State under part A before the effective date of the Work Opportunity Act of 1995 shall remain assigned after such date.

"(c) DEFINITIONS.—As used in subsection (a):

"(1) ASSISTANCE.—The term 'assistance from the State' means—

"(A) assistance under the State program funded under part A or under the State plan approved under part A of this title (as in effect before October 1, 1995); or

"(B) benefits under the State plan approved under part E of this title.

"(2) FEDERAL SHARE.—The term 'Federal share' means, with respect to an amount collected by the State to satisfy a support obligation owed to a family for a time period—

"(A) the greatest Federal medical assistance percentage in effect for the State for fiscal year 1995 or any succeeding fiscal year; or

"(B) if support is not owed to the family for any month for which the family received aid to families with dependent children under the State plan approved under part A of this title (as in effect before October 1, 1995), the Federal reimbursement percentage for the fiscal year in which the time period occurs.

"(3) FEDERAL MEDICAL ASSISTANCE PERCENTAGE.—The term 'Federal medical assistance percentage' means—

"(A) the Federal medical assistance percentage (as defined in section 1905(b)) in the case of any State for which subparagraph (B) does not apply; or

"(B) the Federal medical assistance percentage (as defined in section 1118), in the case of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

"(4) FEDERAL REIMBURSEMENT PERCENTAGE.—The term 'Federal reimbursement percentage' means, with respect to a fiscal year—

"(A) the total amount paid to the State under section 403 for the fiscal year; divided by

"(B) the total amount expended by the State to carry out the State program under part A during the fiscal year.

"(5) STATE SHARE.—The term 'State share' means 100 percent minus the Federal share.".

(b) CONFORMING AMENDMENT.—Section 464(a)(1) (42 U.S.C. 664(a)(1)) is amended by striking "section 457(b)(4) or (d)(3)" and inserting "section 457".

(c) CLERICAL AMENDMENTS.—Section 454 (42 U.S.C. 654) is amended—

(1) in paragraph (11)—

(A) by striking "(11)" and inserting "(11)(A)"; and

(B) by inserting after the semicolon "and"; and

(2) by redesignating paragraph (12) as subparagraph (B) of paragraph (11).

(d) EFFECTIVE DATE.—

(1) GENERAL RULE.—Except as provided in paragraphs (2) and (3), the amendment made by subsection (a) shall become effective on October 1, 1999.

(2) EARLIER EFFECTIVE DATE FOR RULES RELATING TO DISTRIBUTION OF SUPPORT COLLECTED FOR FAMILIES RECEIVING ASSISTANCE.—Section 457(a)(1) of the Social Security Act, as added by the amendment made by subsection (a), shall become effective on October 1, 1995.

(3) SPECIAL RULE.—A State may elect to have the amendment made by subsection (a) become effective on a date earlier than October 1, 1999, which date shall coincide with the operation of the single statewide automated data processing and information retrieval system required by section 454A of the Social Security Act (as added by section 944(a)(2)) and the State disbursement unit required by section 454B of the Social Security Act (as added by section 912(b)), and the existence of State requirements for assignment of support as a condition of eligibility for assistance under part A of the Social Security Act (as added by title I).

(4) CLERICAL AMENDMENTS.—The amendments made by subsection (b) shall become effective on October 1, 1995.

SEC. 903. RIGHTS TO NOTIFICATION AND HEARINGS.

(a) IN GENERAL.—Section 454 (42 U.S.C. 654), as amended by section 902(b), is amended by inserting after paragraph (11) the following new paragraph:

"(12) establish procedures to provide that—

"(A) individuals who are applying for or receiving services under this part, or are parties to cases in which services are being provided under this part—

"(i) receive notice of all proceedings in which support obligations might be established or modified; and

"(ii) receive a copy of any order establishing or modifying a child support obligation, or (in the case of a petition for modification) a notice of determination that there should be no change in the amount of the child support award, within 14 days after issuance of such order or determination; and

"(B) individuals applying for or receiving services under this part have access to a fair hearing or other formal complaint procedure that meets standards established by the Secretary and ensures prompt consideration and resolution of complaints (but the resort to such procedure shall not stay the enforcement of any support order);".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1997.

SEC. 904. PRIVACY SAFEGUARDS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by section 901(b), is amended—

(1) by striking "and" at the end of paragraph (24);

(2) by striking the period at the end of paragraph (25) and inserting "; and"; and

(3) by adding after paragraph (25) the following new paragraph:

"(26) will have in effect safeguards, applicable to all confidential information handled by the State agency, that are designed to protect the privacy rights of the parties, including—

"(A) safeguards against unauthorized use or disclosure of information relating to proceedings or actions to establish paternity, or to establish or enforce support;

"(B) prohibitions against the release of information on the whereabouts of 1 party to another party against whom a protective order with respect to the former party has been entered; and

"(C) prohibitions against the release of information on the whereabouts of 1 party to another party if the State has reason to believe that the release of the information may result in physical or emotional harm to the former party.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1997.

Subtitle B—Locate and Case Tracking

SEC. 911. STATE CASE REGISTRY.

Section 454A, as added by section 944(a)(2), is amended by adding at the end the following new subsections:

"(e) STATE CASE REGISTRY.—

"(1) CONTENTS.—The automated system required by this section shall include a registry (which shall be known as the 'State case registry') that contains records with respect to—

"(A) each case in which services are being provided by the State agency under the State plan approved under this part; and

"(B) each support order established or modified in the State on or after October 1, 1998.

"(2) LINKING OF LOCAL REGISTRIES.—The State case registry may be established by linking local case registries of support orders through an automated information network, subject to this section.

"(3) USE OF STANDARDIZED DATA ELEMENTS.—Such records shall use standardized data elements for both parents (such as names, social security numbers and other uniform identification numbers, dates of birth, and case identification numbers), and contain such other information (such as on case status) as the Secretary may require.

"(4) PAYMENT RECORDS.—Each case record in the State case registry with respect to which services are being provided under the State plan approved under this part and with respect to which a support order has been established shall include a record of—

"(A) the amount of monthly (or other periodic) support owed under the order, and other amounts (including arrearages, interest or late payment penalties, and fees) due or overdue under the order;

"(B) any amount described in subparagraph (A) that has been collected;

"(C) the distribution of such collected amounts;

"(D) the birth date of any child for whom the order requires the provision of support; and

"(E) the amount of any lien imposed with respect to the order pursuant to section 466(a)(4).

"(5) UPDATING AND MONITORING.—The State agency operating the automated system required by this section shall promptly establish and maintain, and regularly monitor, case records in the State case registry with respect to which services are being provided under the State plan approved under this part, on the basis of—

"(A) information on administrative actions and administrative and judicial proceedings and orders relating to paternity and support;

"(B) information obtained from comparison with Federal, State, or local sources of information;

"(C) information on support collections and distributions; and

"(D) any other relevant information.

"(f) INFORMATION COMPARISONS AND OTHER DISCLOSURES OF INFORMATION.—The State shall use the automated system required by this section to extract information from (at such times, and in such standardized format or formats, as may be required by the Secretary), to share and compare information with, and to receive information from, other data bases and information comparison services, in order to obtain (or provide) information necessary to enable the State agency (or the Secretary or other State or Federal agencies) to carry out this part, subject to section 6103 of the Internal Revenue Code of 1986. Such information comparison activities shall include the following:

"(1) FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.—Furnishing to the Federal Case Registry of Child Support Orders established under section 453(h) (and update as necessary, with information including notice of expiration of orders) the minimum amount of information on child support cases recorded in the State case registry that is necessary to operate the registry (as specified by the Secretary in regulations).

"(2) FEDERAL PARENT LOCATOR SERVICE.—Exchanging information with the Federal Parent Locator Service for the purposes specified in section 453.

"(3) TEMPORARY FAMILY ASSISTANCE AND MEDICAID AGENCIES.—Exchanging information with State agencies (of the State and of other States) administering programs funded under part A, programs operated under State plans under title XIX, and other programs designated by the Secretary, as necessary to perform State agency responsibilities under this part and under such programs.

"(4) INTRASTATE AND INTERSTATE INFORMATION COMPARISONS.—Exchanging information with other agencies of the State, agencies of other States, and interstate information networks, as necessary and appropriate to carry out (or assist other States to carry out) the purposes of this part.".

SEC. 912. COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 901(b) and 904(a), is amended—

(1) by striking "and" at the end of paragraph (25);

(2) by striking the period at the end of paragraph (26) and inserting "; and"; and

(3) by adding after paragraph (26) the following new paragraph:

"(27) provide that, on and after October 1, 1998, the State agency will—

"(A) operate a State disbursement unit in accordance with section 454B; and

"(B) have sufficient State staff (consisting of State employees), and (at State option) private or governmental contractors reporting directly to the State agency, to—

"(i) provide automated monitoring and enforcement of support collections through the unit (including carrying out the automated data processing responsibilities described in section 454A(g)); and

"(ii) take the actions described in section 466(c)(1) in appropriate cases.".

(b) ESTABLISHMENT OF STATE DISBURSEMENT UNIT.—Part D of title IV (42 U.S.C. 651-669), as amended by section 944(a)(2), is amended by inserting after section 454A the following new section:

"SEC. 454B. COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.

"(a) STATE DISBURSEMENT UNIT.—

"(1) IN GENERAL.—In order for a State to meet the requirements of this section, the State agency must establish and operate a unit (which shall be known as the 'State disbursement unit') for the collection and disbursement of payments under support orders

in all cases being enforced by the State pursuant to section 454(4).

"(2) OPERATION.—The State disbursement unit shall be operated—

"(A) directly by the State agency (or 2 or more State agencies under a regional cooperative agreement), or (to the extent appropriate) by a contractor responsible directly to the State agency; and

"(B) in coordination with the automated system established by the State pursuant to section 454A.

"(3) LINKING OF LOCAL DISBURSEMENT UNITS.—The State disbursement unit may be established by linking local disbursement units through an automated information network, subject to this section. The Secretary must agree that the system will not cost more nor take more time to establish or operate than a centralized system. In addition, employers shall be given 1 location to which income withholding is sent.

"(b) REQUIRED PROCEDURES.—The State disbursement unit shall use automated procedures, electronic processes, and computer-driven technology to the maximum extent feasible, efficient, and economical, for the collection and disbursement of support payments, including procedures—

"(1) for receipt of payments from parents, employers, and other States, and for disbursements to custodial parents and other obligees, the State agency, and the agencies of other States;

"(2) for accurate identification of payments;

"(3) to ensure prompt disbursement of the custodial parent's share of any payment; and

"(4) to furnish to any parent, upon request, timely information on the current status of support payments under an order requiring payments to be made by or to the parent.

"(c) TIMING OF DISBURSEMENTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the State disbursement unit shall distribute all amounts payable under section 457(a) within 2 business days after receipt from the employer or other source of periodic income, if sufficient information identifying the payee is provided.

"(2) PERMISSIVE RETENTION OF ARREARAGES.—The State disbursement unit may delay the distribution of collections toward arrearages until the resolution of any timely appeal with respect to such arrearages.

"(d) BUSINESS DAY DEFINED.—As used in this section, the term 'business day' means a day on which State offices are open for regular business.".

(c) USE OF AUTOMATED SYSTEM.—Section 454A, as added by section 944(a)(2) and as amended by section 911, is amended by adding at the end the following new subsection:

"(g) COLLECTION AND DISTRIBUTION OF SUPPORT PAYMENTS.—

"(1) IN GENERAL.—The State shall use the automated system required by this section, to the maximum extent feasible, to assist and facilitate the collection and disbursement of support payments through the State disbursement unit operated under section 454B, through the performance of functions, including, at a minimum—

"(A) transmission of orders and notices to employers (and other debtors) for the withholding of wages and other income—

"(i) within 2 business days after receipt from a court, another State, an employer, the Federal Parent Locator Service, or another source recognized by the State of notice of, and the income source subject to, such withholding; and

"(ii) using uniform formats prescribed by the Secretary;

"(B) ongoing monitoring to promptly identify failures to make timely payment of support; and

"(C) automatic use of enforcement procedures (including procedures authorized pursuant to section 466(c)) where payments are not timely made.

"(2) BUSINESS DAY DEFINED.—As used in paragraph (1), the term 'business day' means a day on which State offices are open for regular business.".

(d) EFFECTIVE DATE.—The amendments made by this section shall become effective on October 1, 1998.

SEC. 913. STATE DIRECTORY OF NEW HIRES.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 901(b), 904(a) and 912(a), is amended—

(1) by striking "and" at the end of paragraph (26);

(2) by striking the period at the end of paragraph (27) and inserting "; and"; and

(3) by adding after paragraph (27) the following new paragraph:

"(28) provide that, on and after October 1, 1997, the State will operate a State Directory of New Hires in accordance with section 453A.".

(b) STATE DIRECTORY OF NEW HIRES.—Part D of title IV (42 U.S.C. 651-669) is amended by inserting after section 453 the following new section:

"SEC. 453A. STATE DIRECTORY OF NEW HIRES.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—Not later than October 1, 1997, each State shall establish an automated directory (to be known as the 'State Directory of New Hires') which shall contain information supplied in accordance with subsection (b) by employers on each newly hired employee.

"(2) DEFINITIONS.—As used in this section:

"(A) EMPLOYEE.—The term 'employee'—

"(i) means an individual who is an employee within the meaning of chapter 24 of the Internal Revenue Code of 1986; and

"(ii) does not include an employee of a Federal or State agency performing intelligence or counterintelligence functions, if the head of such agency has determined that reporting pursuant to paragraph (1) with respect to the employee could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.

"(B) EMPLOYER.—The term 'employer' includes—

"(i) any governmental entity, and

"(ii) any labor organization.

"(C) LABOR ORGANIZATION.—The term 'labor organization' shall have the meaning given such term in section 2(5) of the National Labor Relations Act, and includes any entity (also known as a 'hiring hall') which is used by the organization and an employer to carry out requirements described in section 8(f)(3) of such Act of an agreement between the organization and the employer.

"(b) EMPLOYER INFORMATION.—

"(1) REPORTING REQUIREMENT.—

"(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), each employer shall furnish to the Directory of New Hires of the State in which a newly hired employee works, a report that contains the name, address, and social security number of the employee, and the name of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

"(B) MULTISTATE EMPLOYERS.—An employer that has employees who are employed in 2 or more States and that transmits reports magnetically or electronically may comply with subparagraph (A) by designating 1 State in which such employer has employees to which it will transmit the report described in subparagraph (A), and transmitting such report to such State. Any employer that transmits reports pursuant to this subparagraph shall notify the Secretary in writing as to which State such employer designates for the purpose of sending reports.

"(C) FEDERAL GOVERNMENT EMPLOYERS.—Any department, agency, or instrumentality of the United States shall comply with subparagraph (A) by transmitting the report described in subparagraph (A) to the National Directory of New Hires established pursuant to section 453.

"(2) TIMING OF REPORT.—The report required by paragraph (1) with respect to an employee shall be made not later than the later of—

"(A) 30 days after the date the employer hires the employee; or

"(B) in the case of an employer that reports by magnetic or electronic means, the 1st business day of the week following the date on which the employee 1st receives wages or other compensation from the employer.

"(c) REPORTING FORMAT AND METHOD.—Each report required by subsection (b) shall be made on a W-4 form and may be transmitted by 1st class mail, magnetically, or electronically.

"(d) CIVIL MONEY PENALTIES ON NONCOMPLYING EMPLOYERS.—An employer that fails to comply with subsection (b) with respect to an employee shall be subject to a State civil money penalty which shall be less than—

"(1) $25; or

"(2) $500 if, under State law, the failure is the result of a conspiracy between the employer and the employee to not supply the required report or to supply a false or incomplete report.

"(e) ENTRY OF EMPLOYER INFORMATION.—Information shall be entered into the data base maintained by the State Directory of New Hires within 5 business days of receipt from an employer pursuant to subsection (b).

"(f) INFORMATION COMPARISONS.—

"(1) IN GENERAL.—Not later than October 1, 1998, an agency designated by the State shall, directly or by contract, conduct automated comparisons of the social security numbers reported by employers pursuant to subsection (b) and the social security numbers appearing in the records of the State case registry for cases being enforced under the State plan.

"(2) NOTICE OF MATCH.—When an information comparison conducted under paragraph (1) reveals a match with respect to the social security number of an individual required to provide support under a support order, the State Directory of New Hires shall provide the agency administering the State plan approved under this part of the appropriate State with the name, address, and social security number of the employee to whom the social security number is assigned, and the name of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

"(g) TRANSMISSION OF INFORMATION.—

"(1) TRANSMISSION OF WAGE WITHHOLDING NOTICES TO EMPLOYERS.—Within 2 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State agency enforcing the employee's child support obligation shall transmit a notice to the employer of the employee directing the employer to withhold from the wages of the employee an amount equal to the monthly (or other periodic) child support obligation of the employee, unless the employee's wages are not subject to withholding pursuant to section 466(b)(3).

"(2) TRANSMISSIONS TO THE NATIONAL DIRECTORY OF NEW HIRES.—

"(A) NEW HIRE INFORMATION.—Within 2 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State Directory of New Hires shall furnish

the information to the National Directory of New Hires.

"(B) WAGE AND UNEMPLOYMENT COMPENSATION INFORMATION.—The State Directory of New Hires shall, on a quarterly basis, furnish to the National Directory of New Hires extracts of the reports required under section 303(a)(6) to be made to the Secretary of Labor concerning the wages and unemployment compensation paid to individuals, by such dates, in such format, and containing such information as the Secretary of Health and Human Services shall specify in regulations.

"(3) BUSINESS DAY DEFINED.—As used in this subsection, the term 'business day' means a day on which State offices are open for regular business.

"(h) OTHER USES OF NEW HIRE INFORMATION.—

"(1) LOCATION OF CHILD SUPPORT OBLIGORS.—The agency administering the State plan approved under this part shall use information received pursuant to subsection (f)(2) to locate individuals for purposes of establishing paternity and establishing, modifying, and enforcing child support obligations.

"(2) VERIFICATION OF ELIGIBILITY FOR CERTAIN PROGRAMS.—A State agency responsible for administering a program specified in section 1137(b) shall have access to information reported by employers pursuant to subsection (b) of this section for purposes of verifying eligibility for the program.

"(3) ADMINISTRATION OF EMPLOYMENT SECURITY AND WORKERS' COMPENSATION.—State agencies operating employment security and workers' compensation programs shall have access to information reported by employers pursuant to subsection (b) for the purposes of administering such programs.".

(c) QUARTERLY WAGE REPORTING.—Section 1137(a)(3) (42 U.S.C. 1320b-7(a)(3)) is amended—

(1) by inserting "(including State and local governmental entities)" after "employers"; and

(2) by inserting ", and except that no report shall be filed with respect to an employee of a State agency performing intelligence or counterintelligence functions, if the head of such agency has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission" after "paragraph (2)".

SEC. 914. AMENDMENTS CONCERNING INCOME WITHHOLDING.

(a) MANDATORY INCOME WITHHOLDING.—

(1) IN GENERAL.—Section 466(a)(1) (42 U.S.C. 666(a)(1)) is amended to read as follows:

"(1)(A) Procedures described in subsection (b) for the withholding from income of amounts payable as support in cases subject to enforcement under the State plan.

"(B) Procedures under which the wages of a person with a support obligation imposed by a support order issued (or modified) in the State before October 1, 1996, if not otherwise subject to withholding under subsection (b), shall become subject to withholding as provided in subsection (b) if arrearages occur, without the need for a judicial or administrative hearing.".

(2) CONFORMING AMENDMENTS.—

(A) Section 466(b) (42 U.S.C. 666(b)) is amended in the matter preceding paragraph (1), by striking "subsection (a)(1)" and inserting "subsection (a)(1)(A)".

(B) Section 466(b)(4) (42 U.S.C. 666(b)(4)) is amended to read as follows:

"(4)(A) Such withholding must be carried out in full compliance with all procedural due process requirements of the State, and the State must send notice to each absent parent to whom paragraph (1) applies—

"(i) that the withholding has commenced; and

"(ii) of the procedures to follow if the absent parent desires to contest such withholding on the grounds that the withholding or the amount withheld is improper due to a mistake of fact.

"(B) The notice under subparagraph (A) shall include the information provided to the employer under paragraph (6)(A).".

(C) Section 466(b)(5) (42 U.S.C. 666(b)(5)) is amended by striking all that follows "administered by" and inserting "the State through the State disbursement unit established pursuant to section 454B, in accordance with the requirements of section 454B.".

(D) Section 466(b)(6)(A) (42 U.S.C. 666(b)(6)(A)) is amended—

(i) in clause (i), by striking "to the appropriate agency" and all that follows and inserting "to the State disbursement unit within 2 business days after the date the amount would (but for this subsection) have been paid or credited to the employee, for distribution in accordance with this part.";

(ii) in clause (ii), by inserting "be in a standard format prescribed by the Secretary, and" after "shall"; and

(iii) by adding at the end the following new clause:

"(iii) As used in this subparagraph, the term 'business day' means a day on which State offices are open for regular business.".

(E) Section 466(b)(6)(D) (42 U.S.C. 666(b)(6)(D)) is amended by striking "any employer" and all that follows and inserting "any employer who—

"(i) discharges from employment, refuses to employ, or takes disciplinary action against any absent parent subject to wage withholding required by this subsection because of the existence of such withholding and the obligations or additional obligations which it imposes upon the employer; or

"(ii) fails to withhold support from wages, or to pay such amounts to the State disbursement unit in accordance with this subsection.".

(F) Section 466(b) (42 U.S.C. 666(b)) is amended by adding at the end the following new paragraph:

"(11) Procedures under which the agency administering the State plan approved under this part may execute a withholding order through electronic means and without advance notice to the obligor.".

(b) CONFORMING AMENDMENT.—Section 466(c) (42 U.S.C. 666(c)) is repealed.

SEC. 915. LOCATOR INFORMATION FROM INTERSTATE NETWORKS.

Section 466(a) (42 U.S.C. 666(a)) is amended by adding at the end the following new paragraph:

"(12) Procedures to ensure that all Federal and State agencies conducting activities under this part have access to any system used by the State to locate an individual for purposes relating to motor vehicles or law enforcement.".

SEC. 916. EXPANSION OF THE FEDERAL PARENT LOCATOR SERVICE.

(a) EXPANDED AUTHORITY TO LOCATE INDIVIDUALS AND ASSETS.—Section 453 (42 U.S.C. 653) is amended—

(1) in subsection (a), by striking all that follows "subsection (c))" and inserting ", for the purpose of establishing parentage, establishing, setting the amount of, modifying, or enforcing child support obligations, or enforcing child visitation orders—

"(1) information on, or facilitating the discovery of, the location of any individual—

"(A) who is under an obligation to pay child support or provide child visitation rights;

"(B) against whom such an obligation is sought;

"(C) to whom such an obligation is owed, including the individual's social security number (or numbers), most recent address, and the name, address, and employer identification number of the individual's employer;

"(2) information on the individual's wages (or other income) from, and benefits of, employment (including rights to or enrollment in group health care coverage); and

"(3) information on the type, status, location, and amount of any assets of, or debts owed by or to, any such individual."; and

(2) in subsection (b), in the matter preceding paragraph (1), by striking "social security" and all that follows through "absent parent" and inserting "information described in subsection (a)".

(b) AUTHORIZED PERSON FOR INFORMATION REGARDING VISITATION RIGHTS.—Section 453(c) (42 U.S.C. 653(c)) is amended—

(1) in paragraph (1), by striking "support" and inserting "support or to seek to enforce orders providing child visitation rights";

(2) in paragraph (2), by striking ", or any agent of such court; and" and inserting "or to issue an order against a resident parent for visitation rights, or any agent of such court;";

(3) by striking the period at the end of paragraph (3) and inserting "; and"; and

(4) by adding at the end the following new paragraph:

"(4) the absent parent, only with regard to a court order against a resident parent for child visitation rights.".

(c) REIMBURSEMENT FOR INFORMATION FROM FEDERAL AGENCIES.—Section 453(e)(2) (42 U.S.C. 653(e)(2)) is amended in the 4th sentence by inserting "in an amount which the Secretary determines to be reasonable payment for the information exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the information)" before the period.

(d) REIMBURSEMENT FOR REPORTS BY STATE AGENCIES.—Section 453 (42 U.S.C. 653) is amended by adding at the end the following new subsection:

"(g) The Secretary may reimburse Federal and State agencies for the costs incurred by such entities in furnishing information requested by the Secretary under this section in an amount which the Secretary determines to be reasonable payment for the information exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the information).".

(e) TECHNICAL AMENDMENTS.—

(1) Sections 452(a)(9), 453(a), 453(b), 463(a), 463(e), and 463(f) (42 U.S.C. 652(a)(9), 653(a), 653(b), 663(a), 663(e), and 663(f)) are each amended by inserting "Federal" before "Parent" each place such term appears.

(2) Section 453 (42 U.S.C. 653) is amended in the heading by adding "FEDERAL" before "PARENT".

(f) NEW COMPONENTS.—Section 453 (42 U.S.C. 653), as amended by subsection (d) of this section, is amended by adding at the end the following new subsection:

"(h)(1) Not later than October 1, 1998, in order to assist States in administering programs under State plans approved under this part and programs funded under part A, and for the other purposes specified in this section, the Secretary shall establish and maintain in the Federal Parent Locator Service an automated registry (which shall be known as the 'Federal Case Registry of Child Support Orders'), which shall contain abstracts of support orders and other information described in paragraph (2) with respect to each case in each State case registry maintained pursuant to section 454A(e), as furnished (and regularly updated), pursuant to section 454A(f), by State agencies administering programs under this part.

"(2) The information referred to in paragraph (1) with respect to a case shall be such

information as the Secretary may specify in regulations (including the names, social security numbers or other uniform identification numbers, and State case identification numbers) to identify the individuals who owe or are owed support (or with respect to or on behalf of whom support obligations are sought to be established), and the State or States which have the case.

"(i)(1) In order to assist States in administering programs under State plans approved under this part and programs funded under part A, and for the other purposes specified in this section, the Secretary shall, not later than October 1, 1996, establish and maintain in the Federal Parent Locator Service an automated directory to be known as the National Directory of New Hires, which shall contain the information supplied pursuant to section 453A(g)(2).

"(2) Information shall be entered into the data base maintained by the National Directory of New Hires within 2 business days of receipt pursuant to section 453A(g)(2).

"(3) The Secretary of the Treasury shall have access to the information in the National Directory of New Hires for purposes of administering section 32 of the Internal Revenue Code of 1986, or the advance payment of the earned income tax credit under section 3507 of such Code, and verifying a claim with respect to employment in a tax return.

"(4) The Secretary shall maintain within the National Directory of New Hires a list of multistate employers that report information regarding newly hired employees pursuant to section 453A(b)(1)(B), and the State which each such employer has designated to receive such information.

"(j)(1)(A) The Secretary shall transmit information on individuals and employers maintained under this section to the Social Security Administration to the extent necessary for verification in accordance with subparagraph (B).

"(B) The Social Security Administration shall verify the accuracy of, correct, or supply to the extent possible, and report to the Secretary, the following information supplied by the Secretary pursuant to subparagraph (A):

"(i) The name, social security number, and birth date of each such individual.

"(ii) The employer identification number of each such employer.

"(2) For the purpose of locating individuals in a paternity establishment case or a case involving the establishment, modification, or enforcement of a support order, the Secretary shall—

"(A) compare information in the National Directory of New Hires against information in the support case abstracts in the Federal Case Registry of Child Support Orders not less often than every 2 business days; and

"(B) within 2 such days after such a comparison reveals a match with respect to an individual, report the information to the State agency responsible for the case.

"(3) To the extent and with the frequency that the Secretary determines to be effective in assisting States to carry out their responsibilities under programs operated under this part and programs funded under part A, the Secretary shall—

"(A) compare the information in each component of the Federal Parent Locator Service maintained under this section against the information in each other such component (other than the comparison required by paragraph (2)), and report instances in which such a comparison reveals a match with respect to an individual to State agencies operating such programs; and

"(B) disclose information in such registries to such State agencies.

"(4) The National Directory of New Hires shall provide the Commissioner of Social Security with all information in the National Directory, which shall be used to determine the accuracy of payments under the supplemental security income program under title XVI and in connection with benefits under title II.

"(5) The Secretary may provide access to information reported by employers pursuant to section 453A(b) for research purposes found by the Secretary to be likely to contribute to achieving the purposes of part A or this part, but without personal identifiers.

"(k)(1) The Secretary shall reimburse the Commissioner of Social Security, at a rate negotiated between the Secretary and the Commissioner, for the costs incurred by the Commissioner in performing the verification services described in subsection (j).

"(2) The Secretary shall reimburse costs incurred by State directories of new hires in furnishing information as required by subsection (j)(3), at rates which the Secretary determines to be reasonable (which rates shall not include payment for the costs of obtaining, compiling, or maintaining such information).

"(3) A State or Federal agency that receives information from the Secretary pursuant to this section shall reimburse the Secretary for costs incurred by the Secretary in furnishing the information, at rates which the Secretary determines to be reasonable (which rates shall include payment for the costs of obtaining, verifying, maintaining, and comparing the information).

"(l) Information in the Federal Parent Locator Service, and information resulting from comparisons using such information, shall not be used or disclosed except as expressly provided in this section, subject to section 6103 of the Internal Revenue Code of 1986.

"(m) The Secretary shall establish and implement safeguards with respect to the entities established under this section designed to—

"(1) ensure the accuracy and completeness of information in the Federal Parent Locator Service; and

"(2) restrict access to confidential information in the Federal Parent Locator Service to authorized persons, and restrict use of such information to authorized purposes.

"(n) Each department, agency, and instrumentality of the United States shall on a quarterly basis report to the Federal Parent Locator Service the name and social security number of each employee and the wages paid to the employee during the previous quarter, except that no report shall be filed with respect to an employee of a department, agency, or instrumentality performing intelligence or counterintelligence functions, if the head of such department, agency, or instrumentality has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.".

(f) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV OF THE SOCIAL SECURITY ACT.—Section 454(8)(B) (42 U.S.C. 654(8)(B)) is amended to read as follows:

"(B) the Federal Parent Locator Service established under section 453;".

(2) TO FEDERAL UNEMPLOYMENT TAX ACT.—Section 3304(a)(16) of the Internal Revenue Code of 1986 is amended—

(A) by striking "Secretary of Health, Education, and Welfare" each place such term appears and inserting "Secretary of Health and Human Services";

(B) in subparagraph (B), by striking "such information" and all that follows and inserting "information furnished under subparagraph (A) or (B) is used only for the purposes authorized under such subparagraph;";

(C) by striking "and" at the end of subparagraph (A);

(D) by redesignating subparagraph (B) as subparagraph (C); and

(E) by inserting after subparagraph (A) the following new subparagraph:

"(B) wage and unemployment compensation information contained in the records of such agency shall be furnished to the Secretary of Health and Human Services (in accordance with regulations promulgated by such Secretary) as necessary for the purposes of the National Directory of New Hires established under section 453(i) of the Social Security Act, and".

(3) TO STATE GRANT PROGRAM UNDER TITLE III OF THE SOCIAL SECURITY ACT.—Subsection (h) of section 303 (42 U.S.C. 503) is amended to read as follows:

"(h)(1) The State agency charged with the administration of the State law shall, on a reimbursable basis—

"(A) disclose quarterly, to the Secretary of Health and Human Services wage and claim information, as required pursuant to section 453(i)(1), contained in the records of such agency;

"(B) ensure that information provided pursuant to subparagraph (A) meets such standards relating to correctness and verification as the Secretary of Health and Human Services, with the concurrence of the Secretary of Labor, may find necessary; and

"(C) establish such safeguards as the Secretary of Labor determines are necessary to insure that information disclosed under subparagraph (A) is used only for purposes of section 453(i)(1) in carrying out the child support enforcement program under title IV.

"(2) Whenever the Secretary of Labor, after reasonable notice and opportunity for hearing to the State agency charged with the administration of the State law, finds that there is a failure to comply substantially with the requirements of paragraph (1), the Secretary of Labor shall notify such State agency that further payments will not be made to the State until the Secretary of Labor is satisfied that there is no longer any such failure. Until the Secretary of Labor is so satisfied, the Secretary shall make no future certification to the Secretary of the Treasury with respect to the State.

"(3) For purposes of this subsection—

"(A) the term 'wage information' means information regarding wages paid to an individual, the social security account number of such individual, and the name, address, State, and the Federal employer identification number of the employer paying such wages to such individual; and

"(B) the term 'claim information' means information regarding whether an individual is receiving, has received, or has made application for, unemployment compensation, the amount of any such compensation being received (or to be received by such individual), and the individual's current (or most recent) home address.".

SEC. 917. COLLECTION AND USE OF SOCIAL SECURITY NUMBERS FOR USE IN CHILD SUPPORT ENFORCEMENT.

(a) STATE LAW REQUIREMENT.—Section 466(a) (42 U.S.C. 666(a)), as amended by section 915, is amended by adding at the end the following new paragraph:

"(13) Procedures requiring that the social security number of—

"(A) any applicant for a professional license, commercial driver's license, occupational license, or marriage license be recorded on the application;

"(B) any individual who is subject to a divorce decree, support order, or paternity determination or acknowledgment be placed in the records relating to the matter; and

"(C) any individual who has died be placed in the records relating to the death and be recorded on the death certificate.

For purposes of subparagraph (A), if a State allows the use of a number other than the social security number, the State shall so advise any applicants.".

(b) CONFORMING AMENDMENTS.—Section 205(c)(2)(C) (42 U.S.C. 405(c)(2)(C)), as amended by section 321(a)(9) of the Social Security Independence and Program Improvements Act of 1994, is amended—

(1) in clause (i), by striking "may require" and inserting "shall require";

(2) in clause (ii), by inserting after the 1st sentence the following: "In the administration of any law involving the issuance of a marriage certificate or license, each State shall require each party named in the certificate or license to furnish to the State (or political subdivision thereof), or any State agency having administrative responsibility for the law involved, the social security number of the party.";

(3) in clause (ii), by inserting "or marriage certificate" after "Such numbers shall not be recorded on the birth certificate".

(4) in clause (vi), by striking "may" and inserting "shall"; and

(5) by adding at the end the following new clauses:

"(x) An agency of a State (or a political subdivision thereof) charged with the administration of any law concerning the issuance or renewal of a license, certificate, permit, or other authorization to engage in a profession, an occupation, or a commercial activity shall require all applicants for issuance or renewal of the license, certificate, permit, or other authorization to provide the applicant's social security number to the agency for the purpose of administering such laws, and for the purpose of responding to requests for information from an agency operating pursuant to part D of title IV.

"(xi) All divorce decrees, support orders, and paternity determinations issued, and all paternity acknowledgments made, in each State shall include the social security number of each party to the decree, order, determination, or acknowledgement in the records relating to the matter, for the purpose of responding to requests for information from an agency operating pursuant to part D of title IV.".

Subtitle C—Streamlining and Uniformity of Procedures

SEC. 921. ADOPTION OF UNIFORM STATE LAWS.

Section 466 (42 U.S.C. 666) is amended by adding at the end the following new subsection:

"(f)(1) In order to satisfy section 454(20)(A) on or after January 1, 1997, each State must have in effect the Uniform Interstate Family Support Act, as approved by the National Conference of Commissioners on Uniform State Laws in August 1992 (with the modifications and additions specified in this subsection), and the procedures required to implement such Act.

"(2) The State law enacted pursuant to paragraph (1) may be applied to any case involving an order which is established or modified in a State and which is sought to be modified or enforced in another State.

"(3) The State law enacted pursuant to paragraph (1) of this subsection shall contain the following provision in lieu of section 611(a)(1) of the Uniform Interstate Family Support Act:

"'(1) the following requirements are met:

"'(i) the child, the individual obligee, and the obligor—

"'(I) do not reside in the issuing State; and

"'(II) either reside in this State or are subject to the jurisdiction of this State pursuant to section 201; and

"'(ii) in any case where another State is exercising or seeks to exercise jurisdiction to modify the order, the conditions of section 204 are met to the same extent as required for proceedings to establish orders; or'.

"(4) The State law enacted pursuant to paragraph (1) shall provide that, in any proceeding subject to the law, process may be served (and proved) upon persons in the State by any means acceptable in any State which is the initiating or responding State in the proceeding.".

SEC. 922. IMPROVEMENTS TO FULL FAITH AND CREDIT FOR CHILD SUPPORT ORDERS.

Section 1738B of title 28, United States Code, is amended—

(1) in subsection (a)(2), by striking "subsection (e)" and inserting "subsections (e), (f), and (i)";

(2) in subsection (b), by inserting after the 2nd undesignated paragraph the following:

"'child's home State' means the State in which a child lived with a parent or a person acting as parent for at least 6 consecutive months immediately preceding the time of filing of a petition or comparable pleading for support and, if a child is less than 6 months old, the State in which the child lived from birth with any of them. A period of temporary absence of any of them is counted as part of the 6-month period.";

(3) in subsection (c), by inserting "by a court of a State" before "is made";

(4) in subsection (c)(1), by inserting "and subsections (e), (f), and (g)" after "located";

(5) in subsection (d)—

(A) by inserting "individual" before "contestant"; and

(B) by striking "subsection (e)" and inserting "subsections (e) and (f)";

(6) in subsection (e), by striking "make a modification of a child support order with respect to a child that is made" and inserting "modify a child support order issued";

(7) in subsection (e)(1), by inserting "pursuant to subsection (i)" before the semicolon;

(8) in subsection (e)(2)—

(A) by inserting "individual" before "contestant" each place such term appears; and

(B) by striking "to that court's making the modification and assuming" and inserting "with the State of continuing, exclusive jurisdiction for a court of another State to modify the order and assume";

(9) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively;

(10) by inserting after subsection (e) the following new subsection:

"(f) RECOGNITION OF CHILD SUPPORT ORDERS.—If 1 or more child support orders have been issued in this or another State with regard to an obligor and a child, a court shall apply the following rules in determining which order to recognize for purposes of continuing, exclusive jurisdiction and enforcement:

"(1) If only 1 court has issued a child support order, the order of that court must be recognized.

"(2) If 2 or more courts have issued child support orders for the same obligor and child, and only 1 of the courts would have continuing, exclusive jurisdiction under this section, the order of that court must be recognized.

"(3) If 2 or more courts have issued child support orders for the same obligor and child, and more than 1 of the courts would have continuing, exclusive jurisdiction under this section, an order issued by a court in the current home State of the child must be recognized, but if an order has not been issued in the current home State of the child, the order most recently issued must be recognized.

"(4) If 2 or more courts have issued child support orders for the same obligor and child, and none of the courts would have continuing, exclusive jurisdiction under this section, a court may issue a child support order, which must be recognized.

"(5) The court that has issued an order recognized under this subsection is the court having continuing, exclusive jurisdiction.";

(11) in subsection (g) (as so redesignated)—

(A) by striking "PRIOR" and inserting "MODIFIED"; and

(B) by striking "subsection (e)" and inserting "subsections (e) and (f)";

(12) in subsection (h) (as so redesignated)—

(A) in paragraph (2), by inserting "including the duration of current payments and other obligations of support" before the comma; and

(B) in paragraph (3), by inserting "arrears under" after "enforce"; and

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

"(i) REGISTRATION FOR MODIFICATION.—If there is no individual contestant or child residing in the issuing State, the party or support enforcement agency seeking to modify, or to modify and enforce, a child support order issued in another State shall register that order in a State with jurisdiction over the nonmovant for the purpose of modification.".

SEC. 923. ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 915 and 917(a), is amended by adding at the end the following new paragraph:

"(14) Procedures under which—

"(A)(i) the State shall respond within 5 business days to a request made by another State to enforce a support order; and

"(ii) the term 'business day' means a day on which State offices are open for regular business;

"(B) the State may, by electronic or other means, transmit to another State a request for assistance in a case involving the enforcement of a support order, which request—

"(i) shall include such information as will enable the State to which the request is transmitted to compare the information about the case to the information in the data bases of the State; and

"(ii) shall constitute a certification by the requesting State—

"(I) of the amount of support under the order the payment of which is in arrears; and

"(II) that the requesting State has complied with all procedural due process requirements applicable to the case;

"(C) if the State provides assistance to another State pursuant to this paragraph with respect to a case, neither State shall consider the case to be transferred to the caseload of such other State; and

"(D) the State shall maintain records of—

"(i) the number of such requests for assistance received by the State;

"(ii) the number of cases for which the State collected support in response to such a request; and

"(iii) the amount of such collected support.".

SEC. 924. USE OF FORMS IN INTERSTATE ENFORCEMENT.

(a) PROMULGATION.—Section 452(a) (42 U.S.C. 652(a)) is amended—

(1) by striking "and" at the end of paragraph (9);

(2) by striking the period at the end of paragraph (10) and inserting "; and"; and

(3) by adding at the end the following new paragraph:

"(11) not later than 60 days after the date of the enactment of the Work Opportunity Act of 1995, establish an advisory committee, which shall include State directors of programs under this part, and not later than June 30, 1996, after consultation with the advisory committee, promulgate forms to be used by States in interstate cases for—

"(A) collection of child support through income withholding:

"(B) imposition of liens; and

"(C) administrative subpoenas.".

(b) USE BY STATES.—Section 454(9) (42 U.S.C. 654(9)) is amended—

(1) by striking "and" at the end of subparagraph (C);

(2) by inserting "and" at the end of subparagraph (D); and

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

"(E) no later than October 1, 1996, in using the forms promulgated pursuant to section 452(a)(11) for income withholding, imposition of liens, and issuance of administrative subpoenas in interstate child support cases;".

SEC. 925. STATE LAWS PROVIDING EXPEDITED PROCEDURES.

(a) STATE LAW REQUIREMENTS.—Section 466 (42 U.S.C. 666), as amended by section 914, is amended—

(1) in subsection (a)(2), by striking the 1st sentence and inserting the following: "Expedited administrative and judicial procedures (including the procedures specified in subsection (c)) for establishing paternity and for establishing, modifying, and enforcing support obligations."; and

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

"(c) The procedures specified in this subsection are the following:

"(1) Procedures which give the State agency the authority to take the following actions relating to establishment or enforcement of support orders, without the necessity of obtaining an order from any other judicial or administrative tribunal, and to recognize and enforce the authority of State agencies of other States) to take the following actions:

"(A) To order genetic testing for the purpose of paternity establishment as provided in section 466(a)(5).

"(B) To subpoena any financial or other information needed to establish, modify, or enforce a support order, and to impose penalties for failure to respond to such a subpoena.

"(C) To require all entities in the State (including for-profit, nonprofit, and governmental employers) to provide promptly, in response to a request by the State agency of that or any other State administering a program under this part, information on the employment, compensation, and benefits of any individual employed by such entity as an employee or contractor, and to sanction failure to respond to any such request.

"(D) To obtain access, subject to safeguards on privacy and information security, to the following records (including automated access, in the case of records maintained in automated data bases):

"(i) Records of other State and local government agencies, including—

"(I) vital statistics (including records of marriage, birth, and divorce);

"(II) State and local tax and revenue records (including information on residence address, employer, income and assets);

"(III) records concerning real and titled personal property;

"(IV) records of occupational and professional licenses, and records concerning the ownership and control of corporations, partnerships, and other business entities;

"(V) employment security records;

"(VI) records of agencies administering public assistance programs;

"(VII) records of the motor vehicle department; and

"(VIII) corrections records.

"(ii) Certain records held by private entities, including—

"(I) customer records of public utilities and cable television companies; and

"(II) information (including information on assets and liabilities) on individuals who owe or are owed support (or against or with respect to whom a support obligation is sought) held by financial institutions (subject to limitations on liability of such entities arising from affording such access).

"(E) In cases where support is subject to an assignment in order to comply with a requirement imposed pursuant to part A or section 1912, or to a requirement to pay through the State disbursement unit established pursuant to section 454B, upon providing notice to obligor and obligee, to direct the obligor or other payor to change the payee to the appropriate government entity.

"(F) To order income withholding in accordance with subsections (a)(1) and (b) of section 466.

"(G) In cases in which there is a support arrearage, to secure assets to satisfy the arrearage by—

"(i) intercepting or seizing periodic or lump-sum payments from—

"(I) a State or local agency, including unemployment compensation, workers' compensation, and other benefits; and

"(II) judgments, settlements, and lotteries;

"(ii) attaching and seizing assets of the obligor held in financial institutions;

"(iii) attaching public and private retirement funds; and

"(iv) imposing liens in accordance with subsection (a)(4) and, in appropriate cases, to force sale of property and distribution of proceeds.

"(H) For the purpose of securing overdue support, to increase the amount of monthly support payments to include amounts for arrearages, subject to such conditions or limitations as the State may provide.

Such procedures shall be subject to due process safeguards, including (as appropriate) requirements for notice, opportunity to contest the action, and opportunity for an appeal on the record to an independent administrative or judicial tribunal.

"(2) The expedited procedures required under subsection (a)(2) shall include the following rules and authority, applicable with respect to all proceedings to establish paternity or to establish, modify, or enforce support orders:

"(A) Procedures under which—

"(i) each party to any paternity or child support proceeding is required (subject to privacy safeguards) to file with the tribunal and the State case registry upon entry of an order, and to update as appropriate, information on location and identity of the party, including social security number, residential and mailing addresses, telephone number, driver's license number, and name, address, and name and telephone number of employer; and

"(ii) in any subsequent child support enforcement action between the parties, upon sufficient showing that diligent effort has been made to ascertain the location of such a party, the tribunal may deem State due process requirements for notice and service of process to be met with respect to the party, upon delivery of written notice to the most recent residential or employer address filed with the tribunal pursuant to clause (i).

"(B) Procedures under which—

"(i) the State agency and any administrative or judicial tribunal with authority to hear child support and paternity cases exerts statewide jurisdiction over the parties; and

"(ii) in a State in which orders are issued by courts or administrative tribunals, a case may be transferred between local jurisdictions in the State without need for any additional filing by the petitioner, or service of process upon the respondent, to retain jurisdiction over the parties.".

(b) AUTOMATION OF STATE AGENCY FUNCTIONS.—Section 454A, as added by section 944(a)(2) and as amended by sections 911 and 912(c), is amended by adding at the end the following new subsection:

"(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—The automated system required by this section shall be used, to the maximum extent feasible, to implement the expedited administrative procedures required by section 466(c).".

Subtitle D—Paternity Establishment

SEC. 931. STATE LAWS CONCERNING PATERNITY ESTABLISHMENT.

(a) STATE LAWS REQUIRED.—Section 466(a)(5) (42 U.S.C. 666(a)(5)) is amended to read as follows:

"(5)(A)(i) Procedures which permit the establishment of the paternity of a child at any time before the child attains 21 years of age.

"(ii) As of August 16, 1984, clause (i) shall also apply to a child for whom paternity has not been established or for whom a paternity action was brought but dismissed because a statute of limitations of less than 21 years was then in effect in the State.

"(B)(i) Procedures under which the State is required, in a contested paternity case, unless otherwise barred by State law, to require the child and all other parties (other than individuals found under section 454(29) to have good cause for refusing to cooperate) to submit to genetic tests upon the request of any such party if the request is supported by a sworn statement by the party—

"(I) alleging paternity, and setting forth facts establishing a reasonable possibility of the requisite sexual contact between the parties; or

"(II) denying paternity, and setting forth facts establishing a reasonable possibility of the nonexistence of sexual contact between the parties.

"(ii) Procedures which require the State agency in any case in which the agency orders genetic testing—

"(I) to pay costs of such tests, subject to recoupment (where the State so elects) from the alleged father if paternity is established; and

"(II) to obtain additional testing in any case where an original test result is contested, upon request and advance payment by the contestant.

"(C)(i) Procedures for a simple civil process for voluntarily acknowledging paternity under which the State must provide that, before a mother and a putative father can sign an acknowledgment of paternity, the mother and the putative father must be given notice, orally and in writing, of the alternatives to, the legal consequences of, and the rights (including, if 1 parent is a minor, any rights afforded due to minority status) and responsibilities that arise from, signing the acknowledgment.

"(ii) Such procedures must include a hospital-based program for the voluntary acknowledgment of paternity focusing on the period immediately before or after the birth of a child.

"(iii)(I) Such procedures must require the State agency responsible for maintaining birth records to offer voluntary paternity establishment services.

"(II)(aa) The Secretary shall prescribe regulations governing voluntary paternity establishment services offered by hospitals and birth record agencies.

"(bb) The Secretary shall prescribe regulations specifying the types of other entities that may offer voluntary paternity establishment services, and governing the provision of such services, which shall include a requirement that such an entity must use the same notice provisions used by, use the

same materials used by, provide the personnel providing such services with the same training provided by, and evaluate the provision of such services in the same manner as the provision of such services is evaluated by, voluntary paternity establishment programs of hospitals and birth record agencies.

"(iv) Such procedures must require the State to develop and use an affidavit for the voluntary acknowledgment of paternity which includes the minimum requirements of the affidavit developed by the Secretary under section 452(a)(7) for the voluntary acknowledgment of paternity, and to give full faith and credit to such an affidavit signed in any other State according to its procedures.

"(D)(i) Procedures under which the name of the father shall be included on the record of birth of the child only—

"(I) if the father and mother have signed a voluntary acknowledgment of paternity; or

"(II) pursuant to an order issued in a judicial or administrative proceeding.

Nothing in this clause shall preclude a State agency from obtaining an admission of paternity from the father for submission in a judicial or administrative proceeding, or prohibit an order issued in a judicial or administrative proceeding which bases a legal finding of paternity on an admission of paternity by the father and any other additional showing required by State law.

"(ii) Procedures under which—

"(I) a voluntary acknowledgment of paternity is considered a legal finding of paternity, subject to the right of any signatory to rescind the acknowledgment within 60 days;

"(II) after the 60-day period referred to in subclause (I), a signed voluntary acknowledgment of paternity may be challenged in court only on the basis of fraud, duress, or material mistake of fact, with the burden of proof upon the challenger, and under which the legal responsibilities (including child support obligations) of any signatory arising from the acknowledgment may not be suspended during the challenge, except for good cause shown; and

"(III) judicial or administrative proceedings are not required or permitted to ratify an unchallenged acknowledgment of paternity.

"(E) Procedures under which judicial or administrative proceedings are not required or permitted to ratify an unchallenged acknowledgment of paternity.

"(F) Procedures—

"(i) requiring the admission into evidence, for purposes of establishing paternity, of the results of any genetic test that is—

"(I) of a type generally acknowledged as reliable by accreditation bodies designated by the Secretary; and

"(II) performed by a laboratory approved by such an accreditation body;

"(ii) requiring an objection to genetic testing results to be made in writing not later than a specified number of days before any hearing at which the results may be introduced into evidence (or, at State option, not later than a specified number of days after receipt of the results); and

"(iii) making the test results admissible as evidence of paternity without the need for foundation testimony or other proof of authenticity or accuracy, unless objection is made.

"(G) Procedures which create a rebuttable or, at the option of the State, conclusive presumption of paternity upon genetic testing results indicating a threshold probability that the alleged father is the father of the child.

"(H) Procedures requiring a default order to be entered in a paternity case upon a showing of service of process on the defendant and any additional showing required by State law.

"(I) Procedures providing that the parties to an action to establish paternity are not entitled to a trial by jury.

"(J) Procedures which require that a temporary order be issued, upon motion by a party, requiring the provision of child support pending an administrative or judicial determination of parentage, where there is clear and convincing evidence of paternity (on the basis of genetic tests or other evidence).

"(K) Procedures under which bills for pregnancy, childbirth, and genetic testing are admissible as evidence without requiring third-party foundation testimony, and shall constitute prima facie evidence of amounts incurred for such services or for testing on behalf of the child.

"(L) Procedures ensuring that the putative father has a reasonable opportunity to initiate a paternity action.

"(M) Procedures under which voluntary acknowledgments and adjudications of paternity by judicial or administrative processes are filed with the State registry of birth records for comparison with information in the State case registry.".

(b) NATIONAL PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is amended by inserting ", and develop an affidavit to be used for the voluntary acknowledgment of paternity which shall include the social security number of each parent" before the semicolon.

(c) TECHNICAL AMENDMENT.—Section 468 (42 U.S.C. 668) is amended by striking "a simple civil process for voluntarily acknowledging paternity and".

SEC. 932. OUTREACH FOR VOLUNTARY PATERNITY ESTABLISHMENT.

Section 454(23) (42 U.S.C. 654(23)) is amended by inserting "and will publicize the availability and encourage the use of procedures for voluntary establishment of paternity and child support by means the State deems appropriate" before the semicolon.

SEC. 933. COOPERATION BY APPLICANTS FOR AND RECIPIENTS OF TEMPORARY FAMILY ASSISTANCE.

Section 454 (42 U.S.C. 654), as amended by sections 901(b), 904(a), 912(a), and 913(a), is amended—

(1) by striking "and" at the end of paragraph (27);

(2) by striking the period at the end of paragraph (28) and inserting "; and"; and

(3) by inserting after paragraph (28) the following new paragraph:

"(29) provide that the State agency responsible for administering the State plan—

"(A) shall make the determination (and redetermination at appropriate intervals) as to whether an individual who has applied for or is receiving assistance under the State program funded under part A or the State program under title XIX is cooperating in good faith with the State in establishing the paternity of, or in establishing, modifying, or enforcing a support order for, any child of the individual by providing the State agency with the name of, and such other information as the State agency may require with respect to, the noncustodial parent of the child, subject to such good cause and other exceptions as the State shall establish and taking into account the best interests of the child;

"(B) shall require the individual to supply additional necessary information and appear at interviews, hearings, and legal proceedings;

"(C) shall require the individual and the child to submit to genetic tests pursuant to judicial or administrative order; and

"(D) shall promptly notify the individual and the State agency administering the State program funded under part A and the State agency administering the State program under title XIX of each such determination, and if noncooperation is determined, the basis therefore.".

Subtitle E—Program Administration and Funding

SEC. 941. PERFORMANCE-BASED INCENTIVES AND PENALTIES.

(a) INCENTIVE PAYMENTS.—

(1) IN GENERAL.—Section 458 (42 U.S.C. 658) is amended—

(A) in subsection (a), by striking "aid to families" and all through the end period, and inserting "assistance under a program funded under part A, and regardless of the economic circumstances of their parents, the Secretary shall, from the support collected which would otherwise represent the reimbursement to the Federal government under section 457, pay to each State for each fiscal year, on a quarterly basis (as described in subsection (e)) beginning with the quarter commencing October 1, 1999, an incentive payment in an amount determined under subsections (b) and (c).";

(B) by striking subsections (b) and (c) and inserting the following:

"(b)(1) Not later than 60 days after the date of the enactment of the Work Opportunity Act of 1995, the Secretary shall establish a committee which shall include State directors of programs under this part and which shall develop for the Secretary's approval a formula for the distribution of incentive payments to the States.

"(2) The formula developed and approved under paragraph (1)—

"(A) shall result in a percentage of the collections described in subsection (a) being distributed to each State based on the State's comparative performance in the following areas and any other areas approved by the Secretary under this subsection:

"(i) The IV-D paternity establishment percentage, as defined in section 452(g)(2).

"(ii) The percentage of cases with a support order with respect to which services are being provided under the State plan approved under this part.

"(iii) The percentage of cases with a support order in which child support is paid with respect to which services are being so provided.

"(iv) In cases receiving services under the State plan approved under this part, the amount of child support collected compared to the amount of outstanding child support owed.

"(v) The cost-effectiveness of the State program;

"(B) shall take into consideration—

"(i) the impact that incentives can have on reducing the need to provide public assistance and on permanently removing families from public assistance;

"(ii) the need to balance accuracy and fairness with simplicity of understanding and data gathering;

"(iii) the need to reward performance which improves short- and long-term program outcomes, especially establishing paternity and support orders and encouraging the timely payment of support;

"(iv) the Statewide paternity establishment percentage;

"(v) baseline data on current performance and projected costs of performance increases to assure that top performing States can actually achieve the top incentive levels with a reasonable resource investment;

"(vi) performance outcomes which would warrant an increase in the total incentive payments made to the States; and

"(vii) the use or distribution of any portion of the total incentive payments in excess of the total of the payments which may be distributed under subsection (c);

"(C) shall be determined so as to distribute to the States total incentive payments equal

to the total incentive payments for all States in fiscal year 1994, plus a portion of any increase in the reimbursement to the Federal Government under section 457 from fiscal year 1999 or any other increase based on other performance outcomes approved by the Secretary under this subsection;

"(D) shall use a definition of the term 'State' which does not include any area within the jurisdiction of an Indian tribal government; and

"(E) shall use a definition of the term 'Statewide paternity establishment percentage' to mean with respect to a State and a fiscal year—

"(i) the total number of children in the State who were born out of wedlock, who have not attained 1 year of age and for whom paternity is established or acknowledged during the fiscal year; divided by

"(ii) the total number of children born out of wedlock in the State during the fiscal year.

"(c) The total amount of the incentives payment made by the Secretary to a State in a fiscal year shall not exceed 90 percent of the total amounts expended by such State during such year for the operation of the plan approved under section 454, less payments to the State pursuant to section 455 for such year.";

(2) in subsection (d), by striking ", and any amounts" through "shall be excluded".

(b) PAYMENTS TO POLITICAL SUBDIVISIONS.—Section 454(22) (42 U.S.C. 654(22)) is amended by inserting before the semicolon the following: ", but a political subdivision shall not be entitled to receive, and the State may retain, any amount in excess of the amount the political subdivision expends on the State program under this part, less the amount equal to the percentage of that expenditure paid by the Secretary under section 455".

(c) CALCULATION OF IV-D PATERNITY ESTABLISHMENT PERCENTAGE.—

(1) Section 452(g)(1) (42 U.S.C. 652(g)(1)) is amended—

(A) in the matter preceding subparagraph (A) by inserting "its overall performance in child support enforcement is satisfactory (as defined in section 458(b) and regulations of the Secretary), and" after "1994,"; and

(B) in each of subparagraphs (A) and (B), by striking "75" and inserting "90".

(2) Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended in the matter preceding clause (i)—

(A) by striking "paternity establishment percentage" and inserting "IV-D paternity establishment percentage"; and

(B) by striking "(or all States, as the case may be)".

(3) Section 452(g)(3) (42 U.S.C. 652(g)(3)) is amended—

(A) by striking subparagraph (A) and redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively;

(B) in subparagraph (A) (as so redesignated), by striking "the percentage of children born out-of-wedlock in a State" and inserting "the percentage of children in a State who are born out of wedlock or for whom support has not been established"; and

(C) in subparagraph (B) (as so redesignated)—

(i) by inserting "and overall performance in child support enforcement" after "paternity establishment percentages"; and

(ii) by inserting "and securing support" before the period.

(d) EFFECTIVE DATES.—

(1) INCENTIVE ADJUSTMENTS.—

(A) IN GENERAL.—The amendments made by subsections (a) and (b) shall become effective on the date of the enactment of this Act, except to the extent provided in subparagraph (B).

(B) EXCEPTION.—Section 458 of the Social Security Act, as in effect before the date of the enactment of this section, shall be effective for purposes of incentive payments to States for fiscal years before fiscal year 2000.

(2) PENALTY REDUCTIONS.—The amendments made by subsection (c) shall become effective with respect to calendar quarters beginning on and after the date of the enactment of this Act.

SEC. 942. FEDERAL AND STATE REVIEWS AND AUDITS.

(a) STATE AGENCY ACTIVITIES.—Section 454 (42 U.S.C. 654) is amended—

(1) in paragraph (14), by striking "(14)" and inserting "(14)(A)";

(2) by redesignating paragraph (15) as subparagraph (B) of paragraph (14); and

(3) by inserting after paragraph (14) the following new paragraph:

"(15) provide for—

"(A) a process for annual reviews of and reports to the Secretary on the State program operated under the State plan approved under this part, including such information as may be necessary to measure State compliance with Federal requirements for expedited procedures, using such standards and procedures as are required by the Secretary, under which the State agency will determine the extent to which the program is operated in compliance with this part; and

"(B) a process of extracting from the automated data processing system required by paragraph (16) and transmitting to the Secretary data and calculations concerning the levels of accomplishment (and rates of improvement) with respect to applicable performance indicators (including IV-D paternity establishment percentages and overall performance in child support enforcement) to the extent necessary for purposes of sections 452(g) and 458.".

(b) FEDERAL ACTIVITIES.—Section 452(a)(4) (42 U.S.C. 652(a)(4)) is amended to read as follows:

"(4)(A) review data and calculations transmitted by State agencies pursuant to section 454(15)(B) on State program accomplishments with respect to performance indicators for purposes of subsection (g) of this section and section 458;

"(B) review annual reports submitted pursuant to section 454(15)(A) and, as appropriate, provide to the State comments, recommendations for additional or alternative corrective actions, and technical assistance; and

"(C) conduct audits, in accordance with the Government auditing standards of the Comptroller General of the United States—

"(i) at least once every 3 years (or more frequently, in the case of a State which fails to meet the requirements of this part concerning performance standards and reliability of program data) to assess the completeness, reliability, and security of the data, and the accuracy of the reporting systems, used in calculating performance indicators under subsection (g) of this section and section 458;

"(ii) of the adequacy of financial management of the State program operated under the State plan approved under this part, including assessments of—

"(I) whether Federal and other funds made available to carry out the State program are being appropriately expended, and are properly and fully accounted for; and

"(II) whether collections and disbursements of support payments are carried out correctly and are fully accounted for; and

"(iii) for such other purposes as the Secretary may find necessary;".

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to calendar quarters beginning 12 months or more after the date of the enactment of this Act.

SEC. 943. REQUIRED REPORTING PROCEDURES.

(a) ESTABLISHMENT.—Section 452(a)(5) (42 U.S.C. 652(a)(5)) is amended by inserting ", and establish procedures to be followed by States for collecting and reporting information required to be provided under this part, and establish uniform definitions (including those necessary to enable the measurement of State compliance with the requirements of this part relating to expedited processes) to be applied in following such procedures" before the semicolon.

(b) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 901(b), 904(a), 912(a), 913(a), and 933, is amended—

(1) by striking "and" at the end of paragraph (28);

(2) by striking the period at the end of paragraph (29) and inserting "; and"; and

(3) by adding after paragraph (29) the following new paragraph:

"(30) provide that the State shall use the definitions established under section 452(a)(5) in collecting and reporting information as required under this part.".

SEC. 944. AUTOMATED DATA PROCESSING REQUIREMENTS.

(a) REVISED REQUIREMENTS.—

(1) IN GENERAL.—Section 454(16) (42 U.S.C. 654(16)) is amended—

(A) by striking ", at the option of the State,";

(B) by inserting "and operation by the State agency" after "for the establishment";

(C) by inserting "meeting the requirements of section 454A" after "information retrieval system";

(D) by striking "in the State and localities thereof, so as (A)" and inserting "so as";

(E) by striking "(i)"; and

(F) by striking "(including" and all that follows and inserting a semicolon.

(2) AUTOMATED DATA PROCESSING.—Part D of title IV (42 U.S.C. 651-669) is amended by inserting after section 454 the following new section:

"SEC. 454A. AUTOMATED DATA PROCESSING.

"(a) IN GENERAL.—In order for a State to meet the requirements of this section, the State agency administering the State program under this part shall have in operation a single statewide automated data processing and information retrieval system which has the capability to perform the tasks specified in this section with the frequency and in the manner required by or under this part.

"(b) PROGRAM MANAGEMENT.—The automated system required by this section shall perform such functions as the Secretary may specify relating to management of the State program under this part, including—

"(1) controlling and accounting for use of Federal, State, and local funds in carrying out the program; and

"(2) maintaining the data necessary to meet Federal reporting requirements under this part on a timely basis.

"(c) CALCULATION OF PERFORMANCE INDICATORS.—In order to enable the Secretary to determine the incentive and penalty adjustments required by sections 452(g) and 458, the State agency shall—

"(1) use the automated system—

"(A) to maintain the requisite data on State performance with respect to paternity establishment and child support enforcement in the State; and

"(B) to calculate the IV-D paternity establishment percentage and overall performance in child support enforcement for the State for each fiscal year; and

"(2) have in place systems controls to ensure the completeness and reliability of, and ready access to, the data described in paragraph (1)(A), and the accuracy of the calculations described in paragraph (1)(B),

"(d) INFORMATION INTEGRITY AND SECURITY.—The State agency shall have in effect safeguards on the integrity, accuracy, and completeness of, access to, and use of data in the automated system required by this section, which shall include the following (in addition to such other safeguards as the Secretary may specify in regulations):

"(1) POLICIES RESTRICTING ACCESS.—Written policies concerning access to data by State agency personnel, and sharing of data with other persons, which—

"(A) permit access to and use of data only to the extent necessary to carry out the State program under this part; and

"(B) specify the data which may be used for particular program purposes, and the personnel permitted access to such data.

"(2) SYSTEMS CONTROLS.—Systems controls (such as passwords or blocking of fields) to ensure strict adherence to the policies described in paragraph (1).

"(3) MONITORING OF ACCESS.—Routine monitoring of access to and use of the automated system, through methods such as audit trails and feedback mechanisms, to guard against and promptly identify unauthorized access or use.

"(4) TRAINING AND INFORMATION.—Procedures to ensure that all personnel (including State and local agency staff and contractors) who may have access to or be required to use confidential program data are informed of applicable requirements and penalties (including those in section 6103 of the Internal Revenue Code of 1986), and are adequately trained in security procedures.

"(5) PENALTIES.—Administrative penalties (up to and including dismissal from employment) for unauthorized access to, or disclosure or use of, confidential data.".

(3) REGULATIONS.—The Secretary of Health and Human Services shall prescribe final regulations for implementation of section 454A of the Social Security Act not later than 2 years after the date of the enactment of this Act.

(4) IMPLEMENTATION TIMETABLE.—Section 454(24) (42 U.S.C. 654(24)), as amended by sections 904(a)(2) and 912(a)(1), is amended to read as follows:

"(24) provide that the State will have in effect an automated data processing and information retrieval system—

"(A) by October 1, 1997, which meets all requirements of this part which were enacted on or before the date of enactment of the Family Support Act of 1988; and

"(B) by October 1, 1999, which meets all requirements of this part enacted on or before the date of the enactment of the Work Opportunity Act of 1995, except that such deadline shall be extended by 1 day for each day (if any) by which the Secretary fails to meet the deadline imposed by section 944(a)(3) of the Work Opportunity Act of 1995.".

(b) SPECIAL FEDERAL MATCHING RATE FOR DEVELOPMENT COSTS OF AUTOMATED SYSTEMS.—

(1) IN GENERAL.—Section 455(a) (42 U.S.C. 655(a)) is amended—

(A) in paragraph (1)(B)—

(i) by striking "90 percent" and inserting "the percent specified in paragraph (3)";

(ii) by striking "so much of"; and

(iii) by striking "which the Secretary" and all that follows and inserting ", and"; and

(B) by adding at the end the following new paragraph:

"(3)(A) The Secretary shall pay to each State, for each quarter in fiscal years 1996 and 1997, 90 percent of so much of the State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements specified in section 454(16) (as in effect on the day before the date of the enactment of the Work Opportunity Act of 1995), but limited to the amount approved for States in the advance planning documents of such States submitted on or before May 1, 1995.

"(B)(i) The Secretary shall pay to each State, for each quarter in fiscal years 1997 through 2001, the percentage specified in clause (ii) of so much of the State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements of sections 454(16) and 454A.

"(ii) The percentage specified in this clause is the greater of—

"(I) 80 percent; or

"(II) the percentage otherwise applicable to Federal payments to the State under subparagraph (A) (as adjusted pursuant to section 458).".

(2) TEMPORARY LIMITATION ON PAYMENTS UNDER SPECIAL FEDERAL MATCHING RATE.—

(A) IN GENERAL.—The Secretary of Health and Human Services may not pay more than $260,000,000 in the aggregate under section 455(a)(3) of the Social Security Act for fiscal years 1996, 1997, 1998, 1999, and 2000.

(B) ALLOCATION OF LIMITATION AMONG STATES.—The total amount payable to a State under section 455(a)(3) of such Act for fiscal years 1996, 1997, 1998, 1999, and 2000 shall not exceed the limitation determined for the State by the Secretary of Health and Human Services in regulations.

(C) ALLOCATION FORMULA.—The regulations referred to in subparagraph (B) shall prescribe a formula for allocating the amount specified in subparagraph (A) among States with plans approved under part D of title IV of the Social Security Act, which shall take into account—

(i) the relative size of State caseloads under such part; and

(ii) the level of automation needed to meet the automated data processing requirements of such part.

(c) CONFORMING AMENDMENT.—Section 123(c) of the Family Support Act of 1988 (102 Stat. 2352; Public Law 100-485) is repealed.

SEC. 945. TECHNICAL ASSISTANCE.

(a) FOR TRAINING OF FEDERAL AND STATE STAFF, RESEARCH AND DEMONSTRATION PROGRAMS, AND SPECIAL PROJECTS OF REGIONAL OR NATIONAL SIGNIFICANCE.—Section 452 (42 U.S.C. 652) is amended by adding at the end the following new subsection:

"(j) Out of any money in the Treasury of the United States not otherwise appropriated, there is hereby appropriated to the Secretary for each fiscal year an amount equal to 1 percent of the total amount paid to the Federal Government pursuant to section 457(a) during the immediately preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the 3rd calendar quarter following the end of such preceding fiscal year), to cover costs incurred by the Secretary for—

"(1) information dissemination and technical assistance to States, training of State and Federal staff, staffing studies, and related activities needed to improve programs under this part (including technical assistance concerning State automated systems required by this part); and

"(2) research, demonstration, and special projects of regional or national significance relating to the operation of State programs under this part.".

(b) OPERATION OF FEDERAL PARENT LOCATOR SERVICE.—Section 453 (42 U.S.C. 653), as amended by section 916(f), is amended by adding at the end the following new subsection:

"(n) Out of any money in the Treasury of the United States not otherwise appropriated, there is hereby appropriated to the Secretary for each fiscal year an amount equal to 2 percent of the total amount paid to the Federal Government pursuant to section 457(a) during the immediately preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the 3rd calendar quarter following the end of such preceding fiscal year), to cover costs incurred by the Secretary for operation of the Federal Parent Locator Service under this section, to the extent such costs are not recovered through user fees.".

SEC. 946. REPORTS AND DATA COLLECTION BY THE SECRETARY.

(a) ANNUAL REPORT TO CONGRESS.—

(1) Section 452(a)(10)(A) (42 U.S.C. 652(a)(10)(A)) is amended—

(A) by striking "this part;" and inserting "this part, including—"; and

(B) by adding at the end the following new clauses:

"(i) the total amount of child support payments collected as a result of services furnished during the fiscal year to individuals receiving services under this part;

"(ii) the cost to the States and to the Federal Government of so furnishing the services; and

"(iii) the number of cases involving families—

"(I) who became ineligible for assistance under State programs funded under part A during a month in the fiscal year; and

"(II) with respect to whom a child support payment was received in the month;".

(2) Section 452(a)(10)(C) (42 U.S.C. 652(a)(10)(C)) is amended—

(A) in the matter preceding clause (i)—

(i) by striking "with the data required under each clause being separately stated for cases" and inserting "separately stated for (I) cases";

(ii) by striking "cases where the child was formerly receiving" and inserting "or formerly received";

(iii) by inserting "or 1912" after "471(a)(17)"; and

(iv) by inserting "(2)" before "all other";

(B) in each of clauses (i) and (ii), by striking ", and the total amount of such obligations";

(C) in clause (iii), by striking "described in" and all that follows and inserting "in which support was collected during the fiscal year;";

(D) by striking clause (iv); and

(E) by redesignating clause (v) as clause (vii), and inserting after clause (iii) the following new clauses:

"(iv) the total amount of support collected during such fiscal year and distributed as current support;

"(v) the total amount of support collected during such fiscal year and distributed as arrearages;

"(vi) the total amount of support due and unpaid for all fiscal years; and".

(3) Section 452(a)(10)(G) (42 U.S.C. 652(a)(10)(G)) is amended by striking "on the use of Federal courts and".

(4) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended—

(A) in subparagraph (H), by striking "and";

(B) in subparagraph (I), by striking the period and inserting "; and"; and

(C) by inserting after subparagraph (I) the following new subparagraph:

"(J) compliance, by State, with the standards established pursuant to subsections (h) and (i).".

(5) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended by striking all that follows subparagraph (J), as added by paragraph (4).

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall be effective with respect to fiscal year 1996 and succeeding fiscal years.

Subtitle F—Establishment and Modification of Support Orders

SEC. 951. NATIONAL CHILD SUPPORT GUIDELINES COMMISSION.

(a) ESTABLISHMENT.—There is hereby established a commission to be known as the National Child Support Guidelines Commission (in this section referred to as the "Commission").

(b) GENERAL DUTIES.—

(1) IN GENERAL.—The Commission shall determine—

(A) whether it is appropriate to develop a national child support guideline for consideration by the Congress or for adoption by individual States; or

(B) based on a study of various guideline models, the benefits and deficiencies of such models, and any needed improvements.

(2) DEVELOPMENT OF MODELS.—If the Commission determines under paragraph (1)(A) that a national child support guideline is needed or under paragraph (1)(B) that improvements to guideline models are needed, the Commission shall develop such national guideline or improvements.

(c) MATTERS FOR CONSIDERATION BY THE COMMISSION.—In making the recommendations concerning guidelines required under subsection (b), the Commission shall consider—

(1) the adequacy of State child support guidelines established pursuant to section 467;

(2) matters generally applicable to all support orders, including—

(A) the feasibility of adopting uniform terms in all child support orders;

(B) how to define income and under what circumstances income should be imputed; and

(C) tax treatment of child support payments;

(3) the appropriate treatment of cases in which either or both parents have financial obligations to more than 1 family, including the effect (if any) to be given to—

(A) the income of either parent's spouse; and

(B) the financial responsibilities of either parent for other children or stepchildren;

(4) the appropriate treatment of expenses for child care (including care of the children of either parent, and work-related or job-training-related child care);

(5) the appropriate treatment of expenses for health care (including uninsured health care) and other extraordinary expenses for children with special needs;

(6) the appropriate duration of support by 1 or both parents, including—

(A) support (including shared support) for postsecondary or vocational education; and

(B) support for disabled adult children;

(7) procedures to automatically adjust child support orders periodically to address changed economic circumstances, including changes in the Consumer Price Index or either parent's income and expenses in particular cases;

(8) procedures to help noncustodial parents address grievances regarding visitation and custody orders to prevent such parents from withholding child support payments until such grievances are resolved; and

(9) whether, or to what extent, support levels should be adjusted in cases in which custody is shared or in which the noncustodial parent has extended visitation rights.

(d) MEMBERSHIP.—

(1) NUMBER; APPOINTMENT.—

(A) IN GENERAL.—The Commission shall be composed of 12 individuals appointed not later than January 15, 1997, of which—

(i) 2 shall be appointed by the Chairman of the Committee on Finance of the Senate, and 1 shall be appointed by the ranking minority member of the Committee;

(ii) 2 shall be appointed by the Chairman of the Committee on Ways and Means of the House of Representatives, and 1 shall be appointed by the ranking minority member of the Committee; and

(iii) 6 shall be appointed by the Secretary of Health and Human Services.

(B) QUALIFICATIONS OF MEMBERS.—Members of the Commission shall have expertise and experience in the evaluation and development of child support guidelines. At least 1 member shall represent advocacy groups for custodial parents, at least 1 member shall represent advocacy groups for noncustodial parents, and at least 1 member shall be the director of a State program under part D of title IV of the Social Security Act.

(2) TERMS OF OFFICE.—Each member shall be appointed for a term of 2 years. A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(e) COMMISSION POWERS, COMPENSATION, ACCESS TO INFORMATION, AND SUPERVISION.—The 1st sentence of subparagraph (C), the 1st and 3rd sentences of subparagraph (D), subparagraph (F) (except with respect to the conduct of medical studies), clauses (ii) and (iii) of subparagraph (G), and subparagraph (H) of section 1886(e)(6) of the Social Security Act shall apply to the Commission in the same manner in which such provisions apply to the Prospective Payment Assessment Commission.

(f) REPORT.—Not later than 2 years after the appointment of members, the Commission shall submit to the President, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate, a recommended national child support guideline and a final assessment of issues relating to such a proposed national child support guideline.

(g) TERMINATION.—The Commission shall terminate 6 months after the submission of the report described in subsection (e).

SEC. 952. SIMPLIFIED PROCESS FOR REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS.

Section 466(a)(10) (42 U.S.C. 666(a)(10)) is amended to read as follows:

"(10) Procedures under which the State shall review and adjust each support order being enforced under this part upon the request of either parent or the State if there is an assignment. Such procedures shall provide the following:

"(A) The State shall review and, as appropriate, adjust the support order every 3 years, taking into account the best interests of the child involved.

"(B)(i) The State may elect to review and, if appropriate, adjust an order pursuant to subparagraph (A) by—

"(I) reviewing and, if appropriate, adjusting the order in accordance with the guidelines established pursuant to section 467(a) if the amount of the child support award under the order differs from the amount that would be awarded in accordance with the guidelines; or

"(II) applying a cost-of-living adjustment to the order in accordance with a formula developed by the State and permit either party to contest the adjustment, within 30 days after the date of the notice of the adjustment, by making a request for review and, if appropriate, adjustment of the order in accordance with the child support guidelines established pursuant to section 467(a).

"(ii) Any adjustment under clause (i) shall be made without a requirement for proof or showing of a change in circumstances.

"(C) The State may use automated methods (including automated comparisons with wage or State income tax data) to identify orders eligible for review, conduct the review, identify orders eligible for adjustment, and apply the appropriate adjustment to the orders eligible for adjustment under the threshold established by the State.

"(D)(i) The State shall, at the request of either parent subject to such an order or of any State child support enforcement agency, review and, if appropriate, adjust the order in accordance with the guidelines established pursuant to section 467(a) based upon a substantial change in the circumstances of either parent.

"(ii) The State shall provide notice to the parents subject to such an order informing them of their right to request the State to review and, if appropriate, adjust the order pursuant to clause (i). The notice may be included in the order.".

SEC. 953. FURNISHING CONSUMER REPORTS FOR CERTAIN PURPOSES RELATING TO CHILD SUPPORT.

Section 604 of the Fair Credit Reporting Act (15 U.S.C. 1681b) is amended by adding at the end the following new paragraphs:

"(4) In response to a request by the head of a State or local child support enforcement agency (or a State or local government official authorized by the head of such an agency), if the person making the request certifies to the consumer reporting agency that—

"(A) the consumer report is needed for the purpose of establishing an individual's capacity to make child support payments or determining the appropriate level of such payments;

"(B) the paternity of the consumer for the child to which the obligation relates has been established or acknowledged by the consumer in accordance with State laws under which the obligation arises (if required by those laws);

"(C) the person has provided at least 10 days' prior notice to the consumer whose report is requested, by certified or registered mail to the last known address of the consumer, that the report will be requested; and

"(D) the consumer report will be kept confidential, will be used solely for a purpose described in subparagraph (A), and will not be used in connection with any other civil, administrative, or criminal proceeding, or for any other purpose.

"(5) To an agency administering a State plan under section 454 of the Social Security Act (42 U.S.C. 654) for use to set an initial or modified child support award.".

SEC. 954. NONLIABILITY FOR DEPOSITORY INSTITUTIONS PROVIDING FINANCIAL RECORDS TO STATE CHILD SUPPORT ENFORCEMENT AGENCIES IN CHILD SUPPORT CASES.

(a) IN GENERAL.—Notwithstanding any other provision of Federal or State law, a depository institution shall not be liable under any Federal or State law to any person for disclosing any financial record of an individual to a State child support enforcement agency attempting to establish, modify, or enforce a child support obligation of such individual.

(b) PROHIBITION OF DISCLOSURE OF FINANCIAL RECORD OBTAINED BY STATE CHILD SUPPORT ENFORCEMENT AGENCY.—A State child support enforcement agency which obtains a financial record of an individual from a financial institution pursuant to subsection (a) may disclose such financial record only for the purpose of, and to the extent necessary in, establishing, modifying, or enforcing a child support obligation of such individual.

(c) CIVIL DAMAGES FOR UNAUTHORIZED DISCLOSURE.—

(1) DISCLOSURE BY STATE OFFICER OR EMPLOYEE.—If any person knowingly, or by reason of negligence, discloses a financial record of an individual in violation of subsection (b), such individual may bring a civil

action for damages against such person in a district court of the United States.

(2) NO LIABILITY FOR GOOD FAITH BUT ERRONEOUS INTERPRETATION.—No liability shall arise under this subsection with respect to any disclosure which results from a good faith, but erroneous, interpretation of subsection (b).

(3) DAMAGES.—In any action brought under paragraph (1), upon a finding of liability on the part of the defendant, the defendant shall be liable to the plaintiff in an amount equal to the sum of—

(A) the greater of—

(i) $1,000 for each act of unauthorized disclosure of a financial record with respect to which such defendant is found liable; or

(ii) the sum of—

(I) the actual damages sustained by the plaintiff as a result of such unauthorized disclosure; plus

(II) in the case of a willful disclosure or a disclosure which is the result of gross negligence, punitive damages; plus

(B) the costs (including attorney's fees) of the action.

(d) DEFINITIONS.—For purposes of this section:

(1) The term "depository institution" means—

(A) a depository institution, as defined in section 3(c) of the Federal Deposit Insurance Act (12 U.S.C. 1813(c));

(B) an institution-affiliated party, as defined in section 3(u) of such Act (12 U.S.C. 1813(v)); and

(C) any Federal credit union or State credit union, as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752), including an institution-affiliated party of such a credit union, as defined in section 206(r) of such Act (12 U.S.C. 1786(r)).

(2) The term "financial record" has the meaning given such term in section 1101 of the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401).

(3) The term "State child support enforcement agency" means a State agency which administers a State program for establishing and enforcing child support obligations.

Subtitle G—Enforcement of Support Orders

SEC. 961. INTERNAL REVENUE SERVICE COLLECTION OF ARREARAGES.

(a) AMENDMENT TO INTERNAL REVENUE CODE.—Section 6305(a) of the Internal Revenue Code of 1986 (relating to collection of certain liability) is amended—

(1) by striking "and" at the end of paragraph (3);

(2) by striking the period at the end of paragraph (4) and inserting ", and";

(3) by adding at the end the following new paragraph:

"(5) no additional fee may be assessed for adjustments to an amount previously certified pursuant to such section 452(b) with respect to the same obligor."; and

(4) by striking "Secretary of Health, Education, and Welfare" each place it appears and inserting "Secretary of Health and Human Services".

(b) EFFECTIVE DATE.—The amendments made by this section shall become effective October 1, 1997.

SEC. 962. AUTHORITY TO COLLECT SUPPORT FROM FEDERAL EMPLOYEES.

(a) CONSOLIDATION AND STREAMLINING OF AUTHORITIES.—Section 459 (42 U.S.C. 659) is amended to read as follows:

"SEC. 459. CONSENT BY THE UNITED STATES TO INCOME WITHHOLDING, GARNISHMENT, AND SIMILAR PROCEEDINGS FOR ENFORCEMENT OF CHILD SUPPORT AND ALIMONY OBLIGATIONS.

"(a) CONSENT TO SUPPORT ENFORCEMENT.—Notwithstanding any other provision of law (including section 207 of this Act and section 5301 of title 38, United States Code), effective January 1, 1975, moneys (the entitlement to which is based upon remuneration for employment) due from, or payable by, the United States or the District of Columbia (including any agency, subdivision, or instrumentality thereof) to any individual, including members of the Armed Forces of the United States, shall be subject, in like manner and to the same extent as if the United States or the District of Columbia were a private person, to withholding in accordance with State law enacted pursuant to subsections (a)(1) and (b) of section 466 and regulations of the Secretary under such subsections, and to any other legal process brought, by a State agency administering a program under a State plan approved under this part or by an individual obligee, to enforce the legal obligation of the individual to provide child support or alimony.

"(b) CONSENT TO REQUIREMENTS APPLICABLE TO PRIVATE PERSON.—With respect to notice to withhold income pursuant to subsection (a)(1) or (b) of section 466, or any other order or process to enforce support obligations against an individual (if the order or process contains or is accompanied by sufficient data to permit prompt identification of the individual and the moneys involved), each governmental entity specified in subsection (a) shall be subject to the same requirements as would apply if the entity were a private person, except as otherwise provided in this section.

"(c) DESIGNATION OF AGENT; RESPONSE TO NOTICE OR PROCESS—

"(1) DESIGNATION OF AGENT.—The head of each agency subject to this section shall—

"(A) designate an agent or agents to receive orders and accept service of process in matters relating to child support or alimony; and

"(B) annually publish in the Federal Register the designation of the agent or agents, identified by title or position, mailing address, and telephone number.

"(2) RESPONSE TO NOTICE OR PROCESS.—If an agent designated pursuant to paragraph (1) of this subsection receives notice pursuant to State procedures in effect pursuant to subsection (a)(1) or (b) of section 466, or is effectively served with any order, process, or interrogatory, with respect to an individual's child support or alimony payment obligations, the agent shall—

"(A) as soon as possible (but not later than 15 days) thereafter, send written notice of the notice or service (together with a copy of the notice or service) to the individual at the duty station or last-known home address of the individual;

"(B) within 30 days (or such longer period as may be prescribed by applicable State law) after receipt of a notice pursuant to such State procedures, comply with all applicable provisions of section 466; and

"(C) within 30 days (or such longer period as may be prescribed by applicable State law) after effective service of any other such order, process, or interrogatory, respond to the order, process, or interrogatory.

"(d) PRIORITY OF CLAIMS.—If a governmental entity specified in subsection (a) receives notice or is served with process, as provided in this section, concerning amounts owed by an individual to more than 1 person—

"(1) support collection under section 466(b) must be given priority over any other process, as provided in section 466(b)(7);

"(2) allocation of moneys due or payable to an individual among claimants under section 466(b) shall be governed by section 466(b) and the regulations prescribed under such section; and

"(3) such moneys as remain after compliance with paragraphs (1) and (2) shall be available to satisfy any other such processes on a 1st-come, 1st-served basis, with any such process being satisfied out of such moneys as remain after the satisfaction of all such processes which have been previously served.

"(e) NO REQUIREMENT TO VARY PAY CYCLES.—A governmental entity that is affected by legal process served for the enforcement of an individual's child support or alimony payment obligations shall not be required to vary its normal pay and disbursement cycle in order to comply with the legal process.

"(f) RELIEF FROM LIABILITY.—

"(1) Neither the United States, nor the government of the District of Columbia, nor any disbursing officer shall be liable with respect to any payment made from moneys due or payable from the United States to any individual pursuant to legal process regular on its face, if the payment is made in accordance with this section and the regulations issued to carry out this section.

"(2) No Federal employee whose duties include taking actions necessary to comply with the requirements of subsection (a) with regard to any individual shall be subject under any law to any disciplinary action or civil or criminal liability or penalty for, or on account of, any disclosure of information made by the employee in connection with the carrying out of such actions.

"(g) REGULATIONS.—Authority to promulgate regulations for the implementation of this section shall, insofar as this section applies to moneys due from (or payable by)—

"(1) the United States (other than the legislative or judicial branches of the Federal Government) or the government of the District of Columbia, be vested in the President (or the designee of the President);

"(2) the legislative branch of the Federal Government, be vested jointly in the President pro tempore of the Senate and the Speaker of the House of Representatives (or their designees), and

"(3) the judicial branch of the Federal Government, be vested in the Chief Justice of the United States (or the designee of the Chief Justice).

"(h) MONEYS SUBJECT TO PROCESS.—

"(1) IN GENERAL.—Subject to paragraph (2), moneys paid or payable to an individual which are considered to be based upon remuneration for employment, for purposes of this section—

"(A) consist of—

"(i) compensation paid or payable for personal services of the individual, whether the compensation is denominated as wages, salary, commission, bonus, pay, allowances, or otherwise (including severance pay, sick pay, and incentive pay);

"(ii) periodic benefits (including a periodic benefit as defined in section 228(h)(3)) or other payments—

"(I) under the insurance system established by title II;

"(II) under any other system or fund established by the United States which provides for the payment of pensions, retirement or retired pay, annuities, dependents' or survivors' benefits, or similar amounts payable on account of personal services performed by the individual or any other individual;

"(III) as compensation for death under any Federal program;

"(IV) under any Federal program established to provide 'black lung' benefits; or

"(V) by the Secretary of Veterans Affairs as pension, or as compensation for a service-connected disability or death (except any compensation paid by the Secretary to a member of the Armed Forces who is in receipt of retired or retainer pay if the member has waived a portion of the retired pay of the

member in order to receive the compensation); and

"(iii) workers' compensation benefits paid under Federal or State law; but

"(B) do not include any payment—

"(i) by way of reimbursement or otherwise, to defray expenses incurred by the individual in carrying out duties associated with the employment of the individual; or

"(ii) as allowances for members of the uniformed services payable pursuant to chapter 7 of title 37, United States Code, as prescribed by the Secretaries concerned (defined by section 101(5) of such title) as necessary for the efficient performance of duty.

"(2) CERTAIN AMOUNTS EXCLUDED.—In determining the amount of any moneys due from, or payable by, the United States to any individual, there shall be excluded amounts which—

"(A) are owed by the individual to the United States;

"(B) are required by law to be, and are, deducted from the remuneration or other payment involved, including Federal employment taxes, and fines and forfeitures ordered by court-martial;

"(C) are properly withheld for Federal, State, or local income tax purposes, if the withholding of the amounts is authorized or required by law and if amounts withheld are not greater than would be the case if the individual claimed all dependents to which he was entitled (the withholding of additional amounts pursuant to section 3402(i) of the Internal Revenue Code of 1986 may be permitted only when the individual presents evidence of a tax obligation which supports the additional withholding);

"(D) are deducted as health insurance premiums;

"(E) are deducted as normal retirement contributions (not including amounts deducted for supplementary coverage); or

"(F) are deducted as normal life insurance premiums from salary or other remuneration for employment (not including amounts deducted for supplementary coverage).

"(i) DEFINITIONS.—As used in this section:

"(1) UNITED STATES.—The term 'United States' includes any department, agency, or instrumentality of the legislative, judicial, or executive branch of the Federal Government, the United States Postal Service, the Postal Rate Commission, any Federal corporation created by an Act of Congress that is wholly owned by the Federal Government, and the governments of the territories and possessions of the United States.

"(2) CHILD SUPPORT.—The term 'child support', when used in reference to the legal obligations of an individual to provide such support, means periodic payments of funds for the support and maintenance of a child or children with respect to which the individual has such an obligation, and (subject to and in accordance with State law) includes payments to provide for health care, education, recreation, clothing, or to meet other specific needs of such a child or children, and includes attorney's fees, interest, and court costs, when and to the extent that the same are expressly made recoverable as such pursuant to a decree, order, or judgment issued in accordance with applicable State law by a court of competent jurisdiction.

"(3) ALIMONY.—The term 'alimony', when used in reference to the legal obligations of an individual to provide the same, means periodic payments of funds for the support and maintenance of the spouse (or former spouse) of the individual, and (subject to and in accordance with State law) includes separate maintenance, alimony pendente lite, maintenance, and spousal support, and includes attorney's fees, interest, and court costs when and to the extent that the same are expressly made recoverable as such pursuant to a decree, order, or judgment issued in accordance with applicable State law by a court of competent jurisdiction. Such term does not include any payment or transfer of property or its value by an individual to the spouse or a former spouse of the individual in compliance with any community property settlement, equitable distribution of property, or other division of property between spouses or former spouses.

"(4) PRIVATE PERSON.—The term 'private person' means a person who does not have sovereign or other special immunity or privilege which causes the person not to be subject to legal process.

"(5) LEGAL PROCESS.—The term 'legal process' means any writ, order, summons, or other similar process in the nature of garnishment—

"(A) which is issued by—

"(i) a court of competent jurisdiction in any State, territory, or possession of the United States;

"(ii) a court of competent jurisdiction in any foreign country with which the United States has entered into an agreement which requires the United States to honor the process; or

"(iii) an authorized official pursuant to an order of such a court of competent jurisdiction or pursuant to State or local law; and

"(B) which is directed to, and the purpose of which is to compel, a governmental entity which holds moneys which are otherwise payable to an individual to make a payment from the moneys to another party in order to satisfy a legal obligation of the individual to provide child support or make alimony payments.".

(b) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV.—Sections 461 and 462 (42 U.S.C. 661 and 662) are repealed.

(2) TO TITLE 5, UNITED STATES CODE.—Section 5520a of title 5, United States Code, is amended, in subsections (h)(2) and (i), by striking "sections 459, 461, and 462 of the Social Security Act (42 U.S.C. 659, 661, and 662)" and inserting "section 459 of the Social Security Act (42 U.S.C. 659)".

(c) MILITARY RETIRED AND RETAINER PAY.—

(1) DEFINITION OF COURT.—Section 1408(a)(1) of title 10, United States Code, is amended—

(A) by striking "and" at the end of subparagraph (B);

(B) by striking the period at the end of subparagraph (C) and inserting "; and"; and

(C) by adding after subparagraph (C) the following new subparagraph:

"(D) any administrative or judicial tribunal of a State competent to enter orders for support or maintenance (including a State agency administering a program under a State plan approved under part D of title IV of the Social Security Act), and, for purposes of this subparagraph, the term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.".

(2) DEFINITION OF COURT ORDER.—Section 1408(a)(2) of such title is amended by inserting "or a court order for the payment of child support not included in or accompanied by such a decree or settlement," before "which—".

(3) PUBLIC PAYEE.—Section 1408(d) of such title is amended—

(A) in the heading, by inserting "(OR FOR BENEFIT OF)" before "SPOUSE OR"; and

(B) in paragraph (1), in the 1st sentence, by inserting "(or for the benefit of such spouse or former spouse to a State disbursement unit established pursuant to section 454B of the Social Security Act or other public payee designated by a State, in accordance with part D of title IV of the Social Security Act, as directed by court order, or as otherwise directed in accordance with such part D)" before "in an amount sufficient".

(4) RELATIONSHIP TO PART D OF TITLE IV.—Section 1408 of such title is amended by adding at the end the following new subsection:

"(j) RELATIONSHIP TO OTHER LAWS.—In any case involving an order providing for payment of child support (as defined in section 459(i)(2) of the Social Security Act) by a member who has never been married to the other parent of the child, the provisions of this section shall not apply, and the case shall be subject to the provisions of section 459 of such Act.".

(d) EFFECTIVE DATE.—The amendments made by this section shall become effective 6 months after the date of the enactment of this Act.

SEC. 963. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS OF MEMBERS OF THE ARMED FORCES.

(a) AVAILABILITY OF LOCATOR INFORMATION.—

(1) MAINTENANCE OF ADDRESS INFORMATION.—The Secretary of Defense shall establish a centralized personnel locator service that includes the address of each member of the Armed Forces under the jurisdiction of the Secretary. Upon request of the Secretary of Transportation, addresses for members of the Coast Guard shall be included in the centralized personnel locator service.

(2) TYPE OF ADDRESS.—

(A) RESIDENTIAL ADDRESS.—Except as provided in subparagraph (B), the address for a member of the Armed Forces shown in the locator service shall be the residential address of that member.

(B) DUTY ADDRESS.—The address for a member of the Armed Forces shown in the locator service shall be the duty address of that member in the case of a member—

(i) who is permanently assigned overseas, to a vessel, or to a routinely deployable unit; or

(ii) with respect to whom the Secretary concerned makes a determination that the member's residential address should not be disclosed due to national security or safety concerns.

(3) UPDATING OF LOCATOR INFORMATION.—Within 30 days after a member listed in the locator service establishes a new residential address (or a new duty address, in the case of a member covered by paragraph (2)(B)), the Secretary concerned shall update the locator service to indicate the new address of the member.

(4) AVAILABILITY OF INFORMATION.—The Secretary of Defense shall make information regarding the address of a member of the Armed Forces listed in the locator service available, on request, to the Federal Parent Locator Service established under section 453 of the Social Security Act.

(b) FACILITATING GRANTING OF LEAVE FOR ATTENDANCE AT HEARINGS.—

(1) REGULATIONS.—The Secretary of each military department, and the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy, shall prescribe regulations to facilitate the granting of leave to a member of the Armed Forces under the jurisdiction of that Secretary in a case in which—

(A) the leave is needed for the member to attend a hearing described in paragraph (2);

(B) the member is not serving in or with a unit deployed in a contingency operation (as defined in section 101 of title 10, United States Code); and

(C) the exigencies of military service (as determined by the Secretary concerned) do not otherwise require that such leave not be granted.

(2) COVERED HEARINGS.—Paragraph (1) applies to a hearing that is conducted by a court or pursuant to an administrative process established under State law, in connection with a civil action—

(A) to determine whether a member of the Armed Forces is a natural parent of a child; or

(B) to determine an obligation of a member of the Armed Forces to provide child support.

(3) DEFINITIONS.—For purposes of this subsection:

(A) The term "court" has the meaning given that term in section 1408(a) of title 10, United States Code.

(B) The term "child support" has the meaning given such term in section 459(i) of the Social Security Act (42 U.S.C. 659(i)).

(c) PAYMENT OF MILITARY RETIRED PAY IN COMPLIANCE WITH CHILD SUPPORT ORDERS.—

(1) DATE OF CERTIFICATION OF COURT ORDER.—Section 1408 of title 10, United States Code, as amended by section 962(c)(4), is amended—

(A) by redesignating subsections (i) and (j) as subsections (j) and (k), respectively; and

(B) by inserting after subsection (h) the following new subsection:

"(i) CERTIFICATION DATE.—It is not necessary that the date of a certification of the authenticity or completeness of a copy of a court order for child support received by the Secretary concerned for the purposes of this section be recent in relation to the date of receipt by the Secretary.".

(2) PAYMENTS CONSISTENT WITH ASSIGNMENTS OF RIGHTS TO STATES.—Section 1408(d)(1) of such title is amended by inserting after the 1st sentence the following: "In the case of a spouse or former spouse who assigns to a State the rights of the spouse or former spouse to receive support, the Secretary concerned may make the child support payments referred to in the preceding sentence to that State in amounts consistent with that assignment of rights.".

(3) ARREARAGES OWED BY MEMBERS OF THE UNIFORMED SERVICES.—Section 1408(d) of such title is amended by adding at the end the following new paragraph:

"(6) In the case of a court order for which effective service is made on the Secretary concerned on or after the date of the enactment of this paragraph and which provides for payments from the disposable retired pay of a member to satisfy the amount of child support set forth in the order, the authority provided in paragraph (1) to make payments from the disposable retired pay of a member to satisfy the amount of child support set forth in a court order shall apply to payment of any amount of child support arrearages set forth in that order as well as to amounts of child support that currently become due.".

(4) PAYROLL DEDUCTIONS.—The Secretary of Defense shall begin payroll deductions within 30 days after receiving notice of withholding, or for the 1st pay period that begins after such 30-day period.

SEC. 964. VOIDING OF FRAUDULENT TRANSFERS.

Section 466 (42 U.S.C. 666), as amended by section 921, is amended by adding at the end the following new subsection:

"(g) In order to satisfy section 454(20)(A), each State must have in effect—

"(1)(A) the Uniform Fraudulent Conveyance Act of 1981;

"(B) the Uniform Fraudulent Transfer Act of 1984; or

"(C) another law, specifying indicia of fraud which create a prima facie case that a debtor transferred income or property to avoid payment to a child support creditor, which the Secretary finds affords comparable rights to child support creditors; and

"(2) procedures under which, in any case in which the State knows of a transfer by a child support debtor with respect to which such a prima facie case is established, the State must—

"(A) seek to void such transfer; or

"(B) obtain a settlement in the best interests of the child support creditor.".

SEC. 965. WORK REQUIREMENT FOR PERSONS OWING CHILD SUPPORT.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 901(a), 915, 917(a), and 923, is amended by adding at the end the following new paragraph:

"(15) Procedures requiring the State, in any case in which an individual owes support with respect to a child receiving services under this part, to seek a court order or administrative order that requires the individual to—

"(A) pay such support in accordance with a plan approved by the court; or

"(B) if the individual is not working and is not incapacitated, participate in work activities (including, at State option, work activities as defined in section 482) as the court deems appropriate.".

SEC. 966. DEFINITION OF SUPPORT ORDER.

Section 453 (42 U.S.C. 653) as amended by sections 916 and 945(b), is amended by adding at the end the following new subsection:

"(o) As used in this part, the term 'support order' means a judgment, decree, or order, whether temporary, final, or subject to modification, issued by a court or an administrative agency of competent jurisdiction, for the support and maintenance of a child, including a child who has attained the age of majority under the law of the issuing State, or a child and the parent with whom the child is living, which provides for monetary support, health care, arrearages, or reimbursement, and which may include related costs and fees, interest and penalties, income withholding, attorneys' fees, and other relief.".

SEC. 967. REPORTING ARREARAGES TO CREDIT BUREAUS.

Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended to read as follows:

"(7)(A) Procedures (subject to safeguards pursuant to subparagraph (B)) requiring the State to report periodically to consumer reporting agencies (as defined in section 603(f) of the Fair Credit Reporting Act (15 U.S.C. 1681a(f)) the name of any absent parent who is delinquent in the payment of support, and the amount of overdue support owed by such parent.

"(B) Procedures ensuring that, in carrying out subparagraph (A), information with respect to an absent parent is reported—

"(i) only after such parent has been afforded all due process required under State law, including notice and a reasonable opportunity to contest the accuracy of such information; and

"(ii) only to an entity that has furnished evidence satisfactory to the State that the entity is a consumer reporting agency.".

SEC. 968. LIENS.

Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended to read as follows:

"(4) Procedures under which—

"(A) liens arise by operation of law against real and personal property for amounts of overdue support owed by an absent parent who resides or owns property in the State; and

"(B) the State accords full faith and credit to liens described in subparagraph (A) arising in another State, without registration of the underlying order.".

SEC. 969. STATE LAW AUTHORIZING SUSPENSION OF LICENSES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 915, 917(a), 923, and 965, is amended by adding at the end the following new paragraph:

"(16) Procedures under which the State has (and uses in appropriate cases) authority to withhold or suspend, or to restrict the use of, driver's licenses, professional and occupational licenses, and recreational licenses of individuals owing overdue support or failing, after receiving appropriate notice, to comply with subpoenas or warrants relating to paternity or child support proceedings.".

SEC. 970. DENIAL OF PASSPORTS FOR NONPAYMENT OF CHILD SUPPORT.

(a) HHS CERTIFICATION PROCEDURE.—

(1) SECRETARIAL RESPONSIBILITY.—Section 452 (42 U.S.C. 652), as amended by section 945, is amended by adding at the end the following new subsection:

"(k)(1) If the Secretary receives a certification by a State agency in accordance with the requirements of section 454(31) that an individual owes arrearages of child support in an amount exceeding $5,000, the Secretary shall transmit such certification to the Secretary of State for action (with respect to denial, revocation, or limitation of passports) pursuant to section 470(b) of the Work Opportunity Act of 1995.

"(2) The Secretary shall not be liable to an individual for any action with respect to a certification by a State agency under this section.".

(2) STATE CSE AGENCY RESPONSIBILITY.—Section 454 (42 U.S.C. 654), as amended by sections 901(b), 904(a), 912(b), 913(a), 933, and 943(a), is amended—

(A) by striking "and" at the end of paragraph (29);

(B) by striking the period at the end of paragraph (30) and inserting "; and"; and

(C) by adding after paragraph (30) the following new paragraph:

"(31) provide that the State agency will have in effect a procedure (which may be combined with the procedure for tax refund offset under section 464) for certifying to the Secretary, for purposes of the procedure under section 452(k) (concerning denial of passports), determinations that individuals owe arrearages of child support in an amount exceeding $5,000, under which procedure—

"(A) each individual concerned is afforded notice of such determination and the consequences thereof, and an opportunity to contest the determination; and

"(B) the certification by the State agency is furnished to the Secretary in such format, and accompanied by such supporting documentation, as the Secretary may require.".

(b) STATE DEPARTMENT PROCEDURE FOR DENIAL OF PASSPORTS.—

(1) IN GENERAL.—The Secretary of State shall, upon certification by the Secretary of Health and Human Services transmitted under section 452(k) of the Social Security Act, refuse to issue a passport to such individual, and may revoke, restrict, or limit a passport issued previously to such individual.

(2) LIMIT ON LIABILITY.—The Secretary of State shall not be liable to an individual for any action with respect to a certification by a State agency under this section.

(c) EFFECTIVE DATE.—This section and the amendments made by this section shall become effective October 1, 1996.

SEC. 971. INTERNATIONAL CHILD SUPPORT ENFORCEMENT.

The Secretary of State is authorized to negotiate reciprocal agreements with foreign nations on behalf of the States, territories, and possessions of the United States regarding the international enforcement of child support obligations and designating the Department of Health and Human Services as the central authority for such enforcement.

Subtitle H—Medical Support

SEC. 975. TECHNICAL CORRECTION TO ERISA DEFINITION OF MEDICAL CHILD SUPPORT ORDER.

(a) IN GENERAL.—Section 609(a)(2)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)(2)(B)) is amended—

(1) by striking "issued by a court of competent jurisdiction";

(2) by striking the period at the end of clause (ii) and inserting a comma; and

(3) by adding. after and below clause (ii). the following:

"if such judgment. decree. or order (I) is issued by a court of competent jurisdiction or (II) is issued through an administrative process established under State law and has the force and effect of law under applicable State law.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on the date of the enactment of this Act.

(2) PLAN AMENDMENTS NOT REQUIRED UNTIL JANUARY 1, 1996.—Any amendment to a plan required to be made by an amendment made by this section shall not be required to be made before the 1st plan year beginning on or after January 1, 1996, if—

(A) during the period after the date before the date of the enactment of this Act and before such 1st plan year, the plan is operated in accordance with the requirements of the amendments made by this section; and

(B) such plan amendment applies retroactively to the period after the date before the date of the enactment of this Act and before such 1st plan year.

A plan shall not be treated as failing to be operated in accordance with the provisions of the plan merely because it operates in accordance with this paragraph.

SEC. 976. ENFORCEMENT OF ORDERS FOR HEALTH CARE COVERAGE.

Section 466(a) (42 U.S.C. 666(a)). as amended by sections 915, 917(a), 923, 965, and 969, is amended by adding at the end the following new paragraph:

"(17) Procedures under which all child support orders enforced under this part shall include a provision for the health care coverage of the child, and in the case in which an absent parent provides such coverage and changes employment, and the new employer provides health care coverage, the State agency shall transfer notice of the provision to the employer, which notice shall operate to enroll the child in the absent parent's health plan, unless the absent parent contests the notice.".

Subtitle I—Enhancing Responsibility and Opportunity for Nonresidential Parents

SEC. 981. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

Part D of title IV (42 U.S.C. 651-669) is amended by adding at the end the following new section:

"SEC. 469A. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

"(a) IN GENERAL.—The Administration for Children and Families shall make grants under this section to enable States to establish and administer programs to support and facilitate absent parents' access to and visitation of their children, by means of activities including mediation (both voluntary and mandatory), counseling, education, development of parenting plans, visitation enforcement (including monitoring, supervision and neutral drop-off and pickup), and development of guidelines for visitation and alternative custody arrangements.

"(b) AMOUNT OF GRANT.—The amount of the grant to be made to a State under this section for a fiscal year shall be an amount equal to the lesser of—

"(1) 90 percent of State expenditures during the fiscal year for activities described in subsection (a); or

"(2) the allotment of the State under subsection (c) for the fiscal year.

"(c) ALLOTMENTS TO STATES.—

"(1) IN GENERAL.—The allotment of a State for a fiscal year is the amount that bears the same ratio to the amount appropriated for grants under this section for the fiscal year as the number of children in the State living with only 1 biological parent bears to the total number of such children in all States.

"(2) MINIMUM ALLOTMENT.—The Administration for Children and Families shall adjust allotments to States under paragraph (1) as necessary to ensure that no State is allotted less than—

"(A) $50,000 for fiscal year 1996 or 1997; or

"(B) $100,000 for any succeeding fiscal year.

"(d) NO SUPPLANTATION OF STATE EXPENDITURES FOR SIMILAR ACTIVITIES.—A State to which a grant is made under this section may not use the grant to supplant expenditures by the State for activities specified in subsection (a), but shall use the grant to supplement such expenditures at a level at least equal to the level of such expenditures for fiscal year 1995.

"(e) STATE ADMINISTRATION.—Each State to which a grant is made under this section—

"(1) may administer State programs funded with the grant, directly or through grants to or contracts with courts, local public agencies, or nonprofit private entities;

"(2) shall not be required to operate such programs on a statewide basis; and

"(3) shall monitor, evaluate, and report on such programs in accordance with regulations prescribed by the Secretary.".

Subtitle J—Effect of Enactment

SEC. 991. EFFECTIVE DATES.

(a) IN GENERAL.—Except as otherwise specifically provided (but subject to subsections (b) and (c))—

(1) the provisions of this title requiring the enactment or amendment of State laws under section 466 of the Social Security Act, or revision of State plans under section 454 of such Act, shall be effective with respect to periods beginning on and after October 1, 1996; and

(2) all other provisions of this title shall become effective upon the date of the enactment of this Act.

(b) GRACE PERIOD FOR STATE LAW CHANGES.—The provisions of this title shall become effective with respect to a State on the later of—

(1) the date specified in this title, or

(2) the effective date of laws enacted by the legislature of such State implementing such provisions,

but in no event later than the 1st day of the 1st calendar quarter beginning after the close of the 1st regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

(c) GRACE PERIOD FOR STATE CONSTITUTIONAL AMENDMENT.—A State shall not be found out of compliance with any requirement enacted by this title if the State is unable to so comply without amending the State constitution until the earlier of—

(1) 1 year after the effective date of the necessary State constitutional amendment; or

(2) 5 years after the date of the enactment of this title.

TITLE X—REFORM OF PUBLIC HOUSING

SEC. 1001. CEILING RENTS.

Section 3(a)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437a(a)(2)) is amended to read as follows:

"(2) ESTABLISHMENT OF CEILING RENTS.—

"(A) IN GENERAL.—A public housing agency may provide that each family residing in a public housing project shall pay monthly rent in an amount established by such agency in accordance with this paragraph.

"(B) LIMITATIONS ON AMOUNT.—The rental amount established under subparagraph (A)—

"(i) shall reflect the reasonable rental value of the dwelling unit in which the family resides, as compared with similar types and sizes of dwelling units in the market area in which the public housing project is located;

"(ii) shall be greater than or equal to the monthly cost to operate the housing (including any replacement reserves at the discretion of the public housing agency); and

"(iii) shall not exceed the amount payable as rent by such family under paragraph (1).".

SEC. 1002. DEFINITION OF ADJUSTED INCOME FOR PUBLIC HOUSING.

(a) DEFINITION OF ADJUSTED INCOME.—Section 3(b)(5) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(5)) is amended to read as follows:

"(5) The term 'adjusted income' means the income that remains after excluding—

"(A) $480 for each member of the family residing in the household (other than the head of the household or spouse)—

"(i) who is under 18 years of age; or

"(ii) who is—

"(I) 18 years of age or older; and

"(II) a person with disabilities or a full-time student;

"(B) $400 for an elderly or disabled family;

"(C) the amount by which the aggregate of—

"(i) medical expenses for an elderly or disabled family; and

"(ii) reasonable attendant care and auxiliary apparatus expenses for each family member who is a person with disabilities, to the extent necessary to enable any member of the family (including a member who is a person with disabilities) to be employed;

exceeds 3 percent of the annual income of the family;

"(D) child care expenses, to the extent necessary to enable another member of the family to be employed or to further his or her education;

"(E) excessive travel expenses, not to exceed $25 per family per week, for employment- or education-related travel, except that this subparagraph shall apply only to a family assisted by an Indian housing authority; and

"(F) subject to the requirements of subsection (e), for public housing, adjustments to earned income established by the public housing agency, not to exceed 20 percent of the earned income of the family.".

(b) ADJUSTMENTS TO DEFINITION OF EARNED INCOME.—Section 3 of the United States Housing Act of 1937 (42 U.S.C. 1437a) is amended—

(1) in the first undesignated paragraph immediately following subsection (c)(3) (as added by section 515(b) of the Cranston-Gonzalez National Affordable Housing Act), by striking "The earnings of" and inserting the following:

"(d) EXCLUSION OF CERTAIN EARNINGS.—The earnings of"; and

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

"(e) ADJUSTMENTS TO EARNED INCOME.—If a public housing agency establishes any adjustment to income pursuant to subsection (b)(5)(F), the Secretary—

"(1) shall not take into account any reduction of the per dwelling unit rental income of the public housing agency resulting from that adjustment in calculating the contributions under section 9 for the public housing agency for the operation of the public housing; and

"(2) shall not reduce the level of operating subsidies payable to the public housing agency due to an increase in per dwelling unit

rental income that results from a higher level of income earned by any residents whose adjusted incomes are calculated taking into account that adjustment to income, until the public housing agency has recovered a sum equal to the cumulative difference between—

"(A) the operating subsidies actually received by the agency; and

"(B) the operating subsidies that the public housing agency would have received if paragraph (1) was not applied.".

(c) REPORT.—Not later than 3 years after the date of enactment of this Act, the Comptroller General of the United States shall submit a report to the Congress describing the fiscal and societal impact of the amendment made by subsection (b)(2).

(d) REPEAL OF CERTAIN PROVISIONS.—

(1) MAXIMUM ANNUAL LIMITATION ON RENT INCREASES RESULTING FROM EMPLOYMENT.—Section 957 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12714) is repealed effective November 28, 1990.

(2) ECONOMIC INDEPENDENCE.—Section 923 of the Housing and Community Development Act of 1992 (42 U.S.C. 12714 note) is repealed effective October 28, 1992.

SEC. 1003. FAILURE TO COMPLY WITH OTHER WELFARE AND PUBLIC ASSISTANCE PROGRAMS.

Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following new section:

"SEC. 27. FAILURE TO COMPLY WITH OTHER WELFARE AND PUBLIC ASSISTANCE PROGRAMS.

"(a) IN GENERAL.—If the benefits of a family are reduced under a Federal, State, or local law relating to welfare or a public assistance program for the failure of any member of the family to perform an action required under the law or program, the family may not, for the duration of the reduction, receive any increased assistance under this Act as the result of a decrease in the income of the family to the extent that the decrease in income is the result of the benefits reduction.

"(b) EXCEPTION.—Subsection (a) shall not apply in any case in which the benefits of a family are reduced because the welfare or public assistance program to which the Federal, State, or local law relates limits the period during which benefits may be provided under the program.".

SEC. 1004. APPLICABILITY TO INDIAN HOUSING.

(a) IN GENERAL.—In accordance with section 201(b)(2) of the United States Housing Act of 1937, the amendments made by this title shall apply to public housing developed or operated pursuant to a contract between the Secretary and an Indian housing authority.

(b) DEFINITIONS.—For purposes of this section—

(1) the term "Indian housing authority" has the same meaning as in section 3(b) of the United States Housing Act of 1937;

(2) the term "public housing" has the same meaning as in section 3(b) of the United States Housing Act of 1937; and

(3) the term "Secretary" means the Secretary of Housing and Urban Development.

SEC. 1005. IMPLEMENTATION.

The Secretary shall issue such regulations as may be necessary to carry out this title and the amendments made by this title.

SEC. 1006. EFFECTIVE DATE.

This title and the amendments made by this title shall take effect on the date of enactment of this Act.

TITLE XI—CHILD ABUSE PREVENTION AND TREATMENT

SEC. 1101. SHORT TITLE.

This title may be cited as the "Child Abuse Prevention and Treatment Act Amendments of 1995".

Subtitle A—General Program

SEC. 1111. REFERENCE.

Except as otherwise expressly provided, whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Child Abuse Prevention and Treatment Act (42 U.S.C. 5101 et seq.).

SEC. 1112. FINDINGS.

Section 2 (42 U.S.C. 5101 note) is amended—

(1) in paragraph (1), the read as follows:

"(1) each year, close to 1,000,000 American children are victims of abuse and neglect;";

(2) in paragraph (3)(C), by inserting "assessment," after "prevention,";

(3) in paragraph (4)—

(A) by striking "tens of"; and

(B) by striking "direct" and all that follows through the semicolon and inserting "tangible expenditures, as well as significant intangible costs;";

(4) in paragraph (7), by striking "remedy the causes of" and inserting "prevent";

(5) in paragraph (8), by inserting "safety," after "fosters the health.";

(6) in paragraph (10)—

(A) by striking "ensure that every community in the United States has" and inserting "assist States and communities with"; and

(B) by inserting "and family" after "comprehensive child"; and

(7) in paragraph (11)—

(A) by striking "child protection" each place that such appears and inserting "child and family protection"; and

(B) in subparagraph (D), by striking "sufficient".

SEC. 1113. OFFICE OF CHILD ABUSE AND NEGLECT.

Section 101 (42 U.S.C.5101) is amended to read as follows:

"SEC. 101. OFFICE OF CHILD ABUSE AND NEGLECT.

"(a) ESTABLISHMENT.—The Secretary of Health and Human Services may establish an office to be known as the Office on Child Abuse and Neglect.

"(b) PURPOSE.—The purpose of the Office established under subsection (a) shall be to execute and coordinate the functions and activities of this Act. In the event that such functions and activities are performed by another entity or entities within the Department of Health and Human Services, the Secretary shall ensure that such functions and activities are executed with the necessary expertise and in a fully coordinated manner involving regular intradepartmental and interdepartmental consultation with all agencies involved in child abuse and neglect activities.".

SEC. 1114. ADVISORY BOARD ON CHILD ABUSE AND NEGLECT.

Section 102 (42 U.S.C.5102) is amended to read as follows:

"SEC. 102. ADVISORY BOARD ON CHILD ABUSE AND NEGLECT.

"(a) APPOINTMENT.—The Secretary may appoint an advisory board to make recommendations to the Secretary and to the appropriate committees of Congress concerning specific issues relating to child abuse and neglect.

"(b) SOLICITATION OF NOMINATIONS.—The Secretary shall publish a notice in the Federal Register soliciting nominations for the appointment of members of the advisory board under subsection (a).

"(c) COMPOSITION.—In establishing the board under subsection (a), the Secretary shall appoint members from the general public who are individuals knowledgeable in child abuse and neglect prevention, intervention, treatment, or research, and with due consideration to representation of ethnic or racial minorities and diverse geographic areas, and who represent—

"(1) law (including the judiciary);

"(2) psychology (including child development);

"(3) social services (including child protective services);

"(4) medicine (including pediatrics);

"(5) State and local government;

"(6) organizations providing services to disabled persons;

"(7) organizations providing services to adolescents;

"(8) teachers;

"(9) parent self-help organizations;

"(10) parents' groups;

"(11) voluntary groups;

"(12) family rights groups; and

"(13) children's rights advocates.

"(d) VACANCIES.—Any vacancy in the membership of the board shall be filled in the same manner in which the original appointment was made.

"(e) ELECTION OF OFFICERS.—The board shall elect a chairperson and vice-chairperson at its first meeting from among the members of the board.

"(f) DUTIES.—Not later than 1 year after the establishment of the board under subsection (a), the board shall submit to the Secretary and the appropriate committees of Congress a report, or interim report, containing—

"(1) recommendations on coordinating Federal, State, and local child abuse and neglect activities with similar activities at the Federal, State, and local level pertaining to family violence prevention;

"(2) specific modifications needed in Federal and State laws and programs to reduce the number of unfounded or unsubstantiated reports of child abuse or neglect while enhancing the ability to identify and substantiate legitimate cases of abuse or neglect which place a child in danger; and

"(3) recommendations for modifications needed to facilitate coordinated national data collection with respect to child protection and child welfare.".

SEC. 1115. REPEAL OF INTERAGENCY TASK FORCE.

Section 103 (42 U.S.C.5103) is repealed.

SEC. 1116. NATIONAL CLEARINGHOUSE FOR INFORMATION RELATING TO CHILD ABUSE.

Section 104 (42 U.S.C.5104) is amended—

(1) in subsection (a), to read as follows:

"(a) ESTABLISHMENT.—The Secretary shall through the Department, or by one or more contracts of not less than 3 years duration let through a competition, establish a national clearinghouse for information relating to child abuse.";

(2) in subsection (b)—

(A) in the matter preceding paragraph (1), by striking "Director" and inserting "Secretary";

(B) in paragraph (1)—

(i) by inserting "assessment," after "prevention,"; and

(ii) by striking ", including" and all that follows through "105(b)" and inserting "and";

(C) in paragraph (2)—

(i) in subparagraph (A), by striking "general population" and inserting "United States";

(ii) in subparagraph (B), by adding "and" at the end thereof;

(iii) in subparagraph (C), by striking "; and" at the end thereof and inserting a period; and

(iv) by striking subparagraph (D); and

(D) by striking paragraph (3); and

(3) in subsection (c)—

(A) in the matter preceding paragraph (1), by striking "Director" and inserting "Secretary";

(B) in paragraph (2), by striking "that is represented on the task force" and inserting "involved with child abuse and neglect and mechanisms for the sharing of such information among other Federal agencies and clearinghouses";

(C) in paragraph (3), by striking "State, regional" and all that follows and inserting the following: "Federal, State, regional, and local child welfare data systems which shall include:

"(A) standardized data on false, unfounded, unsubstantiated, and substantiated reports; and

"(B) information on the number of deaths due to child abuse and neglect;";

(D) by redesignating paragraph (4) as paragraph (6); and

(E) by inserting after paragraph (3), the following new paragraphs:

"(4) through a national data collection and analysis program and in consultation with appropriate State and local agencies and experts in the field, collect, compile, and make available State child abuse and neglect reporting information which, to the extent practical, shall be universal and case specific, and integrated with other case-based foster care and adoption data collected by the Secretary;

"(5) compile, analyze, and publish a summary of the research conducted under section 105(a); and".

SEC. 1117. RESEARCH, EVALUATION AND ASSISTANCE ACTIVITIES.

(a) RESEARCH.—Section 105(a) (42 (42 U.S.C. 5105(a)) is amended—

(1) in the section heading, by striking "OF THE NATIONAL CENTER ON CHILD ABUSE AND NEGLECT";

(2) in paragraph (1)—

(A) in the matter preceding subparagraph (A), by striking ", through the Center, conduct research on" and inserting ", in consultation with other Federal agencies and recognized experts in the field, carry out a continuing interdisciplinary program of research that is designed to provide information needed to better protect children from abuse or neglect and to improve the well-being of abused or neglected children, with at least a portion of such research being field initiated. Such research program may focus on";

(B) by redesignating subparagraphs (A) through (C) as subparagraph (B) through (D), respectively;

(C) by inserting before subparagraph (B) (as so redesignated) the following new subparagraph:

"(A) the nature and scope of child abuse and neglect;";

(D) in subparagraph (B) (as so redesignated), to read as follows:

"(B) causes, prevention, assessment, identification, treatment, cultural and socio-economic distinctions, and the consequences of child abuse and neglect;";

(E) in subparagraph (D) (as so redesignated)—

(i) by striking clause (ii); and

(ii) in clause (iii), to read as follows:

"(ii) the incidence of substantiated and unsubstantiated reported child abuse cases;

"(iii) the number of substantiated cases that result in a judicial finding of child abuse or neglect or related criminal court convictions;

"(iv) the extent to which the number of unsubstantiated, unfounded and false reported cases of child abuse or neglect have contributed to the inability of a State to respond effectively to serious cases of child abuse or neglect;

"(v) the extent to which the lack of adequate resources and the lack of adequate training of reporters have contributed to the inability of a State to respond effectively to serious cases of child abuse and neglect;

"(vi) the number of unsubstantiated, false, or unfounded reports that have resulted in a child being placed in substitute care, and the duration of such placement;

"(vii) the extent to which unsubstantiated reports return as more serious cases of child abuse or neglect;

"(viii) the incidence and prevalence of physical, sexual, and emotional abuse and physical and emotional neglect in substitute care; and

"(ix) the incidence and outcomes of abuse allegations reported within the context of divorce, custody, or other family court proceedings, and the interaction between this venue and the child protective services system."; and

(3) in paragraph (2)—

(A) in subparagraph (A)—

(i) by striking "and demonstrations"; and

(ii) by striking "paragraph (1)(A) and activities under section 106" and inserting "paragraph (1)"; and

(B) in subparagraph (B), by striking "and demonstration".

(b) REPEAL.—Subsection (b) of section 105 (42 U.S.C. 5105(b)) is repealed.

(c) TECHNICAL ASSISTANCE.—Section 105(c) (42 U.S.C. 5105(c)) is amended—

(1) by striking "The Secretary" and inserting:

"(1) IN GENERAL.—The Secretary";

(2) by striking ", through the Center,";

(3) by inserting "State and local" before "public and nonprofit";

(4) by inserting "assessment," before "identification"; and

(5) by adding at the end thereof the following new paragraphs:

"(2) EVALUATION.—Such technical assistance may include an evaluation or identification of—

"(A) various methods and procedures for the investigation, assessment, and prosecution of child physical and sexual abuse cases;

"(B) ways to mitigate psychological trauma to the child victim; and

"(C) effective programs carried out by the States under titles I and II.

"(3) DISSEMINATION.—The Secretary may provide for and disseminate information relating to various training resources available at the State and local level to—

"(A) individuals who are engaged, or who intend to engage, in the prevention, identification, and treatment of child abuse and neglect; and

"(B) appropriate State and local officials to assist in training law enforcement, legal, judicial, medical, mental health, education, and child welfare personnel in appropriate methods of interacting during investigative, administrative, and judicial proceedings with children who have been subjected to abuse.".

(d) GRANTS AND CONTRACTS.—Section 105(d)(2) (42 U.S.C. 5105(d)(2)) is amended by striking the second sentence.

(e) PEER REVIEW.—Section 105(e) (42 U.S.C. 5105(e)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) by striking "establish a formal" and inserting ", in consultation with experts in the field and other federal agencies, establish a formal, rigorous, and meritorious";

(ii) by striking "and contracts"; and

(iii) by adding at the end thereof the following new sentence: "The purpose of this process is to enhance the quality and usefulness of research in the field of child abuse and neglect."; and

(B) in subparagraph (B)—

(i) by striking "Office of Human Development" and inserting "Administration on Children and Families"; and

(ii) by adding at the end thereof the following new sentence: "The Secretary shall ensure that the peer review panel utilizes scientifically valid review criteria and scoring guidelines for review committees."; and

(2) in paragraph (2)—

(A) in the matter preceding subparagraph (A), by striking ", contract, or other financial assistance"; and

(B) by adding at the end thereof the following flush sentence:

"The Secretary shall award grants under this section on the basis of competitive review.".

SEC. 1118. GRANTS FOR DEMONSTRATION PROGRAMS.

Section 106 (42 U.S.C. 5106) is amended—

(1) in the section heading, by striking "OR SERVICE";

(2) in subsection (a), to read as follows:

"(a) DEMONSTRATION PROGRAMS AND PROJECTS.—The Secretary may make grants to, and enter into contracts with, public agencies or nonprofit private agencies or organizations (or combinations of such agencies or organizations) for time limited, demonstration programs and projects for the following purposes:

"(1) TRAINING PROGRAMS.—The Secretary may award grants to public or private nonprofit organizations under this section—

"(A) for the training of professional and paraprofessional personnel in the fields of medicine, law, education, social work, and other relevant fields who are engaged in, or intend to work in, the field of prevention, identification, and treatment of child abuse and neglect, including the links between domestic violence and child abuse;

"(B) to provide culturally specific instruction in methods of protecting children from child abuse and neglect to children and to persons responsible for the welfare of children, including parents of and persons who work with children with disabilities;

"(C) to improve the recruitment, selection, and training of volunteers serving in private and public nonprofit children, youth and family service organizations in order to prevent child abuse and neglect through collaborative analysis of current recruitment, selection, and training programs and development of model programs for dissemination and replication nationally; and

"(D) for the establishment of resource centers for the purpose of providing information and training to professionals working in the field of child abuse and neglect.

"(2) MUTUAL SUPPORT PROGRAMS.—The Secretary may award grants to private non-profit organizations (such as Parents Anonymous) to establish or maintain a national network of mutual support and self-help programs as a means of strengthening families in partnership with their communities.

"(3) OTHER INNOVATIVE PROGRAMS AND PROJECTS.—

"(A) IN GENERAL.—The Secretary may award grants to public agencies that demonstrate innovation in responding to reports of child abuse and neglect including programs of collaborative partnerships between the State child protective service agency, community social service agencies and family support programs, schools, churches and synagogues, and other community agencies to allow for the establishment of a triage system that—

"(i) accepts, screens and assesses reports received to determine which such reports require an intensive intervention and which require voluntary referral to another agency, program or project;

"(ii) provides, either directly or through referral, a variety of community-linked services to assist families in preventing child abuse and neglect; and

"(iii) provides further investigation and intensive intervention where the child's safety is in jeopardy.

"(B) KINSHIP CARE.—The Secretary may award grants to public entities to assist such entities in developing or implementing procedures using adult relatives as the preferred placement for children removed from their home, where such relatives are determined to be capable of providing a safe nurturing environment for the child or where such relatives comply with the State child protection standards.

"(C) VISITATION CENTERS.—The Secretary may award grants to public or private nonprofit entities to assist such entities in the establishment or operation of supervised visitation centers where there is documented, highly suspected, or elevated risk of child sexual, physical, or emotional abuse where, due to domestic violence, there is an ongoing risk of harm to a parent or child.";

(3) in subsection (c), by striking paragraphs (1) and (2); and

(4) by adding at the end thereof the following new subsection:

"(d) EVALUATION.—In making grants for demonstration projects under this section, the Secretary shall require all such projects to be evaluated for their effectiveness. Funding for such evaluations shall be provided either as a stated percentage of a demonstration grant or as a separate grant entered into by the Secretary for the purpose of evaluating a particular demonstration project or group of projects.".

SEC. 1119. STATE GRANTS FOR PREVENTION AND TREATMENT PROGRAMS.

Section 107 (42 U.S.C. 5106a) is amended to read as follows:

"SEC. 107. GRANTS TO STATES FOR CHILD ABUSE AND NEGLECT PREVENTION AND TREATMENT PROGRAMS.

"(a) DEVELOPMENT AND OPERATION GRANTS.—The Secretary shall make grants to the States, based on the population of children under the age of 18 in each State that applies for a grant under this section, for purposes of assisting the States in improving the child protective service system of each such State in—

"(1) the intake, assessment, screening, and investigation of reports of abuse and neglect;

"(2)(A) creating and improving the use of multidisciplinary teams and interagency protocols to enhance investigations; and

"(B) improving legal preparation and representation, including—

"(i) procedures for appealing and responding to appeals of substantiated reports of abuse and neglect; and

"(ii) provisions for the appointment of a guardian ad litem.

"(3) case management and delivery of services provided to children and their families;

"(4) enhancing the general child protective system by improving risk and safety assessment tools and protocols, automation systems that support the program and track reports of child abuse and neglect from intake through final disposition and information referral systems;

"(5) developing, strengthening, and facilitating training opportunities and requirements for individuals overseeing and providing services to children and their families through the child protection system;

"(6) developing and facilitating training protocols for individuals mandated to report child abuse or neglect;

"(7) developing, strengthening, and supporting child abuse and neglect prevention, treatment, and research programs in the public and private sectors;

"(8) developing, implementing, or operating—

"(A) information and education programs or training programs designed to improve the provision of services to disabled infants with life-threatening conditions for—

"(i) professional and paraprofessional personnel concerned with the welfare of disabled infants with life-threatening conditions, including personnel employed in child protective services programs and health-care facilities; and

"(ii) the parents of such infants; and

"(B) programs to assist in obtaining or coordinating necessary services for families of disabled infants with life-threatening conditions, including—

"(i) existing social and health services;

"(ii) financial assistance; and

"(iii) services necessary to facilitate adoptive placement of any such infants who have been relinquished for adoption; or

"(9) developing and enhancing the capacity of community-based programs to integrate shared leadership strategies between parents and professionals to prevent and treat child abuse and neglect at the neighborhood level.

"(b) ELIGIBILITY REQUIREMENTS.—In order for a State to qualify for a grant under subsection (a), such State shall provide an assurance or certification, signed by the chief executive officer of the State, that the State—

"(1) has in effect and operation a State law or Statewide program relating to child abuse and neglect which ensures—

"(A) provisions or procedures for the reporting of known and suspected instances of child abuse and neglect;

"(B) procedures for the immediate screening, safety assessment, and prompt investigation of such reports;

"(C) procedures for immediate steps to be taken to ensure and protect the safety of the abused or neglected child and of any other child under the same care who may also be in danger of abuse or neglect;

"(D) provisions for immunity from prosecution under State and local laws and regulations for individuals making good faith reports of suspected or known instances of child abuse or neglect;

"(E) methods to preserve the confidentiality of all records in order to protect the rights of the child and of the child's parents or guardians, including methods to ensure that disclosure (and redisclosure) of information concerning child abuse or neglect involving specific individuals is made only to persons or entities that the State determines have a need for such information directly related to the purposes of this Act;

"(F) requirements for the prompt disclosure of all relevant information to any Federal, State, or local governmental entity, or any agent of such entity, with a need for such information in order to carry out its responsibilities under law to protect children from abuse and neglect;

"(G) the cooperation of State law enforcement officials, court of competent jurisdiction, and appropriate State agencies providing human services;

"(H) provisions requiring, and procedures in place that facilitate the prompt expungement of any records that are accessible to the general public or are used for purposes of employment or other background checks in cases determined to be unsubstantiated or false, except that nothing in this section shall prevent State child protective service agencies from keeping information on unsubstantiated reports in their casework files to assist in future risk and safety assessment; and

"(I) provisions and procedures requiring that in every case involving an abused or neglected child which results in a judicial proceeding, a guardian ad litem shall be appointed to represent the child in such proceedings; and

"(2) has in place procedures for responding to the reporting of medical neglect (including instances of withholding of medically indicated treatment from disabled infants with life-threatening conditions), procedures or programs, or both (within the State child protective services system), to provide for—

"(A) coordination and consultation with individuals designated by and within appropriate health-care facilities;

"(B) prompt notification by individuals designated by and within appropriate health-care facilities of cases of suspected medical neglect (including instances of withholding of medically indicated treatment from disabled infants with life-threatening conditions); and

"(C) authority, under State law, for the State child protective service system to pursue any legal remedies, including the authority to initiate legal proceedings in a court of competent jurisdiction, as may be necessary to prevent the withholding of medically indicated treatment from disabled infants with life threatening conditions.

"(c) ADDITIONAL REQUIREMENT:—Not later than 2 years after the date of enactment of this section, the State shall provide an assurance or certification that the State has in place provisions, procedures, and mechanisms by which individuals who disagree with an official finding of abuse or neglect can appeal such finding.

"(d) STATE PROGRAM PLAN.—To be eligible to receive a grant under this section, a State shall submit every 5 years a plan to the Secretary that specifies the child protective service system area or areas described in subsection (a) that the State intends to address with funds received under the grant. Such plan shall, to the maximum extent practicable, be coordinated with the plan of the State for child welfare services and family preservation and family support services under part B of title IV of the Social Security Act and shall contain an outline of the activities that the State intends to carry out using amounts provided under the grant to achieve the purposes of this Act, including the procedures to be used for—

"(1) receiving and assessing reports of child abuse or neglect;

"(2) investigating such reports;

"(3) protecting children by removing them from dangerous settings and ensuring their placement in a safe environment;

"(4) providing services or referral for services for families and children where the child is not in danger of harm;

"(5) providing services to individuals, families, or communities, either directly or through referral, aimed at preventing the occurrence of child abuse and neglect;

"(6) providing training to support direct line and supervisory personnel in report-taking, screening, assessment, decision-making, and referral for investigation; and

"(7) providing training for individuals mandated to report suspected cases of child abuse or neglect.

"(e) RESTRICTIONS RELATING TO CHILD WELFARE SERVICES.—Programs or projects relating to child abuse and neglect assisted under part B of title IV of the Social Security Act shall comply with the requirements set forth in paragraphs (1) (A) and (B), and (2) of subsection (b).

"(f) ANNUAL STATE DATA REPORTS.—Each State to which a grant is made under this part shall annually work with the Secretary to provide, to the maximum extent practicable, a report that includes the following:

"(1) The number of children who were reported to the State during the year as abused or neglected.

"(2) Of the number of children described in paragraph (1), the number with respect to whom such reports were—

"(A) substantiated;

"(B) unsubstantiated; and

"(C) determined to be false.

"(3) Of the number of children described in paragraph (2)—

"(A) the number that did not receive services during the year under the State program funded under this part or an equivalent State program;

"(B) the number that received services during the year under the State program funded under this part or an equivalent State program; and

"(C) the number that were removed from their families during the year by disposition of the case.

"(4) The number of families that received preventive services from the State during the year.

"(5) The number of deaths in the State during the year resulting from child abuse or neglect.

"(6) Of the number of children described in paragraph (5), the number of such children who were in foster care.

"(7) The number of child protective service workers responsible for the intake and screening of reports filed in the previous year.

"(8) The agency response time with respect to each such report with respect to initial investigation of reports of child abuse or neglect.

"(9) The response time with respect to the provision of services to families and children where an allegation of abuse or neglect has been made.

"(10) The number of child protective service workers responsible for intake, assessment, and investigation of child abuse and neglect reports relative to the number of reports investigated in the previous year.

"(g) ANNUAL REPORT BY THE SECRETARY.—Within 6 months after receiving the State reports under subsection (f), the Secretary shall prepare a report based on information provided by the States for the fiscal year under such subsection and shall make the report and such information available to the Congress and the national clearinghouse for information relating to child abuse.".

SEC. 1120. REPEAL.

Section 108 (42 U.S.C. 5106b) is repealed.

SEC. 1121. MISCELLANEOUS REQUIREMENTS.

Section 110 (42 U.S.C. 5106d) is amended by striking subsections (c) and (d).

SEC. 1122. DEFINITIONS.

Section 113 (42 U.S.C. 5106h) is amended—

(1) by striking paragraphs (1) and (2);

(2) by redesignating paragraphs (3) through (10) as paragraphs (1) through (8), respectively; and

(3) in paragraph (2) (as so redesignated), to read as follows:

"(2) the term 'child abuse and neglect' means, at a minimum, any recent act or failure to act on the part of a parent or caretaker, which results in death or serious physical, sexual, or emotional harm, or presents an imminent risk of serious harm;".

SEC. 1123. AUTHORIZATION OF APPROPRIATIONS.

Section 114(a) (42 U.S.C. 5106h(a)) is amended to read as follows:

"(a) IN GENERAL.—

"(1) GENERAL AUTHORIZATION.—There are authorized to be appropriated to carry out this title, $100,000,000 for fiscal year 1996, and such sums as may be necessary for each of the fiscal years 1997 through 2000.

"(2) DISCRETIONARY ACTIVITIES.—

"(A) IN GENERAL.—Of the amounts appropriated for a fiscal year under paragraph (1), the Secretary shall make available 33⅓ percent of such amounts to fund discretionary activities under this title.

"(B) DEMONSTRATION PROJECTS.—Of the amounts made available for a fiscal year under subparagraph (A), the Secretary make available not more than 40 percent of such amounts to carry out section 106.".

SEC. 1124. RULE OF CONSTRUCTION.

Title I (42 U.S.C. 5101 et seq.) is amended by adding at the end thereof the following new section:

"SEC. 115. RULE OF CONSTRUCTION.

"(a) IN GENERAL.—Nothing in this Act shall be construed—

"(1) as establishing a Federal requirement that a parent or legal guardian provide a child any medical service or treatment against the religious beliefs of the parent or legal guardian; and

"(2) to require that a State find, or to prohibit a State from finding, abuse or neglect in cases in which a parent or legal guardian relies solely or partially upon spiritual means rather than medical treatment, in accordance with the religious beliefs of the parent or legal guardian.

"(b) STATE REQUIREMENT.—Notwithstanding subsection (a), a State shall, at a minimum, have in place authority under State law to permit the child protective service system of the State to pursue any legal remedies, including the authority to initiate legal proceedings in a court of competent jurisdiction, to provide medical care or treatment for a child when such care or treatment is necessary to prevent or remedy serious harm to the child, or to prevent the withholding of medically indicated treatment from children with life threatening conditions. Case by case determinations concerning the exercise of the authority of this subsection shall be within the sole discretion of the State.".

SEC. 1125. TECHNICAL AMENDMENT.

Section 1404A of the Victims of Crime Act of 1984 (42 U.S.C. 10603a) is amended—

(1) by striking "1402(d)(2)(D) and (d)(3)" and inserting "1402(d)(2)"; and

(2) by striking "section 4(d)" and inserting "section 109".

Subtitle B—Community-Based Child Abuse and Neglect Prevention Grants

SEC. 1131. ESTABLISHMENT OF PROGRAM.

Title II of the Child Abuse Prevention and Treatment Act (42 U.S.C. 5116 et seq) is amended to read as follows:

"TITLE II—COMMUNITY-BASED FAMILY RESOURCE AND SUPPORT GRANTS

"SEC. 201. PURPOSE AND AUTHORITY.

"(a) PURPOSE.—It is the purpose of this Act to support State efforts to develop, operate, expand and enhance a network of community-based, prevention-focused, family resource and support programs that are culturally competent and that coordinate resources among existing education, vocational rehabilitation, disability, respite, health, mental health, job readiness, self-sufficiency, child and family development, community action, Head Start, child care, child abuse and neglect prevention, juvenile justice, domestic violence prevention and intervention, housing, and other human service organizations within the State.

"(b) AUTHORITY.—The Secretary shall make grants under this title on a formula basis to the entity designated by the State as the lead entity (hereafter referred to in this title as the 'lead entity') for the purpose of—

"(1) developing, operating, expanding and enhancing Statewide networks of community-based, prevention-focused, family resource and support programs that—

"(A) offer sustained assistance to families;

"(B) provide early, comprehensive, and holistic support for all parents;

"(C) promote the development of parental competencies and capacities, especially in young parents and parents with very young children;

"(D) increase family stability;

"(E) improve family access to other formal and informal resources and opportunities for assistance available within communities;

"(F) support the additional needs of families with children with disabilities; and

"(G) decrease the risk of homelessness;

"(2) fostering the development of a continuum of preventive services for children and families through State and community-based collaborations and partnerships both public and private;

"(3) financing the start-up, maintenance, expansion, or redesign of specific family resource and support program services (such as respite services, child abuse and neglect prevention activities, disability services, mental health services, housing services, transportation, adult education, home visiting and other similar services) identified by the inventory and description of current services required under section 205(a)(3) as an unmet need, and integrated with the network of community-based family resource and support program to the extent practicable given funding levels and community priorities;

"(4) maximizing funding for the financing, planning, community mobilization, collaboration, assessment, information and referral, startup, training and technical assistance, information management, reporting and evaluation costs for establishing, operating, or expanding a Statewide network of community-based, prevention-focused, family resource and support program; and

"(5) financing public information activities that focus on the healthy and positive development of parents and children and the promotion of child abuse and neglect prevention activities.

"SEC. 202. ELIGIBILITY.

"A State shall be eligible for a grant under this title for a fiscal year if—

"(1)(A) the chief executive officer of the State has designated an entity to administer funds under this title for the purposes identified under the authority of this title, including to develop, implement, operate, enhance or expand a Statewide network of community-based, prevention-focused, family resource and support programs, child abuse and neglect prevention activities and access to respite services integrated with the Statewide network;

"(B) in determining which entity to designate under subparagraph (A), the chief executive officer should give priority consideration to the trust fund advisory board of the State or an existing entity that leverages Federal, State, and private funds for a broad range of child abuse and neglect prevention activities and family resource programs, and that is directed by an interdisciplinary, public-private structure, including participants from communities; and

"(C) such lead entity is an existing public, quasi-public, or nonprofit private entity with a demonstrated ability to work with other State and community-based agencies to provide training and technical assistance, and that has the capacity and commitment to ensure the meaningful involvement of parents who are consumers and who can provide leadership in the planning, implementation, and evaluation of programs and policy decisions of the applicant agency in accomplishing the desired outcomes for such efforts;

"(2) the chief executive officer of the State provides assurances that the lead entity will provide or will be responsible for providing—

"(A) a network of community-based family resource and support programs composed of local, collaborative, public-private partnerships directed by interdisciplinary structures with balanced representation from private and public sector members, parents, and public and private nonprofit service providers

and individuals and organizations experienced in working in partnership with families with children with disabilities:

"(B) direction to the network through an interdisciplinary, collaborative, public-private structure with balanced representation from private and public sector members, parents, and public sector and private nonprofit sector service providers; and

"(C) direction and oversight to the network through identified goals and objectives, clear lines of communication and accountability, the provision of leveraged or combined funding from Federal, State and private sources, centralized assessment and planning activities, the provision of training and technical assistance, and reporting and evaluation functions; and

"(3) the chief executive officer of the State provides assurances that the lead entity—

"(A) has a demonstrated commitment to parental participation in the development, operation, and oversight of the Statewide network of community-based, prevention-focused, family resource and support programs;

"(B) has a demonstrated ability to work with State and community-based public and private nonprofit organizations to develop a continuum of preventive, family centered, holistic services for children and families through the Statewide network of community-based, prevention-focused, family resource and support programs;

"(C) has the capacity to provide operational support (both financial and programmatic) and training and technical assistance, to the Statewide network of community-based, prevention-focused, family resource and support programs, through innovative, interagency funding and interdisciplinary service delivery mechanisms; and

"(D) will integrate its efforts with individuals and organizations experienced in working in partnership with families with children with disabilities and with the child abuse and neglect prevention activities of the State, and demonstrate a financial commitment to those activities.

"SEC. 203. AMOUNT OF GRANT.

"(a) RESERVATION.—The Secretary shall reserve 1 percent of the amount appropriated under section 210 for a fiscal year to make allotments to Indian tribes and tribal organizations and migrant programs.

"(b) ALLOTMENT.—

"(1) IN GENERAL.—Of the amounts appropriated for a fiscal year under section 210 and remaining after the reservation under subsection (a), the Secretary shall allot to each State lead entity an amount equal to—

"(A) the State minor child amount for such State as determined under paragraph (2); and

"(B) the State matchable amount for such State as determined under paragraph (3).

"(2) STATE MINOR CHILD AMOUNT.—The amount determined under this paragraph for a fiscal year for a State shall be equal to an amount that bears the same relationship to 50 percent of the amounts appropriated and remaining under paragraph (1) for such fiscal year as the number of children under 18 residing in the State bears to the total number of children under 18 residing in all States, except that no State shall receive less than $250,000.

"(3) STATE MATCHABLE AMOUNT.—The amount determined under this paragraph for a fiscal year for a State shall be equal to—

"(A)(i) 50 percent of the amounts appropriated and remaining under paragraph (1) for such fiscal year; divided by

"(ii) 50 percent of the total amount that all States have directed through the respective lead agencies to the purposes identified under the authority of this title for the fiscal year, including foundation, corporate, and other private funding, State revenues, and Federal funds, as determined by the Secretary; multiplied by

"(B) 50 percent of the total amount that the State has directed through the lead agency to the purposes identified under the authority of this title for such fiscal year, including foundation, corporate, and other private funding, State revenues, and Federal funds.

"(c) ALLOCATION.—Funds allotted to a State under this section shall be awarded on a formula basis for a 3-year period. Payment under such allotments shall be made by the Secretary annually on the basis described in subsection (a).

"SEC. 204. EXISTING AND CONTINUATION GRANTS.

"(a) EXISTING GRANTS.—Notwithstanding the enactment of this title, a State or entity that has a grant, contract, or cooperative agreement in effect, on the date of enactment of this title, under the Family Resource and Support Program, the Community-Based Family Resource Program, the Family Support Center Program, the Emergency Child Abuse Prevention Grant Program, or the Temporary Child Care for Children with Disabilities and Crisis Nurseries Programs shall continue to receive funds under such programs, subject to the original terms under which such funds were granted, through the end of the applicable grant cycle.

"(b) CONTINUATION GRANTS.—The Secretary may continue grants for Family Resource and Support Program grantees, and those programs otherwise funded under this Act, on a noncompetitive basis, subject to the availability of appropriations, satisfactory performance by the grantee, and receipt of reports required under this Act, until such time as the grantee no longer meets the original purposes of this Act.

"SEC. 205. APPLICATION.

"(a) IN GENERAL.—A grant may not be made to a State under this title unless an application therefore is submitted by the State to the Secretary and such application contains the types of information specified by the Secretary as essential to carrying out the provisions of section 202, including—

"(1) a description of the lead entity that will be responsible for the administration of funds provided under this title and the oversight of programs funded through the Statewide network of community-based, prevention-focused, family resource and support programs which meets the requirements of section 202;

"(2) a description of how the network of community-based, prevention-focused, family resource and support programs will operate and how family resource and support services provided by public and private, nonprofit organizations, including those funded by programs consolidated under this Act, will be integrated into a developing continuum of family centered, holistic, preventive services for children and families;

"(3) an assurance that an inventory of current family resource programs, respite, child abuse and neglect prevention activities, and other family resource services operating in the State, and a description of current unmet needs, will be provided;

"(4) a budget for the development, operation and expansion of the State's network of community-based, prevention-focused, family resource and support programs that verifies that the State will expend an amount equal to not less than 20 percent of the amount received under this title (in cash, not in-kind) for activities under this title;

"(5) an assurance that funds received under this title will supplement, not supplant, other State and local public funds designated for the Statewide network of community-based, prevention-focused, family resource and support programs;

"(6) an assurance that the State network of community-based, prevention-focused, family resource and support programs will maintain cultural diversity, and be culturally competent and socially sensitive and responsive to the needs of families with children with disabilities;

"(7) an assurance that the State has the capacity to ensure the meaningful involvement of parents who are consumers and who can provide leadership in the planning, implementation, and evaluation of the programs and policy decisions of the applicant agency in accomplishing the desired outcomes for such efforts;

"(8) a description of the criteria that the entity will use to develop, or select and fund, individual community-based, prevention-focused, family resource and support programs as part of network development, expansion or enhancement;

"(9) a description of outreach activities that the entity and the community-based, prevention-focused, family resource and support programs will undertake to maximize the participation of racial and ethnic minorities, new immigrant populations, children and adults with disabilities, homeless families and those at risk of homelessness, and members of other underserved or underrepresented groups;

"(10) a plan for providing operational support, training and technical assistance to community-based, prevention-focused, family resource and support programs for development, operation, expansion and enhancement activities;

"(11) a description of how the applicant entity's activities and those of the network and its members will be evaluated;

"(12) a description of that actions that the applicant entity will take to advocate changes in State policies, practices, procedures and regulations to improve the delivery of prevention-focused, family resource and support program services to all children and families; and

"(13) an assurance that the applicant entity will provide the Secretary with reports at such time and containing such information as the Secretary may require.

"SEC. 206. LOCAL PROGRAM REQUIREMENTS.

"(a) IN GENERAL.—Grants made under this title shall be used to develop, implement, operate, expand and enhance community-based, prevention-focused, family resource and support programs that—

"(1) assess community assets and needs through a planning process that involves parents and local public agencies, local nonprofit organizations, and private sector representatives;

"(2) develop a strategy to provide, over time, a continuum of preventive, holistic, family centered services to children and families, especially to young parents and parents with young children, through public-private partnerships;

"(3) provide—

"(A) core family resource and support services such as—

"(i) parent education, mutual support and self help, and leadership services;

"(ii) early developmental screening of children;

"(iii) outreach services;

"(iv) community and social service referrals; and

"(v) follow-up services;

"(B) other core services, which must be provided or arranged for through contracts

or agreements with other local agencies, including all forms of respite services to the extent practicable; and

"(C) access to optional services, including—

"(i) child care, early childhood development and intervention services;

"(ii) services and supports to meet the additional needs of families with children with disabilities;

"(iii) job readiness services;

"(iv) educational services, such as scholastic tutoring, literacy training, and General Educational Degree services;

"(v) self-sufficiency and life management skills training;

"(vi) community referral services; and

"(vii) peer counseling;

"(4) develop leadership roles for the meaningful involvement of parents in the development, operation, evaluation, and oversight of the programs and services;

"(5) provide leadership in mobilizing local public and private resources to support the provision of needed family resource and support program services; and

"(6) participate with other community-based, prevention-focused, family resource and support program grantees in the development, operation and expansion of the Statewide network.

"(b) PRIORITY.—In awarding local grants under this title, a lead entity shall give priority to community-based programs serving low income communities and those serving young parents or parents with young children, and to community-based family resource and support programs previously funded under the programs consolidated under the Child Abuse Prevention and Treatment Act Amendments of 1995, so long as such programs meet local program requirements.

"SEC. 207. PERFORMANCE MEASURES.

"A State receiving a grant under this title, through reports provided to the Secretary, shall—

"(1) demonstrate the effective development, operation and expansion of a Statewide network of community-based, prevention-focused, family resource and support programs that meets the requirements of this title;

"(2) supply an inventory and description of the services provided to families by local programs that meet identified community needs, including core and optional services as described in section 202;

"(3) demonstrate the establishment of new respite and other specific new family resources services, and the expansion of existing services, to address unmet needs identified by the inventory and description of current services required under section 205(a)(3);

"(4) describe the number of families served, including families with children with disabilities, and the involvement of a diverse representation of families in the design, operation, and evaluation of the Statewide network of community-based, prevention-focused, family resource and support programs, and in the design, operation and evaluation of the individual community-based family resource and support programs that are part of the Statewide network funded under this title;

"(5) demonstrate a high level of satisfaction among families who have used the services of the community-based, prevention-focused, family resource and support programs;

"(6) demonstrate the establishment or maintenance of innovative funding mechanisms, at the State or community level, that blend Federal, State, local and private funds, and innovative, interdisciplinary service delivery mechanisms, for the development, operation, expansion and enhancement of the Statewide network of community-based, prevention-focused, family resource and support programs;

"(7) describe the results of a peer review process conducted under the State program; and

"(8) demonstrate an implementation plan to ensure the continued leadership of parents in the on-going planning, implementation, and evaluation of such community based, prevention-focused, family resource and support programs.

"SEC. 208. NATIONAL NETWORK FOR COMMUNITY-BASED FAMILY RESOURCE PROGRAMS.

"The Secretary may allocate such sums as may be necessary from the amount provided under the State allotment to support the activities of the lead entity in the State—

"(1) to create, operate and maintain a peer review process;

"(2) to create, operate and maintain an information clearinghouse;

"(3) to fund a yearly symposium on State system change efforts that result from the operation of the Statewide networks of community-based, prevention-focused, family resource and support programs;

"(4) to create, operate and maintain a computerized communication system between lead entities; and

"(5) to fund State-to-State technical assistance through bi-annual conferences.

"SEC. 209. DEFINITIONS.

"For purposes of this title:

"(1) CHILDREN WITH DISABILITIES.—The term 'children with disabilities' has the same meaning given such term in section 602(a)(2) of the Individuals with Disabilities Education Act.

"(2) COMMUNITY REFERRAL SERVICES.—The term 'community referral services' means services provided under contract or through interagency agreements to assist families in obtaining needed information, mutual support and community resources, including respite services, health and mental health services, employability development and job training, and other social services through help lines or other methods.

"(3) CULTURALLY COMPETENT.—The term 'culturally competent' means services, support, or other assistance that is conducted or provided in a manner that—

"(A) is responsive to the beliefs, interpersonal styles, attitudes, languages, and behaviors of those individuals and families receiving services; and

"(B) has the greatest likelihood of ensuring maximum participation of such individuals and families.

"(4) FAMILY RESOURCE AND SUPPORT PROGRAM.—The term 'family resource and support program' means a community-based, prevention-focused entity that—

"(A) provides, through direct service, the core services required under this title, including—

"(i) parent education, support and leadership services, together with services characterized by relationships between parents and professionals that are based on equality and respect, and designed to assist parents in acquiring parenting skills, learning about child development, and responding appropriately to the behavior of their children;

"(ii) services to facilitate the ability of parents to serve as resources to one another other (such as through mutual support and parent self-help groups);

"(iii) early developmental screening of children to assess any needs of children, and to identify types of support that may be provided;

"(iv) outreach services provided through voluntary home visits and other methods to assist parents in becoming aware of and able to participate in family resources and support program activities;

"(v) community and social services to assist families in obtaining community resources; and

"(vi) follow-up services;

"(B) provides, or arranges for the provision of, other core services through contracts or agreements with other local agencies, including all forms of respite services; and

"(C) provides access to optional services, directly or by contract, purchase of service, or interagency agreement, including—

"(i) child care, early childhood development and early intervention services;

"(ii) self-sufficiency and life management skills training;

"(iii) education services, such as scholastic tutoring, literacy training, and General Educational Degree services;

"(iv) job readiness skills;

"(v) child abuse and neglect prevention activities;

"(vi) services that families with children with disabilities or special needs may require;

"(vii) community and social service referral;

"(viii) peer counseling;

"(ix) referral for substance abuse counseling and treatment; and

"(x) help line services.

"(5) NATIONAL NETWORK FOR COMMUNITY-BASED FAMILY RESOURCE PROGRAMS.—The term 'network for community-based family resource program' means the organization of State designated entities who receive grants under this title, and includes the entire membership of the Children's Trust Fund Alliance and the National Respite Network.

"(6) OUTREACH SERVICES.—The term 'outreach services' means services provided to assist consumers, through voluntary home visits or other methods, in accessing and participating in family resource and support program activities.

"(7) RESPITE SERVICES.—The term 'respite services' means short term care services provided in the temporary absence of the regular caregiver (parent, other relative, foster parent, adoptive parent, or guardian) to children who—

"(A) are in danger of abuse or neglect;

"(B) have experienced abuse or neglect; or

"(C) have disabilities, chronic, or terminal illnesses.

Such services shall be provided within or outside the home of the child, be short-term care (ranging from a few hours to a few weeks of time, per year), and be intended to enable the family to stay together and to keep the child living in the home and community of the child.

"SEC. 210. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this title, $108,000,000 for each of the fiscal years 1996 through 2000.".

SEC. 1132. REPEALS.

(a) TEMPORARY CHILD CARE FOR CHILDREN WITH DISABILITIES AND CRISIS NURSERIES ACT.—The Temporary Child Care for Children with Disabilities and Crisis Nurseries Act of 1986 (42 U.S.C. 5117 et seq.) is repealed.

(b) FAMILY SUPPORT CENTERS.—Subtitle F of title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11481 et seq.) is repealed.

Subtitle C—Family Violence Prevention and Services

SEC. 1141. REFERENCE.

Except as otherwise expressly provided, whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to

be made to a section or other provision of the Family Violence Prevention and Services Act (42 U.S.C. 10401 et seq.).

SEC. 1142. STATE DEMONSTRATION GRANTS.

Section 303(e) (42 U.S.C. 10420(e)) is amended—

(1) by striking "following local share" and inserting "following non-Federal matching local share"; and

(2) by striking "20 percent" and all that follows through "private sources." and inserting "with respect to an entity operating an existing program under this title, not less than 20 percent, and with respect to an entity intending to operate a new program under this title, not less than 35 percent.".

SEC. 1143. ALLOTMENTS.

Section 304(a)(1) (42 U.S.C. 10403(a)(1)) is amended by striking "$200.000" and inserting "$400.000".

SEC. 1144. AUTHORIZATION OF APPROPRIATIONS.

Section 310 (42 U.S.C. 10409) is amended—

(1) in subsection (b), by striking "80" and inserting "70"; and

(2) by adding at the end thereof the following new subsections:

"(d) GRANTS FOR STATE COALITIONS.—Of the amounts appropriated under subsection (a) for each fiscal year, not less than 10 percent of such amounts shall be used by the Secretary for making grants under section 311.

"(e) NON-SUPPLANTING REQUIREMENT.—Federal funds made available to a State under this title shall be used to supplement and not supplant other Federal, State, and local public funds expended to provide services and activities that promote the purposes of this title.".

Subtitle D—Adoption Opportunities

SEC. 1151. REFERENCE.

Except as otherwise expressly provided, whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Child Abuse Prevention and Treatment and Adoption Reform Act of 1978 (42 U.S.C. 5111 et seq.).

SEC. 1152. FINDINGS AND PURPOSE.

Section 201 (42 U.S.C. 5111) is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) by striking "50 percent between 1985 and 1990" and inserting "61 percent between 1986 and 1994"; and

(ii) by striking "400,000 children at the end of June, 1990" and inserting "452,000 as of June, 1994"; and

(B) in paragraph (5), by striking "local" and inserting "legal"; and

(C) in paragraph (7), to read as follows:

"(7)(A) currently, 40,000 children are free for adoption and awaiting placement;

"(B) such children are typically school aged, in sibling groups, have experienced neglect or abuse, or have a physical, mental, or emotional disability; and

"(C) while the children are of all races, children of color and older children (over the age of 10) are over represented in such group;"; and

(2) in subsection (b)—

(A) by striking "conditions, by—" and all that follows through "providing a mechanism" and inserting "conditions, by providing a mechanism"; and

(B) by redesignating subparagraphs (A) through (C), as paragraphs (1) through (3), respectively and by realigning the margins of such paragraphs accordingly.

SEC. 1153. INFORMATION AND SERVICES.

Section 203 (42 U.S.C. 5113) is amended—

(1) in subsection (a), by striking the last sentence:

(2) in subsection (b)—

(A) in paragraph (6), to read as follows:

"(6) study the nature, scope, and effects of the placement of children in kinship care arrangements, pre-adoptive, or adoptive homes;";

(B) by redesignating paragraphs (7) through (9) as paragraphs (8) through (10), respectively; and

(C) by inserting after paragraph (6), the following new paragraph:

"(7) study the efficacy of States contracting with public or private nonprofit agencies (including community-based and other organizations), or sectarian institutions for the recruitment of potential adoptive and foster families and to provide assistance in the placement of children for adoption;"; and

(3) in subsection (d)—

(A) in paragraph (2)—

(i) by striking "Each" and inserting "(A) Each";

(ii) by striking "for each fiscal year" and inserting "that describes the manner in which the State will use funds during the 3-fiscal years subsequent to the date of the application to accomplish the purposes of this section. Such application shall be"; and

(iii) by adding at the end thereof the following new subparagraph:

"(B) The Secretary shall provide, directly or by grant to or contract with public or private nonprofit agencies or organizations—

"(i) technical assistance and resource and referral information to assist State or local governments with termination of parental rights issues, in recruiting and retaining adoptive families, in the successful placement of children with special needs, and in the provision of pre- and post-placement services, including post-legal adoption services; and

"(ii) other assistance to help State and local governments replicate successful adoption-related projects from other areas in the United States.".

SEC. 1154. AUTHORIZATION OF APPROPRIATIONS.

Section 205 (42 U.S.C. 5115) is amended—

(1) in subsection (a), by striking "$10,000,000," and all that follows through "203(c)(1)" and inserting "$20,000,000 for fiscal year 1996, and such sums as may be necessary for each of the fiscal years 1997 through 2000 to carry out programs and activities authorized";

(2) by striking subsection (b); and

(3) by redesignating subsection (c) as subsection (b).

Subtitle E—Abandoned Infants Assistance Act of 1986

SEC. 1161. REAUTHORIZATION.

Section 104(a)(1) of the Abandoned Infants Assistance Act of 1988 (42 U.S.C. 670 note) is amended by striking "$20,000,000" and all that follows through the end thereof and inserting "$35,000,000 for each of the fiscal years 1995 and 1996, and such sums as may be necessary for each of the fiscal years 1997 through 2000".

Subtitle F—Reauthorization of Various Programs

SEC. 1171. MISSING CHILDREN'S ASSISTANCE ACT.

Section 408 of the Missing Children's Assistance Act (42 U.S.C. 5777) is amended—

(1) by striking "To" and inserting "(a) IN GENERAL.—"

(2) by striking "and 1996" and inserting "1996, and 1997"; and

(3) by adding at the end thereof the following new subsection:

"(b) EVALUATION.—The Administrator shall use not more than 5 percent of the amount appropriated for a fiscal year under subsection (a) to conduct an evaluation of the effectiveness of the programs and activities established and operated under this title.".

SEC. 1172. VICTIMS OF CHILD ABUSE ACT OF 1990.

Section 214B of the Victims of Child Abuse Act of 1990 (42 U.S.C. 13004) is amended—

(1) in subsection (a)(2), by striking "and 1996" and inserting "1996, and 1997"; and

(2) in subsection (b)(2), by striking "and 1996" and inserting "1996, through 2000".

TITLE XII—REDUCTIONS IN FEDERAL GOVERNMENT POSITIONS

SEC. 1201. REDUCTIONS.

(a) DEFINITIONS.—As used in this section:

(1) APPROPRIATE EFFECTIVE DATE.—The term "appropriate effective date", used with respect to a Department referred to in this section, means the date on which all provisions of this Act that the Department is required to carry out, and amendments and repeals made by this Act to provisions of Federal law that the Department is required to carry out, are effective.

(2) COVERED ACTIVITY.—The term "covered activity", used with respect to a Department referred to in this section, means an activity that the Department is required to carry out under—

(A) a provision of this Act; or

(B) a provision of Federal law that is amended or repealed by this Act.

(b) REPORTS.—

(1) CONTENTS.—Not later than December 31, 1995, each Secretary referred to in paragraph (2) shall prepare and submit to the relevant committees described in paragraph (3) a report containing—

(A) the determinations described in subsection (c);

(B) appropriate documentation in support of such determinations; and

(C) a description of the methodology used in making such determinations.

(2) SECRETARY.—The Secretaries referred to in this paragraph are—

(A) the Secretary of Agriculture;

(B) the Secretary of Education;

(C) the Secretary of Labor;

(D) the Secretary of Housing and Urban Development; and

(E) the Secretary of Health and Human Services.

(3) RELEVANT COMMITTEES.—The relevant Committees described in this paragraph are the following:

(A) With respect to each Secretary described in paragraph (2), the Committee on Government Reform and Oversight of the House of Representatives and the Committee on Governmental Affairs of the Senate.

(B) With respect to the Secretary of Agriculture, the Committee on Agriculture and the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(C) With respect to the Secretary of Education, the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

(D) With respect to the Secretary of Labor, the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

(E) With respect to the Secretary of Housing and Urban Development, the Committee on Banking and Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.

(F) With respect to the Secretary of Health and Human Services, the Committee on Economic and Educational Opportunities of the House of Representatives, the Committee on Labor and Human Resources of the Senate, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate.

(4) REPORT ON CHANGES.—Not later than December 31, 1996, and each December 31 thereafter, each Secretary referred to in paragraph (2) shall prepare and submit to the relevant Committees described in paragraph (3), a report concerning any changes with respect to the determinations made under subsection (c) for the year in which the report is being submitted.

(c) DETERMINATIONS.—Not later than December 31, 1995, each Secretary referred to in subsection (b)(2) shall determine—

(1) the number of full-time equivalent positions required by the Department (or the Federal Partnership established under section 771) headed by such Secretary to carry out the covered activities of the Department (or Federal Partnership), as of the day before the date of enactment of this Act;

(2) the number of such positions required by the Department (or Federal Partnership) to carry out the activities, as of the appropriate effective date for the Department (or Federal Partnership); and

(3) the difference obtained by subtracting the number referred to in paragraph (2) from the number referred to in paragraph (1).

(d) ACTIONS.—Not later than 30 days after the appropriate effective date for the Department involved, each Secretary referred to in subsection (b)(2) shall take such actions as may be necessary, including reduction in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to reduce the number of positions of personnel of the Department by at least the difference referred to in subsection (c)(3).

(e) CONSISTENCY.—

(1) EDUCATION.—The Secretary of Education shall carry out this section in a manner that enables the Secretary to meet the requirements of this section and section 776(i)(2).

(2) LABOR.—The Secretary of Labor shall carry out this section in a manner that enables the Secretary to meet the requirements of this section and section 776(i)(2).

(3) HEALTH AND HUMAN SERVICES.—The Secretary of Health and Human Services shall carry out this section in a manner that enables the Secretary to meet the requirements of this section and section 1202.

(f) CALCULATION.—In determining, under subsection (c), the number of full-time equivalent positions required by a Department to carry out a covered activity, a Secretary referred to in subsection (b)(2), shall include the number of such positions occupied by personnel carrying out program functions or other functions (including budgetary, legislative, administrative, planning, evaluation, and legal functions) related to the activity.

(g) GENERAL ACCOUNTING OFFICE REPORT.—Not later than July 1, 1996, the Comptroller General of the United States shall prepare and submit to the committees described in subsection (b)(3), a report concerning the determinations made by each Secretary under subsection (c). Such report shall contain an analysis of the determinations made by each Secretary under subsection (c) and a determination as to whether further reductions in full-time equivalent positions are appropriate.

SEC. 1202. DEPARTMENT OF HEALTH AND HUMAN SERVICES.

(a) IN GENERAL.—The Secretary of Health and Human Services shall take such actions as may be necessary, including reduction in force actions, consistent with sections 3502 and 3595 of title 5, United States Code—

(1) to eliminate at least 65 percent of full time equivalent positions that relate to a covered activity; and

(2) to eliminate 100 percent of full time equivalent positions that relate to a covered activity described in subsection (b)(2).

(b) DEFINITION OF COVERED ACTIVITY.—For purposes of this section, the term 'covered activity' means—

(1) an activity authorized to be carried out under part A of the Social Security Act (42 U.S.C. 601 et seq.) as in effect prior to the date of the enactment of this Act; and

(2) an activity authorized to be carried out under part F of such Act (42 U.S.C. 682 et seq.), as in effect prior to such date.

Mr. DOLE. Mr. President, this Tuesday we decided to move to appropriations bills, and I think we did an excellent job on both sides of the aisle in passing three major appropriations bills and reaching an agreement on a DOD authorization bill.

We decided at that time to set aside the Work Opportunity Act of 1995 which was the so-called leadership bill introduced on this side, and Senator DASCHLE laid down a substitute—the Democratic bill.

We now have sort of defined the parameters of welfare reform or work opportunity, whatever the title may be.

Since Tuesday, at staff level and Member-to-Member level, we have been discussing modifications. That is what the modification I sent to the desk reflects. I do not know how many pages—it is rather extensive because we have a number of modifications.

We also had the assistance of two of America's outstanding Governors. Gov. Tommy Thompson of Wisconsin spent a good part of a day with us here on Wednesday, and today Governor Weld of Massachusetts spent a couple of hours with us talking to Members and members of the staff and others about how the Governors viewed the need to change this failed, failed system.

What the Governors asked is that they be given more flexibility. They do not want to come to Washington every time they have a problem and they want to try a new program and have to get a waiver from the Federal Government. They want to do it at the State level, working with the State legislature or through the executive branch in every State.

That is what we have attempted to do in the so-called leadership bill introduced on this side of the aisle which is supported by Senator BAUCUS of Montana, at least one Democrat, and I believe before it is over, a number of other Democrats.

In addition, I ask the following additional Members be added as cosponsors: Senator GRAMS of Minnesota, Senator MCCONNELL of Kentucky, Senator DOMENICI of New Mexico, and Senator KEMPTHORNE of Idaho. There may be other additions, but they have indicated they are cosponsors. There may be other Members who wish to cosponsor.

I have talked to a number of Members who may not cosponsor on this side of the aisle but who have indicated they feel good about the leadership bill and they intend to vote for it.

My view is we are very close to having the votes we need and to have a good, complete overhaul of this system that has obviously failed.

We put the emphasis on "work"—the Work Opportunity Act of 1995. That is the title of our bill—the Work Opportunity Act. My view is if people have the opportunity to work, if they are meaningful opportunities, they will take advantage of them and get out of the welfare cycle.

Getting back to the modifications made, title I, which was the temporary assistance to needy families block grant, there are a total of 21 changes. Those will be available. We have a summary. We are still in the process of making these minor changes.

It goes from out-of-wedlock goals to religious providers, effective date, child support and paternity establishment, State option to deny benefits—a number of areas in which we have had suggestions by Members on this side.

I do not know how many Members' views are reflected in these changes. I guess as many as 15 or 20.

Title III on food stamps, there is only one change. Title V on noncitizens, there is one change with the 5-year ban on providing most federally means-tested benefits to any noncitizen who enters the country after the enactment date. We also make technical corrections. Then title IX, child support enforcement, only one technical correction.

So there is a total of, I think, 24. Also title XI, CAPTA, which is a program, the Child Abuse Prevention and Treatment Act, supported by Senator COATS of Indiana. There is one change in title XI.

Title XII, reductions in Federal staff. As we repeal the jobs program and send AFDC from the Federal Government to States, it seems there should not be any need for employees in Washington.

We are trying to make those changes. We are trying to ensure that all excess Federal staff processes are identified and eliminated when we start to streamline these programs.

Now we have sent a modification to the desk. There are still some—I do not say disputes—but some difference of opinion on how maybe Federal employees may be needed, even though AFDC goes to the States and you repeal the jobs program. So it may be necessary for further refinement of that area, but for all practical purposes, I think we made a step in the right direction.

I ask unanimous consent to have printed in the RECORD a summary of the modifications.

There being no objection, the summary of modifications is ordered to be printed in the RECORD, as follows:

MODIFICATIONS TO LEADERSHIP WELFARE BILL

TITLE I—TEMPORARY ASSISTANCE TO NEEDY FAMILIES BLOCK GRANT

(1) *Out-of-wedlock goals.* Add to purpose of the bill (Section 401, page 10) that annual goals should be set for reducing out-of-wedlock pregnancies, with a special emphasis on teen pregnancies.

(2) *Annual ranking of States based on their work program.* Clarify that the Secretary of HHS will take into account reducing caseloads and a State's success in diverting individuals from ever going on welfare when ranking a State's work programs.

(3) *Annual ranking of States based on out-of-wedlock births.* Add a provision that would rank States according to the increase or decrease of out-of-wedlock births to recipients of assistance.

(4) *Religious providers.* Extends provision to prohibit discrimination against religious providers in specific programs outside of Title I.

(5) *State Plan.* Add a provision that a State plan must be given to the private auditor selected to audit the State's program and a summary of the State plan must be made available to the public.

(6) *Effective date.* Allow States the option of continuing current AFDC program for nine months after the effective date (bill currently give six months). No change in block grant funding for FY 1996.

(7) *Child support and paternity establishment.* States may obtain an admission of paternity from the father through a judicial or administrative proceeding.

(8) *Census Data and grandparents.* Bureau of the Census will begin collecting data on grandparents who are the primary care givers for their grandchildren. A study will be done on the effect of welfare reform on grandparents as primary care givers.

(9) *Child care provider.* Allows a recipient that provides unpaid child care services to count as a work activity for purposes of calculating work participation rates.

(10) *Modify vacancy provisions.* Makes technical changes to the displaced worker provisions.

(11) *State option to deny benefits.* Clarifies that States have the option of denying benefits to recipients as long as it is not inconsistent with Title I.

(12) *Disclosure of the use of Federal funds.* Requires the disclosure of the use of Federal funds whenever an organization accepts Federal funds and makes any communication that in any way intends to promote public support or opposition to any policy of a Federal, State, or local government.

(13) *Filling vacant positions.* a. Adds statement that nothing in this Act shall preempt or supersede any provision of State or local law that provides greater protections for employees from displacement.

b. Clarifies that no adult recipient may be assigned to a position when the employer has terminated the employment of a regular employee in order to fill the vacancy.

(14) *Participation of local governments.* States must work with local governments and private sector organizations regarding the plan and design of welfare services to be provided in the State.

(15) *Enhanced automation.* Changes the reporting date from "before May 1, 1995" to "on or before May 1, 1995."

(16) *Assignment of child support.* Provides the States the option of requiring cash recipients/applicants to assign child support.

(17) *Waiver.* Clarifies that States may choose which waivers they want to continue and which waivers they want to end.

(18) *Technicals.* Makes various technical corrections to Titles IV-A and IV-D.

(19) *Foster care eligibility.* A State may receive reimbursement for foster care or adoption assistance only if such individual would have been eligible to receive assistance under the State plan in effect on June 1, 1995.

(20) *Maintenance of effort.* For the first two years, States must spend 75 percent of what the State spent on AFDC cash benefits in FY 1994.

(21) *State option on families with child under age 1.* States have the option of exempting families with a child under age 1 from the work participation rates.

TITLE III—FOOD STAMP REFORM

(1) *Food stamps.* Requires 80% of optional food stamp block grant to be spent on nutrition (up from 75% in the bill) and makes various technical changes to optional state food assistance block grant.

TITLE V—NONCITIZENS

(1) *Noncitizens.* 5 year ban on providing any federally means-tested benefits to any noncitizen who enters the country after the enactment date. Makes technical corrections.

TITLE IX—CHILD SUPPORT ENFORCEMENT

(1) Child support technicals. Makes various technical corrections to child support title.

TITLE XI—CHILD ABUSE PREVENTION AND TREATMENT ACT (CAPTA)

(1) *CAPTA.* Includes S. 919 as reported out of Labor Committee. This bill: a. Streamlines CAPTA's State plan and reporting requirements; b. Consolidates 3 programs into one Community and Family Resource and Support Grant; c. Repeals 2 programs; d. Reauthorizes programs; and e. Provides additional flexibility.

TITLE XII—REDUCTIONS IN FEDERAL STAFF

(1) *ELIMINATION OF EXCESS POSITIONS.* Ensures that all excess federal staff positions are identified and eliminated due to streamlining of programs.

KASSEBAUM SUBSTITUTE AMENDMENT TO TITLES VII AND VIII OF S. 1120

The Kassebaum substitute to titles VII and VIII of the Work Opportunity Act makes technical changes to S. 143 as reported by the Labor and Human Resources Committee. The changes reflect agreements on issues that were raised, but not addressed, at the committee markup.

The substitute amends the national governance structure of the bill to clarify the roles of the Secretaries of Education and Labor, the National Workforce Development Board, and the Federal Partnership. It reauthorizes the National Literacy Act and brings administration of that act under the direction of the National Board. The substitute also clarifies the role of community colleges in planning and administering workforce education funds, lists permissible state workforce education activities, adds veterans to the list of populations for which states must develop specific benchmarks, adds a 20 percent cap on workforce employment administrative expenses, further defines school-to-work activities, clarifies state governance issues, and adds an additional waiver option during the transition period.

Finally, the substitute adds language clarifying that FUTA funds can only be used for activities currently authorized under the Wagner-Peyser Act.

Mr. DOLE. Let me say with reference to welfare reform, it was my hope to come back on the 5th of September and start on welfare reform.

Now, because we have the DOD authorization consent agreement, we will do that on the 5th. We will start on welfare reform, then, on the following day.

Again, it is my hope that we could have serious debate, good debate—we had 2 days of opening statements that I thought were excellent on both sides, even though there was not total agreement—and that we can complete action on welfare reform within 5 legislative days; that would be Wednesday, Thursday, Friday, and maybe the next Monday or Tuesday, because we need to move very quickly, then, on the additional appropriations bills. We have completed 7. We have 6 remaining. I know all, probably, with the exception of 2 of those, will be very, very difficult. We need to do all that, go to conference, get the conference reports to the President prior to October 1. So we are going to have a very busy time in September.

But it seems to me we are on the right track. I thank the Democratic leader for his cooperation with reference to the DOD agreement and for all the assistance we had in the appropriations process.

I think we just have one or two other little items that are hanging things up here. We will see what happens.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DASCHLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DASCHLE. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is H.R. 4.

MODIFICATIONS TO AMENDMENT NO. 2282

Mr. DASCHLE. Mr. President, I send some modifications to the desk under a previous agreement.

The modification to the amendment (No. 2282) is as follows:

In Title I, on page 3, line 20, strike "7.5 percent" and insert "8 percent".

In Title I, on page 5, line 24, strike "solely".

In Title I, on page 5, line 25, strike "subparagraph (A)—" and insert "subparagraph (A) or due to the imposition of a penalty under subparagraph (B) or (D) of section 403(c)(1)—".

In Title II, beginning on page 3, line 21, strike all through page 5, line 2, and insert the following:

"(c) NONDISPLACEMENT.—

"(1) IN GENERAL.—No funds provided under this Act shall be used in a manner that would result in—

"(A) the displacement of any currently employed worker (including partial displacement, such as a reduction in wages, hours of nonovertime work, or employment benefits), or the impairment of existing contracts for services or collective bargaining agreements; or

"(B) the employment or assignment of a client to fill a position when—

"(i) any other person is on layoff from the same or a substantially equivalent position; or

"(ii) the employer has terminated the employment of any other employee or otherwise reduced the employer's workforce in order to fill the vacancy so created with a client.

"(2) ENFORCING ANTI-DISPLACEMENT PROTECTIONS.—

"(A) GRIEVANCE PROCEDURE.—The State shall establish and maintain (pursuant to regulations issued by the Secretary of Labor) a grievance procedure for resolving complaints alleging violations of any of the prohibitions or requirements of paragraph (1). Such procedure shall include an opportunity for a hearing and shall be completed not later than 90 days from the date of the complaint, by which time the complainant shall be provided a written decision by the State. A decision of the State under such procedure, or a failure of a State to issue a decision not later than 90 days from such date.

may be appealed to the Secretary of Labor, who shall investigate the allegations contained in the complaint and make a determination not later than 60 days from the date of the appeal as to whether a violation of such prohibitions or requirements has occurred. Remedies shall include termination or suspension of payments, prohibition of the placement of the client, reinstatement of an employee, and other relief to make an aggrieved employee whole.

"(B) OTHER LAWS OR CONTRACTS.—Nothing in subparagraph (A) shall be construed to prohibit a complainant from pursuing a remedy authorized under another Federal, State, or local law or a contract or collective bargaining agreement for a violation of any of the prohibitions or requirements of paragraph (1).

In Title II, on page 7, line 23, strike "7.5 percent" and insert "8 percent".

In Title II, beginning on page 11, line 21, strike all through page 12, line 2, and insert the following:

"(c) WORKFARE.—If, after 2 years, a client (who is not exempt from work requirements) who has signed a parent empowerment contract is not working at least 20 hours a week (within the meaning of section 485(a)(2)) or engaged in community service, then the State shall offer that client a workfare position, with minimum hours per week and tasks to be determined by the State.

"(d) COMMUNITY SERVICE.—Not later than 3 years after the date of the enactment of the Work First Act of 1995, each State should (and not later than 7 years after such date, each State shall) require a client who, after receiving assistance for 6 months—

"(1) is not exempt from work requirements; and

"(2) is not either—

"(A) working at least 20 hours a week (within the meaning of section 485(a)(2)); nor

"(B) engaged in an education or training program;

to participate in community service, with minimum hours per week and tasks to be determined by the State.

In Title II, on page 18, strike lines 10 through 23, and insert the following:

"(e) WAGES ARE NOT CONSIDERED EARNED INCOME.—Wages paid under a work supplementation program shall be considered to be earned income for purposes of any provision of law.

In Title II, on page 19, strike lines 13 through 16, and insert the following:

"(a) IN GENERAL.—A State through the Work First program shall establish and carry out—

"(1) a workfare program in accordance with section 486(c); and

"(2) a community service program in accordance with section 486(d),

that meet the requirements of this section.

In Title II, on page 21, line 9, strike "(5)" and insert "(6)".

In Title II, on page 21, lines 13 and 14, strike "paragraph (4)" and insert "paragraphs (4) and (5)".

In Title V, on page 12, line 10, strike "(f)" and insert "(g)".

In Title VIII, on page 16, line 16, strike "7 percent" and insert "8 percent".

Mr. DASCHLE. Mr. President, let me make a couple of comments prior to the time I address the modifications. I did not have the opportunity to be on the floor a few minutes ago as the distinguished majority leader made his remarks. I appreciate his comments with regard to the progress we made this week. I think it has been good progress. We had the opportunity to take up and pass some very important appropriations bills. Obviously, there are ways in which we could have improved those bills, but nonetheless we needed to pass them. We did.

We also had an agreement that I think will work well for all as we consider the defense authorization the day we get back. I think, as the agreement indicates, it is our expectation to finish that bill in 1 day.

We had very good cooperation from colleagues on both sides in order to accommodate that schedule. This may be record time for considering a defense authorization. I appreciate very much the willingness, at least on the part of colleagues who had amendments, to consider the need to address all of these issues in a timely way and accommodate the schedule of the Senate as we take up this bill once again when we return. We worked to accommodate that schedule, in part because I know colleagues on the other side wanted very much to be able to finish that.

The leader has been very helpful in accommodating a need that we have, which is to complete work on a number of nominations that are still pending. It is my expectation that before the end of the day, we will be able to deal with the remaining ones. There are a number of them. A lot of people have been waiting a long time and want very much to be able to know the disposition of these nominations prior to the time we leave. Simply to hold them over for another month, I think, would be very unfortunate. And that is why I know we are still working to resolve a couple of matters. But I believe that, given the work on both sides in accommodating the schedule and the pending legislation when we return, that we can finish this work as well.

Mr. President, the modifications that I have just sent to the desk will further strengthen the Work First welfare reform plan. During the last few days, I have had numerous conversations with many Senators, in particular the distinguished Senator from Michigan, Senator LEVIN. He repeatedly has made the case for requiring welfare recipients to work even earlier than the timeframe we had already required in the Work First bill. We believe our bill, like the Republican bill, addressed the need to require workfare at a very early stage in the welfare eligibility process. Senator LEVIN felt it would be helpful if we could find ways to move that date up even further.

As a result of Senator LEVIN's persistence and tenacity, as is so often demonstrated on the floor, we have been able to work with him and many others to address the concern that he has expressed and to take suggestions that he has made. We have modified the requirements to ensure that welfare recipients are working as soon as is humanly possible, to make the system accommodate our goal of moving people into a workforce at the earliest possible moment.

So, under this amendment, welfare recipients will be required to perform community service if they have been receiving welfare for 6 months but are not yet working or in job training or education. It was no more than 2 years. Now it is 6 months. We have given the States some lead time to get ready to meet this tough requirement. But, ultimately, welfare recipients must perform community service tasks after 6 months of welfare receipt. Able-bodied welfare recipients ought to work—period. If they cannot find work in the private sector, States will assist them in getting community service jobs.

So, I believe this is a very significant, even stronger addition to the Work First plan. We called it Work First because we had the toughest work requirements of any pending legislation, and now we have just made them even tougher as a result of our work with Senator LEVIN, in particular, and other Senators as well who have expressed that strong desire to strengthen that aspect of the legislation.

We have also clarified the use of vouchers for children. While we strongly believe that welfare reform ought to be about putting welfare recipients to work, we do not believe that welfare reform ought to punish children. No child should be made homeless, no child should go hungry, under the guise of welfare reform. That is not tough, that is mean.

Therefore we have clarified that if a family is terminated from welfare receipt, States will be required to perform an assessment of the needs of the child in that family. Vouchers in the amount of the child's portion of the grant will be provided to a third party as reimbursement for the needs of the child—such as a vendor payment to a social service organization for clothing or food, a vendor payment to a landlord as a partial rent payment, or other needs the State may identify for the child.

We have strengthened the nondisplacement language and grievance procedure under our plan and made several technical adjustments.

We have also taken a look at our exemptions to the 5-year time limit. We have decided to raise the exemption for high unemployment areas from 7.5 to 8 percent. Now, that does not mean that these individuals do not have to work. They do. In fact, they will have to work after 6 months if they are not working before.

But, this particular exemption means that if a young mother is in a high unemployment area, we will not throw her and her baby into the street where there are no jobs. By definition under our amendment, she will be working. So, she is not getting something for nothing. We just do not believe it is right to throw her into the street. Should unemployment decline in the area in which she lives, there would be no more exemption for her and she would be on her own if she has not found a job.

We think that 8 percent is a fair and reasonable threshold. In fact, it matches the threshold set in the majority leader's bill under the food stamp title.

Under the majority leader's bill, able-bodied single individuals are required to work if they receive food stamps in 6 months of any 12, except that the Secretary may waive the work requirement for those in areas of unemployment exceeding 8 percent.

We agree. There ought not be any disagreement about that particular exemption. You cannot require someone to work if there are no jobs there. If there is 8 percent unemployment, then obviously it is very, very difficult in that competitive environment to accommodate people's job placement needs. And, as the majority leader does, so do we recognize and accept that fact and believe there are likely to be more options just as soon as the unemployment level drops but not until that time.

We have modified our exemption to the time limit to make it apply to those States with 8 percent unemployment. We hope that those on the other side of the aisle will not engage in a bidding war on the unemployment rate and raise it even higher. Welfare reform should not be a bidding war. It ought to be about putting welfare recipients to work.

I would like to make a few comments about modifications to the majority leader's amendment. While I have not yet read the modifications, if it is true that an exemption has been included so that women with children under 1 would not be required to work or, if they are required to work, the state must provide child care assistance, I hope my colleagues will take a close look at that provision.

A requirement to provide child care assistance to families with children under 1 is a real concern for many of us. This does not address the problem welfare mothers face. This is not realistic approach to a real barrier that women have to employment.

Only about 10 percent of welfare recipients have children under 1. But, about 60 percent of welfare families have children under 5. What does that mean? It means that about 50 percent of welfare recipients with preschool children, mostly young toddlers, would receive no day care assistance. What kind of child care fix would that be? No Senator should believe that somehow this addresses the problem. Obviously, it does not.

Child care is truly the linchpin between welfare and work. Under our Work First plan, we guarantee and fund child care assistance to mothers and recognize, if the parent's choice is between leaving children in the living room when they walk out the door and go to work and staying at home to care for their children, they are not going to leave the children at home. They are not going to allow their 2- or 3- or even 6-year-old children unattended for 6, 8, or 10 hours. That cannot work. What happens to those children? Who feeds them? Who cares for them? Who protects them? Who disciplines them? If child care is not going to be provided for, then what real expectation is there that somehow these mothers are going to be forced to go out that door and expect the system to work? It is not going to happen.

Let us not fool anyone, least of all ourselves. If we are going to make this work, let us address the problems. Let us not ignore them. Let us recognize that there are fundamental challenges we have to face.

One challenge, in my view, that is very controversial, but it ought not be, is that it is also awfully difficult to expect anybody to leave that house if they take a minimum wage job, work 40 hours a week, have a family of four and find themselves still below the legal definition of poverty. What kind of incentive is that to go to work?

So if we are going to address real work and real expectations of trying to achieve greater participation in the work force, then it would seem to me only logical that we have to make work pay.

We are at one of the lowest points we have been in terms of the purchasing power of minimum wage earners that we have been since the establishment of the minimum wage. That is something we have to address.

We also recognize that Medicaid is not going to help at all if people are forced to give it up when they go to work. They have to be eligible for some kind of health care, or they are not going to endanger their children's lives or good health by saying, "Well, I am going to work. I am going to leave my kids in the living room. I am going to give up their health insurance because I want that minimum wage job that leaves me below the poverty line when I work 40 hours a week." That is not going to happen. So we have to recognize the importance of health care.

Finally, we have to deal with the issue of child care. I have children. The Presiding Officer certainly has, and he understands parenthood as well or better than anybody in this Chamber. And recognizing the need for child care is something that I hope we can all address when we come back. It is the linchpin, in my view, between welfare and work.

Mr. President, at this point, I ask unanimous consent that the following Senators be added as cosponsors to amendment No. 2282, the Work First welfare reform plan:

Senators BREAUX, MIKULSKI, ROCKEFELLER, MOYNIHAN, REID, KERREY, FORD, CONRAD, DORGAN, DODD, KERRY, LIEBERMAN, BINGAMAN, BRYAN, INOUYE, ROBB, EXON, MURRAY, FEINGOLD, BOXER, GLENN, AKAKA, LEVIN, FEINSTEIN, BUMPERS, LAUTENBERG, PRYOR, JOHNSTON, KENNEDY, and HEFLIN.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DASCHLE. Mr. President, we are looking forward to a good debate when we return in September.

As the majority leader indicated, we had a good debate in the last couple of days. Something the distinguished Senator from Arkansas said earlier in the week is something I guess I will just leave on. He said that good legislators ought to be good educators. I hope that we can educate.

I hope we can lead a meaningful public debate about this issue, and not as partisans, but as people interested in solving a problem, and we can solve this one. I hope that we can have a good debate, recognize our philosophical differences, but deal with them in a way that will bring us to a resolution of a problem that has been with us for a long time.

With that, I yield the floor.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

Mr. DOLE. Mr. President, I ask unanimous consent that there now be the period for the transaction of morning business, with Senators permitted to speak for up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

DISTRICT OF COLUMBIA CONVENTION CENTER AND SPORTS ARENA AUTHORIZATION

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of calendar 180, H.R. 2108.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A bill (H.R. 2108) to permit the Washington Convention Center Authority to expend revenues for the operation and maintenance of the existing Washington Convention Center and for preconstruction activities relating to a new convention center in the District of Columbia, to permit a designated authority of the District of Columbia to borrow funds for the preconstruction activities relating to a sports arena in the District of Columbia and to permit certain revenues to be pledged as security for the borrowing of such funds, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. COHEN. Mr. President, the Senate will move shortly to take up H.R. 2108, the District of Columbia Convention Center and Sports Arena Authorization Act of 1995. This legislation, which passed the House of Representatives last Friday, has two purposes.

FAMILY SELF-SUFFICIENCY ACT

The PRESIDING OFFICER. The clerk will report the pending business.

The bill clerk read as follows:

A bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence.

The Senate resumed consideration of the bill.

Pending:

(1) Dole further modified amendment No. 2280, of a perfecting nature.

(2) Daschle amendment No. 2282 (to amendment No. 2280), in the nature of a substitute.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. MOYNIHAN. Mr. President, I rise to correct a statement which I made on the floor in the course of our previous 2 days of debate, the beginning of debate, on this legislation. I rise to not only correct my statement but to offer an apology to the Senate if I have misled anyone, which I certainly did not intend, nor did anyone.

On that occasion, I offered a chart, as you see here, indicating the proportion of children who received aid to families with dependent children in 1992.

This data was prepared for us at the Department of Health and Human Services, Mr. Wendell Primus is responsible there, and mistakes were made. He found those mistakes and called them to our attention.

In the meantime, the Washington Times had written a very fine editorial pointing to this data, saying, "My God, if there is ever evidence this system is failing, it will be found in these tables." These bar charts are easily translated into tables. Then we had to inform the Washington Times that the numbers were scrambled. At one point, it was no more than a simple typing error in a computer printout.

But we now have the correct numbers, and I would like to introduce them to the Senate at this time, as against the data I presented on August 3. The new figures are the corrected numbers for 1993.

The data are the estimated proportion of children receiving AFDC, that is aid to families with dependent children, title IV of the Social Security Act, in 1993, which is our last count. As you can see, Mr. President, if you were to recall the numbers originally, the city of Los Angeles was recorded as having almost two-thirds of its children on welfare at one point or over the course of a year. That involved a mistake between the city and the county, not something I am sure happens frequently. Los Angeles drops to a point where I can almost say, Mr. President, that in 1993 only 38 percent of the children in Los Angeles were on AFDC at some point or other in the year.

Think what it means to say "only" 38 percent, which is to say quite literally, by Federal regulation—and my friend, the distinguished chairman, will be talking about some of those regulations. I see he has some stacked on his desk. I am reminded, those are historic desks. If they were to collapse under the load of Federal regulation, the historical society would have something to say about that.

But the idea under AFDC regulations, there are not too many requirements of the AFDC Program. One is a limit on assets, and the limit on assets is $1,000; $1,000 for households, which is to say these are households that are paupers and have to stay paupers as a condition of staying alive. If you said only 38 percent of the children in our city were paupers during the course of the year, 20 years ago the public would say, "What?"

In Detroit, it is 67 percent. Those figures were adjusted. We found that Los Angeles went down. New York went up; 39 percent of all children at one point of the year. New York is our largest city with about 7.5 million persons. We have at any given time rather more than a million persons on welfare, which is AFDC plus home relief, numbers not known in the depths of the Great Depression. During the Great Depression, in 1937, when you probably had about as much as 30 percent unemployment, there were half a million persons receiving home relief in New York City. Today, in the aftermath of 50 years of economic growth, we look up and there are more than a million. And 39 percent of our children are on AFDC at one point or another in the course of the year.

In Philadelphia, it is 57 percent. In San Diego, it is 30 percent. The San Diego figures and the Los Angeles figures are close in that range. Texas has, generally speaking, a low rate—San Antonio, 20 percent, and Houston, 22 percent. There is a certain uniformity there. The city of Phoenix, AZ, has as prosperous an appearance as any city on Earth. It grows, I have been told, by a square mile a day. The southern Arizona project brings in water. Barry Goldwater provides a welcome and people cannot wait to move out there. There are green lawns where I think there should not be green lawns. That is desert. But that is another matter. In Phoenix, 18 percent of the children are paupers at one point during the year.

These numbers can be elaborated. To what exact purpose, I would be hesitant to say. But we do know that Senator DASCHLE's legislation, as well as Senator DOLE's and Senator PACKWOOD's, does address this question of putting children on supplemental security income as a mode of welfare benefits.

If you combine AFDC with SSI in 1993, you get yet higher rates. You get 67 percent for Detroit. You see that it goes from 54 percent AFDC when you add SSI. It is a large number. I think it is the case that the number of children receiving SSI has grown by about 400 percent in the last decade. This is not because there are 400 percent more children disabled. We have had administrative interpretations of statutes which increase the number of children in this category. Philadelphia gets 59 percent; San Diego, 30 percent; Los Angeles, 38 percent; Baltimore, 56 percent; New York, 40 percent. And so it goes.

These are horrendous numbers, and they ask for—they demand—some level of interpretation. The Washington Times, in a perfectly fair-minded editorial—to my mind, a fair-minded editorial—had commented on these numbers that are overstated in the case of Los Angeles and understated in the case of New York. It had this in its editorial, "Welfare Shock."

I ask unanimous consent, Mr. President, that this be printed in the RECORD at this point, without the table.

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

[From the Washington Times, Sept. 1, 1995]

WELFARE SHOCK

Having spent the better part of the past four decades analyzing the statistical fallout of the welfare and illegitimacy crises enveloping our great cities, Sen. Daniel Patrick Moynihan never has needed hyperbole to describe the dreadful consequences of failed social policies. Perhaps that is because the New York Democrat possesses the uncanny ability to develop or cite pithy statistics that shock even the most jaded welfare analyst, case-worker, senatorial colleague or reporter.

Several weeks ago, Sen. Moynihan, appearing on one of the ubiquitous Sunday morning interview shows, shocked his questioners (and, undoubtedly, his television audience) by revealing that nearly two-thirds of the children residing in Los Angeles, the nation's second largest city, lived in families relying on the basic welfare program, Aid to Families with Dependent Children (AFDC). To illustrate that Los Angeles was not unique, he observed that nearly four of every five (!) Detroit children received AFDC benefits.

The accompanying chart details the extent to which residents in the 10 largest U.S. cities have become dependent on AFDC—and the government. After about three decades of fighting the War on Poverty, during which time more than $5.4 trillion (in constant 1993 dollars) has been expended, perhaps no single statistic offers more proof of the war's unmitigated failure than the fact that federal and state governments provide the financial

support of 38 percent of all children living in the country's 10 largest cities.

How does one begin to address such a horrendous problem? for all the talk among Democrats, particularly President Clinton, about the need for increased spending for education to help underwrite welfare reform, it's worth recalling that real (inflation-adjusted) spending for elementary and secondary education has dramatically escalated since the federal government declared war on poverty. Indeed, some of the highest per pupil expenditures occur in the largest cities. Unfortunately, as spending increased, test scores plummeted.

In a more serious tone, Mr. Moynihan approvingly cited the 1966 report on the Equality of Educational Opportunity (the Coleman Report), which "determined that after a point there is precious little association between school resources and school achievement. The resources that matter are those the student brings to the school, including community traditions that value education. Or don't."

Sen. Moynihan has offered his own welfare-reform plan, which, unlike any Republican plan in the House and Senate, would retain AFDC's entitlement status without placing any time restrictions on recipients. Despite the underwhelming success of federal job-training and job-placement programs, his plan places great emphasis on more of the same. Attacking the Republicans' proposals to cancel welfare's entitlement status and enforce time restrictions, Sen. Moynihan frets that "we don't know enough" to design programs that attempt to influence the behavior of poor people.

Take another look at the figures in the chart provided by the senator. They represent a small fraction of the statistical indictment against the failed welfare policies of the liberal welfare state. Tinkering around the edges of such failure without seeking to change the behavior that three decades of the War on Poverty have produced, will surely not solve any of the many social problems that accompany dependency on the scale depicted in the chart. That much we do know.

Mr. MOYNIHAN. Mr. President, the point of the editorial is, good God, what happened to our children? Can the present system be as bad as the data depict? If so, let us be rid of that system directly. I wrote to them informing them that we had new data, and it was not significantly different. Well, in the case of Los Angeles, it was; that should be made clear. Otherwise, it was in this range. I wrote a letter in which I simply made the point that—well, first of all, I submitted the correct new data, which took a slightly different view from the editorial. It was a very different view from the editorial in the Washington Times.

I ask unanimous consent that my letter and the subsequent editorial with the corrected data be printed in the RECORD at this point.

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

[From the Washington Times, Sept. 5, 1995]

THE AFDC NUMBERS: BAD ENOUGH, BUT NOT THAT BAD

Regarding the Sept. 1 editorial "Welfare shock." The Washington Times is entirely correct in stating that the information on AFDC caseloads I presented in the August welfare debate in the Senate was mistaken. We received the data from the Department of Health and Human Services on Aug. 4. I found the numbers hard to believe—that bad?—and called the deputy assistant secretary responsible to ask if he would check. He did and called back to confirm.

On Aug. 23, however, with the Senate in recess, Mr. Wendell E. Primus, the deputy assistant secretary who provided the data, wrote to say that there had indeed been a miscalculation. It was a perfectly honest mistake, honorably acknowledged and corrected. I will place his letter in the Congressional Record today.

The new numbers are sufficiently horrendous. The proportion of the child population on AFDC or Supplemental Security income in the course of a year in Los Angeles is 38 percent. In New York, 40 percent. In Chicago, 49 percent. In Philadelphia, 59 percent. In Detroit, 67 percent. My contention is that things have gotten so out of hand that cities and states cannot possibly handle the problem on their own. Thirty years ago, certainly. No longer. Mr. Hugh Price of the National Urban League suggests that we will see a reenactment of deinstitutionalization of the mental patients which led so directly to the problem of the homeless. I was in the Oval Office on Oct. 23, 1963 when President Kennedy signed that bill, his last public bill signing ceremony. He gave me the pen. I have had it framed and keep it on my wall. Premium non nocere.

DANIEL PATRICK MOYNIHAN,
U.S. Senator,
Washington.

[From the Washington Times, Sept. 5, 1995]

CHARTING THE STATE OF WELFARE

Even by the appalling standards and results of U.S. welfare policy, the chart that appeared in this space last Friday exaggerated the depths of the situation that prevails in some of this nation's largest cities.

Last month Sen. Daniel Patrick Moynihan, New York Democrat, appeared on the floor of the Senate citing statistics showing that nearly two out of three children in Los Angeles and nearly four out of five children in Detroit lived in households receiving the government's basic welfare grant, Aid to Families with Dependent Children (AFDC). At the request of The Washington Times' editorial page, Sen. Moynihan's office faxed a copy of a chart listing the 10 largest U.S. cities and the percentage of each city's children relying on AFDC, which was developed by the U.S. Department of Health and Human Services (HHS). Regrettably, the information was incorrect.

Nearby is a chart with updated, expanded, and presumably correct, information that HHS subsequently sent to Sen. Moynihan's office, which then forwarded it to the editorial page. The revised chart offers both a snapshot of welfare dependency of children in our largest cities (at a "point in time") and a more expansive statistic incorporating all children whose families relied on AFDC during any portion of an entire year. Clearly, neither classification places Los Angeles or Detroit in nearly as dreadful a position as conveyed by HHS's initial, incorrect tallies. It should also be noted, however, that the earlier chart understated the problem of pervasive welfare dependency in other cities: New York and Philadelphia, for example. The revised chart offers no solace to anybody intersted in the future of our great cities and the children who live in them.

ESTIMATED RATES OF AFDC CASELOADS

[In major cities (Feb. 1993)]

State	Percentage of children on AFDC at a point in time	Percentage of children on AFDC within a year
New York	30	39
Los Angeles	29	38
Chicago	36	46
Detroit	50	67
Philadelphia	44	57
San Diego	23	30
Houston	18	22
Phoenix	15	18
San Antonio	14	21
Dallas	16	20

Source: Department of Health and Human Services.

It's been 30 years since the federal government initiated its so-called War on Poverty. During that time more than $5 trillion was expended fighting it. What has been accomplished? As the Senate reconsiders the various welfare-reform proposals during the next few weeks, let us keep in mind that anything less than revolutionary in scope is likely to have little long-term impact on these depressing statistics and the numerous pathologies and deviancies that derive from them.

Mr. MOYNIHAN. Mr. President, here is the point I made, and some will not agree—probably most will not agree. Yet, I have been at this long enough to recognize this. The Times takes the view that any system which has produced this result is so bad it must be profoundly changed, dismantled, and done away with. Indeed, the legislation before us on this side of the aisle—the majority leader's legislation—would in fact put an end to this system. It abolishes title 4(a) of the Social Security Act of 1935. It makes a block grant which is sent down to the States, based on their present Federal benefit, and leaves it that the States are free to do what they will. I will not get into it at this moment.

But the States are not free to do what they will, anyway. No State has to have a welfare program. No, you do not have to have a welfare program. You do not have to provide more than—you can provide $1 a month per child or $1,000 a month per child. The idea that there are big Federal regulations is mistaken. It is not that the Federal Government has not sought to do a lot of regulating, but the statutes are relatively spare. With a waiver, you can do virtually anything you want. And to say it is your job, now that this system has failed, to take it over, what that does is disengage the Federal Government.

No child is entitled to welfare benefits. The State can provide that a child receives benefits, or it can do otherwise. But under the Social Security Act, if a State provides welfare benefits, the Federal Government provides a matching grant. It will match 50 percent, up to about 79 percent, at this point. It used to be as high as 82 percent in the Southern States.

My point is that 30 years ago, when we first picked up the onset of this extraordinary demographic social change, you could have made the case: Let the States do it; let the cities do it. You could have made that case. You

cannot make it today, in my view. This is too much. This is beyond the capacity of State governments and city governments. They will be overwhelmed, and soon we will be wondering, what did we do?

Mr. Hugh Price, the relatively new, recently appointed, director of the National Urban League, made an important comment on the "Charlie Rose Show"—not a pronouncement, just a comment. He said if we do what is proposed and put time limits—the President, at Georgetown University in 1991, when he began his Presidential campaign, put out a 2-year time limit—he said that we will have an effect similar to the deinstitutionalization of our mental institutions that began in the 1950's and culminated in Federal legislation in 1963.

I am going to take a moment, if I can, just to talk about that, because I think Mr. Price hit upon a brilliant analogy—the appearance on our streets of homeless persons sleeping in doorways, sleeping in bus stations. You do not have to do more than walk down Constitution Avenue from the Capitol, not four blocks from here, and you will find, in the dead of winter, people sleeping on grates. It has happened everywhere. It has happened, I dare to say, in Portland, OR. I say to my friend, the chairman of our committee, that Portland, OR, will not appear on this list. It is a very interesting story, and it is a very powerful cautionary tale.

I was present at the creation, 1955, in the spring, in the State capitol in Albany, N.Y. Averell Harriman was being introduced to the person who was to be nominated as the commissioner of mental hygiene, a wonderful doctor named Paul Hoch. He had been head of the New York Psychiatric Institute, a great research analyst. He had been chosen by the late Jonathan Bingham, then secretary to the Governor, later Member of the House of Representatives.

As has happened before in history, the Governor was playing a role in a little drama that had been preconceived. Present also was the director of the budget, Paul H. Appleby, the eminent public servant of the New Deal era, deputy director of the budget under President Truman. Also present, notetaker, if you will, was the Senator from New York. I was an assistant to Mr. Bingham.

The Governor greeted Dr. Hoch and said how pleased he was to learn that he was willing to come and do this job, and Jonathan Bingham has recommended him most particularly, as indeed Jack Bingham had done.

The Governor asked how were things going in that field. Doctor Hoch said, well, down at Rockland State Hospital, which is in Rockland County in the lower Hudson Valley, Dr. Nathan Kline had been working with a chemical substance that had been derived from the root rauwolfia serpentina, used in medicine for 5 millennium. It calmed people down in the Hindus Valley. German organic chemists had succeeded in reproducing it, and it was used on patients in Rockland State, and it had real effects. It was our first tranquilizer. It would come to be known as reserpine. The doctor said he thought it should be used systemwide.

At that time in the 1950's, mental health was one of our most visible public issues. Every State legislature proposed every year, appropriated another bond issue to build another hospital. We projected the time when half the population of New York State would be in a mental institution and the other half would be working in a mental institution—97,000 persons.

Today, Mr. President, there are about 6,000. We wanted them out, but we did not care for them after they left.

I came to Washington in 1961 in the administration of President Kennedy, who was much interested in this subject. A report of a joint commission established by the Congress was waiting for us. In effect, it said, go with medication and deinstitutionalization.

The last public bill signing ceremony that John F. Kennedy conducted was on October 23, 1963. He signed the Community Mental Health Center Construction Act of 1963. He gave me a pen. I was present. I had worked on the legislation, having had something in the background from Albany. We were going to build 2,000 community mental health centers by the year 1980, and one per 100,000 population, as the population grew.

We wanted our mental institutions, but we did not build the community centers. We built about 400, the program got folded into another program, shifted around, and pretty soon people were thinking about something else and it quite disappeared from our minds.

Then the problem of homelessness appeared. With the unfailing capacity for getting things wrong in my city of New York, an advocacy group grew up saying we have a problem here of a lack of affordable housing. That is not what it was at all.

Schizophrenia—we knew in the 1960's there would be a constant incidence of that particular disorder in large populations. We did not have quite the genetic information we have now. I do not speak beyond my knowledge, but the statistical data was sufficient to say this is something that happens in Patagonia, it happens in Alaska, it happens in Bucharest, it happens in Los Angeles, all at about the same rate. There it is. A puzzle, a great public failure.

My friend from Oregon will remember that during the brief interlude in which I was chairman of the Committee on Finance, the last New Yorker was in 1849, and it may be another century and a half until the next New Yorker was, but there were 2 years, not necessarily a shining moment, but there it was. We were dealing with health care matters, as the chairman will not soon forget. I had two things on our wall. One was a small portrait of Alexander Hamilton, the first Secretary of the Treasury, that great New Yorker. The other was the pen certificate which had the pen that President Kennedy gave me on that day in October 1963, when we signed the Communities Mental Health Center Construction Act of 1963.

As I just said, "Be very careful what you do." To cite Hippocrates, primum non nocere. It is my contention, Mr. President, it would be my argument, I cannot demonstrate, I can simply make the case with numbers this large, proportions this large, we dare not disconnect the Federal Government from this problem of our children.

The connection we made in 1935 when our resources were vastly fewer than they are today, they will be overwhelmed. In a very little while as the time limits comes into effect, I estimate a 5-year time might put half a million children on the streets of New York City in 10 years' time, and we will wonder where they came from. We will say, "Why are these children sleeping on grates? Why are they being picked up in the morning frozen? Why are they scrambling? Why are they horrible to each other, a menace to all, most importantly to themselves?"

Well, this is what will have happened, in my view. I can say that 30 years and more of association with this subject makes me feel it would happen.

Mr. President, once again, with apologies to the Senate for having provided somewhat misleading data on August 8, without intention, it was received from the Department of Health and Human Services without any purpose to mislead, and was corrected by the Department. Having placed the incorrect data in the RECORD, I ask that the correct table be printed in the RECORD at this point.

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

PROPORTION OF CHILDREN RECEIVING AFDC (1993)

City	Percent at point in time	Percent within a year
Chicago	36	46
Dallas	16	20
Detroit	50	67
Houston	18	22
Los Angeles	29	38
New York	30	39
Philadelphia	44	57
Phoenix	15	18
San Antonio	14	21
San Diego	23	30

Source: Department of Health and Human Services, August 23, 1995.

Mr. MOYNIHAN. With great thanks for the courtesy and attention of the Chair, I yield the floor. I see my distinguished friend has risen, and I am happy to turn to him.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. PACKWOOD. Mr. President, I never cease to learn from my good friend from New York. In the quarter of a century I have been in this Senate,

there have been a number of memorable Senators, none that I have learned more from than PAT MOYNIHAN. I count him as a friend, a teacher, a mentor.

It is interesting how we sometimes take the same facts, however, and reach different conclusions. I went to law school at New York University in the center of Manhattan in the mid-1950's. And much as I love New York and Manhattan and find it an exciting borough, when I finished law school I had no desire to stay there. I went back to Oregon and started to practice law and kept my home and roots there ever since.

But I remember public housing in the mid-1950's in New York. The Federal Government dictated what public housing would be, and we knew best. Our philosophy was that, if people had a decent roof over their heads, all else would flow and follow. Education would follow, crime would disappear; so long as you had a decent shower and a bed. So we built, not 5- and 10-story public housing projects, 20- and 25-story public housing projects. And we clustered them together; not one building, but three or four, with concrete parks, barely any grass for the kids to play, and thousands and thousands of roughly similarly economically situated poor people clustered together.

What we ended up with were 20- and 25-story slums, crime-ridden, drug-infested slums. It did not work. I do not mean this as critical of the thinkers of the mid-1950's. That was the best thought in the fifties.

Now the Federal Government thinks the best thought is what we call scatter buildings. We are not going to put up 25-story buildings; we are going to put 60 units in Queens and 30 units in Westchester County and some more in Staten Island. We are going to scatter them about. It may be a better decision. It may not be. I am not sure. Yet it is another example of where the Federal Government now says the philosophy of 40 years ago was wrong and this philosophy is right.

I offer this only to say there is no guarantee that any public policy you adopt will work out exactly as you hope it will work out. It does not mean that you are malevolent in your thoughts or deliberately ordaining that it would not work out. It is just things you thought would happen do not. How often I heard my friend from New York talk about the law of unintended consequences.

So, with that background, I want to go back into the history of welfare in the United States, starting in 1935; what we hoped would happen, what has happened. I think we can say this. If our hope of welfare was to get people off of welfare, if welfare was to be a trampoline so that you could spring back useful to society, it has not worked. It has become not a trampoline, but a hammock. And that I think we can say with assuredness.

I am not sure we had any witness that appeared before the Finance Committee as we were having hearings on welfare reform that defended the present system as working. Some wanted to simply jettison the entire thing. Some wanted to tinker with it but keep it a Federal system. Others wanted to devolve more power and authority to the States. But nobody defended it as it was. So how did we get to where we are?

Go back to 1935. My good friend from New York talked about the 1935 Social Security Act. It was passed in 1935. And Social Security, the act, had two parts to it. One was the pension that we are well familiar with. The other was a welfare component for widows and orphans. How often has the Senator from New York referred to it colloquially, but correctly, as a pension for the miner's young widow and the miner's young child.

Both provisions, in essence, covered the same people but for different purposes. In the mid-1930's if you are the breadwinner—it is basically men that are working—if you lived to 65, you took care of your wife, and probably by that time your minor children had grown up. If you died at age 45 however, and you were the breadwinner, there was no survivors' benefits in the original Social Security Act. Suddenly the widow and the child are thrown out onto the street. So the welfare provision of the 1935 Act was designed to take care of the widow and the orphan child. And it was presumed, I think, that if the widow got married again, she would no longer need any public support, and if she did not get married, she at least got this income while the child was a minor and she was a widow. And almost all welfare at this time—1935 onward for a fair number of years—was for widows and orphans.

Then in 1939, we amended the Social Security Act to include survivors. The breadwinner dies at 45. It was still usually a man in those days. He has a 40-year-old widow and three children, ages 16, 12, and 9. There were survivors' benefits under Social Security. If you were a widow with children, you got 75 percent of what the person who died would have gotten had that person reached Social Security age, and you got 75 percent for each child, though it was capped. You did not get 75 percent for every child if you had 15 children.

After World War II, we rather rapidly expanded the coverage of Social Security. My hunch is the biggest single group may have come in in 1953 or 1954 under President Eisenhower, when we brought in an immense number of people: Agriculture——

Mr. MOYNIHAN. Self employed.

Mr. PACKWOOD. Self employed. We brought in an awful lot of people.

Mr. MOYNIHAN. State and local.

Mr. PACKWOOD. State and local. We brought them in and, by 1960, most people were covered by Social Security and that included survivors. So if the breadwinner died, the widow and the orphan were taken care of. Therefore, welfare—I am not talking about Social Security survivors insurance, I am talking about welfare as we knew it in the 1930's; when the breadwinner dies there is no Social Security survivors' benefits—welfare as we knew it began to disappear because Social Security benefits, survivors' benefits, were usually more generous than welfare would be, and survivors' benefits supplanted what welfare had initially been for widows and orphans.

From about 1950 onward, maybe a little earlier again—the Senator from New York would know more specifically than I would—aid to dependent children, as we now call it aid to families with dependent children, AFDC, started tilting toward support for unwed mothers and children who had never had a breadwinner in the house. It was no longer the concept of the widow and the orphan. There never was a breadwinner. And, instead of emergency financial support for a widow who was suddenly deprived of her breadwinner, AFDC, aid to families with dependent children, gradually and then overwhelmingly became a lifetime support system for many people. And in many cases it became a generation after generation support system.

Today, only 1 to 2 percent of welfare is because of the death of a breadwinner. That is how much it has changed from what it was originally intended.

Now, from 1935 onward, but especially from 1960 onward, as we have seen this movement toward welfare being for unwed mothers, people who never had breadwinners, the Federal Government has tinkered and tried and toyed to make this system work. If the woman dropped out of high school in the middle of her junior year and had a baby and did not go back, to try to educate her, to try to help her get a job—and we have attached more baubles and geegaws to the Federal welfare system in efforts to make it work than the mind can comprehend.

But it has not worked. If it was meant to stem the rise of illegitimacy, it has not worked. If it was meant to get people back to work, it has not worked. If it was meant to somehow break the generational cycles, it has not worked.

Has it failed because we did not spend enough money? Let us go back and take a look over the years of what we have spent. I am going to use the year 1947 as a base for this reason. What we spent in the 1930's was minuscule. During World War II, we did not spend anything for all practical purposes. But during the war, from 1944 to 1945, believe it or not—we talk about the defense budget now—the defense budget was 40 percent of our gross domestic product and 90 percent of our total budget. We did not do anything else. We were a war machine. We were borrowing to do it. And we were willing to spend that much on defense because we

thought it was necessary for the preservation of Western civilization. I am inclined to think that was a correct decision.

So when I hear people say we cannot afford to spend for our defense, just as an aside, a great nation can afford to spend. We are now spending 4 or 5 percent over gross national product on defense. We can argue, can we afford 4 or 5 percent? Yes, we can. But it did mean in those years we were not spending money for anything else of any consequence except on the war. And the first real budget year, fiscal year, after the war was 1947; 1946 was midway through when the war was still going on.

I am going to use the term "constant dollars" rather than "current dollars" because current dollars can be illusory. I will define the difference.

A current dollar is $1 today. I spend $100 on a Federal program. Let us say you have 100 percent inflation. Next year we spend $200 on the Federal program. You have not spent any more money. You have 100 percent inflation. The person that gets it has not gotten anything more to spend. That is why we have COLA's on Social Security. That is called current dollars.

To put it in comparison, in current 1947 dollars we spent $2 billion on what the Social Security Administration basically called welfare. This is 10 or 12 programs. In 1947 we were spending $2 billion. In 1991 we were spending $180 billion. Even if you put it in terms of constant dollars—because current dollars does not take into account inflation—the figures are still dramatic. If you assume that the value of the dollar today was the same as the value in 1947, and there has been no inflation in that period of roughly 45 years, then in 1947, in today's dollars, we were spending $10 billion on all of these programs. Today, we spend $180 billion. On AFDC alone, in 1947 we were spending in constant dollars $697 million, today we are spending $18 billion, about a 2500-percent increase.

You want to take a last figure. These programs in the Social Security Administration count as programs for the poor. In 1947, they were 0.7 of 1 percent of our gross domestic product. Today, they are slightly in excess of 3 percent. So they have grown dramatically.

Welfare has not failed because we did not spend money. We have spent more money by any measure.

Has it failed because of inadequate regulations? The 1935 bill when it passed was 2½ pages long. This is the section relating to welfare. 2½ pages.

There were no regulations initially. The bill really had six requirements of the States as follows:

First, the program had to be in effect in all political subdivisions throughout the State. That is an easy enough requirement.

Second, there had to be some financial participation by the State. That is easy enough to figure.

Third, it had to be administered by a single State agency. That is easy enough to figure.

Fourth, there had to be an opportunity for a fair hearing for somebody if they had been denied benefits. That is not too difficult to figure.

Fifth, although this one becomes a little more ephemeral, the State had to provide such methods of administration as would be necessary for an efficient operation of the plan.

As I say, I am not quite sure what that means exactly, but I will show you what it means in just a moment.

Then lastly, the State had to file reports that would assure the correctness and verification of basically what they were intending. That was relatively simple.

From that has grown what we have in welfare today.

The Senator from New York referred to this stack on this desk which I shall attempt to lift. These, Mr. President, are the regulations that an Oregon caseworker must be familiar with in order to determine just two things: No. 1, the eligibility of a recipient for welfare; No. 2, how much shall that recipient get. That is what you have to go through in order to determine just whether you are eligible. How much do you get?

Follow me to this chart back here. Here is the eligibility process.

You come into the welfare office. "Hi, I am Johnny Jones. I would like to apply for welfare." Initial application. All right.

The caseworkers says, "Give me your proof of identity, age, citizenship. I want your driver's license, Social Security card for each person, birth certificate for each person, alien registration, or arrival and departure record, or any other identification from any other agencies or organizations."

This assumes a person coming in for welfare actually has these things or knows how to put their hands on it. Assuming you have proved your identity, we now go to proof of relationship and child in the home. Signed and dated statement from friend or relative naming each child and residence, birth certificate or other documents stating parent's name.

Assume you have that. Then we go over to proof of residence and shelter costs.

"Give us your electric bill, paid or unpaid; give us your gas or fuel bills, paid or unpaid; rental or lease agreement; rent receipt; landlord statement; landlord deed to property; proof of housing subsidies."

No wonder this stack is getting thicker and thicker as you go through giving us all of this information. Now we come down to proof of family after you have gone through all of this.

Death certificate for deceased parent; divorce papers or separation papers showing date, if separated; a statement from a friend, neighbor, or relative proving marriage certificates; if in prison, date of imprisonment, length of service; if pregnant, a medical statement with expected delivery date; if disabled, name of doctor, name of hospital and a doctor's statement.

This is just starting to prove eligibility.

Does anyone here have any income? No. You have no income.

I want you to think about proving a negative.

"No, I do not have any income."

"Let me see your bank account and savings account."

"I do not have a bank or savings book. I do not have any bank account."

Well, you have to prove you do not have a bank account. Current checking account statements and real estate documents.

I want you to picture Johnny Jones coming in asking for welfare.

"Where are your real estate statements?"

"I don't have any."

"What do you mean, you do not have any? Can you prove it?"

"No. I don't have any."

"Prove you don't have any."

"I do not have any."

Payment books or receipts for all mortgages and land sales.

Do you know how much land Johnny sells? He is not really involved in big time in real estate sales.

List of all stocks and bonds and current market value; title of all motor vehicles and bill of sale; bank payments or agreement; documents showing life insurance and estate or trust funds.

Name me welfare recipients who have trust funds. If they have trust funds, they are not welfare recipients and they will not be in this office at the first stage.

Insurance policies? They might have insurance policies.

Now, if you have done all that, you make an eligibility decision. However, this is if you have no income. But if you have income, now we come down here.

Proof of income.

Uncashed worker's compensation or other benefit check; latest Social Security or VA benefit award letter; court order stating amount of support or alimony; notice of unemployment benefits, record of payments received, or uncashed check; records of income from self-employment, farm income or business income, tax records, profit and loss statements, or income producing contracts; wage stubs or employer's statement of gross wages for the last 30 days.

You have to prove all that. But interestingly, what counts as income and what does not count as income?

Count adoption assistance if not for special needs. That counts as income.

Do not count as income adoption assistance for a child's special needs.

Now, you are poor Johnny Jones getting these questions, trying to figure it out. You count as income payments under the Agent Orange Act of 1991. You do not count as income benefits

from the Agent Orange Settlement Fund if it is given by Aetna Life. I do not know why it is limited to Aetna Life.

Well, Mr. President, I am not going to go on with the rest of this. This is what welfare has become. It is no wonder that caseworkers are frustrated beyond belief. The caseworkers I have met are perfectly decent people who would like to help the poor.

Now I will give you a quote from the former executive director of the Oregon Progress Board.

"Almost all of the Oregon Option undertakings"—Oregon Options is the welfare plan that we have gotten authorization to try—"require the use of federal funds and, in many cases, the waiver of federal rules and restrictions on how the money is used." As Wyse said,

> We need the federal government as a partner. But federal programs that provide money tend to be severely prescriptive and riddled with red tape that stifles innovation. In the biggest area of federal aid—welfare—at least 20 percent [20 percent] of our administrative time and money costs have been spent on federal paperwork.

My classic example, however, does not deal with welfare per se. It is Harley, Harley, the Vietnamese potbellied, drug-sniffing pig. This pig can smell drugs like dogs do, so the Portland police bureau applied to the DEA, the Drug Enforcement Administration, for Federal funds that they allocate for drug-sniffing dogs. The DEA, Drug Enforcement Administration, said no, it only applies to dogs. It does not apply to pigs. To which the Portland police bureau said: "This pig can smell better than a dog, and it is cheaper than a dog."

Now, I have to give Vice President GORE credit. He worked this out by declaring Harley an honorary dog. That solved our problem. There is Harley, the honorary dog, right there. That is the frustration of dealing with the Federal Government. Did the DEA mean to be obtuse and mean? Of course not. Of course not. It is just that big things of necessity have to be pigeonholed. It is not true just of Government. It is true of big institutions. It becomes more and more difficult, the bigger you get, to deal with individuality. You have to fit the pigeonhole whether you are a university with 25,000 students or General Motors. It is one of the reasons why small and often family-held companies are able to do much better and compete against giants that are 100 times their size but immobile.

About 20 years ago, maybe 25 years ago now, there was a story in one of the nationwide business publications on who sets the price of plywood in the United States. Weyerhaeuser is a big producer. Georgia Pacific is a big producer. But the article concluded that it was set by Ken Ford of what was then called the Roseburg Lumber Co. That is now Roseburg Forest Products. It was a family-owned company and still privately held, as I recall. They have about 3,000 employees in an area of about 15,000 to 20,000. It is the dominant employer.

The article said as Mr. Ford's plywood is moving across the country on the railcars, he can call Chicago and say, "Cut it 50 cents a board foot," and it is cut. And Weyerhaeuser and Georgia Pacific immediately follow suit. But they cannot take the lead because it is a corporate board decision of some kind. They do not have anybody in the organization that can say to cut it 50 cents a foot.

So Mr. Ford sets the prices for plywood. He is still alive and the company is still going. And he is still a dominant force in his business.

You see it in the electronics business today. How many companies are there? Have you ever seen that wonderful list of companies? There are over 20,000 or 25,000 companies that did not exist in 1968, either just did not exist or were just getting founded in the 1960's, electronics or otherwise.

You look at just one facet of communications, personal communications, the little hand-held phones you use. In 1982, when AT&T and the Federal Government agreed to a consent decree breaking up AT&T and creating what we now call the regional Bells—seven—it was a very inclusive agreement. The Justice Department and AT&T tried to think of everything they could to include. Do you know the one thing they left out? Personal portable telephones. There was no future in that. There were 18,000 in the country. There are 25 million now. By the end of the century—there might be 125 million in 10 years. We will have as many of those as we have telephones.

It is not AT&T, MCI, and Sprint that are dominating that business. Those are long-distance carriers. But the companies that have moved into this business were small, sharp, quick companies that can compete with Bell Atlantic, compete with AT&T. And they move rapidly. They find a niche. They are good at it. They are small.

So when we get to this bill, it is an interesting difference in philosophy, on average—I am generalizing here—on average, between Republicans and Democrats to this extent. On average, Democrats in the provision of social services have a mistrust of it being done by private enterprise, whether that be a profitmaking private enterprise or not. I want to emphasize, I am generalizing. They have less mistrust if it is done by Catholic Charities or Goodwill, but they feel more comfortable if the Government is doing it. Republicans are a little more inclined to say let us let the private sector do it or let us give some grants or help with the private sector, but let them take the lead.

The second difference is that if it must be done by Government, there is still a general feeling among most Democrats that it should be done or at least directed by the Federal Government. Republicans feel pretty much the converse, that it should be done and directed by State or local government.

I am delighted we are debating this bill outside of what we call reconciliation. Reconciliation is going to be this big-budget bill that will come to us in 2 months—6 weeks, I would say. It is going to have everything in it—Medicare, Medicaid, earned-income tax credit, and tax cuts—and it is limited under our rules to 20 hours of debate, 10 hours on a side. Welfare, if put in that bill, would get half an hour's debate. Medicare, I will bet, gets 8 hours of 10 in the debate, and this subject deserves more debate than that because it is an honest difference of opinion. I emphasize "honest difference of opinion."

The Republicans want to do what we call break the Federal entitlement. We are saying we will give to the States as much money as they are getting now—but not as much as they would otherwise get if we did not change the law. And in exchange, we will say to the States, we are going to remove most of the strings that have been hampering you for the past if not 50 years, certainly 30 years. We are going to give you certain outlines and guidelines, and you cannot use this money for airport tarmacs. You have to use it for the poor. But you decide, New York, whether your problems are different than South Dakota's. You decide, Oregon, whether your problems are different from Ohio's and attempt to shape your welfare program with the limited amount of money we give you to what you think your needs are.

Mr. President, they are different. If you are Florida or Texas or New Mexico or Arizona and have an immense immigrant population and, in any case, a Hispanic-speaking population—New York has it—virtually you have a problem just of language for many young people. That same problem, but to a much lesser degree, exists in Oregon. My guess would be, I do not know, that it exists not at all in South Dakota. I am taking a guess there is not an immense Hispanic-speaking immigrant population in South Dakota.

So right away, the problems are different.

(Mr. ASHCROFT assumed the chair.)

Mr. MOYNIHAN. Will my friend yield for a question?

Mr. PACKWOOD. I will.

Mr. MOYNIHAN. Because he is making an important point. Does he recall the occasion on which the Committee on Finance—of course he recalls—held a retreat in Maryland, and the Senator from North Dakota learned about the proposal to deny welfare benefits to mothers of children who themselves were under 18. He returned to his State and checked that out to see just how much of a problem it was in North Dakota. Mr. President, you would be interested to know that there are four such families, two of whom had just arrived from West Virginia.

Mr. PACKWOOD. There is a slight difference in the problems. When the

Dole bill passes, and I hope it will—I think the amendment of the Democratic majority leader will fail—I hope we go forward with this not in a spirit of, "Well, the Republicans have won" and cheer.

I want to close with what I said at the start. There is no guarantee that if we pass this bill, as the Republicans are talking about, there is no guarantee we will solve the problem. There is a guarantee that if we continue as we have been going, we will not solve the problem. We have not solved the problem and there is no hope we will solve the problem continuing on the line of Federal regulation and control as we have gone.

My guess is that many States will experiment with this and will find their experiments fail. Many others will experiment with it in a different fashion and find they succeed. And then some of the successes will be taken to other States and found it does not work in that State yet does work in other States. The States are going to become labs over the next 5 years and, by and large, most of them are going to hit upon what will work in their State with the limited amount of money that we give them, and they will be much quicker to jettison programs that do not work than we are.

The last thing we have put in this bill—and I see the Senator from Missouri is in the chair and it was his suggestion—we have put in this bill, to the extent that it is constitutional, that it is permissible for this money to be given to religious organizations to carry out social welfare purposes.

There is nothing wrong with that. Just because Catholic Charities is Catholic should not mean that it is incapable of administering to the poor. Just because the Salvation Army may have a cross on the wall does not mean that it cannot run a good sheltered workshop. It will run a better sheltered workshop than anything the Government might run.

As I say, we cannot by law make something constitutional that is unconstitutional. I know the fear and the argument: Not only are they going to minister to the needs of the poor, they are going to try to proselytize them, make them Catholics or make them whatever.

Mr. President, I think that risk is worth it. I think the risk is worth it. If a person goes to a Salvation Army sheltered workshop or a meals program run by a charity that happens to have a menorah in the hallway, I am not sure that is going to be so offensive to what we are trying to achieve that it should be prohibited. I will leave it to the courts—and there will be suits—to decide whether or not it is constitutional.

I will say this to my good friend from New York, he and I now almost 20 years ago, not quite, introduced bills to allow tuition tax credits. In the interim, Wisconsin has tried it and now I see the courts have declared it partially unconstitutional. But it is working. These inner-city kids are getting a good education. We simply wanted to say to the parents—by and large, it liberates the poor. It does not liberate the rich. They are going to private schools anyway and they are going to parochial schools. It was a modest credit.

We say a parent can put their child in a religious school and they can deduct part of their cost off of their income tax. For 18 years he and I have tried to get that. We have been unsuccessful so far.

Every now and then, he will send me a clipping when another inner-city Catholic school has closed or perhaps the whole diocese has closed, I do not know, and say, "They didn't listen to us, they didn't listen to us."

It was touching when we had hearings on this to have some of the poorest women come and testify. These were single mothers working for the Federal Government, often in relatively modest positions, making in those days, the late seventies, $15,000, $16,000 a year, putting their children in private school, paying for it themselves, religious schools, not even of their religion because they wanted an alternative to public school.

This bill is going to try to permit all of that, not because we want to intrude religion on people, but because we do not want to preclude religion having the opportunity to serve people.

Mr. President, over the next 4 or 5 days, we will debate the philosophy of this bill. I suppose we will debate lots of itsy-bitsy details. But the philosophy is infinitely more important than itsy-bitsy details.

This bill, if adopted, is a watershed, is a turning point from the concept that the Federal Government is be all and know all. I hope we are daring enough to take the step. I do not promise it will work, but I do promise that with what we are trying now, we will continue to fail.

I thank the Chair and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Since there are no other Senators seeking recognition on welfare reform, was leader's time reserved?

The PRESIDING OFFICER. Yes, it was.

SALUTE TO SENATOR PELL

Mr. DOLE. Mr. President, nearly 35 years ago, the voters of Rhode Island decided to send CLAIBORNE PELL to the U.S. Senate. And in the years that followed, they have made the same decision in five separate elections.

Yesterday, Senator PELL announced that this term will be his final one in the Senate.

While there are still 16 months left in Senator PELL's term, I did want to take a minute to pay tribute to this dedicated public servant.

As all of my colleagues know, Senator PELL has devoted his years in the Senate to many issues of great importance: To foreign relations, where he has served as chairman and ranking member of the Senate Foreign Relations Committee; to bettering the environment; and, of course, to education, where Pell grants to college students have become a household word. I listened to the Senator from New York comment on that yesterday.

Mr. President, the State motto of Rhode Island is just one word—the word "Hope."

And from serving in the Coast Guard during World War II, to representing our country in the Foreign Service for 7 years, to serving here in the Senate for three and a half decades, CLAIBORNE PELL has never given up hope on America.

I join with all Senators in wishing Senator PELL all the best as he writes the final chapters in a very distinguished Senate career.

TRIBUTE TO CAL RIPKEN

Mr. DOLE. Mr. President, my mother had a phrase she used to repeat. "Can't never could do anything," she told us. I have tried to live by those words throughout my life, and I want to pay tribute today to someone else who doesn't know how to say "can't."

For over half a century, baseball experts have said that one record that could never be broken was the great Lou Gehrig's record of playing in 2,130 consecutive games.

As all baseball fans know, that record was tied last night, and will be broken tonight by Baltimore Orioles shortstop Cal Ripken, Jr.

In every game played by the Orioles since May 30, 1982, Cal Ripken has taken the field and done his job with dedication and with excellence.

No doubt about it, as a baseball player, Cal Ripken is a superstar. But more importantly, he is also a superstar as a human being, a husband, a father, and a role model.

Make no mistake about it, like most professional athletes, Cal Ripken is very well paid. But you cannot watch him play without thinking that he would still be out there, trying as hard as he can, if he was not paid at all.

And Cal's commitment to baseball does not end on the field. As a goodwill ambassador for a game that desperately needs one, he freely gives his time to countless charities, and throughout this season, Cal has stayed in the stadium for hours after games, signing autographs for every fan who wanted one.

I know that all Members of the Senate join with me in tipping our hats to

Cal. May he have as many years on the field as our "iron man," Senator STROM THURMOND, has had in the Senate. He could run that record way up there.

ORDER OF PROCEDURE

Mr. DOLE. Mr. President, I mention as an aside and not part of the statement that my colleague from Maryland, Senator MIKULSKI, is calling me every 5 minutes, 10 minutes. We are going to try to arrange so that the people who want to be at that game can catch the 5:30 train.

There are Members of the Senate and others who want to attend that game, so we are trying to work out some agreement for the Democratic leader where either we could have debate on welfare reform for those who would be watching it on television, or maybe take up a nomination that has been pending for some time and some of my colleagues on the other side would like to take up. I thank the managers.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS

Mr. DOLE. Under a previous order, we had agreed to stand in recess between the hours of 1 o'clock and 2 o'clock so that my colleagues on the other side of the aisle might have an opportunity to discuss welfare reform. I am advised there are no speakers and no speakers asking for recognition between now and 1 o'clock. Rather than sit in a quorum call, I suggest we now recess until 2 p.m.

The PRESIDING OFFICER. Under the previous order, the Senate will now stand in recess until the hour of 2:00 p.m.

Thereupon, the Senate, at 12:27 p.m., recessed until 2 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. GRAMS).

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

The PRESIDING OFFICER. The Senator from Maryland.

Ms. MIKULSKI. Mr. President, it is with enthusiasm I rise to support the Democratic alternative on welfare reform. I support it with enthusiasm because it is firm on work, provides a safety net for children, brings men back into the picture in terms of child support and child rearing, and at the same time provides State flexibility and administrative simplification.

Mr. President, I am the Senate's only professionally trained social worker. Before elected to public office, my life's work was moving people from welfare to work, one step at a time, each step leading to the next step, practicing the principles of tough love.

This is the eighth version of welfare reform that I have been through as a foster care worker, as a child abuse and neglect worker, a city councilwoman, Congresswoman, and now U.S. Senator. Each of those previous efforts in times have failed both under Democratic Presidents and under Republican Presidents. It failed for two reasons. One, each reform effort was based on old economic realities, and, second, reform did not provide tools for the people to move from welfare to work, to help them get off welfare and stay off welfare.

I believe that welfare should be not a way of life but a way to a better life. Everyone agrees that today's welfare system is a mess. The people who are on welfare say it is a mess. The people who pay for welfare say it is a mess. It is time we fix the system.

Middle-class Americans want the poor to work as hard at getting off welfare as they themselves do at staying middle class. The American people want real reform that promotes work, two-parent families, and personal responsibility.

That is what the Democratic alternative is all about. We give help to those who practice self-help. Democrats have been the party of sweat equity and have a real plan for work. Republicans have a plan that only talks about work and can not really achieve it.

Democrats have produced a welfare plan that is about real work, and we call it Work First because it does put work first. But it does not make children second class. Under our plan, from the day someone comes into a welfare office, they must focus on getting a job and keeping a job and being able to raise their family.

How do we do this? Well, first, we abolish AFDC. We create a temporary employment assistance program. We change the culture of welfare offices from eligibility workers to being empowerment workers. Instead of only fussbudgeting over eligibility rules, social workers now become empowerment workers to sit down with welfare applicants to do a job readiness assessment on what it takes to move them to a job, stay on a job, and ensure that their children's education and health needs are being met.

Everyone must sign a parent empowerment contract within 2 weeks of entering the welfare system. It is an individualized plan to get a job. The failure of individuals to sign that contract means they cannot get benefits. Everyone must undertake an immediate and intensive job search once they have signed that contract. We believe the best job training is on the job. Your first job leads you to the next job. Each time you climb a little bit further out of poverty and at the same time we reward that effort.

Yes, this is a tough plan with tough requirements. It expects responsibility from welfare recipients. Everyone must do something for benefits. If you do not sign the contract, you lose the benefits. If you refuse to accept a job that is offered, you lose the benefits. If, after 2 years of assistance, you do not have a job in the private sector, then one must be provided for you in the public sector.

No adult can get benefits for more than 5 years in their adult lifetime, but if you are a minor, you are able to stay in school and receive benefits.

So, yes, we Democrats are very tough on work. Everyone must work. Assistance is time limited and everyone must do something for benefits. If you do not abide by the contract, then you lose your benefits.

What else do we do? We provide a safety net for children. We not only want you to be job ready and work force ready, we want you to be a responsible parent. We want you to be able to ensure that as part of getting your benefits, your children are in school and that they are receiving health care.

Once you do go to work, we will not abandon you. We want to make sure that a dollar's worth of work is worth a dollar's worth of welfare, and while you are working at a minimum wage, trying to better yourself, we will provide a safety net for child care for your children, nutritional benefits will continue, and so will health care. We want to be sure that while you are trying to help yourself, we are helping your children grow into responsible adults.

I do not mind telling people that they must work because I do not mind telling them that they will not only have the tools to go to work, but that there will be a safety net for children.

This is what the Republican bill does not do. It does not look at the day-to-day lives of real people and ask what is needed to get that person into a job.

People we are telling to go to work are not going to be in high-paid, high-technology jobs. We know that that mother who wants to sign a contract that requires her to work will be on the edge when it comes to paying the bills.

She does not have a mother or an aunt or a next door neighbor to watch her kids. She needs help with child care to move into the work force.

The Republican bill does not provide enough money to pay for real child care. Suppose that mother lives in suburban Maryland or Baltimore city or the rural parts of my State? She does the right thing; she gets about an entry-level, minimum-wage job.

She is going to make about $9,000 a year, but will have no benefits. She might take home, after Social Security taxes, $175 a week. But if her child care costs her $125 a week, that leaves her $50 a week for rent, food, and clothing.

So that means, under the Republican welfare bill, it is like jumping off of a

cliff into the abyss of further and further poverty. Our bill wants to help people move to a better life. The Republican bill will push them into poverty through its harsh, punitive approach.

How do we expect this woman to support a family on $50 a week? There would be no incentive to do that. Welfare reform is about ending the cycle of poverty and the culture of poverty. Ending the cycle of poverty is an economic challenge. It means helping create jobs in this country and then making sure that our country is work force ready and that welfare recipients are job ready.

But it also must end the culture of poverty, and that is about personal responsibility, that is about bringing men back into the picture, that is about tough child support, saying that if you have a child, you should support that child and rear that child.

We believe that the way families will move out of poverty is the way families move to the middle class, by bringing men back into the picture, having two-parent households, by ensuring that there are no penalties to marriage, to families, or to going to work.

So, Mr. President, that is what the Democratic alternative is. That is why I support it with the enthusiasm that I do.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, I am very concerned about the direction in which the welfare debate is now headed. I come to the floor at this point in time, not to discuss any specific aspect of welfare reform or my views on it. I come, not to cast aspersions on the Republican approach nor to praise the Democratic approach. But I wanted to express my concern that the welfare debate is headed in absolutely the wrong direction, the direction of partisan bickering.

As far as I know, there has been no real effort by the other side, or by this side, to try to work out a compromise solution. We have had our task force. The Democrats have been talking about their approach. I understand the Republicans have had their groups talking about their approach. We now have a bill on the floor. We have a Democratic substitute. Then there is the Republican proposal.

I must tell you, I think this is absolutely the wrong way to go. I think welfare reform is much too important to the American people and to the taxpayers to be caught up in some kind of partisan warfare.

We are tougher than you.
No, we are tougher than you.
We care about kids more than you.
No, we care about kids more than you.
We are going to give the States more flexibility.
No, we are going to give the States more flexibility.

It pains me to see this happen because I believe there is enough similarity between the Republican bill and the Democratic bill to work out a compromise, but not if it is done in the heat of partisan bickering, which I believe is starting to take place right now on the welfare bill.

Several years ago my State of Iowa decided to do something about the welfare problem in our State. We set up task forces, set up pilot projects around the State to try to find out what would work and what would not work. This went on for several years. As a result of these experiments, the State legislature in Iowa a few years ago pulled together a welfare reform bill and passed it through the Iowa legislature.

That bill was passed with the support of conservative Republicans and liberal Democrats. As I have often said, it was supported by Pat Robertson conservative Republicans and Jesse Jackson liberal Democrats. Only one person voted against it, because it was put together in a bipartisan fashion. Folks from both sides of the aisle worked together to fashion a legitimate welfare reform bill.

It passed and was signed into law by Governor Branstad. We have now had about 2 years of experience with it and it is working. We now have the distinction in Iowa that we have a higher percentage of people on welfare who work than any State in the Nation—Iowa. We doubled the number of people on welfare who work. Doubled—went up by almost 100 percent. Our caseload is down. And the expenditures per case are also down by about 10 percent.

So the number of people on welfare is down. The cost per case is down. The number of people working is up.

Last of all, of the States that have gone out and tried to do welfare reform, Iowa, according to a New York Times article that I read, Iowa is the only State that has actually cut people off of welfare. It is the only State that said, "Here is a contract. We signed the contract. If you, welfare recipient, do not live up to your part of the contract, it ends." Iowa has done that.

I do not believe Wisconsin or any other State has been touted as having done such a thing. So it is working in Iowa.

I say that because it was not done in a partisan fashion. It was done in a bipartisan fashion. I believe for welfare reform to work nationally, it must also be done in a bipartisan fashion. That is why it pains me to see what is happening on the floor of the Senate today.

I was looking in the Congress Daily of Wednesday, August 9. It quoted the majority leader, Senator DOLE. It said that Senator DOLE said that President Clinton and he were talking privately a couple of weeks ago about working out a bipartisan solution on welfare reform. DOLE said, "He pulled me aside and asked me if there was a chance and acknowledged that there are some similarities between the Democratic and GOP bills."

I took that at face value. So on that same day, August 9, I wrote a letter to the majority leader and to the minority leader, Senator DASCHLE. I am going to read for the RECORD what I said in that letter.

I said:

DEAR MR. MAJORITY LEADER: I am writing you regarding our extremely important efforts to reform the welfare system. We clearly have agreement that the current welfare system is failing those on it and taxpayers who have to support it and it needs fundamental reform. You have put forward a comprehensive reform plan, the Democratic leader has done the same, Senator Bond and I have introduced a plan as has Senator Gramm and other of our colleagues. And while there are significant differences between our plans, I feel strongly that there is enough common ground that there is no good reason why we can't fashion a bipartisan approach that would garner overwhelming support in the Senate and among the American people.

In Iowa, we did just that. Democrats and Republicans worked together, ironed out their differences and came up with a bipartisan plan. It passed with just one dissenting vote in the legislature and was signed into law by Governor Branstad. And it is working. The number of welfare recipients working and on their way off welfare is up 93 percent. And welfare awards and total payments are down.

I feel strongly that we should not let welfare reform fall victim to politics. As I'm sure you agree, the American people don't care what political party reforms welfare; they just want it done. They want to be assured that their tax dollars are being spent responsibly. I'm concerned that if we don't begin now working together to iron out our differences that when we come back in September we may be no closer to agreement than we are now and the chance for bipartisan agreement lost. Therefore, I ask that before we leave for recess you and the Democratic Leader appoint a bipartisan task force to begin work on forging a welfare reform bill that has strong support across party lines. I believe this would be constructive and could well lead to a package of tough, effective reforms emphasizing work of which we can all be proud.

Thank you for your attention to my request. I look forward to your reply. I am sending a similar letter to the Democratic Leader.

Mr. HARKIN. Mr. President, I did not hear back from either the majority leader or minority leader. I do not say that in any way derogatorily. I know we have been gone. People have been busy. That is not my point. My point is that I still urge the majority leader and the minority leader to step back just one step. I request that the majority leader appoint six people and that the minority leader appoint six people and that they take the remainder of this week and this weekend to see if we can work out a bipartisan approach, to see if they can agree on something and bring it back to us the first of next week.

I believe this would be the best approach to take. I think we could step back from this partisan bickering that we are going to encounter here in the next few days. It is going to come. I think we already hear the opening strains of it—this bill is better than yours, this and that. The American people are sick and tired of that kind of partisan bickering, especially when

it concerns welfare. I believe there are enough similarities that we can work out a bipartisan agreement. It will not be all of what we want. It will not be all of what you want. But I believe it can garner enough support to be a truly bipartisan effort.

On August 7, I read again for the RECORD, Senator BREAUX from Louisiana had the following statement. He said:

"I think we ought to work together.

So we have a decision to make as to whether we are going to cooperate and work on this together—

Meaning welfare reform.

or make political points and get nothing done. That is an option. But if that option is exercised. I suggest the real losers are the American people and the American taxpayer. We will make short-term political points for short-term political gain. But in the long run, the real losers will be the taxpayers and those who are on welfare who will not have had an opportunity to have a program passed in a bipartisan fashion.

Mr. President, as I said, the State of Iowa, of which I am proud to represent, did it in a bipartisan fashion. It showed that it could be done and showed that it can work.

Why is it that we cannot do it here? Why can't the majority leader and the minority leader appoint five or six people each? We have business on our calendar that we can spend the rest of the week on. We have appropriations bills and other things that we can consider in the meantime.

I repeat: There has been no serious effort in the Senate to reach some kind of bipartisan cooperation on welfare reform. I am not blaming that side. I am not blaming our side. I am just saying that it is a fact. Neither side has tried to reach across the aisle to form a bipartisan consensus. But I think that is what we ought to do.

I suppose maybe it is too late now. I do not know. All I can say is, I take this time to express my concern about the direction this debate is headed.

I wish an amendment were possible or something. I guess the tree is full. No amendments are possible. I wish there was some way we could express ourselves with a Sense-of-the-Senate resolution to get a bipartisan group together to work on this.

I think it is too bad. I think the losers are going to be the American taxpayers and the losers are going to be people on welfare because it is going to be caught up in partisan bickering. Partisan shots being taken here on something I consider to be equally as important as the health care debate or anything else we debated around here.

I guess maybe I would not feel so strongly about it had I not seen what had been done in the State of Iowa 3 years ago when both sides reached across the aisle and worked out a bipartisan welfare reform program. And the fruits have shown that it is working.

I do not think any welfare reform bill can work unless it has that same kind of bipartisan support. So again I call upon the majority leader and I call upon the minority leader to step back one step, appoint six people from each side, and let us take the rest of the week to see whether or not we can reach some kind of bipartisan agreement and bring it back on the floor next week. If we could do that, we would save ourselves a lot of time and we would save a lot of partisan bickering, and I think the American people could at last be justly proud of something that the Senate is going to do this year.

Mr. President, I want to take some time here for a second, because I want to demonstrate what happened in the State of Iowa with welfare reform. As soon as I get my easel set up here, I want to show it for the record here. I apologize to the President for taking the time, but I want to show graphically basically what had been done in the State of Iowa here.

First of all, in the State of Iowa, these lines show what has basically happened with our cash welfare grants. The yellow line is 1994; the green line is 1993; the blue line is 1992. We can see that the cash welfare grants have basically stayed about stable over these years.

Look at what is happening now under the new programs since Iowa passed this. It is going down, constantly going down. The total expenditures have gone down considerably since we passed our welfare reform bill. This is one measure of how it is succeeding.

Now, again, I mentioned we now have the distinction in Iowa of having a higher percentage of people on welfare who work than any State in the Nation. Prior to the welfare reform bill passing, we had about 18 percent of the people on welfare working. We now have about 35 percent. I mentioned it is about a 100 percent improvement on that, people on welfare working. They get the jobs skills they need to get off welfare. So in terms of workfare, it is working. Here is the caseload.

I think this chart is interesting, Mr. President, because it shows what everyone in Iowa understood. Both Republicans and Democrats, conservatives and liberals, understood that in changing the system, there was going to be an increase in the caseload immediately. Everyone knew that, and they accepted that. Because, for example, prior to this point in time, if you had an automobile worth more than $1,500, you were not eligible for welfare. We took a lesson from the State of Utah. Utah had gotten a waiver to allow persons to have a car valued to $8,000 and still be on welfare. We raised ours to $3,000. So there are a lot of people that maybe had a car worth $2,000 or $2,500 or $3,000 before that were not eligible. Now they are eligible.

So this is why this caseload went up. We knew that was going to happen in the beginning. But we were confident enough in our bipartisan approach that we knew once that happened initially, it would come down drastically. And that is exactly what has happened. Our total caseload over the last 2 years has gone from around 36,000 down to around 34,000. So the number of people, the total number of people on welfare has dropped after that first initial increase.

I mentioned the average grants were down. The average grant per family has gone now from $373 down to $336. That is over a 10-percent decrease, I guess, in the average grant per recipient.

So the caseloads have gone down, and the average per family has gone down, and the number of people on welfare has declined. I think this is really the most important one of all: The number of people on welfare who are working has almost doubled.

So, again, that is what happened in Iowa. But I think it only happened because people on both sides of the aisle got together and did it in a bipartisan fashion. And that is what I hope we will do here. I do not think it is too much to ask that—today is what, Wednesday—Thursday, Friday, over the weekend, next Monday, a bipartisan group from both sides of the aisle get together, appointed by the respective leaders, and report back a bipartisan approach to this.

If not, then I am afraid the remainder of this week and probably the first of next week, we are going to be involved in some very serious partisan bickering—who is going to be toughest, who is going to be the best for kids, and who is going to be the most lenient on States, on giving States flexibility. There will be a lot of hot rhetoric and a lot of partisanship. And in the end, the American taxpayers and the people on welfare are going to lose.

So I just make one final plea to the majority leader and to the minority leader to appoint six people each, work it out in a bipartisan fashion, and report it next week. And let us take it off the partisan table.

I yield the floor.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, I think we all would like to have a bipartisan approach to welfare reform. I, for one, am a little discouraged.

I remember the President's rhetoric in the campaign when he talked about changing welfare as we know it. For 2½ years, as my colleagues will remember, we waited to see the President's welfare reform bill, to see how he was going to change welfare as we know it. And when we finally, after 2½ years of prodding, got to see the bill, it had three characteristics that came as a shock to most people.

First, it spent more money; second, it provided more benefits to more welfare recipients; and, third, it hired more Government bureaucrats. I do not believe that is what America has in mind when America is talking about reforming welfare.

Now, in my mind, there are really two issues in welfare reform. One issue, and the most important issue, had to

do with the people who are involved. I want to change the system because never in history have we taken so much money from people that are pulling the wagon and given so much to people riding in the wagon, and made both groups worse off simultaneously.

Since 1965, we have spent $5.4 billion on our current welfare system, and since nobody knows what a trillion dollars is, let me try to convert it into English. If you took all the buildings, all the plants, all the equipment, and all the tools of all the workers in America, they would be worth slightly less than what we have spent on all means-tested welfare programs since 1965.

What has been the result of this massive expenditure of money? Well, the result has been that we have made mothers more dependent, we have driven fathers out of the household, and we have denied people access to the American dream. If we love these people, if we want them to be our equals, not just in theory but in fact, it seems to me that we have to reform the welfare system. And I am hopeful in the end we will have bipartisan votes in making that happen.

Here are the reforms that I think we need. I think we need a mandatory work requirement. I think able-bodied men and women on welfare ought to get out of the wagon and help the rest of us pull. If the best job somebody can get in the private sector pays $4 an hour—there is dignity in working at $4 an hour—we can supplement their income, but they will be contributing toward their own independence, toward their own well-being.

If somebody cannot get a job in the private sector, then they can pick up trash along our streets, they can help clean up our parks, they can wash windows on our public buildings. But, again, they will be participating in the communities they live in. They will be part of building a better country. And I believe that they will be richer, freer, and happier for it. I think able-bodied men and women ought to have to work the number of hours that their welfare check will bring at the minimum wage.

When we started this debate, which has largely been a debate among Republicans, unfortunately, we did not have a binding mandatory work requirement in the bill, we did not have a pay-for-performance provision in the bill. So from the point of view of the Federal Government and a mandatory work policy, we had a peculiar situation where we asked people to work; but if they did not work, we did not have a mechanism that took away their check.

I am proud to say that has been changed. We now have a very strong work requirement. I am very proud of that. I am very supportive of it.

The second thing we need to do is to stop inviting people to come to America to go on welfare. People ought to come to America with their sleeves rolled up ready to go to work, not with their hand held out ready to go on welfare.

The original bill that came out of the Finance Committee continued to invite people to come to America to go on welfare and literally would have allowed someone to come to America today as a legal immigrant and go on welfare tomorrow.

I am proud to say that after a tremendous amount of work, that that is something that we have changed. Our bill now has people come to America to work, not to go on welfare, and I think it is a dramatic step forward.

We do have a dispute about how large the scope ought to be of block granting. Should we just give AFDC back to the States and a few training programs, which is what the current bill does, or should we give food stamps, housing subsidies, all training programs back to the States and let the States run them? That is something we are going to have to settle on the floor of the Senate. I think the more leeway we give to the States, the more flexibility we give to the States, the better we are going to do.

The remaining issue that prevents us from having a consensus among Republicans in the Senate—which is an indispensable ingredient, in my opinion, to building a bipartisan consensus and passing this—bill, is, what do we do about illegitimacy? I believe this is the biggest problem in the bill.

One-third of all the babies born in America last year were born out of wedlock. Under the current trend, illegitimacy could be the norm and not the exception in America by the turn of the century. I think anybody who is not frightened by this prospect fails to understand that no great civilization has ever risen in history that was not built on strong families. No civilization has ever survived the destruction of its families, and I do not believe America is going to be the first.

We have a system today that subsidizes illegitimacy. If someone is on welfare and they take a job, they lose their welfare. If they marry someone who has a job, they lose their welfare. But if they have another baby, they get more cash payments.

I am totally committed to the principle that we have to break the back of illegitimacy in America. We have to give people incentives under the welfare system to be more responsible. We have to stop giving people more and more money to have more and more children on welfare. I think this is an indispensable ingredient.

No one is saying that when children are here and they are needy that we are not going to help them. No one is saying we are not going to provide children with services and with goods. But what we are saying is, it is suicidal to go on giving larger and larger cash payments to people who simply have more children on welfare in return for more and more cash money. That is a system that has to be changed.

We also have to do something about the perverse incentives that exist today where a 16-year-old can escape her mother, can get almost $14,000 in pretax equivalent worth of income simply by having a baby. By having a baby, they can qualify for AFDC, food stamps, housing subsidies, gain independence of their mother and then gain additional cash payment by having more and more children.

This is a system that has to be changed, and, again, the objective is to change behavior. When babies are born, we want to help them. We want to give them services, we want to give them goods, but we are not going to continue to pay people cash money in return for having more and more children on welfare.

This is an area where there is a deep division in our party. I believe there is room for consensus. I am willing to work with other Republicans and with Democrats to find that consensus. But we are not going to end welfare dependency in America unless we want to deal with illegitimacy. This illegitimacy problem creates a permanent demand for welfare, and if we are going to deal with the problem, if we are going to end welfare dependency in America, we are going to have to do it by addressing illegitimacy. You cannot reform welfare, you cannot, in the President's words, "end welfare as we know it" unless you are going to deal with illegitimacy.

I am committed to the principle that we have to end welfare as we know it. I share the President's commitment. His program does not fulfill his commitment, something not unusual in Washington, DC, but I believe illegitimacy has to be addressed. A welfare bill that does not address illegitimacy is not worthy of its name.

I yield the floor.

Mr. ROCKEFELLER addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. I thank the Presiding Officer.

Mr. President, I urge the Senate to improve the welfare reform bill before us by voting for this very important amendment known as "Work First."

Before the August recess, it was a relief that the majority leader agreed to wait until September for us to debate welfare reform so we have some time. This is not a subject where we should pretend that legislating is like ordering fast-food. Welfare reform is about very serious issues—the budgets for the States we represent and how many billions of dollars will be spent or cut from those budgets; the rules qualifying families for assistance or denying them assistance; the safety net for children, and whether it will survive; and other difficult questions about taxpayers' dollars, people's lives, and yes, values. The Senate should take the time to produce legislation that justifies the word "reform" next to the word "welfare."

I hope that the recess provided time for each Senator to reflect on these

major questions that we have to answer when we act on welfare reform. I hope we will do that with our heads and our hearts. I hope we will think about the stakes involved in welfare reform, for the people we represent, for our States, and for children.

For a long time, I assumed welfare reform would be one of history's endeavors that both Democrats and Republicans in the Senate would produce together. After all, we presumably want changes in the welfare system to take root and bring about real, long-lasting results that most Americans expect from all of us.

And let me be clear, the Congress and President should deliver on welfare reform. It has been 7 years since we enacted any kind of significant change to the welfare system. We know it is time to attack the problems with welfare again, with much more emphasis on personal responsibility and on work. This is our chance, but with an obligation to deal with realities.

When I think of what West Virginians expect from welfare reform, the answers are in this amendment, the Work First plan. It does something Democrats sometimes have a hard time doing. We want to bury the past. Out with the confusing name for welfare assistance, AFDC. Out with welfare's invitation to some people to live on the dole forever, while their fellow citizens struggle to make ends meet by working and scrimping. Out with the excuses for not working when you can work.

Simply put, Work First ends welfare as we know it, and creates a new but temporary assistance program for parents with children. A fundamental change will be made from the first day: Work First requires parents to sign a tough contract—a Parental Empowerment Contract—in order to get benefits. This way, every parent will know from the beginning that the rules and expectations are completely different. Work First will require work from every able-bodied parent, but also offer job placement, training when necessary, and child care so that the work requirement can be met in the real world.

Work First is tough, but fair. We expect parents to work, but we also expect America to still be a place that protects its children—the majority of our population that gets help through welfare spending, and who are getting forgotten and ignored in the political halls and talk shows where welfare is debated. As any parent knows, children need decent shelter, clothing and food, and Work First includes the mechanism—through vouchers—to care for some of these needs. We should not be punishing innocent children because of their parent's irresponsibility or bad luck.

Work First also retains the partnership between the Federal Government and States. The country as a whole has a stake in the future of each and every child regardless of where a poor child is born—in the hollows of West Virginia or the neighborhoods of Houston, Chicago, or Kansas City.

Also, simply converting welfare spending into 50 or more block grants for the States is not exactly real reform. I can completely understand why some Governors in office for the next few years are eager for the money. I was a Governor for 8 years, but I also remember what happened in my State when the block grants created by Congress in the early 1980's stopped keeping up with need, by design. That is when Governors have to find other programs to cut or raise local taxes or just watch people and small children show up on the grates.

Having been a Governor, I want to see a welfare reform bill pass that gives States a lot of flexibility. But I also think some basic principles should hold in every State. The entire country should take on the same challenge to promote work, responsibility, and protect children.

This alternative before the Senate, Work First, is tough where Americans say they want welfare to be tough. Actually, back in 1982, when I was Governor, I struck a tough, but fair deal with many of the adults getting welfare in West Virginia. With our high unemployment then, I said if you cannot get a paying job but still need a welfare check, fine, work for that check. The term is "workfare." West Virginia's experience is also a reminder that we do not have to demonize everyone on welfare. Many of the West Virginians in my State's workfare program said they liked the approach. They hated having to resort to welfare, and with something productive to do—from cleaning streets to jobs in government offices—they felt better about themselves. Again, let us be sure we remember that a lot of people are on welfare out of desperation. If they can get the basics—certain skills, some information, some child care—they are going to work.

I know it is tempting to just pretend that everything will get better if we just send a check, with no-strings attached, to Governors. It would be nice to pretend that Governors will just take care of it. It is not that easy.

I do not think we should talk down to Americans about what it takes to get real results from welfare reform. Poor mothers and fathers need child care just as much as the middle class. Think about it—we put parents in jail for leaving their children alone at home.

Some poor Americans simply have to get more education and job skills, too, so they qualify for jobs that earn a decent living for the rest of their lives. And when it is time to cut off the parents, it is not right to pretend children do not exist.

There are differences between the majority leader's bill before the Senate and this Work First amendment. Differences with real, human consequences. Differences in how honest we are willing to be about what it will take to deliver on the promises and the political rhetoric of welfare reform.

Americans are not exactly crusading for block grants as the prescription for welfare. They are expecting more than just a different place to send the money. We are here to think about the kind of country we can be and should be. We are here to be honest about what it will take to move millions of poor Americans from welfare to independence. And I think we are here to regard every child in this country as important as the next one, no matter what State he or she happens to grow up in.

The Democratic plan, Work First, has some essential elements, including honesty about what it takes to achieve real change in the welfare system and how to keep children from being the ones punished. I hope it will get a serious look from everyone in this body over the next days or however long it takes us to finish this legislative debate on welfare. If there is a middle-ground, let us find it and work out our differences. And I urge every Governor to take a close look at these issues again—and think about the next 10 to 20 years in our States, not just the next couple of years. If welfare reform turns out to be Congress' slick, painless way to slash the Federal budget and leave States holding the bag, we are leaving some painful work for our successors and for the people in our States.

We still have a chance to pass a bill to be proud of and one that is honest about welfare, poverty, parental responsibility and other values, what it takes to work, and the children, who are two out of three people on welfare. That is what should determine our votes and action before reporting to Americans that we have passed a bill that actually reforms welfare.

The PRESIDING OFFICER. Who yields time?

Mr. CHAFEE. Mr. President, I suggest the absence of a quorum.

Mr. BREAUX. Will the Senator withhold?

Mr. CHAFEE. I will be glad to.

Mr. BREAUX. I ask the Presiding Officer, what is the order of the day at this point?

The PRESIDING OFFICER. There are no restrictions on debate.

Mr. BREAUX. No one is in charge of time?

The PRESIDING OFFICER. There is no control of time.

The Senator from Louisiana is recognized.

Mr. BREAUX. Mr. President, I will take this time in order to make some comments about where we are and what I hope the ultimate result will be.

I want to start off by saying there is no disagreement that the welfare situation in this country is a mess. There is no argument from any Democrat that I know who would stand up on the floor of the Senate and say welfare programs are just fine and we should not do anything to change any of them.

I think most Americans, whether they be independents, Democrats or

Republicans, would agree with the statement that welfare does not work very well for those who are on it, nor does it work very well for those who are paying for it. It is a program that really cries out for major reform. I think that is what this body is charged with doing, coming up with a reform package that we can send to this President that he will sign, so when this Congress draws to a closure, we can say one thing that we did that will benefit future generations and the very stability of this country is that this Congress, when we had a chance, was able to come together in a bipartisan fashion to reform the current welfare system, which we all agree does not work.

It does not work, as I said, for the people who are on it nor for the people who are paying for it. Therefore, there is no disagreement on the fact that we have a major problem facing us and that we should do something about it.

Then, of course, the question that divides us is how do we go about reforming the system? Some have said we in Washington, working with the States in the past, have not solved the problem so we are going to give it all to the States. We are just going to walk away from the problem. Let us think of a phrase we are going to call it. How about block grants? That sounds pretty good. People like that term. Let us say welfare reform is going to be a block grant. I think most Americans would say, "What do you mean?" They will say, "The Federal Government has not solved the problems, so we are going to let the States do it." I guess most people would say that makes sense. The Federal Government has not solved it so let the States do it.

Let me talk for a moment about that. This is a problem that cannot be solved by the Federal Government here in Washington by ourselves, nor can it be solved by the State governments, nor the county governments nor the city governments, nor in my State of Louisiana by the parish governments by themselves. This is a problem that cries out for all branches of government, Federal, State and local, working together, to come up with a real solution.

Block grants are like taking all the problems that we have with the welfare program and putting them in a box, then wrapping it all up, tying a bow around it, and then mailing that box of problems to the States, saying: Here, it is yours. It is a block grant.

It is a block grant of problems with less money to help solve those problems. That, I think, is not a solution. It is an additional problem. The real solution is to say that each State, of course, is different. I have heard my Republican colleagues say that. I totally agree with that. States should have the authority to be innovative. What works in my State of Louisiana may not work well in the State of California. What works well in New York may not work well in Florida or Louisiana or any other State. So, clearly, each State has an absolute right and a need to be able to be inventive and to be able to come up with solutions to the problems that are unique and will work in that State that may not work in some other State.

But that does not mean the Federal Government walks away from any responsibility to participate in solving the problem. What some would suggest is that a block grant means we in Washington are going to have to raise the money and pass the taxes and then ship the money to the States and say, "Do what you want with it, it is a block grant; no restrictions, almost no guidelines, and spend it as you want." That is an abdication of our responsibility as legislators who are looking after the interests of the American taxpayer.

I admit we in Washington have certainly not solved the problem by ourselves very well. I admit the States have not solved the problem by themselves. Therefore, I would argue that any solution has to be a joint venture, if you will, a partnership, if you will, between the States coming up with their best ideas about what fits and the Federal Government coming up with our ideas and the financial help in order to solve those problems. It has to be a partnership. It cannot be a walking away and shipping the problem to the States. That is the first point I want to make.

The second point is that the States have to participate. We use this phrase, "State maintenance of effort." There are some, particularly my Republican colleagues, who advocate we are going to let the States pretty well do what they want with this block grant but then we are not going to require them to put up any money.

States have always, in the true partnership, had to participate in solving the problem. That means raising local money through their tax system, putting up a portion of the money going into the welfare program so it can be used to help solve the problem, matching it with Federal funds. The Republican proposal, as I understand it, says no, we are not going to do that. The State does not have to put up anything if they do not want to. They can just walk away from the problem financially and say, "We are going to take all the money from the Federal Government. We are going to do what we want with it. And, by the way, the money we used to spend on welfare, maybe we will pave the roads this year, or maybe we will give all the State employees a raise this year. Maybe we will build some bridges this year. But we are not going to use it for the people who are in poverty in our own State."

That is not a partnership. That is an abdication of the responsibility that I think that we have, as Federal legislators and State legislators, to work together to solve the problem.

There should be a clear maintenance of effort by the States. We in Washington cannot say you have no obligation to do anything. That is a defect that I think is very clear in their proposal which needs to be worked on. We will offer amendments to say the States have to be able to participate in helping us solve the problem. We cannot be responsible for raising all the money and the States have no requirement to do so and expect that to solve the welfare problem in this case.

In addition, one of the other concerns I have is that the legislation the Republicans are proposing takes middle-income job training programs and makes them into welfare programs. Why, I ask, is it appropriate for programs that work to help dislocated workers, to help in vocational-technical training schools that train people, students in this country, programs that are used for dislocated workers who everyday are finding their job is taken away from them through downsizing, and we have programs to help retrain and relocate those people—why are we taking those type of programs, which are basically programs that have done a wonderful job to help middle-income families in this country, and make them into welfare programs? I think that is a serious, serious mistake.

Do we need to reform those programs? Do we need to consolidate them? Absolutely. But we do not need to turn job training programs into welfare programs. It does not fit. It cannot be forced to fit. You cannot put a round peg in a square hole no matter how hard you push, without doing grave damage to the block that you are trying to push it into. And the same thing, I think, happens here.

Their proposal tells middle-income families that have had to get retraining because of dislocation and being laid off that all of a sudden those programs that were meant for you are going to be used by welfare recipients and you are going to be left out. What about the middle-income families that those programs were designed for when they find out these programs all of a sudden are going to be turned into welfare programs? I think it is bad policy. It needs to be corrected. It is not a solution to the problem. In fact, it aggravates the problem, and it needs to be addressed.

Child care is another concern I have that I think we have to address very seriously. How do you tell a teenage mother with two children, we are going to make you go to work but, by the way, there is no money for child care? There is not a Governor that we have talked to, Republican, Democrat, independent, or maybe not certain what they are, that has not said that this is a very serious problem. It is a serious defect in the Republican proposal, to require the States to put three times more people to work but to give them less financial assistance in order to make it happen, to give them less money or in fact no additional money whatsoever to pay for child care.

What is going to happen to the children? Who is going to take care of a 2-year-old or a 1-year old if we put the mother into a job, which I think is absolutely essential? The best social program we can pass is a good job. But with that requirement that someone goes to work, there is going to be an obligation somewhere that somebody does something with the children. Are they going to be left home alone, unsupervised, getting into trouble, or causing more problems from the standpoint of health than they were before?

So they have a very serious defect in the sense that the child care provisions are very deficient. It is one thing to say we are going to put three times more people to work. But you cannot do that unless you address what is going to happen to the child care provisions. That needs to be addressed. It needs to be worked on. It cannot in fact be a real reform bill unless child care is addressed.

Another issue is the so-called family cap. I have heard some Members give speeches that it is time for people who have been riding in the wagon to get out of the wagon and start helping pull the wagon. That is a nice little phrase, and it sounds pretty good. But when you are talking about throwing babies and children out of the wagon into the street, that is not what America is all about. That is not what this country stands for. Sure, make the people who can afford to pull the wagon, who are strong enough to pull the wagon, go to work. There is no problem with that. But do not throw babies and children out of the wagon into the street and say that is welfare reform. That is not.

Children and babies do not ask to be born. They did not ask to come into this world. There is a parent somewhere—in fact, two—that had something to do with bringing that child into this world. Punish them. Require them to go to work. Require them to take training. Require them to be responsible. Force them to live in adult supervision. Force them to live with their parent or parents if there are some. But do not penalize the innocent child who did not ask to be born. What kind of a country are we that we are going to say if you are a teenage mother and you have another child, you are not going to get any help for the child? Why penalize the child? That is creating more problems, not solving any problem.

So I suggest that this is a major defect with the Republican proposal that has to be addressed. I cannot imagine any Member of this institution saying they are going to reform welfare by telling a newbom baby that it is not going to get any help because its mother made a mistake and it has been born into this world, and they cannot afford to take care of it. So it is out of luck. Go into an orphanage, or be put up for adoption. I think we have to be wiser than that in seeking solutions to what welfare reform ultimately has to be all about.

So that does not solve the problem. That is a defect in their proposal to say that we are going to solve the illegitimacy problem in this country by terminating any assistance to people with babies who are born into this world. That does not stop illegitimacy. That does not help solve the problem. It creates more problems, not less. It absolutely has to be addressed.

While I said what I think is wrong with the pending Republican proposal, I do think that there is a recognition in a bipartisan fashion that we have to do something. Our plan is called Work First. It abolishes AFDC. It starts off by saying there is no more AFDC. Every time a person comes into a welfare office, they have to sign an employment contract in order to receive any benefits. That contract is going to require them to do certain things. It is going to start moving them into the work force.

We put time limits on how long someone can be on welfare assistance in this country, but we protect the child. We protect the children. We protect the babies who are born into this world. Require the mother to live at home, or require the mother to live in an adult-supervised home if there are no parents. Require them to move into the work force. Put on time limits. Yes, do all of those things. But, yes, also provide child care as we require people to move into the workplace, as we do that.

So it is one thing to sound tough and to talk tough. But as we all know, talk is cheap. It does not solve the problem. This problem is not going to be solved on the cheap. It is going to be solved only with thoughtful ideas and tax dollars being spent more wisely than we have spent them in the past in a recognition that we do need to make some dramatic changes.

I want to say something else, too. I will conclude with this: As I said in the beginning, this is a problem that the Federal Government cannot solve by itself and the States cannot solve by themselves. This is a problem that Democrats cannot solve by ourselves and Republicans cannot solve by themselves because we do not have enough votes, quite frankly, to pass our bill without some help from the other side. On the other hand, I suggest that the Republican Party does not have enough votes to pass this bill that will be signed into law without our participation.

So we are sort of joined together because we have to be. We have a choice here. We can start talking to each other. We can start cooperating on some of these key issues that I mentioned. We can see where we can come together and devise a proposal that makes sense that can be adopted. It may not be everything that I want or the distinguished senior Senator from New York, Senator MOYNIHAN, the manager of the bill, wants; or it may not be everything that the Republican leader or Senator CHAFEE, who is on the floor, wants. But I think there is enough common ground here to help address these differences in a way that we get a compromise that works. By the way, compromise is not a dirty word. It is a coming together of different opinions in order to accomplish something that makes sense.

Therefore, when we talk about fair compromises in the interest of solving the ultimate problem, that is what this body is supposed to do. Very few times in this world in anything do we get our way all the way all the time. And this legislation, welfare reform, which is so important, is an area that cries out for some bipartisan cooperation, working out our differences, because I am afraid that if we do not do that, we will do nothing. If we are not willing to meet somewhere in the middle on these difficult problems, we will have accomplished absolutely nothing.

Some will say, "But we have a good issue for the next election." I suggest that the best issue for all of us is passing a real welfare reform bill that gets the job done.

I think all of our colleagues on this side are ready, are willing, and I think we are able to sit down in the sense of compromise and come up with a proposal that in fact gets the job done.

With that, at this time, Mr. President, I yield the floor.

Mr. MOYNIHAN. Mr. President, may I just express the appreciation of all Members on this side, and I think on both sides, for the thoughtful comments of the Senator from Louisiana. He has worked so very hard on the bill now before us as a second-degree amendment that Senator DASCHLE and he and Senator MIKULSKI have put together. It is an effort to meet concerns that are shared on both sides of the aisle. He is right. We have succeeded in moving this subject forward when we have been together.

The Family Support Act passed out of this Chamber 97 votes to 1. We had a clear consensus, a clear set of agreements. And we have been hearing repeatedly on the floor of programs that State governments have put in place which seem to be taking hold.

The Senator from Iowa was speaking just a few minutes ago about the proposal of Iowa, which passed, as he said, 98 to 2 in their legislature. That is the program under that Family Support Act with bipartisan support that came from this Chamber out to the States. We have something to show. It would seem such a loss to give all of that up at this point.

I thank the Senator. I yield the floor.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. I want to join with the Senator from New York. Those were very thoughtful remarks by the Senator from Louisiana. I hope we can get a bill out of this Senate that will really

make some real progress in welfare reform. So I think the Senator from Louisiana has made a constructive contribution. I express my appreciation to him.

Mr. SANTORUM. Mr. President, I want to add my kudos to the Senator from Louisiana for his comments. I share his sentiment that welfare reform needs to be bipartisan in nature. And we have had discussions off the floor that both sides have moved from the initial introductions of legislation, even here in the Senate, and have moved more together.

I think the Dole bill, as introduced, comes more toward a common ground. And I hope—in fact, I am optimistic—that with some refinements, we can get bipartisan support for the Dole package. I admit that the Democratic leader's package has moved significantly from past welfare reform efforts that we have seen here on the Senate floor from the other side of the aisle. That is a constructive move in the direction of real reform.

I have a few questions, if the Senator from Louisiana will just take a few questions, about the bill that is on the floor. I know he was very involved in drafting it.

I guess it is more of a concern that I have where I sort of see that the bill falls a little short, and where we might be able to move again in a more constructive way forward.

Let me start out with three basic areas. One is the exemptions to the new Temporary Employment Assistance Program. The Temporary Employment Assistance Program is a new program replacing the old AFDC program, which is the Aid to Families with Dependent Children Program, which generally is conceived as welfare, the cash grant to a mother, in most cases, single moms with children. That program is eliminated under the Democratic leader's bill and replaced with what is called the Temporary Employment Assistance Program. But in the bill, there is provided a whole laundry list of exemptions to the time limit on that program.

I guess I have a problem that the exemptions are so broad that it looks, to me, that there are very few people who would actually be limited in time, under this program, to the 5 years. And let me just read through some of the major exemptions.

No. 1 is an exemption for high unemployed areas. High unemployed areas in the bill is defined as an area that has an unemployment rate of 7.5 percent or higher. I believe just about——

Mr. BREAUX. Will the Senator yield? It is 8 percent.

Mr. SANTORUM. OK.

Mr. BREAUX. We changed the date.

Mr. SANTORUM. That is under the revised legislation. I know even at 8 percent, because I have seen figures, most major communities, at least in 1994, would not have met that criteria, and would have been over the 8 percent. So no recipient in that city, for the period of 1994, anyway—and my staff is now looking to see how far back that goes—no person who lived in the city of New York, for example, would have had any of that time they spent on welfare count toward that 5-year limit.

I know there are many cities that have had unemployment rates of over 8 percent far back for many years, and none of the people would be considered as time limited.

Many of them would——

Mr. BREAUX. Will the Senator yield?

Mr. SANTORUM. I see that as a problem.

Mr. BREAUX. I think the discussion is good. What our Work First bill says is we require people to go to work. We know that if you live in a high unemployment area—we pick 8 percent because that is the same number that applies in the food stamp program. That is why we adjusted it to 8 percent. But we do not think it makes any sense to push a young mother out into the street if there are no jobs available in that area. These people, however, would operate under the same rules as everybody else. They are expected to engage in job search. And if, after 2 years, even in this high unemployment area, they are not working, they are then expected to perform workfare, community service in return for their welfare benefits.

So when we are saying there are some areas where there are not any jobs available, these people still have to engage in job search. And then, after 2 years, if they are unable to find a job, they have to perform community service or engage in workfare in their local community. They still have to do something, in other words, to get the benefits.

Mr. SANTORUM. Would that be part of what we would consider your—I guess it is called the Work First employment block grant? Would that be under the Work First employment block grant, after the 2-year transition in that program?

I am just trying to understand.

Mr. BREAUX. It is a legitimate question.

The short answer is yes, it is a requirement that after the 2 years, they have to engage in community service, workfare programs, located in that community.

In other words, what we are saying is there is no free lunch. They are not going to be able to continue receiving benefits for not working if they are capable of working.

Mr. SANTORUM. Even if they are in a high unemployment area—I am going through the other exceptions here—even if their children are living with other than a parent; even if you have a child who is ill or incapacitated, irrespective of all of these exemptions, after 2 years, you have to go into some sort of community work program?

Mr. BREAUX. I would say this is one of the areas that perhaps we agree on, State flexibility, because the State would have the flexibility to make that determination on what best fits the people in their State, would have the flexibility to determine the conditions and the time restraints that would be effective in their particular States. Some States may be different than others.

Mr. SANTORUM. Does that apply just to those exemptions or the high unemployment exemption also, so if the State of New York, for example, did not want the people to go to work in New York City? Or is that an automatic? Is there no State flexibility there?

Mr. BREAUX. The point I make in response is that in the high unemployment areas, the 8 percent or above, they have to go to work. I mean, that is a requirement. They would have to engage in workfare or community service or whatever.

Mr. SANTORUM. Now, my understanding is also that one of the limitations on this workfare program is that after 2 years, you then go into the Work First employment block grant program, which requires you to perform—is it 20 hours, is that correct, 20 hours of some sort of work?

Mr. BREAUX. Twenty hours. It actually goes into effect not after 2 years; it goes into effect after 6 months. So that is a requirement that starts from the very beginning of the program after 6 months, not after 2 years. The community service, the 20 hours of community work or workfare in their local community, is something that is kicked in very early in the program, not after 2 years, but after 6 months.

Mr. SANTORUM. I guess then my question is, let us say you have someone who is a single mom with a couple of children, and she is on the program for 2 years and has been in job search and doing things that are required under the temporary employment assistance part. She hits her 2-year limit and then is required, to continue on with those benefits, to work.

Now, my understanding from the participation requirements is that 30 percent of your caseload would be in that situation, is that correct, in the year 1996? So you are talking about 30 percent would be in this transition program, temporary program, and then would eventually get into the block granted work program? Is that your understanding?

Mr. BREAUX. I am not sure I understand the direction the question is leading to in the sense that——

Mr. SANTORUM. My understanding is you have participation rates. We have participation rates in our bill and you have participation rates in your bill.

Mr. BREAUX. If I can respond to the Senator, I think the Senator may be misreading the amendment that is pending with regard to participation.

Mr. SANTORUM. Now I ask maybe a broader question.

How many people who go into the welfare program have to participate in

this new program as designed by the leader's amendment? What is the participation—I know what it is in our bill. We eventually get up to 50 percent, but we do not have exemptions.

Mr. BREAUX. I think the Senator will find what we are trying to do in both our bill and his is similar in that regard. We are talking about participation rates. We are talking about really work rates, not participating in a program.

We feel we have enough programs out there. We are not judging the success of our bill on people participating in programs, but on participation in actual work. We go from 20 percent up to 50 percent in actual work, in jobs, in earning their benefits that they are receiving—not participation in the sense of participating in a job training program, but actually require working; they move from 20 percent up to 50 percent in a work program, actually working.

Mr. SANTORUM. So, again—and my analysis here may be a little dated because I know you have revised your bill and I may not have the current analysis. That is why I am trying to understand.

So those who are required to work, in 1996, at least according to our 30 percent of the State caseload, would have to be working in 1996?

(Mr. THOMAS assumed the chair.)

Mr. BREAUX. That is correct. That is working; not in a program, actually working.

Mr. SANTORUM. That goes up to 50 percent by the year 2000.

Mr. BREAUX. That is correct.

Mr. SANTORUM. And it is up to the State to determine who those people are that should be working or should not, which 50 percent. It is a State flexibility issue?

Mr. BREAUX. Very similar to the Republican proposal.

Mr. SANTORUM. That is the point I was trying to make. On this issue, it seems like there is some agreement that 50 percent is a fair figure and allows for some State flexibility in considering the fact that roughly a third of the parents who are on the current AFDC caseload are disabled in one way or another. They have a disability or their children are disabled or there is some problem where they would not be a good candidate for work and, therefore, would not be required under the bill to have a work requirement. We allow the States the flexibility to determine that.

Mr. BREAUX. Will the Senator yield at that point?

Mr. SANTORUM. Yes.

Mr. BREAUX. We allow the States flexibility because we believe, again, in maximum flexibility, but we have exemptions that are exemptions with which I think most people would agree. You are talking about people who are ill, incapacitated, someone with a child under 12 months old. There are certain exemptions we feel should be there and spell those out, but we still have the work requirements from 30 to 50 percent. That is locked in with some exemptions.

Mr. SANTORUM. Let me understand this. Maybe we are a little more different than I thought we were. What you are saying is you take the entire caseload of people that are on welfare, and you say a certain number of them are ineligible because of an incapacity. I think that is the term the current welfare law uses, "incapacitation." We figure that that number is roughly a third. So you take them out of the mix before you apply the 50 percent standard?

Mr. BREAUX. Well, it is 20 percent. That is correct. It would start from 20 percent up to 50 percent.

Mr. SANTORUM. Thirty. I think it is 30 in 1996, up to 50 percent in the year 2000, just according to the numbers I have here.

Mr. BREAUX. On the work rates; the Senator is correct on the work rates.

Mr. SANTORUM. Right. So what you basically take is, let us say, 65 percent of the people who come into the program, and then by the year 2000, half of the 65 percent must be in some sort of work program.

On the Republican side, we do not make that initial separation. What we say is that 50 percent of the entire caseload, and it would be up to the States' discretion, and I am sure they, in all likelihood, because of the expense of someone who has an incapacity of some sort, would not require them to work.

Mr. BREAUX. Will the Senator yield on that point?

Mr. SANTORUM. I yield.

Mr. BREAUX. Does not the Republican bill have an exemption for moms with children under 1 year old?

Mr. SANTORUM. That would be the one exemption, but there is no exemption for someone who has a disability or something like that.

Mr. BREAUX. Will you disagree with that being a viable exemption?

Mr. SANTORUM. My feeling is we should allow the States complete flexibility to deal with this issue instead of the overall goal of what percentage of the entire caseload should be in work. I think 50 percent is fair of the entire caseload, given the fact that we know a substantial number cannot work. It is usually around a third. That is what we found. We are even giving more of a fudge factor of another 15 percent or more of people who can work, but we are not going to require them to work or the State required to put them to work.

Mr. BREAUX. Will the Senator yield? Apparently you made some decisions that exemptions from the national level are acceptable.

Mr. SANTORUM. I said that would not be my preference. My preference would be to have no exemptions at the Federal level. We allow the States the ultimate flexibility to determine who is going to work and who is not, given the standard of half, which is a fairly generous standard where usually only around a third has a disability problem that would make them ineligible for work.

We do allow, I think, a fair amount of flexibility. I just want to understand the difference, and the difference is that you would require half of two-thirds to work. We would require half of the entire caseload.

Mr. BREAUX. I respond to the Senator by saying under our bill, we are even tougher on those who are capable of working, because we are requiring by the year 2000, 50 percent are required to work. That is 50 percent of those eligible.

The Senator from Pennsylvania is saying his 50 percent is looking at the whole broad range, a larger group saying 50 percent of them. We are saying that when you find the people who are able to work, let us make sure you get them to work. I think we are even tighter than you are on that particular point.

Mr. SANTORUM. I do not know how you can be tighter if you have a million people—let us assume we have a million people in the welfare system in Pennsylvania, which is high, but let us say we have a million people, and we say 50 percent of those people have to go to work. That is 500,000 people.

Under your standard, we say 667,000 are technically under your new program because the other 333,000 are ineligible right from the start, and if you take half of 667,000, you are now down to 333,000, not 500,000. So we are going to have, in the case of a million, we are going to have 120,000-some more people working, required to work than under your bill.

Mr. BREAUX. Will the Senator yield?

Mr. SANTORUM. I will be happy to.

Mr. BREAUX. I think what we are establishing by our conversation, and I think it is helpful in understanding the two approaches, is that we both have requirements of people who are now on welfare to go into the work force. Even the percentages, I think, are ultimately the same: 50 percent by a date certain.

We both have exemptions as to who should not be forced to work. Ours are more broad. We have people who are incapacitated, mothers with children under 1 year old. You have fewer exemptions.

I think the key point that needs to be made here is that we require these people to be put to work, and we are going to help the States fund the programs that put them to work. The concern that I and other Democrats have about the Republican proposal is that it is an unfunded mandate in the sense you are telling the States they have to meet these goals, but not providing them any financial assistance in order to meet it. That is a bigger question, and I think is a legitimate question for discussion: How are the States going to meet these goals with less help than they are getting now?

Mr. SANTORUM. I will be happy to answer that question. I would really

defer to the Governors of the States that have come to us and have been very strongly in support of what we have been putting forward. How they are going to do it is, we are going to release them from all the Federal strings attached to the current program.

What Governors will tell you is they can run a much more efficient program than we can out of Washington through the States. I happen to believe—I had a conversation just this past week with my Governor from Pennsylvania, Tom Ridge, a former Member of the House, who feels very strongly if given the opportunity to design their own program, given the existing amount of AFDC dollars coming through, existing amount of what was the Jobs Program coming through, which is what is in the Republican bill, they cannot only design a better program, put more people to work, get more people off the rolls, get people back into productive work in Pennsylvania at less money, that without the hoops they have to jump through here at the Federal level—I know the Senator from Oregon put up a chart earlier today about all the things you have to do to process someone through the system—we now provide that flexibility for them to be able to design their own system, which we hope and I believe will be a lot more efficient.

It is a good question. It is one I think most Governors would say they would like the responsibility, the opportunity to design a program based on. I know the Senator from Iowa was up here just within the last couple of hours talking about what they have done in Iowa and the fact they have cut caseload, they have cut the amount of money in the program. Why? Because they got a waiver to allow them to run their own program. So we have seen, even with the limited waivers that have been allowed already, programs that have spent less money, that have put more people to work and have been better for the taxpayers and people in the system. I think we have seen a history that we can do this if the States are given the opportunity to design a program.

Mr. BREAUX. If the Senator will yield on that point, Governor Thompson, who I think has done a good job of trying to reform welfare in Wisconsin, when he testified before the Finance Committee, made the point very clearly that some States are able to do some of these things because they have the financial wherewithal to do it. But there are an awful lot of States, when they face a 50-percent requirement of putting people to work with less money coming from the Federal Government, they are simply not going to be able to do it.

That is why the concept of a partnership, where the Federal Government puts up a certain amount and the States put up a certain amount, a requirement that the States participate financially, is so important.

I think the discussion is good. I think there are some areas for us to meet in the middle. When I talk about a compromise, I am talking about not just agreeing with the Dole bill. A compromise is your side moving a little over to the middle of this aisle and our side moving toward the middle on some of these things—we have some common goals and we are close, I think—in order to reach an agreement that the President can sign and that will ultimately be reform. I hope to continue to work with the Senator from Pennsylvania to reach that goal.

Mr. MOYNIHAN. Does the Senator from Pennsylvania yield the floor?

Mr. SANTORUM. I yield the floor.

Mr. MOYNIHAN. While the Senator from Louisiana is here, I want to say I very much appreciated this exchange. It made me feel like we are back in 1988.

There are two things to say. One is that there is a participation requirement in existing law of 20 percent. It was put in the law in 1988—to be phased in to 20 percent—with the clear expectation that as the program took hold, the jobs program, it would move forward. In a bill before the Finance Committee—which the administration has abandoned, and I grant that—we moved that rate from 20 percent, as anticipated, on schedule just about, to 35 percent in 1998, to 40 percent in 1999, to 45 and then 50 percent in the year 2001.

What we lose in so much of what is on the floor right now is the specific Federal funding to do this. Governors and mayors will look up in despair in 5 years.

I say to my friend from Pennsylvania, there will be on the desk very shortly now the estimates for the proportion of children on AFDC, welfare, in 1993. These are estimated, but they are fairly accurate. In Philadelphia, at any point in time, 44 percent of the children are on AFDC. In the course of a year, 57 percent are.

Now, those numbers overwhelm the system. Thirty years ago, when it would have been 10 percent at one time and 13 over a time, you could say, all right, Philadelphia, PA, you take care of this problem. I have watched it come that these numbers overwhelm the city. These problems are so much deeper.

On last Saturday in Baltimore—the Senator from Connecticut will be interested in this—there was a kind of public celebration as they blew up the Lafayette Public Housing Complex in downtown Baltimore. It happened in Newark a year ago. It first appeared in St. Louis, where the Pruitt-Igoe Houses were blown up in 1972. In the city of Baltimore, it was announced, and the mayor had the plunger, and they had T-shirts, and they made the most of it. They described the housing as "warehousing the poor." When it was built, it was a model complex. It got awards everywhere. What a nice way to live, right downtown, and I think they could see the harbor. They are going to replace them now with townhouses. Eighty-five percent of the persons in the townhouses will be on AFDC. Each will have a case manager from the Johns Hopkins School of Social Work. They will be very carefully attended to and all these things. There will be townhouse case managers. How many townhouses? There will be 317.

Those are the realities. How many hundreds of thousands of children in Baltimore will be eligible? I plead to a Senate that does not hear me on this. These numbers of people receiving welfare benefits are beyond the capacity of the States and local government. Cutting off the Federal commitment that we have had for 60 years is an action bordering on mindlessness. And I make the case with no very great expectation of persuading anyone.

Thank you, Mr. President. I thank my friend from Pennsylvania. This morning, the Senator from Oregon and I were going over these numbers. If Philadelphia is 57, Detroit is 67. New York, which is larger, is 39.

Mr. SANTORUM. If the Senator will yield——

Mr. MOYNIHAN. I yield the floor.

Mr. SANTORUM. Mr. President, I say to the Senator from New York that I think he makes a strong point that work programs are expensive to administer. They are very expensive to administer.

I chaired the Republican task force last year in the House as a member of the Ways and Means Committee that drafted a bill that was different from the bill that passed the House, but it provided a substantial amount more money for work programs. In fact, I think over the 5-year period in the bill that I, in a sense, authored, we spent $12 billion more, understanding the expense of doing so. So I have some sympathy with what the Senator is saying as to the problems States are going to confront.

I am telling you, from the perspective of governors who I have talked to, they feel comfortable that if we removed all of the restrictions, which in a sense in the Republican bill we do—there are some, but very minimal—if we remove the restrictions in place, they believe they can get sufficient savings to be able to run a work program in addition to the current AFDC program. I am hopeful that they can. I have my own skepticism. I hope they can. Given the budgetary realities, I think that is going to be something we are going to challenge the Governors to do.

If we did nothing with the AFDC program—that program is not doubling every couple of years or so. This is not a program projected to dramatically increase, and it is not that we are not keeping up with the skyrocketing costs. I do not have the numbers in front of me—and correct me if you have them—but my understanding is that I think, in the next 7 years, AFDC was to go from $16 billion to maybe $18 billion, something like that—maybe $19

billion. It is an increase, but it is not like the numbers on AFDC are growing like we have seen on SSI and some other programs. In fact, we are seeing a lot of people on AFDC moving over to the SSI.

Mr. MOYNIHAN. Which is 100 percent Federal money.

Mr. SANTORUM. And more, because the benefits are more generous. I suspect we will see more people moving from the AFDC rolls, in an attempt to claim some sort of disability to get into the SSI.

I suggest that given the fact that this program is not rapidly increasing in many States—maybe New York and Pennsylvania being two of them—we will see a leveling off and maybe even a decline where we have in those States an opportunity to get work into these programs and get significant cost savings. And we have provided in this bill a growth factor of $1.5 billion, I think, over the next 7 years for the higher growth States to tap into more money to be able to deal with the increases in AFDC population. So we have not completely turned our backs to the possibility of growth.

We hope that with the combination of the Governors being able to redesign programs with some limited additional assistance from the Federal Government, we can handle those States that are having growth problems in AFDC.

Mr. BREAUX. Will the Senator yield for a question?

Mr. SANTORUM. Yes.

Mr. BREAUX. Here is my problem with the Republican proposal. We both have the requirement that States put 50 percent of the welfare recipients into work by the year 2000. We are the same on that essential provision. But the difference is that your proposal does not provide the States with the funding to do that.

Here is my concern. It is that if they do not have the funding to do that, they are not going to be able to meet that target. Your response to that, as I understand it, is that we are going to eliminate the redtape we now have imposed upon the States.

Now, my question is, what type of redtape are we going to be eliminating that would give the States the extra funding that they need in order to put 50 percent of the recipients to work?

What type of redtape elimination is going to add up to those type of dollars in order to meet the 50 percent requirement that we both agree is an appropriate target?

Mr. SANTORUM. Obviously, they can redesign the entire program. They can redesign eligibility criteria. They can do a whole host of things that put requirements in that we do not have now.

For example, you mentioned the work requirement. Several States have put in an immediate work requirement. I think it is Wisconsin that did, and we saw the number of people on welfare drop, by some enormous number like 20 or 30 percent, like that because people did not want to sign up and work.

I think we will see, and I think Governors believe if you make welfare into a system that is a dynamic system where people are going to have their lives changed, turned around, back out, it is sort of—I think of the Wizard of Oz. When Dorothy got to the Wizard of Oz, before they saw the wizard, they went in and the scarecrow got stuffed full of hay and the tin man got all shined up.

If you see this as this program where you come in and try to change peoples lives as a dynamic process, in a shorter scope as opposed to one that is more of a long-term maintenance kind of system, you will see people opting out in some cases, so we have lower caseloads.

We have seen that happen in States that put those kind of requirements in place, and we will see people on for less periods of time, because if the system works well—I remember debating this in the House—if the system works well, people will not end up in the welfare system, because if it works well, we will get them ready for jobs and get them back into job placements.

That, to me, is what we have to sort of change—the entire psychology of what is going on here. I think what we have done is give States the flexibility to do that in a way that we have seen in other experiments works very, very effectively.

Mr. BREAUX. If the Senator will yield for a comment, I appreciate the Wizard of Oz analysis. I am afraid it is more like an Alice in Wonderland approach.

Mr. SANTORUM. I have small children.

Mr. BREAUX. Hopefully, we will see the merits of each other's approach before the day is over and reach an accommodation that does get the job done.

Mr. SANTORUM. I will be happy to yield the floor.

Mr. LIEBERMAN. Mr. President, I thank my friend and colleague from Pennsylvania.

I was enjoying and benefiting from the thoughtful colloquy between the Senator from Pennsylvania and the Senator from Louisiana, and, of course, as always, benefiting from the thoughtful comments of the Senator from New York.

I will say two things about what I just heard. One is that it is from this kind of thoughtful colloquy that, hopefully, a bill will emerge that has a strong bipartisan base of support. We will see whether that happens.

Second, I say to my friend from New York who raised the question a moment ago of whether anybody is listening, I am listening. I have always found the Senator from New York to be right on target on these matters. Sometimes the role of the prophet is not to have the masses behind him, but if you speak the truth, ultimately they will come to you. I think that is where we are today.

Mr. President, I rise to support the substitute that is now pending offered by Senator DASCHLE, Senator BREAUX, Senator MIKULSKI and many others. I am privileged to be a cosponsor of the so-called Work First plan, which really represents a genuine attempt at welfare reform.

Mr. President, before I speak about this pending substitute, I do want to say a few words about the colloquy that we have just heard and the comments of the Senator from New York.

This is a real test for this Chamber, for the body politic, as to whether we can do what is right and what is reasonable on the question of welfare. I have yet to find, and I will be glad to present an award to, anybody who can present to me an elected official who will support the status quo regarding welfare in America today. No one does. Everyone is for reform of one kind or another. The question is what kind will it be.

Do we have the capacity to break out of the business of competing images, even our own perspectives—sometimes accurate, sometimes skewed—on what is causing this dreadful problem not just of poverty but of the underlying problem of babies being born in increasing numbers to mothers who are not married, and who do not have fathers?

That is the main way people get on welfare, because it is aid for dependent children. One of the most frequent ways that one qualifies for welfare, is when one is born in a situation where one's parents cannot support them. Over and over again in the millions—not the thousands, but the millions—there are children being born to parents unmarried and therefore needing welfare.

These are central challenges, not just to our capacity to be reasonable and to break through the competing images and politics and to do something thoughtful, to prove that Congress can legislate, break through the politics, shake up the system, make it work, make it reflect the values of the American people as the American people are so convinced it does not now—that is, the welfare system does not now reflect their best values.

Mr. President, this is a welfare program that started with such good intentions in the 1930's and now is disparaged by those who benefit from it and by those who pay for it. It is a program that has grown very, very large—billions and billions of dollars every year.

Part of what is at work here is our ability to prove as elected representatives of the people of this country that we are capable of changing the status quo if they are not happy with it. A problem that took 60 years to get into will not be solved in 6 days or maybe not even in 6 years. The effort did begin with the Family Support Act, which I consider to be an act of genuine welfare reform. I believe that the Daschle substitute which is before the Senate continues that work.

To me, with the prevailing mood in this country of questioning the credibility, the legitimacy, the effectiveness

of Government to step out and deal with real problems, part of the test that we are facing in this welfare reform debate is a more general one, which is, are we capable of truly dealing with this program that has gone off the course, bringing it back to be cost effective, to be helpful to people who are beneficiaries of the program, and to better reflect our values?

Let me deal with that second point. Part of the great public anger about welfare is the perception, too often accurate, that it does not reflect the best of American values. When programs of our Government, particularly ones as central and large as this one, do not reflect the values of the American people, we lose their support. It is as simple as that.

What is a great basic American value? We speak about it so much it loses its meaning. It is work. It is work in the broader sense, in the sense that this is an impulse that drove so many of our parents and grandparents and great grandparents before them to come to this country. Not just, of course, the dream of political freedom which impelled millions of Americans—millions—to emigrate to America, but the dream of economic opportunity, the understanding of people who came from feudal, oligarchic, unfair economic systems where they had no opportunity that America was the country where, if you worked hard, there was nothing you could not achieve. The welfare system seems to have turned this on its head, motivated by good intentions, charitable intentions at the outset, and created a system that does not encourage work, that seems at times to reward the opposite, and that offends the great majority of people who are out there, working hard, who, too often in the last decade or two, do not see their standard of living going up but do see themselves paying large tax bills and believe in their minds, understandably, that a lot of that money they worked hard for goes to people who are not working as hard, not reflecting the values of work in this country.

Family, in this society and other societies, the core unit, the basic, primal sense of responsibility, the kind of natural division of familial labor between man and woman, mother and father, is destroyed in our society in numbers, as the Senator from New York has pointed out, that we do not find—I have heard him say this—in other societies. Increasing numbers, more than a third of the babies, as I said before, are born in this country every year with no family, a mother living alone without a father, a desperate situation causing all sorts of problems for our society including contributing greatly to the problem of crime and violent crime.

But the point I make here, as I speak about values, is that of the basic value of parents caring for their children. Let me focus on the fathers, whose absence is the cause of so many millions of mothers having to go on welfare, fathers not accepting and carrying out what we would think would be the most fundamental, uncomplicated, natural sense of obligation: to take care of their children.

So, this program, as it exists, offends some basic American values. It challenges us to bring the program into line with those values, to gather more support, to open the way for the American people to return to their basic nature, which is to be charitable, which is naturally to want to help people who cannot help themselves. But the majority of American people, I am afraid, feel that welfare, as it exists now, takes advantage of their good natures. I think part of the challenge that we have is to break through and reform this program, genuinely reform it so it reflects the values held by most Americans and once again liberates their better natures to care for those who cannot care for themselves.

I will make one final point in this opening, general part of my statement, Mr. President, which is this. The Senator from New York touched on this as he talked about the extraordinary percentages of children in various of our cities who are at one time or another on welfare, AFDC: 47 percent, 67 percent. These are astounding numbers, but they bring me to make this point.

I want to urge my colleagues here to go forward with a certain sense of humility and caution, understanding that as we reform welfare we are not dealing here with widgets. We are not dealing here with constructs of wood and metal and paper. We are dealing here with people, and particularly with millions of children—if I may say so, millions of God's children—whose fate it was, through no act of their own, to be born poor, to be born, in the majority of cases, with only one parent accepting any responsibility for them.

So, as we go forward, understandably in the direction of reform, I hope we will remember that it is these children who are going to be affected and that they are innocents. Let us innovate, let us demand, let us come down hard on those whose misbehavior is the cause of this system that in so many ways has failed. But let us not punish the children. And let us not leave the streets of our cities and towns full of children for whom no one will take responsibility. We do not want a country like that.

Mr. MOYNIHAN. Will the Senator yield for just a question?

Mr. LIEBERMAN. Certainly I will.

Mr. MOYNIHAN. I know he would be aware, he is speaking so well, so feelingly and wisely, that in 1992 the number of children born to unmarried women was 1,224,876 souls, one and a quarter million children in 1 year.

Mr. LIEBERMAN. I say to the Senator, the numbers are overpowering. Of course, remember, as we think of the accumulated welfare rolls, we are talking about those children, in a sense, times 18—it comes out to a little bit less—but until they reach the age of majority. That tells us two things. One is the extraordinary number of children involved here. And second, the extraordinary cost of the program. I saw a number about a year or two ago that said in any given year we spent $34 billion on children born out of wedlock. That is an amazing number, $34 billion. That is the accumulation of funding to support children from birth to 18.

So this program needs reform, but let us do it with a sense of humility and understanding about the human impact of what is happening here.

Mr. President, let me come now to the so-called Work First plan, introduced by Senator DASCHLE and many others of us. I think this is real reform that would improve the lives of welfare beneficiaries, break the cycle of dependency, better serve the taxpayers of this country, and better reflect the values of the American people. The primary welfare program in this country, AFDC, is failing in what ought to be its most important task—moving welfare beneficiaries into the work force. We have seen some improvement as a result of the jobs program coming off of the Family Support Act. This Work First plan continues that improvement by changing the strategy and devoting the resources for moving real people into real jobs.

This proposal would also give welfare beneficiaries some genuine incentives to break the cycle of poverty, give them the same incentives that we have associated with characteristic American values instead of trapping them, enslaving them in dependency by discontinuing current programs that reward single parents who do not work, do not marry, and have children out of wedlock.

These are steps that many of us on this side are united in taking because the existing system really does contradict our most cherished values and contributes to society's most serious problems. The Work First plan actually replaces the AFDC program, so welfare as we have known it will not exist if the Daschle substitute is adopted. It replaces AFDC with a Temporary Employment Assistance Program that is focused on putting people to work. It gives States the flexibility and the incentives they need to successfully move people into the private sector for jobs.

It also addresses two of the key causes of welfare dependency that I have spoken about. Through child support enforcement it finally forces deadbeat dads to assume at least their financial responsibility, and it starts a major national campaign to reduce out-of-wedlock births, particularly to teenagers.

Mr. President, others have said it but I will say it again, and it is very important to say. While preserving the kind of guarantee that those who are genuinely poor and unable to work will receive some benefits, the minimum assistance consistent with what I have described as America's best charitable

nature, the Work First substitute ends unconditional welfare benefits. Each person receiving assistance will have to sign an individualized personal empowerment contract. This is something new that has come up from the States.

As the Senator from Iowa indicated earlier, if the recipients do not comply with the contract—in other words, you do not just get the benefit but you have to promise in a signed contract to do some things in return, including, of course, looking for work from day one on welfare—then the beneficiaries will lose some, and ultimately could lose all of their benefits if they do not comply with their end of the bargain—mutual responsibility.

While the contract may include some training for education, the emphasis is going to be on work experience. All recipients will be required to search for a job from day one. Eligibility for benefits is going to be limited to 5 years, although children whose parents reach this time limit will still be eligible for vouchers to enable them to receive basic sustenance. This I think reflects the principle, the value, that I described earlier, which is that these are kids. These are innocent kids. Let us not punish them more than they deserve while we are trying to solve this problem, and unintentionally create a greater problem for our society.

States under this Daschle substitute must focus this program directly on placing people in private sector jobs. As has been discussed in a colloquy between the Senators from Louisiana and Pennsylvania, the bill requires States to have at least 50 percent of their caseload working by the year 2001. It moves away from telling States how to succeed and instead rewards results. States that have high private sector job placement rates will receive a financial bonus.

Mr. President, the work requirements in this bill are tough, and just as important, they are funded. We understand that child care assistance is the critical link between welfare and work. Unlike the alternative proposal, this substitute gives States the child care funding they need to put people in jobs and move them off welfare.

Mr. President, I noted a discussion among my colleagues a short time ago about the importance of trying to achieve a bipartisan result. I could not agree more. I recall the Senator from New York indicated the overwhelming bipartisan support for the Family Support Act of 1988.

As you look at these bills, as I have, there is a lot that holds them together. There is a lot in common. I hope we can build on that common base in the next week as we move toward passing legislation. In some ways, it has actually been quite gratifying to watch the bills change, and in this sense, watch Senator DOLE's bill as it has evolved. The first major change, as I see it, was related to the so-called participation requirements in the original version of Senator Dole's bill. These requirements for the States did not require the States to move beneficiaries into jobs, as I read the original proposal. That has now changed. And work standards very much like those included in the Daschle substitute are now included in the Dole bill. And there, I hope, is one common basis from which we can build.

Mr. President, the Daschle substitute also tackles the critical problem of teen pregnancy. Unmarried teen parents are particularly likely to fall into long-term welfare dependency. More than one-half of welfare spending goes to women who first gave birth as teens.

This legislation, among other things, requires teen mothers to live at home and helps communities establish supervised group homes for single teen mothers; that is, second-chance homes.

Mr. President, within the last couple of years, I have been so perplexed by this problem of babies being born to unmarried mothers. I have spent some time visiting programs in Connecticut, visiting with teens, trying to understand how this has happened, how these numbers have skyrocketed as they have. I do not have any conclusive answer. But one thing I found in some of my conversations with young women who have had babies while they were teenagers is when you ask them, "Why? Why did you do it," it is very interesting. Almost every time I have had this conversation, the mothers will say, "I love my baby, but I wish I had waited." Of course, in that, they are acknowledging that it is not only the child born to the unwed mother in poverty that suffers. It is the mother, whose dreams are severely restricted as a result of suddenly having a child to care for.

But once you get beyond that, and they say they wish they had waited, and you ask why this happened, some just give the obvious answer. "I did not use birth control." I found others saying that they did it intentionally. They had the child because they wanted to get out of their homes. They wanted to be independent. And they knew that if they had a baby, they could receive welfare payments and that would be the basis for establishing their independent residency. Obviously, that is a sad and sorry commentary—I shall leave it at that—as a motivation for bringing a child into the world.

But this Daschle substitute gets to that problem by removing that motivation, by requiring teenaged mothers to live at home or live in the supervised group homes, if their home is not a suitable environment, and by requiring teenaged mothers to remain in school or in a training program, all as a condition of receiving welfare benefits. No longer will there be a blank check regardless of the behavior of the recipient. Instead, we will demand mutual responsibility. Society will try to take care of your child. We will try to help you out of dependency, but only if you make the effort yourself.

Finally, Mr. President, this Daschle substitute incorporates very strong child support enforcement legislation which Senator BRADLEY and others introduced earlier this year. I was privileged to be a cosponsor of it. I was attorney general of the State of Connecticut, before I was honored to be elected by the people of my State to serve in this body. One of my responsibilities was enforcing child support orders. I was startled, as I went through the files—thousands of them—to see the degree to which men who had fathered children refused to accept fiscal responsibility, financial responsibility for those children, and found 100 different ways to try to avoid or make excuses for not doing so.

The legislation that is part of the Daschle substitute will make it easier for States to locate absent noncustodial parents; that is, parents not having custody of the children, almost always the fathers. It will also make it easier for States to establish paternity. Science has been a great help here in facilitating the establishment of paternity through blood tests, and also establishing a court order and enforcement of court orders. The tough child support enforcement system will help keep millions of children out of poverty and off welfare. It is a simple statement. It is as simple as the fact that when babies are born to unwed mothers, they are much more likely to end up on welfare. But the fact is that if fathers took care of the children, society would not have to do so and the welfare rolls would go down.

Of course, these tough child support enforcement laws will send a message of responsibility to would-be deadbeat parents, deadbeat dads. In an era of skyrocketing out-of-wedlock births and rising teen pregnancy rates, child support payments must become a clearly understood, highly visible, and unavoidable fact of life for absent parents. In other words, these absent parents must live in fear of their local prosecuting attorney or attorneys general coming after them to make sure that any money they earn will go in a substantial degree to supporting the children they have fathered.

Mr. President, I will have an amendment that I will introduce later in the proceedings that expands the effort to deal with teen pregnancy, building on some work done by Kathleen Sylvester of the Progressive Policy Institute establishing a highly visible national campaign to cut the rate of teenage births, setting goals for States, giving them some money to innovate with programs to cut the rate of teen pregnancies, and rewarding them as we do with regard to placement of people in private-sector jobs when they achieve a reduction in teen pregnancies.

One of the dreadful facts that comes out as we go over this problem of teen pregnancies is that a remarkable percentage of the babies born to teenage mothers have been fathered by men

who are considerably older. So the vision that we may have of two reckless teenagers casually creating a baby is not the norm. As I understand it; it is men who are typically older than these teenaged girls who, in a setting that is often abusive, exploitive, or overpowering, are fathering these children in acts that from a legal point of view are pure and simple statutory rape.

And there is not much we can do from Washington to deal with that except to—and my amendment will have some element to it that will—try to encourage the States, the local prosecuting attorneys, the district attorneys to be very aggressive in working with the welfare authorities to once again take statutory rape as a serious crime and to prosecute it, understanding that this is done to deter adult men from committing a sexual act that will result in a child born to poverty, who to a devastating degree is likely to end up a part of the criminal problem in society.

So I hope we can begin to take from these statistics of the ages of the men who are fathering too many of the children born to teenaged mothers, some attempt to build a genuine national effort among prosecuting attorneys to look at the seriousness of a crime that in an age of permissiveness has been winked at, which is statutory rape.

In conclusion, Mr. President, I think this Daschle substitute, the Work First plan, is true welfare reform. It does demand responsibility from parents while providing continued protection for children, and it does address the two key causes of welfare dependency—teen pregnancy and unpaid child support. It does reflect the values of the American people. And it does take on the welfare status quo, building on the work of the Family Support Act, and really does amount to genuine welfare reform. I understand that over the next week we will hear conflicting views on this subject. But I can only echo the sentiments expressed earlier in this Chamber, let us cut through the politics, let us get to the heart of the problem. And let us see if we can, as happened in 1988, resoundingly adopt a true welfare reform proposal. I thank the Chair and I yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER (Mr. THOMPSON). The Senator from New York.

Mr. MOYNIHAN. I thank the Senator from Connecticut for his extraordinary, moving, judicious, serious comments. I know his capacity for sometimes biblical patience, and I also know his capacity for indignation when things have gone on for too long. We have been too long on the subject.

In 1971, a Republican President, President Nixon, had proposed a guaranteed income as a substitute for this subject. It was H.R. 1 in the House of Representatives. And it happened that on February 8, 1971, all three of the then major news magazines—and still those—had the subject of welfare on their covers. News Week on its cover had welfare. "WELFARE: There Must Be a Better Way," it said of the President's program, "It will constitute a humanitarian achievement unrivaled since the New Deal." It was not humanitarian enough for Democrats; too humanitarian for some Republicans.

The cover story of Time was devoted to "The Welfare Maze." It began: "The U.S. welfare system is a living nightmare that has reached the point of the involuntary scream and chill awakening." That is how Time began its issue.

The cover story of US News & World Report: "Welfare Out of Control—Story of Financial Crisis Cities Face."

Now, in that year, sir, the illegitimacy ratio for the nation was 11.2 percent. It is now three times that, the number of children born in that circumstance. Where we have 1,225,000 today, in 1971 it was 400,000. It is three times, almost, that ratio. The ratio has increased by a factor of three, the number of children by a factor of three. That is the central phenomenon.

I think the Progressive Policy Institute has been very helpful in this regard. There is this phenomenon of statutory rape. As deviancy gets redefined, we do not think much of that anymore. But it is still law.

Mr. LIEBERMAN. That is right.

Mr. MOYNIHAN. What would the Senator hypothesize? Would the Senator hypothesize that the households in which the children grow up no longer have anyone who will defend them? "You can't come in here. And you will please go out there and close the door behind you."

Lee Rainwater, a whole generation ago studying the public housing in Pruitt-Igoe in St. Louis, wrote an essay on the feeling within a household. "Can you say no to someone who wants to come in?" A thought that perhaps would not occur to many persons here. Close your door at night, and that is it. Close yours, and I close mine.

The French sociologist, Henri Bergson spoke at the turn of the century of society becoming a dust of individuals—no ties. I think this new data on ages of the fathers suggests that. I think you are absolutely right; if anybody could mobilize the attorneys general, the Senator from Connecticut could. I will certainly support that amendment. I look forward to it. And I thank you for your comments. I know the Senator from Pennsylvania would agree we are trying to reach some understandings here. We have understandings. And where we have different assessments, well, that is why we have the Senate.

Mr. President, I yield the floor.

Mr. LIEBERMAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. LIEBERMAN. I very briefly want to thank the Senator from New York for his kind words. He has made here what is to me a very important point, a very stunning point, and I just want to repeat it if I may, which is that there is a way in which the collapse of the family opens the door, in the metaphor that the Senator has used, to the further collapse of the family. And we are, of course, generalizing here. There are many circumstances where this does not take place. But if you have a situation where babies are born to unmarried women and there is no father in the house, then as the baby, if it is a girl, grows up, will the mother be able to alone protect the child from a man who may be a predator? And I understand it is much more complicated in many cases than that.

But there is a way in which nature has created this unit, and we all have our roles to play in it. The single, poor mother may be ill-equipped to alone defend her child, against a man whose intentions are not good. The Senator is right, we do not enforce these statutory rape laws anymore, but they are statutory. These acts are illegal, and they are illegal for a good reason. The consequences are disastrous, and I think if we can put some fear out there by more vigorously enforcing these laws, we not only will be doing what is right, but we may actually have an effect on the rate of out-of-wedlock births.

I thank the Senator from New York. I personally thank the Senator from Pennsylvania, not only for the thoughtfulness of his earlier comments, but for the kindness of yielding the floor to me. I went on a bit longer than I expected to, but I appreciate very much his kindness to me.

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. Thank you, Mr. President. I thank my friend, the Senator from Connecticut, for his thoughtful comments and for his kind remarks about me. I look forward to working with him and others in, again, trying to craft what I believe will be a bipartisan solution to this problem. We may not get the resounding vote that we got in 1988 in this Senate on this measure, but I think the measure that passes in the Senate this year will be quite significantly more dramatic than what we did in 1988. When you stretch the envelope, you leave more people behind. There is, in a sense, less consensus.

I think it would be easy to craft something that is watered down that could get everybody's vote here, but I do not think we would accomplish what we set out to accomplish, which is truly reforming the welfare system.

I am hopeful we can stretch the envelope, be bipartisan and really help millions of Americans get out of poverty.

I rise to just finish up on some of the comments and discussion I was having with the Senator from Louisiana. He asked, really, the question that is asked probably most about the Republican proposal, which is how are States going to be able to put people to work and run these work programs and, at the same time, do that, which is very

expensive, with a flat amount of funding, given that some States are going to see increases in poverty population? I mentioned the fact those States that do experience increases, we do have a pot of money there that would help them.

What about just dealing with the increased cost of providing for a work program? I cite an example of Riverside, CA. The Senator from New York, on many occasions, has cited Riverside, CA, as an example of an existing program that seems to be having some good results in a work-related program, the GAIN program, and other Members on the floor have done the same thing.

I just state for the RECORD that in Riverside, and I will add Grand Rapids and Atlanta, those three programs combined, which have gone into a program that is a work program that requires a substantial investment of time and energy on the part of the welfare recipient, is this dynamic program that I believe the States would go to under the Republican proposal.

In those areas, what we have seen is a dramatic cost savings. So, assuming that this could be replicated on a State level, we are seeing flat funding, yes, but in these three communities that put this program in place, this work requirement and other kinds of dynamic turnover off the welfare roles back into productive society, there was a 22 percent reduction in AFDC—22 percent reduction in AFDC. Not flat, not an increase. They saved 22 percent in costs. Their caseload went down 16 percent overall. Food stamps went down 14 percent.

So to suggest that we have to pump in more dollars to accomplish this purpose of putting people to work I do not think meets with the numbers. And, by the way, Riverside, CA, had a 9 percent unemployment rate at the time. So we have the exemption for anything over 8 percent that you do not have to go to work, you do not have to go to work in the temporary assistance program. You can do it.

I can tell you, I come from southwestern Pennsylvania. We have had some very tough economic times and continue to have them. I can tell you there are lots of people who say, "Look, there are jobs out there, you just have to go out and find them and be willing to work and go do it. It proves the case that, No. 1, there are jobs out there and you can save money in the process and run a better program that is being lauded by both sides of the aisle.

So the numbers of what we have seen of what has been successful in this country prove that you can run a program with less money, get people off welfare into work even in high unemployment areas. I think what we have seen is you have these programs that really do focus on the individual, and they provide what the individual needs. That is not a check the first of the month and, "Thank you, ma'am," and out the door, but it is care and concern and cooperation and an intensive desire by the people in the system to see that person who walks through that door who has had a tough run of luck in a problem situation get that kind of assistance they need to turn themselves around.

I have another comment I want to make about the discussion I had with the Senator from Louisiana.

Mr. KERREY. Mr. President, will the Senator yield just to make a unanimous consent request for staff on the floor?

Mr. SANTORUM. I yield the floor.

PRIVILEGE OF THE FLOOR

Mr. KERREY. Mr. President, I ask unanimous consent that Debra Wirth, a fellow in my office, be granted the privilege of the floor for the duration of the welfare debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, what we talked about was the 8 percent figure as any area of what I thought was a Bureau of Labor Statistics area, which is a geographical area defined by the Bureau of Labor Statistics as an area they will then determine the number of people, the percentage of people in that area that are unemployed.

If those areas are above 8 percent, in the Democratic leader's bill, those people who reside in those areas that have an unemployment rate of over 8 percent, that time in which they live in those areas of high unemployment does not count toward their 5-year limit. In fact, it can be indefinite.

What I found out was that, yes, it was 7.5, they raised it to 8, but they eliminated the requirement that they had to be a defined Bureau of Labor Statistics area, that the State could now define what the area would be. It could be an entire State. It could be a portion of the Bureau of Labor Statistics area. It could be a neighborhood.

What it does is it makes this determination completely arbitrary on the part of the State, potentially even indecipherable, because you could have literally neighborhoods picked out or communities picked out.

I think it is poor policy, but I think it creates a huge loophole in this whole area of exemptions from the time limit on welfare, not a step in the right direction. They gave with one hand and took away with the other. They gave by increasing the unemployment rate from 7.5 to 8 percent, and then they said we will define where the area is, we will not use the current Bureau of Labor Statistics area, we will let the States determine what they mean. That really does take away any real change in that policy.

Mr. WELLSTONE. Will the Senator yield for a moment?

Mr. SANTORUM. I will be happy to.

Mr. WELLSTONE. Does not the Bureau of Labor Statistics—who does the survey right now on unemployment, officially?

Mr. SANTORUM. Bureau of Labor Statistics.

Mr. WELLSTONE. And the Senator is concerned they continue to do the surveys? I do not quite understand the Senator's position.

Mr. SANTORUM. No, no. In the Democratic leader's bill, what they have done with their most recent modification is eliminate the boundaries for determining who would be eligible for the exemption from the 5-year limitation. And so——

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that I may be allowed to address the Senator from Pennsylvania directly.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. I will check this out and have an answer for you directly, but I believe the actual surveys of household unemployment are done by the Bureau of the Census and the data is analyzed by the Bureau of Labor Statistics. And I think you are on to a point which should be resolved. I will do my best to do so. I thank the Chair.

Mr. SANTORUM. I thank the Senator from New York. There are two additional points I wanted to make. No. 1, I stated before there would be many cities that, for potentially the foreseeable future, unfortunately, people in those cities would not be subject to the time limit under the Democratic leader's bill. I point to the cities of New York, which has an 8.7 percent unemployment rate; Los Angeles, which has a 10.6 percent unemployment rate; there is an 8.2 percent unemployment rate in Washington, DC; Detroit has a 10.8 percent rate. Those are a few cities where the unemployment rate exceeds 8 percent. As a result, under the bill put forward by Senator DASCHLE, none of the people living in those cities would have any of their time limit being worked off during those periods of high unemployment.

So you could have, potentially, in a city like Detroit, which has historically had very high unemployment rates, no time limit for people who live in those cities. You are not talking about small or insignificant welfare populations. You are talking about New York, Los Angeles, Detroit, Washington, Miami, and many others. You are talking about a very large percentage of the caseload that will never, potentially, be time limited or will be time limited to 10 or more years. That is a big loophole in this bill, let us make no mistake about it. I believe that needs to be addressed.

Mr. WELLSTONE. Will the Senator yield?

Mr. SANTORUM. I yield to the Senator from Minnesota.

Mr. WELLSTONE. What the exception is saying—I agree that in the big cities you have an unemployment rate at 8 percent and many higher. That does not tell us anything about self-employment, part-time workers, discouraged workers, which is much higher. Why is the Senator so troubled by

this when it could be a mother with small children who could be penalized if they live in a community with high levels of unemployment—unofficially defined unemployment? You keep calling that a loophole? Why does he see it that way?

Mr. SANTORUM. What I think is important in this whole debate is an understanding that the work requirement provision in the bill is not a penalty, it is an opportunity. It is an opportunity for people who have not had the chance to go out to find work, in many cases to be placed in a work program so they can go out and be productive and learn skills and, in many cases, because you have people who have never had jobs before, they can learn what it is to get up in the morning and get their children ready for day care, or for someone else to come into the house, and get yourself to a work site, work an 8-hour day, and get home and again provide for their children. That is an experience that, unfortunately, many people in our society have not experienced. That is a very valuable one. I add that it is something many people in our society have never seen a parent do. They have no idea what it means to grow up in a house where they never saw that happen.

So it is important that we provide to everyone the opportunity to work and that we require it, in a sense, and that we say that this is a temporary program; this is not a program that is going to go on and on. Welfare is not a maintenance system where we provide for people in poverty for indefinite periods of time, but it is a dynamic transitional program that prepares people to get from a position where they cannot work, or they are not prepared to work, to a position where they will and do work. That is lost if you provide what I call "impoverishment zones," not "empowerment zones," where you basically tell a group of people that because you are in a big city that has high unemployment, we have no expectation that you will ever be able to find work, and therefore you can stay on welfare. But the rest, everybody else, we will change the system for you. But you in Detroit and you in the City of New York, you cannot make it, and we do not believe you can, so we are going to sort of write you off.

I do not want to write anybody off. I think everybody should have the same level of expectations. As I cited before the Senator from Minnesota came to the floor, the Riverside, CA, example, where during the period of time of the GAIN program they experienced a 14 percent drop in food stamps, a 16 percent drop in caseload, and a 20 percent drop in AFDC, and they had in excess of 9 percent unemployment. People were getting off the rolls, getting to work, doing the things that many on both sides of the aisle said is a successful program.

So I believe it must happen. I think to write off particular areas of the country because of difficulties in unemployment is an unwise move.

Mr. MOYNIHAN. Will the Senator yield for a question?

Mr. SANTORUM. Yes.

Mr. MOYNIHAN. In making a thoughtful point and comment, he would be aware that the GAIN program in Riverside, CA, is a program developed under the Family Support Act?

Mr. SANTORUM. There have been many experiments done under waivers under the Family Support Act.

Mr. MOYNIHAN. If I may put it in question form. He might know that in the summer of 1992, President Bush visited Riverside and was making a point that it seemed to be working and is catching on. I rushed to the floor with a photograph of President Reagan signing the Family Support Act and shaking hands with then-Governor Clinton, who was head of the Governors Association at that time. He and the Governor of Delaware, now our colleague in the House, worked together on a bipartisan basis. I just wish that we would be conscious of this. I do not ask the Senator to agree. But I am saying we have something working, and we may miss it.

Mr. SANTORUM. If I can, I say to the distinguished Senator from New York that there are isolated instances where the current law is working and, I think, from social science evaluations, modestly working. We have come in welfare to expect that modest improvement is as good as we will ever get. Maybe that is the case. I am not satisfied with that as a benchmark for the ceiling. I think what we need to do is, as I said, to stretch the envelope.

While the Family Support Act of 1988 did create a window of opportunity for certain areas to get waivers and to try new things and to engage in work and other kinds of things, which we believe on this side and I know many on the other side believe is the way to go, we believe it needs to be more dramatic, that we need to do more and try new things. That is what this Dole-Packwood bill does, I think, and does it in a very dramatic way.

The final point I want to make is on the cost side. I know the Senator from Minnesota is here. I say to my colleagues on the Republican side, it is getting rather lonely over here. There are plenty of opportunities to speak on this issue. I hope that those who have comments will come to the floor and make their comments and debate this very important issue. There are no speakers on this side at this point. I say to those listening, if you have statements you would like to make, this is a good time to come down and make those.

I say, with respect to the cost estimates on this program, what we see is really a cost-neutral program on the part of the Democratic leader's bill when it comes to welfare spending. The bill saves, over 7 years, roughly $20 billion. But $19 billion of the $20 billion in savings is in food stamps. So what we see is what most on that side would consider welfare and SSI and AFDC and child care. A lot of those—in fact, most of those go up in spending. What we see is most of the savings really being gathered out of the Food Stamp Program. I say those, over a 7-year period, are rather modest compared to what the Republicans suggest. I think we had about 50 percent more in savings under the Food Stamp Program.

So it does not meet with what I think most would see as what is necessary to get Government spending under control.

I say that even under the Republican bill, spending goes up dramatically in virtually all these programs. I know the block granted AFDC Program does not go up and the child care program does not. But the rest of the programs—the SSI, Food Stamp Program, everything else—goes up at very dramatic rates. In fact, we are talking about a very minimal reduction in the spending on welfare in this country. If this was being judged solely based on how much money we are saving on welfare, I think both proposals in the eyes of the American public would be considered a failure. This is not a big cut in welfare spending. We are just barely curving the rate of increase in welfare.

I think given the dramatic nature of these proposals, that may be the best we should do. As I had the discussion with the Senator from New York, transitioning people, making the program a dynamic system is expensive. We are turning a system where you basically have someone behind a computer cranking out checks to people who come and show up and verify certain things, and they get a check or stamp and leave. That is not a lot of time consumed by that person, not a lot of effort involved.

When you are taking that system from a maintenance processing system and turning it into a system where you actually sit across the table from someone and try to figure out what their problems are and how you can help them and what we need to do to change their lives, that takes energy, it takes time, it takes resources.

To suggest that we can change welfare at the time that we can slash it or cut it dramatically, I think would be unwise. We have not done that on this side. In fact, I have not heard a lot of comments on the other side about how we are slashing welfare. The reason is because we are not. Welfare is going to grow fairly dramatically over the next 7 years.

It will be different. It will be different than anything we have ever seen. I think it is worth a try. We may come to the point in time where we look at what has happened with this bill, if it is successful, and I believe it will be, and all the attempts will be made and all the different projects will be tried by the different States, you might find out we get modest gains at best, or we get no gains.

We may have to step back and say, is it worth it? You have some writers in this town who are suggesting that we should just give up. That it is not worth trying any more. It is not worth spending the money. We may be there.

I think it is worth a try of a different way, and what we have suggested here in this bill is a dramatically different way of dealing with this problem. It is truly ending welfare as we know it. Welfare will no longer be the image of someone showing up and receiving a check, but almost go back to the image of the Depression when we had the WPA—can the Senator help me?

Mr. MOYNIHAN. The WPA and PWA.

Mr. SANTORUM. And programs where you saw it more as a dynamic program where people were there to do things, to make a positive contribution to their community.

I am hopeful that is what will result in this. I am very optimistic that we can find, I think, very solid support from the Republican side and a significant number of Democrats to pass this Dole bill or something very similar to it and do it while being very kind, I think compassionate, in the truest sense of the word, compassionate with the people who find themselves involved in this system, and at the same time respectful of the people who work hard and pay taxes to fund the system. I yield the floor.

PRIVILEGE OF THE FLOOR

Mr. WELLSTONE. Mr. President, I ask unanimous consent that Carolyn Clark, who is a fellow, be admitted for the duration of the debate on welfare reform.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WELLSTONE. Mr. President, I say to my colleague from Nevada, I will be relatively brief. I wanted to analyze the Daschle bill and I wanted to talk about why I think the differences between the Daschle bill and the Dole bill make a difference. I also wanted to talk about some of the weaknesses in the minority leader's bill, or at least raise some questions.

Again, I think there is hardly any comparison when I look at the two. I think—and it is hard when you ask a Senator to yield, and the Senator from Pennsylvania certainly did that—it is difficult to really get into the debate, so let me try and first try and respond to some of what was said.

When I hear Senators come to the floor and talk about how optimistic they are and how they think this will be such a huge change, I sort of think to myself that part of the problem is they are not really passing legislation that is going to affect them or their children.

I think part of the problem, and I will try and stay away from the harshness, I think the point can be made we would do better if we had less hate and more debate. I do not come here to the floor with malice.

But, it does seem to me, Mr. President, that some of my colleagues just want to ignore some unpleasant facts, some unpleasant realities.

My colleague from Pennsylvania talked about opportunities. Well, we will take the minority leader's bill. If there is an 8 percent officially defined unemployment, there are many more people who are working part-time who are not counted. There are many people who are discouraged workers who have dropped out. If you have that high of an unemployment rate—by the way, in some of our cities it is higher than that, than there is not really an opportunity for a single parent, usually a mother, to find a job, but she gets cut off welfare anyway, regardless of the employment conditions in the community.

How can that be called an opportunity? That is not an opportunity. Of course, part of what is bogus about this reform effort is that if you look at the job opportunity structure and you look at some of the communities where we have large numbers of welfare mothers, the unemployment level is so high, the under-employed level is so high, that, as a matter of fact, there is no evidence whatever that the jobs are going to be there that these women can support their families on.

So in the absence of that evidence, with those kind of high rates, it is hardly unreasonable to say if you cannot obtain the opportunities, the employment opportunities, because they are not there, then we are certainly not going to cut you off of assistance for yourself and your children. That is what this is about. That is really what this is about.

Mr. President, as I look at the Daschle bill on the floor, I do think there are some very significant and positive features about this piece of legislation. I think the main feature, Mr. President, that I want to zero in on has to do with maintaining the commitment to children to make sure that there will be benefits for some of the most vulnerable citizens in this country.

Today at caucus, and my colleague from New York, Senator MOYNIHAN, is free if I say this and as he listens it seems that it was too personal and he did not mean for this to be public, I want him to cut me off. He said something that has stayed with me most of this afternoon. Senator MOYNIHAN said the last piece of legislation that President Kennedy signed publicly, was a piece of legislation we all had high hopes for: This was deinstitutionalization.

It made sense as a philosophy. We would take people in the mental hospitals and we would basically move them out and then there would be community-based care. But we never did that. What we wound up with in all too many communities in this country was an ever larger population of homeless people. We see that all over the country.

Then the analysis was there that it was a lack of affordable housing. What Senator MOYNIHAN said today during the caucus meeting was really the answer to the question: We did it. We passed that legislation. But, we did not follow through on the commitment, and that is what happened.

He then went on to say, and this is exactly how I feel about this debate, that we should not pass a piece of legislation that ends the basic commitment that there will be support there for families, for single parents and children. The support has got to be there, it will not just be block granted to States who can pretty much do what they want to do.

It does not matter whether there is a recession or not or what kind of resources are invested, if we end that kind of commitment, that is a commitment we made as a nation, then I will tell you exactly what is going to happen. It is easy for Senators to tell us this is an experiment. "Gee, we think this is going to do a lot better." It is not them. It is not their families. I will tell you what is going to happen. I will predict it. We will have many more children among the ranks of the homeless. And then we are going to ask ourselves the question: How did that happen?

We did it. That is exactly what the Dole bill does. I do not think it is the intention of the Senators, but that is exactly, that is precisely what the effect of this are going to be.

To the credit of the minority leader, that commitment is maintained in his bill, at least for 5 years. And it is important.

There is a second issue which is, I think, maybe one of the most important features of the Daschle bill, the Work First bill. The Daschle bill provides childcare. That is, if you are going to say to a single parent—almost always a woman; quite often men who should be there with support are not there—you work, and she has small children, what about the children? Where is the commitment of resources to child care? Actually, what we are doing here in the Congress, for those citizens who are watching this debate, is we are cutting investment in child care.

So, we are saying to parents: You go to work. You have small children. That is it. And we do not provide any support for child care. By definition, please remember, in spite of all of the scapegoating and all of the stereotypes, there is not a welfare benefit in this country that is even up to the official definition of poverty, and now we are saying to single parents, almost always a woman: You go to work and we do not invest any resources in child care. The Daschle bill does make that investment.

You cannot have welfare reform—all you have out here right now, at least with the Dole bill, is reverse reform. You are saying to a parent: You go to work. It does not matter if you have small children. We know you are poor. You work, and there are no resources

for child care so you can afford decent child care for your children.

That is antifamily. That is antifamily. I challenge any Senator in here, how would you like it if you were the single parent of low income, told you had to work—and you wanted to work. There is more dignity in work. And you hoped it would be a decent job. There is nothing you would like to do more, but there was no way—let us not kid ourselves. In a lot of these communities where we have large populations of welfare mothers, there are not an abundance of jobs that pay anything near what Senators make, or even middle-income salaries. So we are not going to be talking about, by and large, high-wage jobs. You are told, "You take the job. It does not matter."

And you say, "OK, I want to work in that job, and it is $6.50 an hour and I will do it and I want to." And then you are told, "By the way, but when it comes to your two children who are under 3, there are no resources for child care. You figure out what to do." And you cannot afford it. That is why many mothers get off welfare and then go right back on.

The minority leader's bill makes a commitment to child care. I do not know how my colleagues on the other side, in all due respect, can deal with that contradiction.

The third feature I think is important is that, in the minority leader's bill, there is the transition so people are not immediately cut off Medicaid. I do not remember the precise provision of the majority leader's bill. I ask the Senator from New York, is there a transition period of time for Medicaid in the Dole bill?

Mr. MOYNIHAN. I would say I do not know. There is, of course, a 1-year transition in the current law of the Family Support Act. We will find that out.

Mr. WELLSTONE. Because my understanding is the Daschle bill allows for the currently provided year of transitional Medicaid, plus an extra year of transitional care on a sliding scale basis to ease the transition.

I do not think that in the Packwood-Dole bill, there is such an allowance for that second year of transition.

It seems to me, now we have a situation where we are saying it does not matter what the unemployment level is in your community and, in addition, it does not matter from State to State, what States decide to do. It does not matter whether there is a recession. It does not matter how many children are born into poverty. It does not matter what the population growth is going to be. It does not matter whether or not there is going to be a commitment of resources to child care. By and large, we are ending our commitment to low-income children. And in addition, you have 6 months, that is it, that is the only guarantee you have of being able to keep your Medicaid.

This is called reform? These women and their children are in a worse position than when they all started. The Daschle bill is a significant improvement over that.

I say to my colleagues, we should not be so reckless with the lives of children. That is what I do not understand. I have colleagues, on both sides of the aisle, who are friends. I understand the political climate in the country. I understand some of the scapegoating. But I cannot understand how men and women of such good will can be so reckless with the lives of children.

The minority, the Daschle bill, as I understand it, does not block grant food stamps. There is a reason for that. The Senator from New York knows this history well. What happened—and it was President Nixon, as I remember, who really took the final initiative in making sure there was a national standard. Although the Federal Government was going to pay that bill, States got to decide what would be the level of benefits and many States had the level of benefits pegged at an extremely low level. Much to the shame of the United States of America, we saw it on television with documentaries about Hunger USA. We saw children with distended bellies, and we learned about scurvy and rickets and malnutrition and hunger among children in America.

Therefore, President Nixon led the way and we set national standards and we had a national food stamp program. We are a national community. We made a national commitment to children. Now we are going to back away from that? The minority leader's bill does not back away from that commitment, nor should it, Mr. President.

Questions to raise. Maybe my colleague from New York, or colleague from Tennessee, can help me out on this. Again, I raise these questions more in a constructive way. This is just out of intellectual integrity that I want to raise these questions about the minority leader's bill. I cannot cheerlead on everything.

There still is this feature in this legislation that, as I understand it—we can get technical—it is in the Dole bill, it is in the Daschle bill, that now counts LIHEAP benefits as income, low-income energy assistance. So what happens is, for the purpose of calculating food stamp benefits, LIHEAP benefits, low-income energy assistance, gets counted as income and this becomes this classic choice of eat or heat. I do not know why we are doing that. That is the question I raise.

The second question somebody has to ask on the floor of the Senate, I talked about earlier the importance of making sure we do not back away. It is my understanding—and I quote from an Urban Institute study—of all families that have become dependent on welfare systems, about 43 percent receive benefits for less than 24 months. But at any point in time there are many more long-term recipients, for example, more than 75 percent of families on welfare, at any point in time, are on for more than 60 months.

So if it is an aggregate 5-year period, I have some very serious concerns about what we are doing because I think quite often the pattern is that a mother—by the way, mothers do not need Senators to tell them that they ought to work. Most are—75 percent within 2 years—are off welfare and are working.

Now, the problem is that all too often what happens is, think about this: You go to work, and you try to work out a child care arrangement. But you cannot afford it. Then you go back to welfare. By the way, for the low-income people, the monthly expenses of child care is not like 7 percent. It is 35 percent, or 40 percent of income. Or you go to work again.

When Sheila and I were younger, we did not have much money at all. We had this experience. You find out. It is the most horrifying thing in the world when you leave your child, whom you dearly love, with a child care center and the conditions are awful.

By the way, according to the national reports on the state of child care, we are not investing resources in child care—not just for low income, but for middle income. You get paid more money to work the zoos than you do to take care of children in the United States of America.

Mr. President, so what happens? You are supposed to be there at 5 to pick up your child. You show up at 4, and you find the conditions are awful. So it did not work. Now you are back to welfare. Or, Mr. President, remember, you are a single parent. You get sick or your child gets sick, and your child is sick more than a week. You get laid off work. This happens all the time.

So I will raise three questions and then get a response. I am really very worried about this 5-year period because it seems to me that if, in fact, the Urban Institute is right and more than 75 percent of families on welfare at any point in time will receive welfare for more than 60 months, we are cutting a lot of people off, who are mainly children, Aid to Families With Dependent Children, the children who do not give the big campaign contributions, the children who are not the big players, the children who are not the heavy hitters, the children who do not get on television with their ads. They are the ones that some of these proposals treat so harshly, though I must say again I believe that the minority leader's bill, thank God, is at least a significant improvement over Packwood-Dole.

Mr. MOYNIHAN. Mr. President, does the Senator wish to have these data at this point?

Mr. WELLSTONE. I would be. I will yield for that.

Mr. MOYNIHAN. I am happy to.

Mr. President, I ask unanimous consent that I may address the Senator directly.

The PRESIDING OFFICER (Mr. FRIST). Without objection, it is so ordered.

Mr. MOYNIHAN. It happens that we presented this data in the debate that was a truncated debate in August. The Senator is exactly right in what he has said. But there is more to say. This was the work of Donna Pavetti at the Urban Institute—the Urban Institute was established under the auspices of President Johnson in the 1960's—of "distribution of total time on welfare."

The Senator is absolutely right. About 27 percent of welfare recipients are on for less than 1 year. About 40 percent are on for less than 2 years.

We do not know as much as we should. We have been very poor about gathering data. We, in the last Congress, enacted a Welfare Indicators Act, which I spent 14 years trying to get passed, that will start giving us an annual report on the subject.

So this is data from the Urban Institute. A number of people who go on AFDC are two groups. There is this group that is on for 2 years or less, 40 percent, 41 percent. We know who they are. They are married women whose marriages breakup. They need some time to get their affairs together. And they do. A very refreshing counsel of the Manpower Demonstration Research Corp., when we were drafting the Family Support Act, was to say, do not bother with these good people. The Senator is absolutely correct—at any given time 76 percent, three-quarters, of the persons on welfare have been there more than 5 years.

The Urban Institute also went on to estimate the number of families affected by a 60-month time limit, a 5-year time limit. Between the year 2001 and the year 2005—2001 you can reach out and touch that—1.4 million families will have exceeded the 5 years. By 2005, 10 years from now, 2 million families will have exceeded the 5 years. This assumes the caseload does not grow. That is half the caseload.

You were kind enough to mention what I had said in our caucus today. I said it earlier on the floor. In 10 years time we will wonder where these ragged children came from. Why are they sleeping on grates? Why are they making life miserable for themselves and others? What happened? We will have a city swarming with pauper children, penniless and without residence. You said it could not happen. It happened to the mentally ill. And half the families in 10 years will have been dropped by a 5-year time limit.

Mr. President, I thank the Senator so hugely. And this is the point.

Mr. President, I would ask these tables be printed in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

DISTRIBUTION OF TOTAL TIME ON WELFARE

Time on welfare (in months)	New entrants (percent)	All current recipients at a point in time (percent)
1–12	27.4	4.5
13–24	14.8	4.8
25–36	10.0	4.9
37–48	7.7	5.0
49–60	5.5	4.5
Over 60	34.6	76.3
Mean Duration (in years)	6.10	12.98

Source: Urban Institute, 1995.

NUMBER OF FAMILIES AFFECTED BY A 60-MONTH TIME LIMIT, FY 2001–FY 2005

[in millions]

Fiscal year	Families currently receiving benefits	New entrants	Total families
2001	1.34	.08	1.42
2002	1.41	.24	1.65
2003	1.37	.43	1.80
2004	1.29	.61	1.90
2005	1.19	.77	1.96

Note: This table assumes that the caseload remains at its current level of 4.35 million families headed by an adult over the next 10 years.

Source: Urban Institute, 1995.

Mr. MOYNIHAN. I thank the President for allowing me to ask the Senator to yield.

Mr. WELLSTONE. Mr. President, I have more to say, more of a critique. But I think that what the Senator from New York just said was very powerful. I cannot add to that at this time.

I would yield the floor to the Senator from Rhode Island. I ask the Senator from Nevada, will the Senator from Rhode Island then speak?

Mr. MOYNIHAN. I believe the Senator from Rhode Island was told he would be in sequence after Senator WELLSTONE, and that our good friend from Nevada knows that. We look forward to our most distinguished, revered colleague.

Mr. PELL. I thank my colleagues and my friends, one and the same.

I am very glad that the Senate has resumed debating the matter of welfare reform. And I am encouraged that the first few days of this debate—both before the August recess and again today—have been composed largely of thoughtful concerns and constructive suggestions about what can be done to make the current system work better and cost less.

In reviewing the legislation before us, however, we must each decide for ourselves what it is we believe about the current welfare system and how it can best move people from dependency to self-sufficiency, and from poverty to a living wage.

I continue to believe that our welfare system should provide temporary— I emphasize the word temporary—financial assistance to those in need. There are millions of people who fall on hard times; losing a job, getting divorced, or becoming widowed should not be a ticket to poverty. Welfare is there largely to help women and children get back on their feet—and to protect them from hunger, homelessness, and desperation in the interim. In this respect, welfare is a compassionate and needed social program and I support its continued existence.

But there is also no question that the system has, at times, been abused, and that it has been viewed by some welfare recipients as a free ride with no concomitant responsibility. These individuals, whom I believe to be a minority of welfare recipients, have nevertheless prompted understandable wrath in many other Americans who work hard, play by the rules, and do not receive any Government assistance. I understand their anger at what they perceive as a Government handout, and I think there is considerable merit to their claim that this abuse must stop.

In fact, many of us who believe that welfare has a role to play in helping people get a hand up also believe that certain responsibilities go along with Government help. I strongly believe that those welfare recipients who are able to work should work, and that every American should understand that our Nation's welfare system provides a safety net, and not a way of life.

But with that said, the question arises "how do we get people to work?" Do you simply impose a requirement that they must work to receive benefits or they will no longer receive them? And what do we do if they try to find a job but can't due to high unemployment, a lack of skills or education, or an inability to find anyone to care for their infant child? Do we simply say that if they do not work they will receive no benefits?

To me, Mr. President, that approach is too harsh and far too unlikely to produce the results we seek. What we want to do, what we need to do, is create a system that moves people off of welfare—for good. A system that gives them the tools they need to find a job, get employed, and stay employed at a living wage. Only then—and perhaps it will take some additional investment by both the Federal Government and the States—can we end the cycle of dependency and poverty that keeps generation after generation on welfare and discouraged from seeking to work.

The Democratic alternative—the Work First bill—addresses many of these issues in a thoughtful and comprehensive way. It fosters the transition from welfare to work by providing health care, and, when needed, access to affordable child care services. And it provides a reasonable period of time for people to move into the workforce.

In fact, the Democratic alternative involves welfare recipients in a full-scale, full-time search for real employment; a job they can be proud to have. Its Work First Employment Block Grant makes one and only one demand on States: an increasing number of their welfare recipients must find a job and keep the job. How the State does that is up to the individual State.

Mr. President, on another matter, I am distressed to see that the Dole bill lumps vocational and adult education

with welfare reform. Simply put, education is not welfare. Vocational and education programs are not, and should not be considered welfare. And while I certainly endorse enthusiastically the idea of a welfare recipient undertaking education as a means of obtaining a good job to move off of welfare, I do not think that this welfare legislation should tinker with existing education or vocational education programs, and shall oppose their inclusion in this legislation. In fact, we have already reported a comprehensive education and training bill from the Labor and Human Resources Committee, which I supported. It is a very important bill, and ought to be considered independently and in its own right.

Mr. President, there are a number of other parts of the Democratic bill that I think are crucial to our effort to reform the welfare system. I strongly believe in ensuring the ability of all who financially qualify to receive welfare, and thus do not support the concept of a limited block grant. Such an approach, adopted by the Dole bill, would leave millions of women and their dependent children with no financial assistance at all. And further, it would prevent them from participating in the new system we hope to create—which will give them the tools to get off of welfare once and for all.

Mr. President, as we undertake the very difficult task of reforming our Nation's welfare system, we may be tempted to seek simple answers to complex questions or be moved by rhetoric rather than fact. In my view, two basic principles should guide us in these discussions: fairness to taxpayers and compassion to those in need. I hope that my colleagues will share this view and spend the time and care necessary to make the right changes, not simply any changes.

I yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. May I just once again say it is a great pleasure to have the opportunity twice in one week to express my great appreciation to the Senator from Rhode Island, who has very cogent remarks on education and carries weight in this Chamber. None has done so much as he in a generation of legislating. He is revered, respected. I hope and trust he will be listened to.

Thank you, Mr. President.

Mr. PELL. I thank my colleague.

Mr. REID addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. I see the majority leader on the floor.

Before the Senator from Rhode Island leaves, may I say a few words in his direction?

Mr. DOLE. I just want to get a unanimous-consent request.

Go ahead.

Mr. REID. Mr. Leader, I will just ask him to stay.

If the Senator from Rhode Island would stay at his desk for a couple minutes.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. I say this has been cleared by the Democratic leader.

I ask unanimous consent that the vote occur on the Daschle amendment numbered 2282 at 4 p.m. Thursday.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. That will be tomorrow.

For the information of all Senators, there will be no further votes today. However, Members who wish to debate the Daschle amendment are urged to do so this evening.

Also, Members should be aware, prior to the close of business Thursday, the two leaders will ask consent to limit the remaining amendments in order to the welfare bill to finish the welfare reform bill by Tuesday or Wednesday of next week.

And there will also be after the vote, depending on the vote on the Daschle amendment, additional votes and debate tomorrow evening.

But we are trying to accommodate a number of our friends who want to attend the very historic baseball game tonight in Baltimore to see Cal Ripken, Jr., break the record of Lou Gehrig. So we hope that all those who are able to go will be very cooperative the rest of the week.

I thank the Senator from Nevada.

TRIBUTE TO CLAIBORNE PELL

Mr. REID. Mr. President, I wanted to take this opportunity, as unprepared as I am, to say a few words about the senior Senator from Rhode Island.

I had been planning the last couple of days to prepare a statement and come to the floor and give a speech that reflected my feelings about the Senator from Rhode Island. But, coincidentally, we are on the floor at the same time, and I want this time to be used while the Senator is on the floor and direct these remarks to him personally.

I cannot recite a great deal about the Senator from Rhode Island. I know the Senator from Rhode Island graduated from Princeton University, one of the premier schools of this country, cum laude. He also attended Columbia University. It is my understanding he has about 50 honorary degrees that have been awarded to him over the years. He served in the U.S. Coast Guard. He is an author.

I often, after having come from the House to the Senate, tried to determine how this Senator from Rhode Island had the ability to communicate in the way he does, in such a gentlemanly way but yet with so much authority and wisdom. Probably the basis for that, more than any other thing, is his service as a member of the U.S. Foreign Service.

In my time in Washington, being a Member of the House and the Senate, if there is a group of people that I think represent this country better than any other group, it is those people who are in the Foreign Service. Wherever I go, whether it is here in Washington meeting with them, or around the world, I find a group of people who are tremendously underpaid and highly educated and overworked and do a better job than anyone else representing our country as Foreign Service officers. Senator PELL served for 7 years in the U.S. Foreign Service.

I think that is the foundation, the background that has allowed him to do the many things he has done in the way he has done them.

It has been said many times on this floor that it is an honor to be able to serve with a man of CLAIBORNE PELL's ability, and certainly that is true.

Mr. President, it is also true that it is not only an honor to serve with him, but to be associated with him. I was in the Senate dining room with some constituents and, of course, people walk in who are known all over America. But the person sitting with me asked me if they could meet Senator PELL. Why? Because he felt his ability to go to college was made possible as a result of his having obtained a number of Pell grants. I took him over. The only Senator he wanted to meet was CLAIBORNE PELL of Rhode Island, because it was his feeling that he is responsible for his having been able to get a college education.

That is the way, Mr. President, that not only thousands but millions of young Americans would feel if they would direct their attention to Washington; that is, their ability to be educated as a result of the foresight of Senator PELL setting up Pell grants, allowing young people who ordinarily would not have the ability to go to college to be educated.

I, 6 years ago, on more than one occasion, went to Senator PELL and said: "I think that your service is needed here in Washington and we need you very badly."

I am one of many, many people that went to Senator PELL and told him that. I was right; we did need his service for another 6 years, and his service has certainly been as dedicated these past 6 years as it was the prior 24 years.

I appreciate the Senator waiting on the floor to allow me to impart my admiration and respect and love. There is no one in the Senate that deserves more attention and credit than the senior Senator from Rhode Island. As I go through life, there will be no one who has given me more pleasure serving with in any capacity of Government than the Senator from Rhode Island. So on behalf of the Senate and the people of America, I extend my appreciation to you.

Mr. PELL. I thank my colleague and friend for his kind words and appreciate them more than I can say.

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

Mr. REID. Mr. President, I do not have the experience of the Democratic manager of this bill, the senior Senator from New York. On this occasion, and others, I heard him talking with President Nixon and President Kennedy on matters of importance dealing with measures that are now before this body. He has written numerous articles. He has written books dealing with welfare, so I cannot match that.

But as I told the Senator from New York, I have done something he has not done, and that is, I have spent a night in a homeless shelter in Las Vegas. Truly one of the remarkable experiences of my life—I do not know if "remarkable" is the right word—but interesting and educational experiences of my life.

And I just want to confirm what the Senator from New York has said on a number of occasions—that the homeless problem did not come about accidentally.

The homeless problem came about as a result of the Federal Government, in effect, emptying what we used to refer to as the "insane asylums," mental institutions, as we now refer to them. We, in effect, emptied them. There were prescriptive drugs, and the Presiding Officer, who is a medical doctor, knows more about the different compounds that were developed to allow us to get people out of these institutions. But as part of the program, after having gotten them out of the institutions, we were to provide community health centers where these people would have the opportunity to come back and get new medicine and be evaluated and, in effect, not make them homeless people wandering the streets, as we see so often now.

Mr. President, one of the things we have to be aware of as we begin welfare reform, which we all acknowledge is needed, is that we do not create more problems, like the problems created when we decided to empty the mental institutions. The Senator from New York is concerned that 10 years from now, we are going to have a half a million children on the streets competing with the adult homeless. I hope he is wrong.

I think that almost every Member of this body agrees welfare reform is needed. The question is, How should we reform welfare? We all acknowledge that we must do something to change the present system. The current system, in many respects, is out of control. In fact, today, Mr. President, the name "welfare" itself invokes certain perceptions of which we are all aware. Presently, it is assumed that people on welfare are lazy, that they do not want to work and are simply looking for a handout. Our current system tends to foster these perceptions, however invalid they may be. I think what we need to do is to go back to the original intent of the welfare system.

We have had welfare systems in this country that are legendary in their success: the WPA, Works Progress Administration. When I do town hall meetings in Nevada, many times I take pictures of what the WPA did around Nevada: built schools, built roads, planted trees, built bridges, helped with grasshopper infestations. And I, with these pictures, tell my constituents that here is a Government program that was a success and, yes, a Government welfare program that was a success.

I was born and raised in Searchlight, NV, a small mining town when I was growing up there of a couple hundred people. Not much in the way of mines but it was a mining town. At that time, the gold was about gone.

But all around the area of Searchlight we had evidence, when I was growing up, and it is still there, of the welfare recipients having been to Nevada. They did not know they were welfare recipients, but they were. They were part of the Civilian Conservation Corps. They came to the deserts of southern Nevada. They came to all over Nevada, but the deserts of southern Nevada I am familiar with. They came to all over southern Nevada.

What did they do? They built corrals, watering holes, fences. They built trails. There is still evidence of these welfare recipients' work in Nevada. This was a welfare program that was successful. So because we have a welfare program, it should not mean that it is demeaning, that it is bad, that it is negative. There are reasons we have welfare programs.

This great society of ours must help those people who need help. We know that welfare covers the infirm, the blind, the handicapped. Who would say we do not need welfare programs to help people who, for whatever reason, find themselves in that condition or position? There are also people who are able-bodied that, for reasons, need help. And that is what this welfare reform is all about—to do something about people who are down on their luck and need help.

There is no reason that welfare should foster a perception of people being lazy and worthless. We need to go back to the original intent of the welfare system. Welfare was initially developed as a temporary assistance, not a way of life. I believe that we all agree on this. Reform of the current welfare system should be as bipartisan as we can make it. Both sides of the aisle, I hope, have the same goal: to make welfare temporary and to move people currently on welfare into jobs.

The bill that the Democrats have sponsored, the Democratic alternative, of which I am a cosponsor, recognizes this intent. It clearly recognizes this intent and has a prepared plan, tightly tailored, to not only succeed in moving people off of welfare and into jobs but to keep them in those jobs. The Democratic substitute streamlines the current system and addresses the problems people now face. It addresses the major barriers to getting a job, keeping a job, and getting off welfare. In contrast, while the Dole bill has the same objectives, it falls short in its plan on how to achieve these goals.

I must say, Mr. President, that the Dole bill is a moving target. It has changed many, many times. I am doing my best to understand the Dole bill and to give it as fair an interpretation as I can.

I have a number of problems with the Dole bill. I am going to focus today on block grants. As U.S. Senators, we deal with Federal dollars. That is the way it should be. We cannot simply hand the States a fixed amount of cash with no direction or requirements. I think this would be irresponsible. Welfare is a national concern. That is why we are here today debating reform of the system. It is important that the Federal Government have some control over the funds it disburses.

Mr. President, under the majority's legislation, there is going to be a race to the least. Who can get to give the least the quickest? Who can provide the least amount of benefits? Because who does that is going to win the battle because they are going to have no money to do anything else with.

A favorite criticism of the Democratic Party by some is that we throw money at projects. That is exactly what the Republican block grant does in this legislation. It throws money at the problem. It throws moneys to the States and tells them to deal with the problems without giving them sufficient money. That is, the irresponsibility is compounded by the fact that the money States are going to get in the block grants is significantly insufficient. Many of the Senators on the other side of the aisle who have spoken on behalf of the Dole plan have emphasized that block grants allow the States to decide how and where to spend the money it is given, the logic being that the State knows best where they must focus the money. I do not disagree with the basis of that argument. Individual States should know where their weaknesses lie and what their States need. However, those speaking on behalf of the underlying bill have failed to emphasize that there are Federal requirements States must meet in order for the States to receive these block grant moneys. They are not automatic. States, for example, would be required to double their participation rates. Yet, they will not be given the necessary resources to carry out this work.

The Republican block grant plan is not truly a block grant plan, but an unfunded mandate to the States. One of the first bills we worked on in this Congress, and one of the first we passed—and there was agreement with the Contract With America—is that we should not have unfunded mandates. We agreed with that. Here is an unfunded mandate. In fact, the head of the U.S. Conference of Mayors, which

is bipartisan, called the Republican plan "the mother of all unfunded mandates." This is not something I dreamed up or the Democratic Policy Committee came up with in some cute little phrase. This comes from the U.S. Conference of Mayors, which is a bipartisan group. He called the plan "the mother of all unfunded mandates."

For example, in order for States to meet the new work requirements prescribed in the Republican bill, by the year 2000—fiscal year 2000—the Congressional Budget Office analysis estimates that the States would have to find up to $4.3 billion extra—more than the current State and Federal expenditures—to meet the new child care costs alone. Overall, the unfunded work requirements would result in $35 billion in additional cost to the States over the next 7 years; $35 billion. Everybody within the sound of my voice should understand that this is a lot of money that is going to be picked up by State and local governments. For the State of Nevada, the unfunded mandate will result in costs upwards of $110 million, as we now see it, at least.

Finally, the Congressional Budget Office estimates that a majority of the States will not be able to meet the work requirements included in the bill. In fact, CBO assumes that given the cost and administrative complexities, States would choose to accept a penalty of up to 5 percent of the grant rather than implement the requirements.

My primary concern with the underlying bill and the block grant plan in it is its unfairness and insufficiency. The plan simply shifts the problems of the current welfare program to the States, with limited Federal funding. This plan is inadequate for high-growth States like Nevada. In fact, Nevada may be the best example of how unfair a block grant frozen at fiscal year 1994 will be—frozen for 5 years. Nevada is the fastest-growing State in the country, with the fastest-growing city in the country, Las Vegas. It will not take long for high-growth States like Nevada to run out of money. And then they will be forced, under the terms of this bill, to borrow money from a so-called "emergency loan fund" which this plan provides. The loan is limited to 10 percent of the State's grant, and the State is required to repay the loan, with interest, within 3 years.

Of course, if the State does not have the money to repay the loan, what happens? We know what happens. The costs will be shifted to the State's residents in the form of increased taxes. There is no other alternative. This plan has a very real potential of forcing States into playing a catch-up game that they will never win. This is not my definition or, I think, anyone's definition of State flexibility. It is the definition of State destruction.

To add to this disturbing scenario is the fact that the underlying bill cuts back on welfare funding in order to give $270 billion of tax cuts. The block grant method proposed is particularly harsh on a State like Nevada. Nevada, I repeat, is rapidly growing. From 1993 to 1994, Clark County, NV, which is Las Vegas, grew by 8.2 percent. That is tremendous in 1 year.

This equates to about 75,000 new people coming to Las Vegas in 1 year. Our growth rate is on the rise and shows no sign of slowing. The growth rate in Clark County is expected to increase 23 percent over the next 5 years. We are going to have moneys frozen at the 1994 level for 5 years?

Meanwhile, this block grant under this underlying bill would freeze funding, as I said, at the 1994 fiscal level. As Nevada's population soars, the funding for welfare will remain fixed with no consideration of changing it under conditions of population growth or even inflation. This rationale simply does not make sense and is not fair.

I have been listening to my colleagues on the other side of the aisle speak about giving the States flexibility and that one size does not fit all. Well, I agree. States should have flexibility, but the plan that is now being debated here, that is, the underlying Republican plan, does not allow this flexibility. They provide an insufficient amount of money to the States expecting to fill the requirements tied to that money. This is not flexibility. This is an unfunded mandate. I agree that one size does not fit all. We do not live in a static society. Each State is changing rapidly.

The City of Las Vegas grows 75,000 a year. Why does this Republican plan keep the funding level at the 1994 level for 5 years? Block grants are not fair and they do not make sense.

Some would have us believe that this block grant program is some new idea. We are going to do the right thing, and we have come up with the great idea of block grant. I do not know when block grants first started, but in the Nixon years they had block grants. We tried them in a number of different areas. Most of them we got rid of, for reasons just like I talked about, because block grants are an easy way to do things.

It is like we talked about balancing the budget. It is easy to balance a budget if you use welfare, Social Security moneys, and do not make some of the hard choices we have been forced to make this year with the balanced budget resolutions that now have passed. Those are tough decisions.

Block grants are an easy way, a buck passer for the Federal Government. Bundle up all the problems in a nice little bundle and ship them to the States. That is what we are doing with welfare.

Another primary concern of mine is the so-called child exclusion provisions. Under the majority's plan, States would have the option to deny assistance to unmarried minor parents and their children. States would also be given the option to deny additional assistance to families who give birth to a child while on assistance or who have received assistance any time during a 10-month period.

These provisions directly punish and hurt children for merely being born, over which they of course have no control. The concept behind these provisions seems to be that if women know they will not receive money for additional children, they will not get pregnant.

This simply is not the case. To quote the Senator from New York, Senator MOYNIHAN, "Anyone who thinks that cutting benefits can affect sexual behavior does not know human nature."

The family cap provisions were enacted in New Jersey, I think in about 1992. After a study of mothers who are penalized if they had more children while on welfare, a Rutgers University study recently found there is no reduction of birthrate of welfare mothers attributable to the family cap. Further, last month New Jersey officials announced that the abortion rate among poor women has increased since the passage of their policy.

I do not know the precise cause of this increase, but I think common sense dictates that it could be a result of the message which is sent to poor women under these provisions which is, "Do not get pregnant. But if you do, you better do something about it because you will not get any money to feed that child."

Obviously, many young people will turn to abortion rather than having a child that they will not be able to feed and clothe. Withholding welfare benefits to prevent pregnancy is not the answer to illegitimacy problems.

The Democratic proposal does deal with teenage pregnancy—and we will talk about that a little later—in a firm, concise, and compassionate way.

Furthermore, the family cap provisions are focused on the actions of women. What about the father of these illegitimate children? Should we talk about them at all? Should they be part of this major legislation reform? Of course they should be.

National Public Radio this morning had on its program Prof. Richard Moran of Mount Holyoke College. Now, I ask my learned friend from the State of New York, is this a New York institution, Mount Holyoke?

Mr. MOYNIHAN. Massachusetts.

Mr. REID. Thank you. Professor Moran stated what most believe is simply common sense. He said if we can change the behavior of adult men who father illegitimate children, we could make a substantial dent in the rate of teenage illegitimacy. Instead of trying to limit teen pregnancy by reducing welfare benefits for the girls, public policy, according to Moran, should focus on holding adult males financially responsible for their children.

I think that is pretty sound reasoning. It is common sense and our bill does that.

Professor Moran went on to explain that 25 years ago, two-thirds of expectant teenage mothers married. Today,

less than a third marry. Of course, no one is saying that early marriage is a solution to out-of-wedlock births.

A new national study indicates fully one-half of the fathers of the babies born to mothers are adults. This is not a situation of teenagers having sex. The facts are that these young girls are being impregnated by adult males, and they should be held responsible for their actions. They should pay.

These statistics show that the problem of illegitimacy is not going to be solved in an easy fashion. We must focus on the family and do it in a way that is intelligent.

The Democratic Work First program is called Work First—that is the amendment pending before the body at this time—because that is what it is about. The Democratic Work First welfare plan will change the current welfare system dramatically by replacing the current system with a conditional entitlement program of limited duration requiring all able-bodied recipients to work, guaranteeing child care assistance, and requiring both parents to contribute to the support of their children.

The Work First plan is a plan where assistance is continual. Assistance is time limited. I think it is important that after 2 months we recognize clients who have signed the contract, the Parent Empowerment Contract, are working toward objectives and can continue to receive assistance.

After 2 years, if the individual is not working, States will be required to offer workfare or community service. Again, tough sanctions arise to those who refuse to participate in this welfare program.

The Democratic plan requires work and establishes the Work First employment grants if States focus on work, providing the means and the tools needed to get welfare recipients into jobs and to keep them in the work force. All able-bodied recipients must work.

There are successful programs now. We do not know how successful; they have not been in existence long enough. We have a great program in Riverside, CA. They have sorted clients into two streams. Most programs put everybody in the same stream. What they have done is they sort clients into two streams: one, those that need educational assistance; and those that are job ready.

It is a program we can look to see if it will have long-term benefits. We have a program in Iowa that has received some rave reviews. It is a family investment type program designated to move families off welfare into self-sufficient employment. The State of Oregon has a program. There are a lot of programs that States, if they have resources, which will be given in this bill that we have submitted in the form of an amendment, States can do some type of innovative programs.

Our program does not say, States, you must do it this way. But we are saying people must work and that we are going to give you some financial assistance so that you can accomplish some of these things.

I repeat, States are provided resources for the work requirement. Under our plan, States are given the resources so welfare recipients not only get a job but remain in the work force. See, getting a job is not the key to everything because you have to keep them in the job. States have the flexibility that I have outlined before.

One of the key facets of the Democratic proposal that is not in the Republican proposal is child care. That is, to help recipients keep a job, child care assistance will be made available to all those required to work or prepare for work. There are three current child care programs. They would be consolidated into one program. We have had good work by Senator DODD and Senator HATCH on this in years gone by. I conducted hearings in the State of Nevada on child care and how important it was. I learned firsthand, in hearings I held in Reno and Las Vegas, how critical it is, if we are going to have a successful welfare program, to have some child care components.

We also have to encourage clients to stay in jobs by making employment more attractive than welfare. We have talked about the importance of child care. We also have to talk about the importance of health care. Under our program, an amendment we will vote on tomorrow afternoon at 4 o'clock, Medicaid coverage will be extended by an additional 12 months beyond the current 1-year transition period. It is needed. If you are going to give people incentives to keep working and save the Federal Government money, then they must have the ability to have child care and health care.

Also, we have to make sure the statistics are not phony. Our program counts actual work. As I have indicated earlier, the underlying bill is kind of a moving target because it keeps changing for reasons we have all read about in the newspapers. But we must have a work performance rate that is a real work performance rate.

I have talked about fathers, how they also must be part of the program if we are going to do something about absent parents. The burden has been on women. We have to divert the attention to make it a responsibility of parents, and parents includes the man. That is usually the one who avoids responsibility. Absent parents who are delinquent on child support payments, under our legislation, must choose to enter into a repayment plan with the State, community service, or try jail. That is in our legislation, and I think that it is fair.

Under our legislation, we are going to try to keep families together. Unlike the current system under which women and children receive more assistance if parents are separated or divorced, the Work First plan encourages families to stay together to work their way off welfare. Our plan eliminates the man-in-the-house rule, which prohibits women from receiving benefits if they have a spouse living in the same house who is working full or part time. Let us have this a family friendly welfare package.

We have talked about teen parents. Under our plan the message to teen parents is clear: Stay at home and stay in school. Stay at home and stay in school. No longer will a teenage parent be able to drop out of school and establish a separate household, creating the cycle of dependency that is difficult to break. Custodial parents under the age of 18 would be required to live at home or, if there is some reason because of an abusive situation or whatever other reason that is meritorious that they should not live at home, then there would be an adult-supervised group home where parenting skills would be taught, where there would be employment opportunities available.

I say to my friends, a program like this is not impossible. A few months ago I went to Fallon, NV. Fallon, NV, is about 60 miles from Reno. It used to be an agricultural community and it still is. The largest naval training facility for airplanes in the world is there, Fallon Naval Air Training Center. It is a great facility.

I had been asked to visit a Lutheran Church in Fallon, because it was part of the AmeriCorps project. I went there and met with the priest who had moved to Fallon several years before. He was contacted first by the school across the street from his church, saying we have all these teenage pregnancies, could you help us? He did not know how to help. He said, "I cannot. I do not know what to do." Then he was contacted by the State Welfare Department. Finally, somebody said, "We have this AmeriCorps project. Why do we not make a grant and see if we can get a program to help teenage pregnant girls." They made an application. There is an AmeriCorps project there.

It brings tears to your eyes to go there. Mr. President, there is not a single person now on welfare who has been through this program. It is right across the street from the high school. The pastor, who came there to care for his flock, has now become devoted. His whole church is involved in taking care of these teenage girls who become pregnant. They are being educated. They are getting their high school diplomas. There are people who are working in the program, earning money so they can use the money to go to college. It is a wonderful program.

There are programs we can come up with to help teenage pregnant girls. But these programs require funding.

So I ask everyone to take a close look at our bill. It is a good bill. If this amendment is defeated tomorrow afternoon at 4 o'clock, I hope we will have an opportunity to vote on an amendment dealing with child care and the many other problems involved in

welfare reform, which are not properly addressed by the Dole bill.

The Democratic plan addresses the problem of teenage pregnancy by including grants to States for design and implementation of teen pregnancy prevention programs. I will not go into more detail right now, but it is extremely important.

Paternity establishment is in our bill. We cannot let these men escape their responsibility, as they very often do. Child support enforcement is in our legislation.

Also, I want to talk a little bit about the provision in our legislation dealing with food assistance reform—food stamps—major provisions. We have one strengthening compliance, reducing fraud and abuse. It is an effort to clamp down on the egregious abuses of the program. The Work First Program provides the following:

The Secretary of Agriculture may establish specific authorization periods so that stores have to reapply to continue to accept food stamp coupons and may establish time periods during which stores have their authorization revoked or, having had their application for authorization denied, will be ineligible. Stores may be required to provide written verification of eligibility. The Secretary shall be required to issue regulations allowing the suspension of a store from participation in the program after the store is initially found to have committed violations.

Now they commit violations and, in effect, thumb their noses at the authorities because nobody can stop them from taking food stamps. Our bill changes this.

Stores that are disqualified from the WIC Program shall be disqualified from participation in the Food-Stamp program for the same period of time. Retail stores are disqualified permanently from the Food-Stamp Program for submitting false applications. There are other things that are important to strengthen this provision: enhancing electronic benefit transfer, strengthening requirements, and penalties. There are a number of things that really make this legislation more important.

I want to close by talking about a couple of things, in effect, to set the record straight. People who oppose this amendment charge that the Work First plan is weak on work. This claim comes from the same people who only a short time ago approved and reported a plan out of committee with no participation requirements.

So I say in response to that charge that their plan was not even about workers; it was about shoveling people from one program to another with no emphasis on work, with no emphasis, no work requirement at all, and now they have dropped their participation requirements and instead have adopted our work standards, the standards in this amendment pending before this body. So try to explain to me how the Democrat plan is weak on work when the underlying Dole amendment picks up our plan.

There is also a charge that the Democratic substitute is weak on State innovation. The Democrat Work First plan provides States unprecedented flexibility. The States set benefit levels. States set allowable asset limits. States set income. Disregard policies. States design their own work programs. In fact, there is a lot of similarity here between the Democratic and Republican plans. So why do they charge Work First as being weak on State innovation? It simply is not true.

Another charge: The Democrat plan is weak on savings.

Mr. President, the Democratic Work First plan saves over $20 billion. It is not weak on savings. The Breaux-Mikulski plan saves as much as the Republican plan, or as close. But it also does not include a $23 billion unfunded mandate to the States; that the States are going to rue the day that this underlying legislation passes. They will rue the day. As the Conference of Mayors said, this will be the "mother of all unfunded mandates." The Democratic plan will result in deficit reduction without unfunded mandates to the States.

Let me close by saying, yes, we should change the present way welfare is handled. But we should not throw the baby out with the bathwater. We have to do a better job of being compassionate but also have a bit of wisdom in what we are doing with so-called welfare reform.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER (Mr. DEWINE). The Senator from New York.

Mr. MOYNIHAN. Mr. President, may I first thank the Senator from Nevada for a careful and a thoughtful and, to this Senator, a wholly persuasive argument.

VISIT TO THE SENATE BY SENATOR EDUARDO MATARAZZO SUPLICY OF BRAZIL

Mr. MOYNIHAN. Mr. President, by a happy circumstance, we have a visitor on the floor today, Senator Eduardo Suplicy of the Brazilian Senate, who is the author of legislation in that Senate which will establish a guaranteed national income in Brazil and is now in debate in that assembly. It is a matter that has been discussed on this floor today. So it is very serendipitous indeed.

RECESS

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the Senate might stand in recess for 1 minute in order to welcome our colleague from Brazil, Senator Eduardo Suplicy.

[Applause]

There being no objection, the Senate, at 6:12 p.m., recessed until 6:15 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. DEWINE].

RECESS

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the Senate stand in recess for a period of 20 minutes.

There being no objection, the Senate, at 6:15 p.m., recessed until 6:33 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. DEWINE].

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

Mr. GRASSLEY. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRASSLEY. Mr. President, a recent paper by the Progressive Policy Institute leveled three criticisms at the Republican welfare reform plan. It is to generate short-term budget savings, the first charge leveled; to satisfy GOP Governors' demands for flexibility; and, lastly, to avoid making tough decisions.

Now, obviously, that last statement is most ludicrous that the Progressive Policy Institute leveled against us because we have seen the Federal Government fail on welfare reform. You know, there was a massive effort made in 1988 at the Federal level to move people from welfare to work, to save the taxpayers money. We have seen 3.1 million more people on welfare now than before we passed our so-called welfare reform plan in 1988.

In the meantime, we have seen States like Missouri, my State of Iowa, the States of Wisconsin, Michigan, Massachusetts, New Jersey—and I suppose there are a lot of others that ought to be named—reform welfare in a very ambitious way and in an ambitious way that we have not had the guts or the will to do here in Washington, DC, at the congressional level. And we have seen through State action people move from welfare to work and saving the taxpayers money. In my own State of Iowa we have 2,000 less people on welfare than 3 years ago when we passed the welfare reform plan. We have seen our monthly checks go from an average of $360 down to $340. And we have seen the highest percentage of any State in the Nation of people who are on welfare moving to work, at 35 percent.

So can you believe it, Mr. President, that the Progressive Policy Institute would level a charge that we are trying to avoid making tough decisions when we have failed at tough decisions or we

have not made the tough decisions that should have been made and we have seen States make those tough decisions and be very successful in the process?

Also, that second criticism that is leveled, to satisfy the GOP Governors' demands for flexibility, well, the history of welfare reform proves that when we have given States waivers so that they can do certain welfare reform things that we could not do here, we have seen that flexibility move people from welfare to work and to save the taxpayers money.

So, obviously, it is ludicrous that we would have these sorts of charges leveled against us. But those three criticisms do reveal very key differences between Republican plans for welfare reform and Democratic plans for welfare reform.

One of the things that sets the Republican effort apart from the Democrats is our unwillingness to apologize for our desire to balance the budget by the year 2002. We want to balance the budget because it is the right thing to do. By not having a balanced budget, we are living our lives at the expense of our children and grandchildren. Every child born today already owes $18,000 to the Federal Government, and will pay 80 percent of his or her lifetime income in taxes if we do not balance the budget and do it as soon as we said we were going to do it as well.

Of course, not balancing the budget and passing on the costs to our children and grandchildren—and if one of those were born this very minute, and there are some at this very minute being born, they have $18,000 a year debt before they ever get out of the hospital.

It is immoral, it is irresponsible, and it cannot continue. Republicans acknowledge that and we were elected to do something about it, and so part of the process of balancing the budget is to make sure that there are no sacred cows, to make sure that every program in the budget, every geographical section of the country contributes toward balancing that budget.

So one of those programs that must be affected is the welfare program of the Federal Government, a program that we thought we reformed in 1988, a program that has produced 3.1 million more people on welfare, and that is after increases in welfare had leveled off dramatically during the 1980's.

Some people in this body would say that we have had the dramatic increase in welfare numbers, the 3.1 million I referred to, because we had a recession in 1991 and 1992. But not so, because if you go back to the recessions of 1975 and 1976, which were much deeper than the recession of 1991 and 1992, you will not find dramatic increases in welfare. In fact, you will find a decline in the number of people going on welfare.

But if you study very deeply the reason why we have 3.1 million more people on welfare than we did when we passed the 1988 Welfare Reform Act, it is directly attributable to some of the changes that were made there.

Welfare must be affected then. Welfare reform must come as part of an effort to balance the budget, even though welfare reform is a worthy goal in and of itself, even if we were not trying to balance the budget.

Why is it worthy in and of itself? Because we have had 40 or 50 years of Federal AFDC programs that have encouraged dependency, discouraged independence, ruined the family, besides costing the taxpayers a lot of dollars.

Are we saying that people who have problems that need help to get over a hump in their lives should be disregarded by Government? Not whatsoever. But we are saying that the program of helping people over a bump or a hump in their life, a period where maybe they were destitute and needed some short-term help, we are saying that should not become a way of life, and a program that provides that short-term help should not lead to greater Government dependency and lack of personal responsibility.

So, in the effort to balance the budget, as we acknowledge that, we do not see reducing the budget as the reason for welfare reform, but we see that as a result. If we change welfare from a trap to a trampoline, we will spend less on the program in the long run. If it is a system that springs people to independence and removes generational effects of the current program, it will cost less. That is a result, that is not a reason for welfare reform.

Another difference, after saying that a major difference between the Republican plan and the Democratic plan is that we believe in balancing the budget, but that is a result, that is not a reason for welfare reform, then another difference between our plan and that of our opposition is that we Republicans believe State leaders are more than capable of making good decisions on how to help the needy. We believe that Governors and State legislators and other State leaders, people closer to the grassroots, can create more innovative systems that actually work better to meet the needs of those who need some short-term help over a hump, over a bump in their life. We do not believe that States should have to come, hat in hand on bended knee, to some Federal bureaucrat for permission to try some new idea. That is a very key difference between Republicans and Democrats.

Thank God there have been some waivers given, and maybe that is one good aspect of the 1988 legislation, it did give States some leeway. But can you believe it? My State of Iowa adopted a program, and it was 8 months before the Federal bureaucrats got done playing around with it so we got the approval to move ahead with a program that has 2,000 less people on welfare, reduced the monthly checks from $360 to $340 and has raised from 18 percent to 35 percent the percentage of people on welfare moving to jobs.

Republicans think that States should have the flexibility to create systems that work for each State's population. We do not believe, as Republicans, that you can pour one mold in Washington, DC and out of that mold have a program that attempts with success and with good use of the taxpayers' dollars to handle the welfare problems of New York City the same way that we would in Waterloo, IA or, in the case of the Presiding Officer, Cleveland, OH.

We think that leaders at the local and State level are going to get us more for our taxpayers' dollars, spend less of those dollars and probably move more people to work and have less dependency than what we will if we try to solve this with one uniform program that treats the welfare problems in New York City exactly the same way they are treated in Waterloo, IA.

We Republicans acknowledge that the old one-size-fits-all approach of Washington, DC has been a disaster. It has not worked. It will not work, and Republicans are simply living with reality to want to change it, change it based upon the successes of States who have had more guts to experiment, to try dynamic new approaches to moving people from welfare to work than what we were willing to do at the Federal level.

There is one more thing that I want to point out of this particular criticism, Mr. President. I believe Democrats are failing to realize that the American people have elected 30 Republican Governors. They, obviously, are saying that the Democrats have had their chance at working out these problems and nothing happened. Now Republicans are being given the opportunity, and we are taking it and we are making the most of it.

The President ran on a platform promising to end welfare as we know it. Well, he failed. With a Democratic President in 1993, 1994, with a Democratic President for the first time in 12 years, a President who, in his opening speech to the Congress, reiterated what he said in the 1992 election, that we are going to end welfare as we know it, we never had a proposal. So that administration has failed. That Congress has failed. The people chose the Republicans for a new Congress, and so we are giving the people what we said we would in the last election and what they said they wanted.

Finally, Republicans are making tough decisions. We are admitting that we at the Federal level do not have a lock on ingenuity, or a lock on wisdom, and obviously we do not have a lock on compassion. We are acknowledging that there is creativity, that there is wisdom, and there is concern at the State level. We are humbly accepting that maybe we at the Federal level do not have all of the answers. There is an old saying, Mr. President, which is that insanity is doing the same old things and expecting different results.

Well, that is what the Democrats are doing, I believe, with their welfare reform program. Republicans recognize that by giving up some of our power to the States and the people, we will have

better results both in terms of meeting the needs of low-income families and in terms of our efforts in balancing the budget. The criticisms of the Progressive Policy Institute are, of course, out there in the public with the intention of shaping us into changing our perspective. On the contrary, I think they simply let us know, as the majority party in this new Congress, that we are headed in the right direction by getting the Federal Government basically out of the welfare business, turning it over to the States, for the track record of the States in recent years has been a tremendous success compared to the failure of the last reform out of this Congress which, instead of producing savings, is costing much more. Instead of moving people from welfare to work, we have 3.1 million more people on welfare, a greater dependency on the Government, less personal responsibility, and obviously a great cost to the taxpayers.

That is why I hope this body will ratify the work of the Finance Committee on the welfare reform proposal that came out of that committee. It came out of the committee with some bipartisan support—all of the Republicans and a few of the Democrats—because I think that there is going to be a bipartisan effort on final passage, if we can get there. I believe, quite frankly, that whatever passes this body is going to be signed by the President. I do not think, even if he does not get the welfare reform that he wants—with the public cry for welfare reform and for moving people from welfare to work and saving the taxpayers dollars, and an understanding of that at the grassroots—that this President would dare veto anything that we send.

I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DASCHLE. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Ms. SNOWE). Without objection, it is so ordered.

Mr. DASCHLE. Madam President, I know that the day has almost ended. Prior to the time that it does, I want to have just a few minutes to address one more time the Work First legislation, the pending piece of legislation, and my reasons for believing it ought to be adopted by our colleagues tomorrow.

Before I describe again those reasons and our goals in drafting the legislation, let me reiterate my gratitude to the many Senators who have had much to do with the tremendous effort put forth by our caucus in proposing this legislation. Thirty Members of the Senate have cosponsored this bill, and that, in large measure, is due to the leadership of Senator MIKULSKI, Senator BREAUX, and the remarkable efforts of a number of our colleagues who have had special interests in various pieces of the bill, and were instrumental in bringing us to the point of introducing the bill prior to the August recess.

Let me also express my gratitude to the ranking member of the Finance Committee, Senator MOYNIHAN, for his unparalleled leadership in this area, for all of the work he has done on this issue, for the many years he has provided us guidance, and for the terrific legislative accomplishments we have been addressing as we have debated this bill.

The Family Support Act is really the foundation of our welfare reform system. And, as many have indicated throughout the day, were it not for that, we would not have made the progress that has already been well documented already in this debate.

Madam President, there are four fundamental goals, as I see it, as we look to what we hope to achieve by the enactment of this legislation.

First, we want real welfare reform. Second, we want to recognize that providing people with skills, providing people with new opportunities, and providing people with the wherewithal to get off welfare is really the primary objective of what we are doing. Work is a goal that I hope would unite all Senators, Republican and Democrat, as we attempt to accomplish our goals in this area.

Third, and perhaps equally as important in many respects, we want to protect children. Of the 14 million AFDC recipients in the 5 million families who receive assistance through AFDC, 9 million are young children dependent upon the services and the resources that we provide through the infrastructure that exists today. Protecting children, ensuring that they have the opportunities to become productive adults, and ensuring that they can acquire the skills necessary to break the cycle of dependency if their parents cannot—protecting children ought to be a goal for everybody here, and certainly that is the goal of the Work First plan.

Finally, we recognize that you simply cannot have meaningful welfare reform if you do not provide the funding. It is one thing to set goals. It is one thing to lay out a new infrastructure. It is one thing to assert objectives and to expect the States in some way to respond to all of those objectives and requirements within any new piece of legislation; but if they are not funded properly, we cannot expect any of those goals to be realized. Regardless of how elaborate and how pleased we may be with whatever infrastructure we create, we cannot expect those goals to be meaningfully realized without adequate funding.

We want to ensure that, whatever it is we do, we understand up front how we are going to pay for it. Those are the goals.

We want real reform. We want to emphasize work. We want to protect children. We want to ensure that, as we do those three things, we provide the necessary resources to do so.

Madam President, I want to talk briefly tonight about each of those four goals and what it is we believe is so important and essential as we consider the strategies to achieve those goals. There are four specific strategies we have laid out in the Work First plan that we hope will convince any skeptic we are serious in our strong desire to build upon the things that have worked well, and to replace those things that have not worked as well as we would have hoped.

Part of this effort involves changing the culture of welfare. We need to have people in those welfare offices who are there to provide more than just financial resources, who can be there to provide the kind of opportunities that people want as they walk into a welfare office—people with an expectation that they want more than just money, with an expectation that they want to acquire skills, with an expectation that they want to break the cycle of dependency, with an expectation that they truly can change their lives.

To do that we have to make welfare offices employment offices, recognizing that it is through employment and through opportunities to use acquired skills that people can acquire a dignity and a confidence about their lives that they do not have today. If we are going to do that, indeed, we have to retrain staff and refocus the whole concept of what the welfare office is about. We need to refocus this concept on work, on providing the training and opportunities necessary to make these services meaningful for the people who walk through those doors.

We want to encourage States to consolidate and streamline the welfare infrastructure to ensure that, through a one-stop mechanism, we can do all that is possible with a visit to that particular office so that we do not require people to go from one office to the next to the next to the next in search of help.

We also need to restore some common sense to this process. Common sense would say that yes, a father ought to be part of this process. Yes, we want to welcome the man back into the family. Yes, we recognize that two parents are better than one. Yes, we recognize the current system, in some respects, is penalizing families for staying together. We want to restore common sense to the system.

We want to do all of this, not by boxing up the current system and shipping it to the States, not by simply saying to the States, "You do it with fewer resources, with less real ability for Federal-State partnership. You do it." That is not the solution. That simply is shifting the problem to somebody else.

We really hope we can avoid doing that with whatever course we choose to take during this debate. However we finally achieve our goal of changing the welfare culture, it is certainly our hope

that we simply do not expect the States to do it by themselves.

To accomplish real reform, we have to start by changing the culture of welfare. We also want to redefine it—not just change the culture, we want to redefine it. We want to give it a new meaning, a new understanding, a new definition from that which has existed in the past.

That is why we eliminate the program commonly referred as AFDC. We replace it with what we call temporary employment assistance. That is more than just a name change. Temporary employment assistance is a conditional entitlement. It says to welfare recipients that there is no more unconditional assistance. We will provide assistance subject to your willingness to take responsibility. If you are willing to take responsibility, we are willing to provide you with the tools to enable you to achieve change in your life, to achieve new opportunities for yourself and for your family.

All recipients would be required to sign a parent empowerment contract, which puts into writing this reciprocity in a way that everyone understands, so there is no misinterpretation. It is in black and white. "Yes, I will go find work. Yes, I will acquire the skills. Yes, you will help me do so. You will provide me with opportunities that I do not have today." It is all going to be written out so there is no misunderstanding.

We require all able-bodied recipients to do as much as possible to achieve their goals in work. Even those who are not able-bodied would be required to take some responsibilities, even if they are not working. But there would be an appreciation of the need to take responsibility.

So we do redefine the system. We try to break it out from past practice and clearly define what it is we are trying to do.

Part of what we are trying to do is limit the length of assistance. We say that 5 years ought to be enough. Five years is applicable in just about all cases, but there are some very clear cases where that is inappropriate or not prudent.

Certainly, children who live with someone other than their parent ought to be exempt. Certainly, those who are disabled, or caring for the disabled, need to be exempt. We both agree that mothers with children under the age of 1 ought to be exempt. Women in the third trimester of pregnancy, I believe of all people, ought to be exempt. Those living in high unemployment areas, that is above 8 percent—and there was a good colloquy this afternoon about what that means—should not be thrown into the street. You cannot expect someone to go out there and find a job when there are simply no jobs available.

So we base all of those exemptions, Madam President, on set criteria, and that really is a fundamental difference between our bill and the bill introduced by our Republican colleagues. What the Republicans do is simply exempt a flat 15 percent. It does not matter if any of these categories would take the population in any given area beyond 15 percent. If you are a woman in the third trimester of pregnancy and we have hit the 15 percent threshold, you are out of luck. If you are a child living with someone other than your parent and you need help and you are in an area where 15 percent has already been realized, you are out of luck. I really do not believe my colleagues on the other side want to do that, but that is what the bill says.

So, Madam President, we understand the need to set a lifetime limit in most cases. But we also recognize the necessity of addressing the real needs and concerns and problems of individuals, the practical problems associated with real lives of people who do not fit any neat little box, any neat little description.

We also recognize that you cannot dictate all this from Washington. It does not work. And, as we have seen already with the Family Support Act, providing opportunities for States to become workshops, become prototypes, become environments within which new ideas can be explored, can be very valuable.

Giving States flexibility is absolutely essential, so we allow States to set benefit levels and eligibility and asset rules and income-disregard policies. We recognize we are not going to require a one size fits all, that South Dakota is different from New York and Maine. So we want, as much as possible, to give States latitude, to give States flexibility, to give States the opportunity to experiment. And the Work First plan ensures that States are given that flexibility.

So, Madam President, that is our first goal, to engineer real reform by creating a new infrastructure that allows us to provide assistance in a way that we have not done before. So we began with that.

Then, as I said, our second goal is to give as many people as possible the opportunity to work. We prescribe five strategies to do that by attempting, in part, to reflect the values that many of us had the good fortune to learn early on. We call it Work First because that is really what we want to do. That is what we were all, hopefully, brought up to think—that in order to live our lives fully as American citizens, in order to achieve all that we want to do, we have to take responsibility, and part of taking responsibility means acquiring skills to work in whatever endeavor we may choose. That is part of what it is to become a productive citizen in this country. Whatever luxuries we may enjoy, whatever opportunities we may have, whatever benefits we hope to acquire, in part is dependent upon our ability and our desire to work. Those are not just South Dakota values, as ingrained as they are in most people in my State, but they are values that we find in every State of this country.

So we require recipients to work. The goal is not simply to create jobs that do not exist today. What we want, as much as we can achieve it, is to ensure that we create those opportunities in nonsubsidized, private sector employment. We want people to be employed for the right reasons—not simply to occupy their day, not simply to pay off a Government debt, but truly to become involved in an activity, in a job function for which there is a reward other than the money they receive. So finding private sector employment is our first objective.

So we require an intensive job search for the first 2 months. If no job has been achieved at the end of 6 months, we go to the second option: we require community service. We work with them to develop the kind of job skills and the discipline through community service that may ultimately give them the chance to apply those skills in private sector opportunities later on.

There is a difference, as others have alluded to today, between our bill and the Republican bill in that regard. Our bill requires that this effort take place in 6 months. The Republican plan has no work requirement for 24 months.

But again, Madam President, as I said just a moment ago with regard to our goal of real reform, when it comes to work we also recognize the need to give States flexibility—the flexibility of putting people to work through placement services or vouchers, by creating micro-enterprise or self-employment concepts, by using work supplementation, by implementing a program like the GAIN program in Riverside, CA, the JOBS-Plus Program in Oregon, the Family Investment Program which has worked so well in Iowa—all of those options and many more would be available to any State that would so choose. We do not want to limit them. In fact, we want to expand the short list that I have already provided, giving States the flexibility to put people to work in whatever way they find to be the most appropriate.

I could imagine in South Dakota there would be a lot of rural-related work, a lot of agriculture-related work, perhaps in some cases work having to do with forestry or tourism. But clearly every State would have definitions, different expectations, and certainly different strategies.

We give States bonuses for putting people to work, bonuses for exceeding the work threshold, and bonuses based on job retention, not just placement. It is not enough just to acquire a job. We want to ensure that those people have the opportunity to stay in that job, to go beyond just the first month or 2 months or 3 months. We want to give people careers—not just jobs—careers that give them satisfaction and reward beyond just a check.

Finally, and perhaps this is the most important—certainly our caucus feels that it is the most important— if we

are going to create incentives for work, we have to abolish the disincentives that exist today. And there are two profound disincentives. The one that troubles me the most is to tell a young woman, we want you to work, but you have to leave your children somewhere to do so. We are not going to help you pay for it. We are not going to really make much of an effort to help you find adequate child care. We want you to work, and you have to take care of your children regardless of cost. We do not care if you only net $1 an hour. We want you to work. We cannot accept that.

If we want real reform, then we owe it to those families to do our level best to help them find a way to take care of their children. I do not want to see 10 million children on the streets 10 years from now and everybody asking the question, as the distinguished ranking member said so eloquently in our caucus, "How did it happen?" I do not want to see more broken homes. I do not think any one of us ought to ask the question, How is it so many people today do not have the appropriate upbringing, and we are filling our prisons with people who do not know better, when there is no one at home to teach them right from wrong?

It is no mystery to me why crime is going up, when two people in the same household have to work night and day to make ends meet, and oftentimes, because they cannot afford child care, rationalize that maybe it is OK to leave their children at home unattended day after day, night after night. That is unacceptable.

Today 60 percent of AFDC families are mothers with children under six—over half. And we are going to ask them to go out and get a job and somehow miraculously have an angel appear somewhere to take care of their kids while they do so. We cannot do that.

Child care is critical. It enables people to work. It is an investment in our kids. But the Republican plan has no money for children. There is none in there right now. So I do not know how they expect to cope with that problem, if, indeed, they want to solve the work problem.

As I said, it is great to lay out all these goals, and it is great to set up a new infrastructure that looks wonderful on a chart. But how great is it when you get down to the real issue, when you are going to tell someone they better find a job in a 6-month period of time, but there is no money for your children.

Health and Human Services said that we need an additional $10.7 billion to do it right over a 7-year period of time—$10.7 billion if we are going to do it.

The second issue is health care. I do not blame anybody for not taking a job at a minimum wage in a McDonald's restaurant if all they get is $4.35 an hour and lose the health care their children have access to through Medicaid today. I do not blame them for doing that. I must tell you that if I were in that situation, I would do exactly the same thing. How can we say, "We do not care if your kids get sick; you go out and flip hamburgers, and somehow your kid will get well without health insurance."

Madam President, we are better than that. Those kids deserve better than that. And providing them with transitional Medicaid coverage is just common sense.

So that is how we handle work. Five strategies, five very specific ideas on how we get people out the door, confident that their children are cared for, confident that they have some real opportunities to change their lives.

The third goal is protecting children, and so much of work and protecting children is interrelated. But ensuring that child care and health care and maintaining the safety net we have created for children is essential. If you are going to protect children, child care is a higher goal than simply the money we save, as important as that is, and I do not want to minimize it.

Health and Human Services estimates the Republican plan has a shortfall of over $16 billion in protecting children, $10 billion in child care costs alone. That is the shortfall.

Now, maybe somebody someday can give us a projection on what that savings will ultimately generate in additional costs. How much more will we pay later on for what we have saved today?

Madam President, we have to protect children, so we put an exemption to the time limit for children in our plan. There ought not be any time limit for children. We want to give them all the time they need to grow into productive citizens. We want to provide them with every opportunity for rent, for clothing, for whatever other needs they have because it is not their fault they are in the position of needing assistance. It is not their fault that their parents do not have a job. It is not their fault that they were born into families that may or may not have any real chance of success. But I can tell you this: If we do not care for them, their chance of success is gone.

We recognize as well that teenage pregnancy is something we have to address, so we ask that teen mothers be required to live at home or in some supervised group home. We require that teen parents stay in school so they have the skills they need to succeed in life.

I have had the opportunity on occasion to talk to teen mothers who had no home and who were out there all by themselves, despondent, desperate, rejected. The chance for them is even less than all those who may have had some other opportunity.

This is one area in which there ought not be a lot of State flexibility, in my opinion. I think it is critical that we address the teenage pregnancy problem, given our limited understanding of what is occurring there. No one has all the answers. But we recognize that we have to provide a safety net to the extent that it can be provided. We also recognize that we have a right to expect some responsibility. And it is that balance between a safety net and responsibility that always, in my view, has to be considered as we make our decisions with regard to policy options.

We also have tough child support enforcement provisions. We base our provisions on those proposed by the distinguished Senator from Maine, the Presiding Officer, to improve interstate and intrastate collection.

We require that noncustodian parents take responsibility, pay up, enter into a repayment plan or choose between community service and jail. I am told that the default rate on used cars is 3 percent. The default rate on child support is 50 percent in this country.

We can do better than that, Madam President. And it is going to take tougher enforcement requirements, a realization that we can do a lot more than we have done so far in bringing people to the responsibility that it is going to take to make families families again, to give children the chance to be protected. That ought not just be a Federal or State responsibility; it must be a family and a parental responsibility. And the provisions of the Work First Act allow that to occur.

Finally, as I said, Madam President, our fourth goal is to ensure that we do not have the unfunded mandates, that we all lament here from time to time. And I am deeply concerned—of all the concerns I have, other than child care and the protection for children in the Republican bill, the greatest second concern most of us have with the bill as it is now written is this requirement for States to do so many new things, but the absolute absence of resources to do so.

We are not going to address the root causes of our problems if we simply rhetorically address them in new legislation without providing the resources. And there has to be an understanding of partnership. The Federal Government and the States can work together, local governments can work with the Federal Government, but there has to be a sharing of resources and an acquisition of resources in the first place to make it happen.

The Republican bill increases requirements on the States dramatically, all kinds of new requirements that the States are going to be expected to do—a huge unfunded mandate. As I said, Health and Human Services says over the next 7 years that unfunded mandates will exceed $16 billion. So States are going to be left with one of two options: ignore them or cut benefits and increase taxes to pay for them.

The costs are being shifted to the States and ultimately they will be shifted to localities and to the taxpayers, and in a mishmash of ways to acquire the resources that I think would be very unfortunate. We need to provide a guaranteed funding stream to

make this happen correctly. We do not want the Federal Government to be the biggest deadbeat dad of all. We do not want this bill to be the mother of all unfunded mandates. And yet I fear, Madam President, that is exactly what we are going to do unless we address the concerns that many of us have raised in this debate already. So that is really what we accomplish with this bill: No. 1, real reform; No. 2, an emphasis on work; No. 3, a desire and a mechanism to ensure that we protect children; and No. 4, the assurance that we are not going to create something that nobody wants, a huge new unfunded mandate.

Madam President, I sincerely hope that tomorrow when the vote is taken, this can be a bipartisan vote, that a number of Republicans who care as deeply as any of us do about all that we have addressed tonight will join with us in passing a bill we believe can accomplish all that we want in changing welfare reform and changing the culture of welfare, in creating jobs, in protecting children. We can do that. We can do it tomorrow afternoon. We can do it by voting for the Work First bill.

I yield the floor.

Mr. MOYNIHAN. Bravo.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

MORNING BUSINESS

Mr. GRASSLEY. I ask unanimous consent that there now be a period for the transaction of morning business with Senators permitted to speak up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

REPORT OF THE ACTIVITIES OF THE U.S. GOVERNMENT IN THE UNITED NATIONS DURING CALENDAR YEAR 1994—MESSAGE FROM THE PRESIDENT—PM 77

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Foreign Relations.

To the Congress of the United States:

I am pleased to transmit herewith a report of the activities of the United States Government in the United Nations and its affiliated agencies during the calendar year 1994. The report is required by the United Nations Participation Act (Public Law 264, 79th Congress; 22 U.S.C. 287b).

WILLIAM J. CLINTON.

THE WHITE HOUSE, *September 6, 1995.*

REPORT ON FEDERAL ADVISORY COMMITTEES FOR FISCAL YEAR 1994—MESSAGE FROM THE PRESIDENT—PM 78

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Governmental Affairs.

To the Congress of the United States:

As provided by the Federal Advisory Committee Act, as amended (Public Law 92-463; 5 U.S.C. App. 2, 6(c)), I am submitting my second Annual Report on Federal Advisory Committees covering fiscal year 1994.

This report highlights continuing efforts by my Administration to reduce and manage Federal advisory committees. Since the issuance of Executive Order No. 12838, as one of my first acts as President, we have reduced the overall number of discretionary advisory committees by 335 to achieve a net total of 466 chartered groups by the end of fiscal year 1994. This reflects a net reduction of 42 percent over the 801 discretionary committees in existence at the beginning of my Administration—substantially exceeding the one-third target required by the Executive order.

In addition, agencies have taken steps to enhance their management and oversight of advisory committees to ensure these committees get down to the public's business, complete it, and then go out of business. I am also pleased to report that the total aggregate cost of supporting advisory committees, including the 429 specifically mandated by the Congress, has been reduced by $10.5 million or by over 7 percent.

On October 5, 1994, my Administration instituted a permanent process for conducting an annual comprehensive review of all advisory committees through Office of Management and Budget (OMB) Circular A-135, "Management of Federal Advisory Committees." Under this planning process, agencies are required to review all advisory committees, terminate those no longer necessary, and plan for any future committee needs.

On July 21, 1994, my Administration forwarded for your consideration a proposal to eliminate 31 statutory advisory committees that were no longer necessary. The proposal, introduced by then Chairman Glenn of the Senate Committee on Governmental Affairs as S. 2463, outlined an additional $2.4 million in annual savings possible through the termination of these statutory committees. I urge the Congress to pursue this legislation—adding to it if possible—and to also follow our example by instituting a review process for statutory advisory committees to ensure they are performing a necessary mission and have not outlived their usefulness.

My Administration also supports changes to the Federal Advisory Committee Act to facilitate communications between Federal, State, local, and tribal governments. These changes are needed to support this Administration's efforts to expand the role of these stakeholders in governmental policy deliberations. We believe these actions will help promote better communications and consensus building in a less adversarial environment.

I am also directing the Administrator of General Services to undertake a review of possible actions to more thoroughly involve the Nation's citizens in the development of Federal decisions affecting their lives. This review should focus on the value of citizen involvement as an essential element of our efforts to reinvent Government, as a strategic resource that must be maximized, and as an integral part of our democratic heritage. This effort may result in a legislative proposal to promote citizen participation at all levels of government consistent with the great challenges confronting us.

We continue to stand ready to work with the Congress to assure the appropriate use of advisory committees and to achieve the purposes for which this law was enacted.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *September 6, 1995.*

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. COATS:

S. 1201. To provide for the awarding of grants for demonstration projects for kinship care programs, and for other purposes; to the Committee on Labor and Human Resources.

S. 1202. A bill to provide for a role models academy demonstration program; to the Committee on Labor and Human Resources.

S. 1203. A bill to provide for character development; to the Committee on Labor and Human Resources.

S. 1204. A bill to amend the United States Housing Act of 1937 to increase public housing opportunities for intact families; to the Committee on Banking, Housing, and Urban Affairs.

S. 1205. A bill to provide for the establishment of a mentor school program, and for other purposes; to the Committee on Labor and Human Resources.

S. 1206. A bill to amend the internal Revenue Code of 1986 to allow a refundable tax credit for adoption expenses and to exclude from gross income employee and military adoption assistance benefits and withdrawals from IRAs for certain adoption expenses, and to amend title 5, United States Code, to exclude from gross income employee and military adoption assistance benefits and withdrawals for IRAs for certain adoption expenses, and for other purposes; to the Committee on Finance.

S. 1207. A bill to amend part B of title IV of the Social Security Act to provide for a set-aside of funds for States that have enacted certain divorce laws, to amend the Legal Services Corporation Act to prohibit the use of funds made available under the Act to provide legal assistance in certain proceedings relating to divorces and legal separations, and for other purposes; to the Committee on Finance.

S. 1208. A bill to amend the Internal Revenue Code of 1986 to allow an additional earned income tax credit for married individuals and to prevent fraud and abuse involving the earned income tax credit, and for other purposes; to the Committee on Finance.

FAMILY SELF-SUFFICIENCY ACT

The PRESIDING OFFICER. Under the previous order, the hour of 10:30 a.m. having arrived, the Senate will now resume consideration of H.R. 4, which the clerk will report.

The legislative clerk read as follows:

A bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence.

The Senate resumed consideration of the bill.

Pending:

Dole modified amendment No. 2280, of a perfecting nature.

Daschle modified amendment No. 2282 (to Amendment No. 2280), in the nature of a substitute.

The PRESIDING OFFICER. Under the previous order, the time until 3:30 p.m. shall be equally divided between the managers.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. MOYNIHAN. Mr. President, it has been understood with my friend.

the distinguished chairman of the Committee on Finance, that time is equally divided, and that should there be no speaker seeking recognition, we will suggest the absence of a quorum and the time will be charged equally to each side.

Mr. PACKWOOD. That has been agreed upon.

Mr. MOYNIHAN. I thank my friend.

Mr. President, in auspicious timing, the Washington Post has a splendid editorial this morning entitled "Welfare: Two Kinds of Compromise."

It speaks of the compromise that was notably on display when Congress, the Nation's Governors, and President Reagan worked out some of the better provisions of the Family Support Act in 1988, aimed at reforming welfare.

The parties all agreed on the sensible principles that the Federal Government should help the poor and that the existing welfare program was not doing enough to move people into jobs. The resulting bill was far from perfect and was not adequately financed—that's why welfare reform is still very much a live issue—but it did result in some successes that could be built upon with a new round of reform.

Mr. President, some time later in our debate, I will offer the Family Support Act of 1995, which builds on the 1988 legislation, which passed out of this Chamber 96 to 1. I recall that there was great bipartisan harmony in the Rose Garden when President Reagan signed it.

In the Committee on Finance, I offered the Family Support Act of 1995, and it failed to pass, by 12 votes to 8, which is scarcely an overwhelming rejection. It was a party-line vote, I am sorry to say. Seven years ago it was very different. But we will have an opportunity to discuss it.

I ask unanimous consent, as we begin this morning, to have this editorial printed in the RECORD.

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

[From the Washington Post, Sept. 7, 1995]

WELFARE: TWO KINDS OF COMPROMISE

There are different kinds of political compromise. The best kind happens when the contending parties find that substantive agreement can be reached without a compromise of principles. This sort of accord was notably on display when Congress, the nation's governors and President Reagan worked out some of the better provisions of the Family Support Act in 1988, aimed at reforming welfare. The parties all agreed on the sensible principles that the federal government should help the poor and that the existing welfare program was not doing enough to move people into jobs. The resulting bill was far from perfect and was not adequately financed—that's why welfare reform is still very much a live issue—but it did result in some successes that could be built upon with a new round of reform.

But there is a less honorable tradition of compromise involving not a quest for consensus but the artful manipulation of labels and slogans. It is this kind of compromise that is most to be feared as Congress approaches the welfare issue. The debate now seems hopelessly entangled in the rivalry between Senate Majority Leader Bob Dole and Sen. Phil Gramm for the Republican presidential nomination. That was clear when Mr. Dole gave a speech the other day in Chicago promising to fight "for revolutionary change vote by vote and bill by bill," and Mr. Gramm responded rapid-fire at a Washington news conference. "I see Sen. Dole moving to the right in speeches every day," Mr. Gramm said. "I don't see it reflected in what he's doing in the United States Senate."

This is a bad context in which to legislate on a problem such as welfare, where the tough issues will not be solved by a resort to doctrine or slogans. Take a particularly hard question: If welfare is turned into a block grant, should states, in exchange for receiving something close to their current levels of federal aid, be required to maintain something like their current level of spending on the poor. Those spending levels, after all, got them their current allotments of aid in the first place. A small group of Senate Republicans who are trying to prevent Mr. Dole from reacting to Mr. Gramm by doing anything he wants, rightly see this as a central issue. But it's easy to include a provision in a bill labeled "maintenance of effort," as Mr. Dole effectively has, and make it essentially meaningless, as Mr. Dole also effectively has, by allowing states to count all sorts of extraneous expenditures as meeting this "maintenance of effort" requirement and having the requirement expire in a couple of years. The provision would give Mr. Dole cover with his party's moderates without really giving them much of substance. It's fake compromise. Much more of that sort of thing could become the rule in the coming weeks.

Mr. Gramm can make welfare a centerpiece of his campaign against Mr. Dole if he wants to. But the rest of the Senate, not to mention President Clinton, does not need to be complicit in turning a momentous piece of legislation over to the politics of sound bites. Far better no welfare bill than the kind likely to be created in this atmosphere.

Mr. MOYNIHAN. I see my distinguished friend, the Senator from North Dakota, on the floor, and I am happy to yield him 20 minutes if that will be sufficient for his purposes.

The PRESIDING OFFICER. The Chair recognizes the Senator from North Dakota.

Mr. DORGAN. I thank the Senator from New York for yielding me the time to discuss the Daschle amendment on welfare reform.

A friend of mine the other day described a circumstance in his small rural hometown. There was a Lutheran minister who did not make very much money ministering to a very small congregation, being paid a very small salary. And because a minister in a small town is paid very little, his wife gave piano lessons in order to make a few dollars to try to make ends meet for him and his wife. These folks were the parents of the friend of mine who was referring them to me. He said they lived in a very meager house provided by the church and lived on a very meager income all of their lives. They contributed to their community by ministering at the church and by his wife giving piano lessons and teaching Sunday school.

At the other end of the block, there was a wonderful family, as well. This family started a business, worked very hard, made an enormous amount of money and were very successful. They were well liked and also contributed much to the community.

The two families had taken different routes. One chose ministering in a small rural church where they were never to earn any significant amount of money and always lived near subsistence. The other chose to pursue an occupation that would lead them to accumulate a substantial amount of assets. Both were good families and both contributed to their community.

My friend said, "I wonder if my parents contributed less to their community than the folks down the block who made a substantial amount of money." I think not. I think they made at least as great a contribution. But they ended up with nothing.

I use that story to illustrate that, for some in this country these days, being poor is out of fashion. If you are poor, somehow you just did not make it in America and you chose not to spend all of your time trying to maximize your income. So you end up in circumstances, after age 70 and after having ministered for 40 years in a rural church, where you have nothing. And maybe you end up needing some help from someone. But that is not disgraceful. It was because you chose to contribute in other ways during your lifetime and chose not to spend 50 years trying to maximize your income.

The question is, did the minister and his family contribute less to our country? No, they did not. They found themselves in circumstances of some difficulty—without income, without resources, without assets. There are a lot of good people in our country just like them.

The people I just described are atypical. The more likely and typical person in need in this country, with respect to welfare, is a young woman in poverty—an increasingly feminine picture these days—who is raising children in a household without two parents present.

One morning at about 6 a.m., I went down to a homeless shelter here in Washington, DC, and sat there for a couple of hours talking to the people who were there. I have told my colleagues on one previous occasion about my visit at the shelter with a 23-year-old young woman, whom I believe, had three children, whose husband had left her, who had no skills, no high school education, no job, and no place to live.

She and her children, after having spent the night in a temporary shelter, as they did every night, were then put on buses in order to be at this feeding center at 6 a.m.

I sat and visited with this young woman, and I discovered with her, as with virtually everyone else on welfare with whom I have ever visited, that what she wanted most in life was a good job. She was not asking me, can you give me a bigger welfare check? Can you find a way to extend your hand with more money, more benefits, more help? That is not what she was asking.

I was asking her what would she really like if this morning she could wave a wand and change her life? Her response was that she desperately wanted to have a job that paid her a sufficient income so that she could save money for a first month's down payment to rent an apartment where she could live with her children. She said to me, I want a place to live. I know in order to get a place to live, I need to get a job. In order to get a job, I have to have some skills. I do look for work almost every day and I do get work. And the minute I get work—it is occasionally frying a hamburger at some franchise place and always at the minimum wage—I lose my health care benefits for my children. The moment I try to save $10 or $20 for the first month's rent on an apartment so I could get rid of this homeless condition for me and my children and find a place to live, the minute I save $10 or $20, I lose my AFDC payment or it is reduced by the same amount.

And as I drove back to the office here on Capitol Hill the morning after I visited with her, I thought to myself, I am pretty well educated. I have a couple of college degrees. I have done pretty well. And I wondered how could I think my way through this problem if I were in this young woman's situation? What kind of a solution allows her to get off this treadmill, the treadmill of poverty, helplessness, hopelessness?

I honestly, putting myself in her position, could not really think my way out of her problem. She cannot get a job because she does not have the skills. She cannot save money for a down payment on rent because she does not have a job. If she gets a job and starts saving money, she loses AFDC payments for her kids. It is an endless circle of trouble for someone who is literally trapped in a cycle of poverty from which they cannot recover.

Now, I mention that story because in order to talk about welfare reform, you have to talk about two truths. One is often used by those of us in public office, regrettably, to talk about welfare. That is, the stereotypical notion of who is a welfare recipient. It is some bloated, overweight, lazy, slovenly, indolent, good-for-nothing person laying in a Lazy Boy recliner with a quart of beer in one hand and a Jack Daniels in another hand, with his hand on the television changer watching a 27-inch color television set and unwilling to get up and get out and get a job and go to work, munching nachos all day long watching Oprah, Geraldo, and Montel. That is the notion of the stereotypical welfare recipient.

I suppose that happens. There is, I suppose, a small element among welfare recipients who are inherently lazy, unmotivated, unwilling to work, and have become institutionalized in the welfare system. This small element believes he or she can go on welfare and live on it forever, even if they are able bodied. That does happen. It should not happen. It is a minority of the people on welfare. We must eliminate those people for whom welfare has become an institutionalized way of life. We can and will stop these abusers of the system.

The welfare bill that we have offered—Senator DASCHLE, Senator MOYNIHAN, myself, and others—is a bill that says to those folks, if you believe that in this country you can live on welfare as a routine matter and you are able bodied, then you are wrong.

Welfare is temporary assistance. We are willing to give it, we believe we must give it. But welfare is temporary and it is conditional. Our bill says we will offer a temporary hand if you are down and out. But you have a responsibility to take hold of that hand and get out of poverty by getting training to help you get a job. Our plan is intended to move people off the welfare rolls and on to payrolls. That is what our bill says. That is what we say to those folks.

The abuser—the able bodied who are lazy, is a minority in the welfare system. The bulk of the welfare recipients are represented by the woman I discussed earlier—the young woman living in poverty, a 23-year-old unskilled woman with three children to raise, and not the means with which to do it. She represents the bulk of the welfare recipients.

The question is, What do we do about it?

Let me give a couple of other facts. It is also a stereotypical notion of welfare that we have a lot of people in this country who are simply producing large numbers of children in order to get more welfare benefits. It probably does happen, but it is not typical.

The average size of the welfare family in America is nearly identical to the average size of the American family. Let me say that again because it is important. In public debate we all too often use stereotypes, and the stereotype is the notion that there is someone out there having 16 babies because producing babies allows them to get a lot of welfare. The average size of the welfare family is nearly identical to the average size of the average family in our country.

We spend about 1 percent of the Federal budget on welfare. A substantial amount of money is spent in many ways in our country, but we spend only about 1 percent of the Federal budget.

My interest in this issue has to do with two things. First, I would like to engage with people from as far right on the political spectrum as Pat Buchanan and people all the way to the far left and say we all agree on one thing: welfare is temporary. Welfare should not become institutionalized for people who are able bodied and believe they ought to live off of the rest of the taxpayers for the rest of their lives. The temporary nature of welfare assistance is embodied in the Daschle bill.

Second, and more important to me, is an understanding of our obligation to America's children. Tens of millions of America's children are growing up in circumstances of poverty. They were born in circumstances of poverty not because they chose to, not because they decided that is what they wanted for their lives, but because of a circumstance of birth.

Two-thirds of the people on welfare in America are kids under 16 years of age. No one, no matter how thoughtless they may be in public debate, would say, I hope, to a 4-, 6-, or 8-year-old child we say: "You do not matter. Your hunger does not count. Your clothing needs are irrelevant."

I have spent a lot of time working on hunger issues as a Member of Congress and have told my colleagues before about a young man who made an indelible impression with me. I will never forget it. A man named David Bright from New York City, who also lived in a homeless shelter, described to us on the Hunger Committee when I served in the House, his life in the shelter with rats and with danger and so on. He said that no 10-year-old boy like me should have to put his head down on his desk at school in the afternoon because it hurts to be hungry. This from a 10-year-old boy telling us in Congress about stomachs that hurt because they did not have enough to eat.

This welfare bill care about our kids in this country. We must decide, whatever else we do about welfare, to take care of America's children in the right way—to give them hope, opportunity and, yes, nutrition, education, and shelter.

Now, when I talk about children, there is one inescapable fact that the Senator from New York has talked about at great length that has to be addressed in the context of welfare reform. And that is the epidemic of teenage pregnancies in this country.

There will be roughly 4 million babies born this year in America—roughly. Over 1 million of those babies will be born in circumstances where two parents will not be present at the birth. 900,000 of children born this year will never in their lifetime learn the identity of their father. Think of the circumstances of that, what it means to a society. Nearly 1 million babies born this year will never in their lifetime learn the identity of their father.

The Democratic alternative we are considering today addresses the issue of teenage pregnancy and the epidemic that is occurring in this country. We address the circumstances where children are growing up in homes where the parents are children themselves, and they have no information or experience to do adequate parenting.

What we do in the Daschle amendment is that we want a national crusade against teenage pregnancy; we say that teenage pregnancy is not something that is acceptable to this country. It is not something we should promote or encourage; it is something we should discourage. People should have

children only when they are able to care for them.

What this amendment says to a child who is going to have a child, a 16- or 17-year-old child who is going to have a baby—which is happening all too often in this country—is you are not going to be able to live in a separate residence if that happens. You are not going to be able to leave school and get public assistance. We say there are going to be conditions for receiving assistance. Every teenage mother who has a baby out of wedlock has to understand this. If you do not stay in school, you will lose all benefits—nothing. Benefits are terminated. And you are not going to be able to collect money to set up a separate living arrangement for yourself and your baby.

Our proposal establishes some adult-supervised living homes, where teenage mothers will have to live in supervised circumstances and stay in school as a condition for receiving benefits. We are saying this matters in our country. There is teenage pregnancy epidemic that this country must deal with. It is also an epidemic that eats up a substantial amount of our welfare benefits to respond to it. Our proposal says we can and should do something about it.

As I indicated, the Senator from New York has done an enormous amount of work on this issue. I commend him for it. He was the impetus in our Democratic caucus for saying: This is wrong. This is going to hurt our country. This is going to disintegrate our society unless we address it in the right way.

This amendment, the Daschle initiative, addresses teenage pregnancy, in my judgment, in a very significant way. I am very proud to say this is the right way to do it. It is the right way to go about it.

We also say something else. We say to a young woman who has a child out of wedlock, "If you are going to get benefits, you have a responsibility to help us identify who the father is. You have that responsibility. If you do not do that, you do not get benefits." We are going to find out who the father is, and we are going to go after deadbeat dads.

Deadbeat dads have a responsibility to help provide for those children. Not just taxpayers, but the people who fathered those children have a responsibility to provide some resources to help those children. They each have a responsibility to be a parent. But in the event they will not do that, we are going to make sure that they own up to the responsibility of providing resources for those children.

Our bill is tough on absent parents who are delinquent in child support. Our bill is tough on this issue. When a child is born out of wedlock and when a mother says "I now want benefits," we insist that mother help us identify the father, and that father help pay for and contribute to the well-being of that child.

I would like to mention two other points about this legislation. I have not done this in any necessary order. I guess I could have prioritized this welfare discussion a bit more, but I wanted to talk about a couple of component parts of it that are important to me.

First, there is an assumption that if we reform the welfare system, there will be enormous savings. Savings of $100 billion over 7 years, as I believe was estimated in the budget resolution, are not going to happen. The fact is, if we do what is necessary to reform the welfare system, to make it really work, we are not going to save money in the next 7 years. But we can build a better country and make people more responsible and give people opportunity and get people off the welfare rolls and onto payrolls.

The woman in the homeless shelter that I talked about earlier is the reason we are not going to save money. In order for her to work and get a job, she has two requirements. She has to get some training to get a good job. And then, in order to work at the job, she has to have some child care. If she does not get the training, she will not get the job. And if she does not have child care, she cannot work. Then, when those two requirements are met, one other element has to be present. If the job that person gets does not provide health care, then we have to have some Medicaid transition benefits as well.

If we do not do those three things, welfare reform will fail. All three things cost money in the short term. In the long term, they will save money. But there is no way on God's green Earth to believe someone who says, if we reform this welfare system—and we should and we will—and do it the right way, that we will save $100 billion in the next 7 years. We can put the country on the right track. We can do the right thing. We can end dependency on welfare by able-bodied people, but we will not save $100 billion and it is time for everyone in this Chamber to understand that.

The second point I would like to make about the financing of welfare is the notion embodied in the Republican proposal, that we can solve this problem quickly and easily if only we simply aggregate all of this money into a block grant and ship it off somewhere and thereby create some nirvana by which the welfare problem is solved.

By and large, block grants are blockheaded. They will, in my judgment, if used routinely and repeatedly, as some have suggested, on virtually every issue coming before the Congress, result in the most egregious abuse and waste of the taxpayers' money we will have ever seen.

Do you want to describe how to promote waste in Government? I will tell you how. You have one level of Government raise the money and then send it to somebody else and say, "You spend it. No strings attached. We will not watch." If you want to promote irresponsible, reckless, wasteful, wild, abusive spending, I guarantee you this blockheaded approach to block grants is the quickest and most effective way to do it.

So, those who come to us with these simple little placebos, who say take this and you can believe it is medicine, whether it is block grants or $100 billion savings, it is pretty unimpressive to me.

What we Democrats have done is put together an alternative. It is an alternative that says welfare cannot be permanent. Welfare is going to be temporary. Welfare is not unconditional. Welfare is going to be conditional. You need help? We are going to give you some help. But you have a responsibility in accepting that help. It is your responsibility to step up and out and off of the welfare system and become a productive member of our society on a payroll somewhere.

The second element of our alternative piece of legislation that is critically important is that we say we are going to protect America's children. Yes, we are going to reform the welfare system, but we are going to do it the right way, with the right incentives that require responsibility for oneself. That is the foundation of our approach. But, at the same time, we are also going to protect America's children. Our plan leaves no questions unanswered about whether America's children will be protected.

That is why I am delighted to be here to support the Daschle initiative. I was part of a large group of people who helped construct it. I was not the major architect. I know the Senator from New York and others support it as well.

I have taken slightly more time than I intended, but I appreciate the generosity of the Senator from New York.

I yield the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from New York.

Mr. MOYNIHAN. Mr. President, may I thank the Senator from North Dakota, Senator DORGAN, for beginning today's debate, today's critical debate, in an open, thoughtful, fair-minded manner.

Could I comment on just one particular point? The Senator raised the question of the children born out of wedlock, and he is quite right. In 1992, 1,224,876 children were born out of wedlock—in some census tracts, 80 percent of all children born. Happily, North Dakota has been spared—or spared itself. This is something altogether new to our experience.

And 30 years ago, you could not have discussed it on the Senate floor. There is a maturity coming to our debates. This was a subject—the ratio, in 1992, reached 30.1 percent. It is probably almost 33 now. It has gone up every year since 1970.

In 1970, it was 10.6 percent. So it has tripled, the ratio, and the number of children have tripled.

We could not talk about this. We were not sure it was happening. Was it

an aberration, just the weather, something like that? There used to be theories that when there would be blackouts there would be more children conceived. That turned out not to be so.

We have a social crisis of a new order—not a recession, not a drought, not a collapse of farm prices, nor an increase in mortgages, the things that have come with some periodicity and consequence to us, and which we have learned to understand pretty much and manage. We have never had this before, and we have never talked about it before; not in the calm, thoughtful way the Senator from North Dakota has done.

I want to thank him most sincerely for setting a tone which I think and I hope will continue throughout this debate.

Mr. President, I look to my friend on the Republican side. Does he wish to speak?

Mr. PACKWOOD. I do.

Mr. MOYNIHAN. If I may observe, the Senator from Florida is here.

Mr. PACKWOOD. I apologize. I can wait. I am going to be on the floor.

The Senator may go right ahead.

Mr. MOYNIHAN. I yield to the distinguished Senator from Florida 15 minutes.

The PRESIDING OFFICER (Mr. CAMPBELL). The Senator from Florida is recognized to speak for 15 minutes.

Mr. GRAHAM. Thank you very much, Mr. President and my distinguished colleagues. I appreciate the courtesy.

I want to talk some about the structure of the welfare reform proposal that is before us and some concerns I have as to whether we are building a foundation on reality with steel and concrete, or a foundation of sand based on theory, hope, and avoidance of responsibility.

I am going to be talking from basically two sources. First, I will talk from some statistics that are generic and analytical of the legislation before us. I will also be talking from some anecdotes which are personal and specific.

For the last 21 years, I have had a practice of taking an occasional job in a different area of interest within my State. In July, I took a job with one of the two welfare-to-work programs in Florida, this one in Pensacola. This is a program which is very similar to the objectives of both the underlying bill and the amendment that is before us. It is mandatory; that is, participation is required. It has the goal of placing a high percentage of those persons who are currently on welfare into employment. It is exploring what are the pragmatic requirements of accomplishing that objective, and it is doing so in the community of Pensacola, which is very representative of the kind of communities across America in which this type of program will be applied.

I am going to be using some of the information and observations from that experience also as the basis of my comments on the plan which is before us today.

Mr. President, I strongly support a serious effort to move people from the dependency of welfare to the independence of and self-sufficiency through employment. That is a fundamentally important objective.

As we start this, I want us to understand almost the moral dimension of what we are doing, and I will place that in the context of eight women with whom I spent a considerable amount of time in Pensacola who are part of this process of making the transition.

Just to describe these eight women, they were six white and two African American women. They were somewhat older than I had anticipated. The youngest was in the early twenties, up to the early forties. All of them had two or more children. Three of the eight women had a child with a serious medical disability. I was initially surprised that there would be that high an incidence of medical disability. But on reflection, given the fact that these women typically had no or very limited prenatal care with their children and had limited access to primary care since their children were born, it is not surprising that there would be that incidence of medical disability.

These are women who are very committed to a better life for their children through the achievement of independence for themselves. Many of these women have limited educational backgrounds and, therefore, the kind of job training in which they are now engaged in Pensacola, the Welfare to Work program, is difficult for them. But they are making a maximum effort to be successful.

In the course of attending one of the programs in which they are learning some of the basic skills that will be necessary, one of the women broke down and cried. She said: "This is so difficult for me, but I understand the importance of this opportunity that I am being given and, if I do not succeed, not only will this likely be my last chance but it will fundamentally change the future for my children. I want to succeed."

Our moral responsibility as a society, Mr. President, is we are telling these women that you have 2, maybe 3 years to be successful in preparing yourself and securing employment, and securing employment at a level that will allow you to support your children. We are making a commitment to them that not only are we going to provide them with what would be required to do so, but there will be a job there that they can secure upon the completion of their preparation. And the consequences of their failing to get that job is that they and their children will have the level of support that they are currently receiving terminated or substantially altered and reduced.

So there is a commitment on both sides. And it is from that point that I would like to draw some observations about the underlying bill which is before us today, because I believe it is based on some unrealistic assessments of the world in which this proposal will actually operate and creates the potential of some serious unfairness and a violation of that moral commitment that we are making to these Americans.

First, I believe that the goal of the welfare plan, which is to have 25 percent of the current welfare beneficiaries employed in year 1 of this plan and 50 percent employed in year 5, is unrealistic.

In year 1, the definition of reaching that 25 percent is a month-by-month evaluation of how many persons who were on welfare had been moved into a work position. And if at the end of the first 12 months of the fiscal year, you do not have an average of 25 percent, then your State is subject to sanctions. I believe it is going to be virtually if not absolutely impossible to reach that 25 percent goal. There is a necessary startup period in terms of developing the job placement programs, the job training programs, and the support services such as transportation, as well as securing child care for the young dependents of these women, which makes reaching the goal of a 25-percent objective in year 1 highly unlikely.

Equally as difficult will be to reach the 50-percent level in year 5. That is in large part because of whether the jobs are going to actually be available. Pensacola, FL, happens to be an area that has a relatively growing economy, an economy which is creating a substantial number of jobs. But even there the administrators of the program stated that it will be very difficult to reach a 50 percent placement level within a 5-year period. That would be true because of the competition for those jobs from all the other people in the community who will be seeking that employment—the issue of will there be jobs that will be not just at the barest minimum wage but at a level high enough or at least offering a sufficient potential to raise a sufficient amount of money to be able to support a family of a single mother and two children, which is the typical family in Pensacola.

There are 6,600 welfare families in Pensacola, so the goal is to place 3,300 of those in work by the year 2000. That will be a challenge for Pensacola. But, Mr. President, let us put that in the context of another American city, a substantially larger city, and that is Philadelphia. Philadelphia has not 6,600 people on welfare; it has 500,000 people who are receiving some form of public assistance.

In Philadelphia, using the statistics provided by DRI McGraw-Hill on U.S. Market Review, in 1994 there were 2,149,000 jobs in Philadelphia. In the last year of their survey, which is 1997, the projection is there will be 2,206,000 jobs in the Philadelphia area, or an increase of approximately 47,000 jobs over that period from 1994 to 1997. We do not have the statistics to the year 2000, but assuming that that rate of increase

continues, we could expect maybe another 20,000 or 30,000 jobs to the year 2000, so well under a 100,000-job growth and yet we are saying that by the year 2000, half of this population of 500,000 people is supposed to be placed in jobs in Philadelphia.

How is that going to happen? I think we have a level of unreality in terms of the scale of the population that we are saying has to be trained and placed and their children supported and the number of jobs which are going to be created, particularly in those areas of the country that are not experiencing the kind of robust economic growth that a community such as Pensacola, FL, has experienced.

My first point is that I think we have a statistical unreality in terms of what we are saying has to happen and what, in fact, is likely to occur. And for that reason, independent groups such as the Congressional Budget Office and the General Accounting Office that have looked at this plan, have stated that 44 out of the 50 States will not be able to meet the expectations of this legislation—that 44 out of the 50 States are going to fall into the category of those that are nonperformers and therefore subject to a 5-percent penalty.

I would suggest that these numbers are so unrealistic in terms of the kind of commitments that we are prepared to make that the 5 percent penalty will be accepted as a fact of life for many States and that any serious effort to meet these unrealistic goals is likely to be abandoned.

It is interesting to me the difference in which we are treating those programs that we are about to ship off to the States and say, "You run them," such as welfare reform and Medicaid, where we are setting these theoretical goals, and then essentially abandoning any effort to do those things that will be necessary to make those goals attainable, and how we are treating the one big program we are responsible for running and that at least as of today no one has suggested be sent to the States to run, which is Medicare. There we are saying that Medicare has to be treated above politics; that we have to be very, very careful it is structured properly because we know we are going to be held responsible for how that one is administered.

With welfare and Medicaid, we essentially are saying we can abandon all responsibilities for the pragmatic implementation. That is going to be somebody else's responsibility.

A second level of unreality is in the funding levels and specifically in the area of unfunded mandates to the States. It is interesting, when we came here back in January with a very expansive and aggressive agenda of domestic issues, which issue received primacy, which received that special recognition of being Senate bill No. 1. Well, that honor was assigned to the legislation that dealt with reducing unfunded mandates, that as our No. 1 domestic objective we were going to cease the process of having the Federal Government meet its responsibilities by telling somebody else, generally a State or local government, what to do and requiring them to use their resources in order to achieve that national objective.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. MOYNIHAN. Can the Senator use another 5 minutes? We want to be fair to all Senators.

Mr. GRAHAM. If I could.

Mr. MOYNIHAN. I would be happy to do it. I am listening to what he has to say.

Mr. GRAHAM. The reality is that this bill which we are about to pass will be the grandfather of all unfunded mandates. We are going to be imposing significant new responsibilities on the States, without the resources to fund those responsibilities, and that as we impose that grandfather of all unfunded mandates, we are going to be creating a whole series of stepchildren as its consequence.

Let me just use the example of my State, a family of three typically, and in the case of all eight of the women I mentioned earlier, this is the case, a single mother with two children. The State of Florida provides $303 a month in economic support, cash assistance to that mother and two children. That $303 is roughly half Federal money and half State money. Under this proposal, it is going to take 75 percent of the Federal money that we have been providing for the support of that family of three in order to pay for the job training and related support activities and the child care of that mother and her family while she is preparing to work. There is no proposal to act to fund those additional activities.

In fact, the level of funding at the Federal level will be declining over the period of this program. So instead of that family having $303, it will see that reduced to approximately $185 a month which will be available for economic support because the remainder of the money, approximately $135, will be used to pay for these other mandated services. So we are saying that this family, which has been living on $303 a month, is now going to have to start living on $180 a month while the remainder of the money is used to prepare the mother for a future job and to provide child care for her dependent children.

Mr. President, I think that is an unrealistic economic scenario. And it becomes even more draconian since we are no longer going to be requiring States, at least after 2 years, and even in a very soft way during the first 2 years, to provide any continuing match. So potentially not $85. If the State of Florida were to decide to abandon its local match and not provide any State funds, we could have this family living on $35 a month, just that portion of the Federal money that is left over after you have met your mandates. I think that is highly unrealistic and would defeat not only the goal of moving people from welfare to work, but would also undermine our basic American humanitarian and compassionate sense of responsibility to all of our citizens.

And finally, the reality of this proposal is in the extreme disparities that will exist from State to State under this plan. I mention unfunded mandates. In the case of Florida, about 75 percent of our Federal funds would be required to meet the unfunded mandates. We are better off than Mississippi, where it will take 88 percent of Mississippi's Federal money to meet their unfunded mandates, which compares to the District of Columbia, that can meet their unfunded mandates with only 46 percent of the Federal money.

Why is there such a great disparity? Because we start off with a tremendous disparity in how much Federal money per child is available under the proposal that has been submitted by the majority leader. A stark difference is right within a mile of where we stand. A poor child in the District of Columbia will get three times as much money under this proposal of the majority leader as will a poor child across the Potomac River in Virginia.

I think that is not only indefensible and unfair, but undermines the basic credibility of this proposal as a means of moving people from welfare to work.

So, Mr. President, in those areas, I think we have a house that is being built on a foundation of sand.

Mr. President, we need to guard against passing legislation which has rhetorical mandates and aspirations, but without the practical understanding of what it would mean in the lives of people and, therefore, virtually assuring that we will have a failure of accomplishing our objectives and will have more decades of exactly the kind of welfare issue, exactly the kind of continuing dependence that we are trying to ameliorate through this effort.

Mr. President, I urge the adoption of the more pragmatic amendment which has been offered by Senator DASCHLE and his colleagues as the starting point for serious, meaningful welfare reform.

Thank you, Mr. President.

Mr. MOYNIHAN. Mr. President, I yield myself 5 minutes, if I need that much, to thank the Senator from Florida, the former Governor of Florida, who knows precisely of what he speaks when Federal formulas are involved.

You heard the striking differences between the jurisdictions of Florida, Mississippi, the District of Columbia, and Virginia. I hope you also heard the Senator's comment about the city of Philadelphia, the number of jobs in the city, the numbers created in recent years. I have been trying to make a point, as I said yesterday—I do not know that I can persuade anyone, but I can try to make it and I can argue—which is the point that 30 years ago, we might have considered turning this subject back to the States, giving them

block grants of some kind, saying, "You handle it. Cities, you handle it. It makes some sense since local governments are closer to the problem. It is not that big a problem."

It is today, in one after another jurisdiction, a problem that has overwhelmed the capacity of the city and the State.

The Senator mentioned Philadelphia. In 1993, 57 percent of the children living in the city of Philadelphia were on AFDC, welfare, at one point in the course of the year. At any given moment, 44 percent—these are numbers never contemplated. Nothing like that happened in the Great Depression. And these children are paupers. They are not from unemployed families, where there is a house, an automobile, some insurance.

One of the few regulations the Federal Government does have—the rest are all intended you have to waiver for—if you have less than $1,000 in assets, you are a pauper. The cities cannot handle it. And they will not.

Just as when we began the deinstitutionalization of our mental institutions in the early 1960's—at the last public bill-signing ceremony President Kennedy had, on October 31, 1963, he signed the Community Mental Health Construction Act of 1963. I was present. He gave me a pen. I had been involved with this in New York, where it began. Transfer license. We were going to build 2,000 community mental health centers by the year 1980, and one per 100,000 thereafter.

We built about 400. We kind of overlapped and folded the program in and forgot about the program. We emptied out the mental institutions. And we have been hearing about homeless shelters all day.

I said yesterday, and I will repeat again, in 10 years' time, with this legislation in place, with these time limits in place, children will be in the streets. Seventy-six percent of the children on welfare are on welfare for more than 5 years.

The Senator from Connecticut, I hope, will keep that in mind—76 percent. About 40 percent—the remainder come and go quickly and are never a problem.

But if we do this, we will have in my city of New York half a million people on the streets in New York. We wonder about homeless people. They used to be in mental institutions. Now these children are in houses. They are in households. We will wonder where they came from. We say, "Why are these children sleeping on grates? Why are they being picked up in the morning frozen? Why are they horrible to each other, a menace to all, and more importantly to themselves? Whatever happened?"

When the homeless appeared in New York, we right away diagnosed it as a lack of affordable housing. That is not what it was. It was Federal policy in its most perverse mode. Make a great change and do not follow through. Make changes you do not fully understand. Those tranquilizers were not as good as we thought.

Here are some other cities. In Detroit, 67 percent of children were on welfare at one point or another in the year of 1993; in Baltimore, 56 percent.

My time has expired. But I will return to this subject.

Now I am going to suggest the absence of a quorum for 1 minute to see whether the Senator from Oregon wishes to speak—I do not see him on the floor—after which it is the turn of the Senator from Connecticut.

The PRESIDING OFFICER. The absence of a quorum has been suggested.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. I am happy to yield to my friend.

Is 15 minutes sufficient for his purposes?

Mr. DODD. Why do we not try 15. I may need 20.

Mr. MOYNIHAN. Twenty, it is.

Mr. DODD. I thank the Senator.

Mr. MOYNIHAN. May I record, Mr. President, the Senator from Oregon does not wish to speak at this moment. So if the speakers are all on our side, it is because we are talking, I suppose, about our bill.

The PRESIDING OFFICER. The Senator from Connecticut, Mr. DODD, is recognized for 20 minutes.

Mr. DODD. Mr. President, I thank my colleague from New York. Before beginning, our colleague from Florida asked me to yield to him for a minute to raise a question to the distinguished Senator from New York.

Mr. GRAHAM. Mr. President, I thank the Senator from Connecticut very much. I appreciate his courtesy.

I want to commend the Senator from New York for the excellent statement, and particularly that he brings us back to reality, just what are the circumstances of the people that are going to be affected by our actions.

I would like to inject, briefly, for the Senator's information and possibly further comment, some good news. I mentioned that in Pensacola, there were 6,600 welfare families. I am pleased to say that in the first 18 months of the transition program, which is a program based on the 1988 legislation that the Senator from New York sponsored, that almost 600 of those 6,600 have, in fact, been placed in employment, that having occurred because there was a willingness to put the resources required to provide the kind of training and support, including child care, to those families to allow it to happen.

It can happen. This is not just a doom-and-gloom scenario. We are not consigned to have to deal with this problem in its current form forever. But it is not going to be easy, it is not going to be quick, and it is not going to be inexpensive if we are going to achieve real results.

I appreciate the constant reminder of the Senator from New York of those realities.

Mr. MOYNIHAN. I thank my friend from Florida, and I do particularly appreciate his reference to the Family Support Act, which never promised a rose garden. We said if you try hard, you will have something to show for it. Pensacola does.

Thank you, Mr. President.

The PRESIDING OFFICER. The Senator from Connecticut is recognized for 20 minutes.

Mr. DODD. Mr. President, before my colleague from New York departs the floor and my colleague from Florida continues, I want to commend my colleague from Florida for an excellent statement.

And, let me just say, the distinguished Senator from New York has contributed more to the collective wisdom in this body on the subject of welfare reform than anyone. I say that with all due respect to the other 99 of us in this Chamber, but the Senator from New York has dedicated virtually a lifetime of service focused on this complex issue.

She is no longer with us, but Barbara Tuchman wrote a wonderful book called the "March of Folly." It was related to foreign policy failures throughout history. What made her book unique is that she talked about failures where those responsible for conducting foreign policy—from the Trojan Wars to the Vietnam war—knew when they were about to do something that, in fact, it was wrong and that there were better alternatives. But, they refused to recognize them. She described several historical events beginning with Troy, including the American Revolution, and several others.

Were she alive today and were she to write a domestic version of the "March of Folly," I suspect our current debate on welfare reform might be a chapter in that book. My fear is, and I heard my colleague from New York express this over and over again, we are missing each other in the night as we discuss this subject matter.

The Senator from New York has said repeatedly we are not engaged in reform here at all. What we are engaged in is a dismantling, total dismantling of a system with a faint hope that what we are about to put in place is somehow going to serve the public in a better way. What we are talking about here is reducing our Federal commitment to welfare by roughly $70 billion, passing the cost on to the States and localities of this country and asking them to assume the responsibility and burden of picking up this chore with little likelihood that we are going to achieve the desired goals expressed, with all due respect to the majority leader's bill.

I just want to take a moment, before getting into the substance of my remarks, and urge my colleagues to

please listen —listen—to our colleague from New York. There is a lot of wisdom in what he says. He knows this issue well. Historically, we have paid attention to our colleagues, regardless of party, regardless of ideology, who brought a special knowledge and experience to a subject matter. The Senator from New York is that individual in our midst. We ought to be listening to him on this subject.

So I hope in the coming days, we can get away from a bit of the politics of this issue and think about what we are doing and what a mess we are likely to create in this country, costing the middle-class taxpayers billions of dollars before we are through, all in the name of some political debate about who is going to deal with the welfare recipient more harshly than the next.

That ought not to be what this debate is about. It ought to be about how we reform our current system to make it work better in a realistic, thoughtful, prudent manner. Unfortunately, I do not think that this has been the case. I know my colleague from New York has other business to attend to, but I just felt very strongly when I came over here to address this matter. This is one of those rare occasions when the "March of Folly" seems to be upon us once again.

Mr. President, I hope we will pay some close attention to the proposals that are being offered by the distinguished Democratic leader and hope that somehow in the next few days we may come to our senses and find some common ground on this issue.

I read the other day that the distinguished majority leader announced in Chicago that there will be no compromises this fall. How does this institution function when the leader of our body says there will be no compromise on a subject matter that will have a profound effect on our country for years to come? We need to seek some common ground and thoughtful analysis to deal intelligently and effectively with the issue of welfare reform.

There is no debate about what we are trying to achieve: How do we move people from dependency to self-sufficiency? We are now looking at grandchildren and great-grandchildren of people who have been dependent on welfare without the ability or the fortune of work. How do we move people to work in an intelligent way? How do we make it possible for them to get there and stay there, so that they have at least the basic protection of health care and some safe place to put their children?

This is not a concept that is terribly difficult to grasp, I hope. Every single family in this country ought to be able to relate to this. They do. When you go to work, where is your child? Who is watching your child? Every single person, from the highest paid chief executive officer down to the lowest wage earner in this country, understands that critical issue: if you are going to go to work, you need to have access to safe, affordable, and quality child care. It ought not to be difficult for us to try and come up with some ways to do achieve this.

The benefit of all of this is not just fiscal, it also has to do with the fabric of our country. It has to do with helping to provide people opportunities to have a sense of self-worth as we build our neighborhoods and communities. It is a critical element. And trying to find the ways and the means to accomplish that goal ought to be the subject of our discussions. We should not, as I said earlier, outdo each other in our rhetoric to indict people, in most cases, who, through no fault of their own, are in this situation.

I left this chart here, Mr. President, because it ought to be in everyone's mind. As our colleague from New York has pointed out, two-thirds of the people we are talking about in this bill are children; they are not adults, they are kids. Two-thirds of the recipients are America's children. In Baltimore, Detroit, Los Angeles, Philadelphia, there are staggering numbers of children who are recipients or dependents of families where there is this dependency on public assistance of one kind or another.

I hope, again, we can have an honest and thoughtful debate about how we can improve this situation, rather than worsening it by creating a race to the bottom. The Washington Post the other day—I do not have it here with me today—had a lengthy article about what will happen as States race to cut benefits. As some States cut benefits, their actions will put great pressure on neighboring States to follow suit, or else risk becoming a magnet for families searching for ways to end their slide further down the economic ladder. As the race proceeds, it will cause great damage to our national commitment to address these problems.

Maybe I am wrong, but I honestly believe when there is a child in Pennsylvania, or a child in Colorado, or a child in New York that is in trouble, I have an obligation as a Senator to help them. I am a U.S. Senator from the State of Connecticut, but my interest and concern about children is not limited to the geography that I represent. It is the country that I represent. And so when there is a child who is hurting in a Western State, an Eastern State, or my own State, I believe that, through the constitutional process which creates this institution, I ought to bring a concern to this national body to grapple with these problems in a way that makes sense for all of us. I should not just assume that these problems are Colorado's problem, or New York's problem, or Pennsylvania's problem alone. That belief would run contrary to our sense of nationhood.

So the goals of work and independence and self-sufficiency and family unity are all things that we ought to be striving for.

We are going to miss that mark substantially if we do not try and find ways to achieve those goals in a realistic way, and make the kinds of investments that will need to be made if we are going to be successful.

The tendency to blame and punish is certainly tempting. I understand the politics of it. But in the long-term it is not going to help us resolve the kind of difficulties that I think we have been asked to assume by our election to this body as national representatives—not just our own States' representatives but national representatives.

There is strong evidence that the rise of poverty is, in large part, attributable to declining wages. There has been a tremendous amount of evidence that over the past 2½ decades wages have declined, and anxiety and fear has grown among our people as a result of that trend. I hope we will keep this evidence in mind as we consider this debate on welfare reform.

If we take the view that the only purpose of welfare reform is to punish people—as I said a moment ago, those who have been getting something for nothing—then we are going to ignore the fact that welfare is an unwelcome fate for most recipients.

More important, we will miss the opportunity, in my view, for any kind of real, meaningful reform, because we will ignore what we must do to move people from the dependency of welfare to work: First, to provide them with education and training. Again, we all know we are entering a sophisticated age. There are fewer and fewer jobs where little or no education or training is needed. As it is right now, less than 1 percent of the jobs in this country are going to be available to people with less than a high school diploma. In a few years, it will be a college diploma. You are going to have to have those skills if you are going to move people to work. The jobs will not exist for people in this category without the training.

Second, you have to ensure that States are partners with the Federal government, lest they engage in a race to the bottom that rewards States for spending less on moving their people from welfare rolls to payrolls. I do not think anyone believes that is a wise course to follow.

Third, and I think most important in this debate, and I have referenced it already—is to ensure that parents have the child care that they need in order to keep a job in the first place. Child care, I happen to believe, is the linchpin of welfare reform.

No matter what else we do, if a parent cannot find a safe and affordable place for their young children during the working day, that parent is not going to be able to hold down a job. I do not care how you look at that issue or analyze it. That is a fact.

In my view, the alternative proposal offered by the majority leader, Senator DOLE, fails to meet this three-part standard. It represents, I think, a retreat from the problem and not reform of it. It does not even, in my view, deserve to be called reform. All it would

do is package up Federal programs for poor families, cut the funding by $70 billion, and ship the whole problem to the 50 States. Is somebody going to tell me that is reform? That is just passing the buck and asking the middle-class taxpayer to have their property taxes and sales taxes skyrocket at the local level—as we wash our hands of it. We have reformed the problem. Mr. President, we will have done nothing of the kind.

The acid test of any welfare reform proposal is its impact on children, in my view, because they are the majority of the recipients. Is a reform proposal going to punish the children for the mistakes or bad luck of their parents? It bears repeating time and time again that two-thirds of the AFDC recipients are children. More than 9 million children received cash assistance in 1993.

The Republican welfare reform proposal, as it is called, would single these children out for extraordinarily harsh treatment. I do not care what your ideology or politics are, I do not know of anybody that wants to see that happen. Yet, Mr. President, as a matter of fact, that is just what happens under this proposal. In my view, the Republican plan packages up punitive policies that aim for the parent, but will hit the child instead.

Children should not be penalized because of the happenstance into which they have been born. I do not think we want to see that be the case.

We promise the elderly and veterans a minimum level of support in our society. Why can we not do the same for children? We need a national commitment to see that children are not abused, that they do not go hungry, and that their basic needs are being met.

The Republican proposal, however, fails to provide even the most basic minimum standards for our Nation's children. Mr. President, I want to stress that these children, I believe, are our Nation's responsibility. They are our Nation's responsibility. Whether a child lives in Mississippi, California, Connecticut, Colorado, or Pennsylvania, we as a nation must look out for the basic welfare of each and every one of these young citizens. The American people, I think, understand the concept of nationhood. They do not want us to pull the basic safety net out from under these children.

The Republican plan, however, threatens to do just that. If a parent is cut off of welfare after a 5-year time limit and is still not working, his or her children are the real losers. The Republican proposal makes no allowance for these children. If you are a kid in that family, you have had it. I do not believe that makes a lot of sense, Mr. President. I think you ought to be thoughtful about what is apt to happen down the pike here.

The proposal being offered by the Democratic leader includes a 5-year time limit, but it provides a voucher in the amount of the child's portion to a third party for families who hit the time limit. So the children's portion is held aside. If the family does not make it out of welfare in 5 years—you still have something for the kid. As it is right now in the Republican proposal, you have nothing for that child. Does anybody really believe that is what we should do? Are we going to look at the face of that child in 5 years and say, "I am sorry, your parents did not get off of it, you are a loser and you get nothing." I do not know of a single person in this body that would sit and look that child in the face—not the number or the statistic, but that child—and say, "you get nothing because your parents did not make it off welfare in 5 years." I do not believe that makes any sense. I honestly do not believe that is what we will do. Nor do I believe that is what the States will do. But, this bill calls for that.

Changing the welfare rules will not make these children disappear. They may very well end up out on the street—as the Senator from New York said—solely because of the mistakes or bad luck of their parents. We ought to be more creative and more responsible than that.

Under the Republican plan, 3.9 million children could lose assistance under the 5-year time limit. More than twice that number would be jeopardized if States move to the 2-year limit, as some have suggested.

I go back to the point of the Senator from Florida and the Senator from New York. In Detroit, 67 percent of the children are on welfare. In Philadelphia, it is 57 percent. There are some 500,000 families, or people, on welfare in that city alone. Is anybody going to honestly tell me that in 5 years, everybody is going to be off? If you are not, the kids in that city are going to be the ones to pay the price because their parents were not able to find the jobs. That does not make any sense, Mr. President. More thought needs to be given to all of this.

Despite its tough rhetoric, the Republican welfare reform bill is empty, in my view, when it comes to putting welfare recipients to work. The legislation requires States only to dramatically increase their participation rates. They impose this requirement, yet do not provide the resources to help States reach this goal.

Talk about an unfunded mandate. If you do not get it done, if you do not meet that requirement in Philadelphia—Philadelphia, with 500,000 people—in a couple of years, and do not raise your participation rates, we penalize Pennsylvania.

That is an unfunded mandate—no resources to do it. My Lord, that is an incredible burden to place on these States and localities as we wash our hands entirely of it.

The proposal being offered by the distinguished Democratic leader sends, I think, a different message—not perfect, but certainly one we ought to look at as a way to incorporate these ideas. It should not be mistaken for defense of the status quo. It is anything but. It ends unconditional receipt of assistance. It replaces the entitlement to benefits with entitlement to employment services. It would cut off benefits to anyone who refuses a job offer, and would require parents to sign a parent empowerment contract.

As the title suggests, the Work First plan makes work a reality for people on welfare, and not just simply a promise.

Our alternative is built on a basic principle that work must be at the center of real welfare reform. We would provide job training and child care assistance to help welfare recipients find and keep jobs. We would back it up with tough requirements and the resources, Mr. President, to make that a reality.

Under the work first bill, existing child care programs are consolidated and dedicated to child care. The bill guarantees child care for those required to work or prepared for work, ensuring that kids will not be left home alone.

The bill also provides 1 year of transitional assistance with options for an extension for an additional year on a sliding scale basis.

In contrast, the Dole-Packwood bill acts as if the 4.3 million kids on AFDC under the age of 6 and the 3.8 million on AFDC between ages 6 and 13 somehow do not exist.

Under the Republican proposal, we will have less money in child care than we do today, less money before we put all of the welfare mothers to work and send them out the door, less money for these kids that have to be placed in some sort of a situation where they are safe.

In the Dole bill, the three major child care programs that serve 640,000 children disappear. That is a fact, Mr. President. They disappear, undermining the Federal-State partnership.

There is absolutely no requirement under the welfare reform proposal being proposed by Senators DOLE and PACKWOOD that States continue to use the money that they previously dedicated to child care. You do not have to do that any longer. You are off the hook. So the States do not even have to put a nickel into child care. In the earlier bill, they did. They have now taken it out.

Existing State requirements are gone on child care. If States wanted to provide the same level of services as today, they could not, because the money supply is simply not there. The level of funding is frozen to 1994 levels, at the same time we expect many more mothers to go to work.

According to numbers from the Department of Health and Human services agencies, an additional $6 billion for child care is needed over 5 years, over the fiscal year 1994 levels included in the current Dole draft, to make the Dole welfare reform plan work.

The only money dedicated to this critical component of welfare reform is

the money authorized by the Labor and Human Resources Committee earlier this year for child care, for the child care and development block grant. Mr. President, that serves a very small number of families.

As the author of that legislation, with my colleague from Utah, Senator HATCH, 5 years ago, I strongly support the program, Mr. President. But it is no substitute, frankly, for dedicated funds protected from the budgetary whims of this and future Congresses.

Furthermore, the program was created, I point out, to help the working poor, and is a mere fraction of what is needed. It is clear under the Republican proposal the working poor are going to lose, and lose substantially, and middle-income taxpayers are going to watch their taxes go up at the local level.

The Dole bill even allows States to use the meager amounts that have been dedicated to child care for other welfare programs, so you can get rid of it altogether.

The majority leader modified his bill in August. He gave States the option to exclude parents with children under the age of 1 from the work requirements. There is no provision, however, for other preschool and elementary-age children.

The bill does not provide adequate funds for child care, and at the same time, it is going to penalize and sanction parents who cannot work because they do not have the child care or cannot afford it.

Mr. President, that is a no-win situation we are putting these parents in. It is just plain wrong. In my view, it will not work. As I read it, this welfare bill says it is OK to leave your children home alone. You will go to work, but you figure out how to deal with your children.

In case anyone thinks that there are enough Federal dollars in child care under the current system, just look at what has happened. Thirty-six States, Mr. President, and the District of Columbia have waiting lists for child care.

Listen to the numbers on waiting lists: In Texas, 35,000 children are on a waiting list for child care. That is today, now. I am not talking about after we pass this bill. Today, 35,000 are waiting. In Illinois, 20,000 children are on a waiting list. In Alabama, 20,000 children are waiting. In Florida, 20,000. In Georgia, 41,000.

Other States have chosen not to keep a list, but the problem is present there, too.

Now, we are going to require more people to go to work while providing less child care resources. With thousands of kids already on waiting lists for child care slots, how is that possible?

Child care is not only a tremendous concern to those struggling to get off welfare. Talk to any middle-income family about child care. Have a conversation with a family that weekly, if not monthly, goes through the anxiety. They are out there working, single mothers trying to raise kids, or two-income earners.

If you want to get an earful, talk to them about child care and the problems they have. I am not talking about welfare recipients or working poor, but the average family that struggles every week with where they are going to place their kids. Is it safe? Will they be OK? How much does it cost? Here we are, telling millions of people to go to work with no accommodation, no accommodation for child care.

Mr. President, it is lunacy to think this is reform. It is dangerous. As the Senator from New York has said, we will rue the day, we will rue the day if we adopt this legislation without accommodating the kinds of investments that have to occur if this proposal is truly to work in the coming years.

If we turn our back on this issue—and frankly, Mr. President, I say so with the highest degree of respect for the individuals who are the authors of the bill—if we do that, we will create significant damage in this country. The damage will be similar to those created, as the Senator from New York described, to the deinstitutionalization of the mentally ill.

Welfare reform requires far more thought, Mr. President, far more thought. No compromise is a great political speech. But, it is not the way to address serious, complex, and profound social policy issues.

Mr. President, I hope in the coming days that we will develop a willingness to sit down and work this out thoughtfully. I am hopeful that the Daschle alternative will be adopted because it is.

But, if that is not the case, I will offer amendments with specific offsets to improve the Dole/Packwood bill. I will say they will come from corporate welfare, I let my colleagues know.

So, Mr. President, I hope common sense will prevail in these coming days and that we will find, as we have historically on issues like this, some common ground. The President has urged it. Others have here including the senator from New York. I think this no-compromise approach is unfortunate. It is not a sound way to legislate, certainly not in an area that is as important as this one.

I yield the floor.

The PRESIDING OFFICER (Mr. KYL). The Senator from New York [Mr. MOYNIHAN] is recognized.

Mr. MOYNIHAN. Mr. President, I know the Senator from Pennsylvania would like to have a dialog with the Senator from Connecticut. But just before he does, may I say I brought to the floor a pen with which John F. Kennedy, on October 31, 1963, signed the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963.

The Senator from Connecticut recognizes those pens. This was the last public bill signing of the Kennedy administration, and we set about emptying out our mental institutions. We said we were going to provide for the children, the young people and the older persons who left. We were going to provide community care. But we did not provide the wherewithal. We almost, for a while, forgot we had ever done it. It now seems to be lost with us entirely. We deal with the problem of the homeless as if it had no antecedent in our decisions.

We are on the floor of the U.S. Senate making a vastly more important decision. There were a million, almost a million persons in mental institutions when this bill was signed. There are about 100,000 today. There are 14 million women and children on welfare—14 million. When they end up on the streets, I hope somebody will remember that it was foretold.

I wonder.

I yield the floor.

The PRESIDING OFFICER. The Senator from Pennsylvania [Mr. SANTORUM] is recognized.

Mr. SANTORUM. Mr. President, I yield myself such time as I may consume.

I appreciate the comments of the Senator from Connecticut. In fact, with respect to the child care comments he made, I think there are some legitimate points he does make. I find myself wondering whether we do need to commit potentially more resources to provide for people who are going to be required to work so they can have the opportunity to have some child care available to them.

I am hesitant, in fact reluctant, to be for an entitlement for child care because I think that could be a slippery slope. I am not too sure we want to provide an entitlement to child care for people who are on welfare and have people who are working mothers, who need child care just as badly, have no entitlement. That, I think, creates a double standard that may in fact encourage more people to get on welfare to get the child care benefit. So I do have some concerns about that.

But I think it is a legitimate issue to bring to the floor, to talk about how we are going to have single mothers with children work and not have the resources available for child care. I think that is an issue. I think the leader came to the floor before the recess and admitted that that is an area we hope to do some work on.

We talk about bipartisanship. I think that may be an area where we could find some common ground. I think, again, on this side, we are going to be stopping short of an entitlement in nature, but certainly to provide more day care slots and to provide more funding for people to have choices as to where to take day care, that is not beyond the pale—at least from this Senator's perspective, that is not.

One of the things that concerned me, however, about his talk was at least the inference, if not the direct assault, that somehow or another Republicans are slashing welfare. I think we have to

make this very clear. What we are talking about here, on the Democratic bill and frankly on the Republican bill, is not slashing welfare.

I will give the numbers. Unfortunately, the numbers do not match, necessarily, because the Democrats' calculation of what welfare is and the Republicans' calculation is a little different. Welfare, from my perspective, is obviously not just AFDC, but it is AFDC and food stamps and child care and a whole lot of other programs. When you add all those programs up, we come up with spending this year of roughly $170 billion that we will sperid on welfare programs.

On the Democratic side, they add in the earned-income tax credit and some other social service programs, and they come up with a figure closer to $190 billion. So we start at a different base. But let me give what, under the Republican bill, we will spend 7 years from now and what we would spend 7 years from now if we did nothing.

If we did nothing, we would go from spending $170 billion on welfare today to, in 7 years, spending $302 billion on welfare. That is if we did nothing. We would increase spending by $132 billion, a roughly 77 percent increase in spending on welfare in the next 7 years. That is if we did nothing.

Now, what does this dramatic slashing, punishing, cruel, blaming-the-poor, Republican proposal do to welfare expenditures over the next 7 years? We are not going to spend in the year 2002 $302 billion, that is correct. We will spend $289 billion. The increase will be, not 77 percent over the next 7 years, but 70 percent over the next 7 years.

I know you can say a lot of things about this program, but cruel slashing, cutting, when you are cutting 7 percent of the increase out of a program that is going to increase 77 percent over 7 years is hardly slashing. It is hardly leaving people out on the street.

Let us please stick to the facts. This is not a harsh bill. This is not a cruel bill. This is not a bill that blames anybody. This is an honest attempt to try to solve the problem. And, yes, at the same time try to accomplish some savings—hopefully efficiencies, doing things better, getting more people off the rolls and back into productive society, which will save money in the process.

Just so you understand what the other side is going to do, under their numbers welfare spending is $190 billion today and will increase to $333 billion by the year 2002, an increase of $153 billion, a 75-percent increase.

So, $189—$190 billion to $333 billion. Again, the Republicans start at $170 billion and we go to $302 billion. But they use different numbers. Under the Democratic proposal, their spending would increase from $190 billion today, not to $333 billion but to $330 billion. So, instead of a 75-percent increase, you get a 74-percent increase.

I would not even call that an adjustment. That is not even—that does not even touch the system. The Republican proposal was a modest reduction. This does not even meet the standard of reduction, hardly. And they are trying to put this up as changing welfare as we know it? Reforming the system? Giving not only the recipient a different program but the taxpayer a break in funding this system?

It does not stand up. Either way, their system does not stand up to reduce spending significantly and ours certainly cannot be accused of slashing and cutting. Ours is a responsible reduction from a very dramatic increase.

A couple of other points I wanted to make about the talk of the Senator from Connecticut. He said, as the Senator from Louisiana discussed yesterday and the Senator from New York discussed yesterday, "How are you going to pay for these programs? You do not have the resources. We cannot do it. The Governors won't be able to put these work programs in place and there is no way for us to be able to fund this program with the number of children and single mothers on this program."

I would remind the Senator from Connecticut that the Republican Governors Association strongly supports the Dole package, strongly supports the block grant approach, strongly supports the idea that if you give them just what they had this year in AFDC funding, and a little growth factor for the growth States which we have provided for in this bill, that they will be able to run this program, put people to work, get people and turn the system from a maintenance system, a dependency system to a dynamic system that moves people out of poverty and do it for less money. For less money.

I will remind you that these Governors, the Republican Governors who support the Dole package represent 80 percent of the welfare recipients in this country. Eighty percent of the welfare recipients in this country are represented by Republican Governors, and they believe they can do a better job with less money than what the Federal Government is doing today.

So ask the people who are going to implement the program how they will do it and they will tell you they can do it. In fact, they want to do it.

It is interesting that the Senator from Connecticut mentioned and focused a lot of his introductory remarks on how we have to change this dependency system, and used the word "dependency" as it should be, as a pejorative term. It is not a good thing. And then later in his talk he talked about how cruel and horrible it was to cut people off after 5 years with nothing. He said, "We are going to cut them off and there will not be any benefits."

First off, that is not true. Children, moms with children, will continue to receive food stamps, will continue to receive Medicaid, will continue to receive housing benefits that they do in any other social service. They will lose their cash assistance. Under the Democrat bill, they lose their cash assistance also. The only difference is they replace the cash assistance with a voucher in almost an equal amount—they have a slight reduction—a voucher for them to be able to go out and do basically what they did with the cash.

So in a sense it is not much of a penalty. But we say if you are going to end dependency, you cannot continue to keep people on the system and pay them virtually the same they are making now on the system. You have to end dependency by ending dependency. You cannot continue to provide for someone on the system and expect them to leave the system.

I do not say that without the understanding that a lot of people leave the system. But a lot of people are trapped in the system because of the nature of the dependency of it in which the benefits continue.

So you cannot stand on the floor and say, "We have to end dependency" and say, "We cannot cut them off." You cannot be for any dependency and not be for some termination of benefits at some point in time when the social contract between the Government and the person the Government is attempting to help at some point ends, and the person has to do it on their own.

The other point that I cannot more strongly disagree with is the Senator from Connecticut repeatedly said, "This is a national problem." It is a national problem. As a Senator from Connecticut, he cares about the children in Philadelphia and he cares about the children in Colorado. The Presiding Officer is from Colorado. I care about the children from Connecticut and the children from Arizona. I just do not believe that the Federal Government is the best person to help them.

Sure, it is a national problem. But I think what we have found in decades of looking at what helps the poor in this country is the National Government does not solve the problem. It is a national problem that calls for a local solution. Sure, the Federal Government has a role to play. We are going to continue. He says we are going to wash our hands of it. We are not going to wash our hands of this.

I will repeat the numbers to make sure the Senator from Connecticut understands. We are going to be spending $289 billion under the Republican proposal in the year 2002, a 70-percent increase. The commitment is there. But what we are suggesting in this bill, which is philosophically different and fundamentally different from what the Senator from Connecticut and many on the other side of the aisle believe, is that we solve problems best when it deals with the poor by making it more personal and individual and local in nature; that community organizations and individuals solve problems better in dealing with people who have troubles in their lives than a system that processes checks and papers and maintains people in poverty.

I think everyone here understands that this is a national problem, and that that is why we are having this debate. If this was not a national problem, we would not be here debating it. Of course, it is a national problem. But does that mean that the Federal Government has to solve the problem here, has to have instant solutions here for everybody to be treated the same in America? Of course not. National problems do not always require national solutions. They at many times require solutions to be done and ideas to be grown in the local communities or the individual who can help that person get out of poverty.

The Senator from Connecticut also talked about how two-thirds of the people on welfare are children. That is a fact. It is very disquieting. He talks about how cruel it is, that the Republican bill will in fact hurt children and target children for their harsh treatment. I will just remind the Senator that over the past 30 years we have tried a great experiment as a result of the Great Society programs of the 1960's. We tried this experiment blindly, with absolutely no idea of whether this program was going to work.

A lot of the criticism on the other side is we do not know whether turning this back to the States is going to work. We do not know it is going to work. Well, I would suggest to you back in 1965, 1966, or 1967, in the years in which these programs were enacted in the early 1970's, that a lot these programs were passed, and they had absolutely no idea whether they were going to work. But they thought that it was worth a try. In fact, I would say that a lot of the people who voted for these programs did so with the best of intentions and with the greatest of hopes that this in fact would work. But it has not. I think we did answer that question.

Two-thirds of the people on welfare are children. But more of those children are born out of wedlock today than they were in 1965. In fact, if you go back to 1960, the out-of-wedlock birth rate in this country, the illegitimacy rate in this country, was 5 percent. It is now 33 percent.

I think everyone will admit now, both sides of the aisle, both philosophical perspectives will tell you that it is a harmful thing for our country. More of them are born out of wedlock. More of them are born at low birth weights. More are born drug addicted, crack addicted. More of them live in unsafe neighborhoods and die violent deaths. More of them have less opportunity. More of them have less educational opportunities and a chance for success. That is the system we have today.

I sometimes just become amazed that someone could stand up on the floor and say that what we are doing is cruel when the system today is as cruel as we have ever seen in the history of this country. What we are suggesting is not cruel or harsh. What we are trying to do is change a system that is surrounded or built on the difficulty of maintaining people in poverty.

I cannot stress this point enough: No one who receives welfare benefits as their sole source of income gets rich. You do not get rich on welfare. You maintain people. That is what the system does. That is what it is built to do—to maintain people at a level of survival.

It is not a system that you go into with the expectation—people who have never been in the business when they think of welfare do not think there is a system that people go into and they are transformed into productive, working citizens. That is what welfare does in this country. Nobody believes that. Nobody thinks of welfare as the system that changes people's lives for the better. They think of welfare as the safety net where people get caught in it.

We have to change that. That is what this bill does. It fundamentally changes the whole perception of what welfare is all about. The whole expectation of someone who now gets onto welfare is not how many are going to be provided for whatever the length of time in poverty. But how will I be helped to get back on my feet to get out of poverty. That we will change the system from one of maintenance and dependency to dynamic renewal, that is the challenge. And what many of us believe is that that is the challenge best met by people who care most about the people involved in the system. And, yes, the Senator from Connecticut cares about the children in Philadelphia. He probably cares about my children. I will never forget the Senator from Texas, Senator GRAMM, who suggested that on a talk show a couple of years ago. Ira Magaziner was on talking about health care, and Magaziner was saying, "I care about your children as much as you do, Senator." And Senator GRAMM shot back, "Then tell me their names."

Yes, I care about children in Philadelphia and Hartford and Bismarck and Fargo. I care about them. But that does not mean I am the best person to help them. The people in Fargo know better how to solve this problem and how to deal with this person, to sit across the table from them and say: What can I do to help you get back on your feet and going? Not with the eyeshade down, hand out the check and process the next number.

That is the fundamental difference we are debating here today. It is a difference between holding on to the past and moving to the future.

It is a great opportunity, it is a great opportunity we have before us to make this system something that we can be proud of, that we can look and see experimentation across the country.

In the Republican bill, we allow nonprofit organizations to get involved and be the welfare agency for that community. I know there are many communities—the Senator from Connecticut mentioned Philadelphia on many occasions. I have been to north Philadelphia and west Philadelphia, and the only thing left, the only thing left in these neighborhoods—there are no jobs left in these neighborhoods, nothing of an institutional setting except the church. Why not let the people who care most about these folks, why not let the churches get involved in providing welfare services.

Oh, I know we get real nervous about church and state, but, folks, I want to solve the problem. I want to help people. And I know many pastors—many pastors—who would absolutely be the best people to work in those communities. Sure, they would have oversight, there would be Federal oversight or State oversight, but the people working with the folks in the community would be people who know, people who care about them, people who the folks who end up on welfare trust, know that they care about themselves and their families.

This is different. We are not walking away. We are facilitating a different approach. It is one that I know will work, I know will work because it has worked in the past and I think it will work better because the Federal Government will provide a lot of the needed resources that in fact were not there in the past.

We stand at a very important moment, as we vote on this substitute later today, whether we are going to continue to try to micromanage and have solutions based out of Washington to run welfare or whether we are going to turn away from that approach that we know does not work and move to something different, exciting, dynamic, that is going to help millions of people leave welfare.

Mr. President, I yield the floor.

Mr. CONRAD addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I have listened to my colleague from Pennsylvania and found that I agree with much of what he says in terms of where the decisions might be made, but I disagree with him in terms of his characterization of the divide that exists in this debate. I do not really think it is a question of where should the decision be made.

In my own welfare proposal that I made before the Senate Finance Committee, I left it entirely up to the States. Let the States decide what the makeup of the program should be. Let the States decide what the eligibility should be. Let the States decide what the time periods are. Let the States decide what the sanctions are.

That was not the divide in the debate. The fundamental difference in the debate was, should there be a continuation of an automatic stabilizer, a mechanism that allows the State to be assisted by the Federal Government if there is a circumstance in which State resources are overwhelmed.

Mr. President, if there is a flood in Mississippi, if there is a drought in

North Dakota, if there is an earthquake in California, if there is an economic collapse in Pennsylvania, some of us believe just as fervently as does the Senator from Pennsylvania that the Federal Government has an obligation to make certain the kids in that State do not wind up on the street.

I remember being in the State of California, going down the street in San Francisco, in one of the most affluent neighborhoods of that beautiful city, and encountering a young mother with two children sitting on the curb with a sign that said, "I'm homeless. Please help me." I inquired of the woman, who was dressed as a middle-class person and her children were well groomed, "How did you wind up on the streets of San Francisco?" And she said to me, "My husband left without notice, abandoned the family. I could not make the house payment. I was just evicted yesterday." And here sat this young woman, a lovely young woman, with two little kids on the street in San Francisco, CA, begging for money to feed her children.

If, God forbid, we are in a circumstance in which California suffers a whole other series of economic calamities or, closer to home, my home State suffers through another devastating drought as we did in 1988 and 1989, there comes a time when a flat level of funding from the Federal Government does not do the job, does not protect people who I think everyone in this Chamber would want to see protected.

The fundamental debate here is are we going to preserve an automatic stabilizer that says to individual States if they suffer an economic collapse or some other calamity, that it will not just be a flat funding from the Federal Government and strained State resources that are ready to meet the challenge but this country stands together united. That is why we are the United States of America. Over and over, we have seen this country respond to tragedy. Whether it was the bombing in Oklahoma, the earthquakes in California, or the drought in my State, we stood together as one nation under God, indivisible, and we came to help out, to make certain that a young mother with two little kids was not on the street because the husband deserted the family and the house payment was not made.

Mr. President, let me just say, if the American people agree on one thing, it is that the current welfare system is broken. Make no mistake about it. Both sides are offering dramatic changes with respect to how we deal with welfare in America.

The current system is one that nobody respects. The taxpayers do not respect it. Those who are caught in the welfare system do not respect it. The current system does not emphasize work. It contains perverse incentives that actually break up low-income families. It allows parents to abdicate responsibility for raising their children. It allows fathers to escape their child support obligations. And it subjects 9.5 million children and 4 million mothers to a future of hardship and failure. That is why on both sides of the aisle there is a fundamental commitment to reforming our welfare system and rebuilding it from the ground up.

Mr. President, in January I began to develop my own alternative welfare reform legislation. I called it the Work And Gainful Employment Act. I hoped it would foster a bipartisan dialog on welfare. The WAGE Act was the first Senate proposal to completely reform our welfare system while maintaining an economic safety net for States and children.

It represented a substantial departure from the past. And I am proud that many of the concepts included in the WAGE Act are now in the Work First proposal offered on our side. Under the WAGE Act States receive unprecedented flexibility to experiment. They can develop the methods for moving welfare recipients to work. They have complete flexibility to design employment programs, determine eligibility criteria, develop sanctions, and determine the support that individuals receive. States may establish time limits of any duration, but those limits only apply to participants who refuse to work.

The WAGE Act eliminates the unconditional entitlement of AFDC, but unlike the blank check block grant approach in the Republican bill, it does not abdicate Federal responsibility. Instead, my bill replaces AFDC with a new transitional aid program. Under that program, welfare recipients must work in order to receive benefits. The WAGE Act also creates a block grant to fund child care work activities and includes the resources to put people to work. The only part of the current system that is maintained by my plan is the safety net for States and children. That is where we have a fundamental difference and divide between the two sides. My plan assures that as poverty and population increase, as recessions occur, and as natural disasters confront our States, the Nation will not abandon Americans in need.

Mr. President, I am disappointed in the partisan nature of the welfare debate to this point. I very much hoped that we would approach welfare on a bipartisan basis. In fact, Senator CHAFEE and I authored one of the few bipartisan welfare-related proposals, the Children's SSI Eligibility Reform Act, which I incorporated into the WAGE Act that I offered earlier this year.

Mr. President, I listened to the majority leader on the floor in August when Senator KENNEDY questioned him about the lack of resources for child care in the Republican bill. The majority leader said he was aware of the problem. He said he was discussing possible solutions within his caucus. Mr. President, I would say to the majority leader, this problem should come as no surprise.

When the Finance Committee debated welfare, I asked the Congressional Budget Office whether the Republican proposal had sufficient resources to meet its work requirements. It was a very important point, Mr. President and my colleagues. The Congressional Budget Office looked at the Republican plan and told us in open hearing that 44 of the 50 States of these United States would have no work requirement under the Republican plan, a plan that puts itself forward as work oriented, tough on work. If the Congressional Budget Office said in testimony before the Senate Finance Committee that 44 of the 50 States under the Republican plan will have no work requirement, that is not tough on work. That is not insisting that people go to work. That is no work requirement at all in 44 of the 50 States, because the States would be better off taking the penalty than actually having the funds necessary to require people to go to work.

Mr. President, that is a fundamental difference between what the Republicans hold out as a work-oriented bill and the Work First proposal advanced by this side, a proposal that has sufficient funding to deliver on the promise of moving people from welfare to work. And that ought to be the first test of any bill. No serious effort to reform welfare can succeed without child care.

Shortly before I offered my WAGE Act, Governors Carper, Carnahan, and Caperton wrote me in support of my bill. In their letter the Governors describe the elements needed for serious welfare reform. The Governors said in part:

> The litmus test for any real reform is whether or not it adequately answers the following three questions:
>
> First, does it prepare welfare recipients for work?
>
> Second, does it help welfare recipients find a job?
>
> Third, does it enable welfare recipients to maintain a job?

The Governors went on to say, and I quote:

> Your bill meets this test because it provides assistance to prepare individuals for work, to help individuals find and keep jobs, and to ensure that work pays more than welfare.

They went on to say:

> Your bill appropriately recognizes the critical link of child care in enabling welfare recipients to work and emphasizes that both parents have a responsibility to their children with the inclusion of measures to increase paternity establishments, child support collections, and interstate cooperation of child support enforcement.

Mr. President, while the WAGE Act and Work First Act both recognize the critical child-care link, the Dole bill gets a failing grade. Not only does it fail to provide child care, but it kicks children off of welfare roles if their parents are unable to work because child care is unavailable. That makes no sense. It is unconscionable to subject children to a time limit regardless

of whether their parents receive the child care they need to become employed.

That is a catch-22 for the kids. But the Dole bill does precisely that. Mr. President, not only does the Dole bill include insufficient resources for child care and job training—and that is not my estimate, that is the bipartisan Congressional Budget Office telling us that that is a fact—it amounts to a $16.7 billion unfunded mandate to the States.

We have heard a lot of talk around here about how bad it is to have an unfunded mandate for the States. But that is exactly what the Dole bill represents, a huge unfunded mandate to the States. It calls for more welfare recipients to go to work, but it does not provide the money or the resources to make that happen. It calls for child care to be provided, but insufficient resources are made available.

Mr. President, the Republican plan is from the land of make believe. You say it and it is true. We are going to move people to work. But the resources are not provided to make that happen, so it is all a hoax. It is just words. And, again, that is not my analysis. That is the Congressional Budget Office telling us 44 of the 50 States will not have a work requirement under this proposal. There has been plenty of time since the Finance Committee met to get this bill right. But, frankly, no serious effort has been made.

Now, I want this debate to be bipartisan. The American people want it to be bipartisan. They do not care whether the solution has a Democratic or Republican label. They just want the problem fixed. But they want real reform, not false promises, not just words, not just rhetoric. They want the reality of changing this system.

Mr. President, when I set out to develop a welfare reform proposal, I started with four principles. One, emphasize work; two, protect children; three, provide flexibility to the States; and four, strengthen families.

Mr. President, a reformed welfare system should require people to work in order to receive assistance. This is where those of us on both sides of the aisle, I think, are in agreement. I believe there is a consensus that if people are going to get something, they ought to work. If a reformed welfare system does that and enables States to experiment, helps keep families together, then the American people will have a system worth respecting.

The proposal I developed meets those tests. The Work First proposal, that I am proud to cosponsor with the Democratic leader, does as well. But the Republican bill does not.

Mr. President, both my proposal and Senator DASCHLE's put work first. They take action where the Republican proposal makes promises. Unlike the Dole and Gramm proposals, they provide the resources necessary to make work a reality. And Work First protects children; the Republican plan does not.

Mr. President, while Work First provides States with unprecedented flexibility to develop welfare programs, it also requires States to match Federal contributions so they do not get a free ride. The Republican plan does not.

We all agree that State flexibility is important, but there is an enormous difference between a flexible program and a blank check. The Dole block grant program is a blank check. It divorces who spends the money from who raises the money, and that is a profoundly misguided principle. We ought not to separate the responsibility of raising money from the responsibility of spending that money.

There are some similarities between the Democratic and Republican proposals. Both are significant departures from the status quo. They are departures from a system that focuses too much on writing checks and too little on promoting work and self-sufficiency. Both junk overly prescriptive Federal regulations, and both provide significant flexibility for States. But the shortcomings of the Republican proposal are a lost opportunity. Without significant changes now, the Republican proposal will undoubtedly require substantial future revisions by the Congress, and those revisions will come after the Republican plan has irreversibly harmed millions of vulnerable children and wreaked havoc on State economies.

Let me highlight a few of the most significant shortcomings in the Republican proposal and how our approach differs.

First, the work requirements in the Dole proposal are hollow. The Republican plan provides essentially flat funding for States while calling for an increased effort at putting people to work. Work First, on the other hand, makes a serious effort to provide the necessary resources to put people to work. It uses savings from the welfare system to put welfare recipients to work and includes the resources necessary to fund work programs.

I do not disagree with the goal of the Republican proposal, but it simply does not add up. If we are going to make an honest effort to put people to work, we should remember the words of responsible commentators like the Republican Governor from Wisconsin, Tommy Thompson, when he testified before the Finance Committee. Governor Thompson reminded all of us that it takes an upfront investment to have a work requirement. Senator MOYNIHAN recalls that, no doubt. We need to provide resources for child care and job training if we are going to have a serious work requirement.

Second, the Republican plan eliminates the safety net for children and the automatic stabilization mechanism for States. Whatever the faults of the current welfare system, and they are many, it does automatically adjust for changing needs.

I am going to conclude soon, because I have colleagues waiting to speak. Under the Republican plan, States are left to face crises on their own. Whether faced with a drought in North Dakota, a flood in Mississippi, an earthquake in California, or an economic downturn in Pennsylvania, the Federal Government ought to help stabilize State economies. The Work First plan continues the Federal Government's responsibility; the Dole plan does not.

The Republican bill includes a so-called rainy day loan fund. But the funding is simply not sufficient to confront the magnitude of economic impacts that occur during State recessions or disasters. Even New Jersey's Republican Governor has said the rainy day fund in Senator DOLE's bill won't get the job done.

The genius of a national approach to automatically assisting individual States that experience recessions, large population increases, high unemployment, increases in poverty or natural disasters, is that we all support each other in times of need. Part of what binds us as a nation is our sense of mutual obligation and common purpose. Our entire Nation watched as California struggled to overcome the devastation from the L.A. earthquake. The same was true after Hurricane Andrew and the Oklahoma bombing. And whenever one State is in recession, we provide an influx of national resources through unemployment insurance and other Federal programs.

The current funding structure automatically adjusts to State need. It accomplishes automatically what any nation should guarantee to its citizens—they will not be abandoned in their time of greatest need. But under the Republican proposal, States would have to borrow the money and pay it back while they still may be in the midst of a recession or other economic emergency. The Dole bill's rainy day fund is clearly a second-best approach.

Third, Mr. President, the Republican bill makes a hollow commitment to ensure that teen mothers will receive the adult supervision they need to improve their lives and the futures of their children.

In the Finance Committee, I offered an amendment that would have required all teen mothers to live with their parents, some other responsible adult, or in an adult supervised setting like a second chance home. To my surprise, that amendment failed on a tie 10-10 vote. I would have expected overwhelming support for such a provision. But every Republican on the committee except for Senator NICKLES opposed the amendment.

Now the Republican bill includes the adult supervision requirement and another provision I have been advocating for some time—a requirement that minor parents stay in school. But again, the rhetoric and reality are two different things. First, the requirements are a facade because the bill provides no resources. Without sufficient resources, infants and their young mothers who have no place to go will

simply be denied needed assistance. Second, the Republican plan fails to guarantee that adult supervised living environments will be available to young mothers as an alternative to living in an abusive household. To be serious, any requirement that teenage parents live with a parent or other responsible adult must provide alternatives when no such adult is available. Therefore, I plan to offer an amendment that will provide Federal resources for second chance homes. Second chance homes are adult supervised living arrangements that provide the training, child care, counseling, and other resources that teenage parents need to learn how to care for their children. And they work.

When the Finance Committee held its hearings on welfare reform, Sister Mary Rose McGeady from Covenant House gave the most compelling testimony we heard. She told us that Covenant House works. Covenant House takes in teenage parents and helps them build a future for themselves and their children. She also told us that Covenant House has been extremely successful in preventing second pregnancies among the girls it serves.

We know that 42 percent of welfare recipients gave birth as teens. And we also know that the younger a girl is when she gives birth, the more likely she will become a long-term welfare recipient. But Covenant House and other second chance homes increase the chance that these mothers will break out of the welfare failure chain.

We should not penalize the children of teenage mothers simply because of the circumstances into which they were born. Nor should we allow their mothers the option of getting a benefit check that is a ticket to their own apartment. Rather, teenage mothers should have to finish school and learn how to take care of themselves and their children. They should learn the kind of responsibility that will not only improve their lives, but the future prospects of their children. That will only happen it States receive the resources necessary to make second chance homes a reality.

The U.S. Catholic Conference, the National Council of Churches, Catholic Charities U.S.A., and many others agree with me that second chance homes should be included in reform. We are all concerned about the need for strong welfare reform that discourages out-of-wedlock pregnancies. I hope my Republican colleagues will work with me to make second chance homes a reality.

But while I see enormous potential for Republicans and Democrats to work together on many aspects of welfare reform, there is one significant problem. The sponsors of welfare reform on the Republican side have shown complete unwillingness to move from their block grant approach. They argue that block grants are the only way to provide State flexibility. But, Mr. President, that's simply not true. Both the WAGE Act and Work First provide States with unprecedented flexibility without dumping welfare completely on the backs of State and local taxpayers.

The block grant in the Republican bill is the height of irresponsibility. History will prove that fact. We must all recognize that the need for a nationwide safety net has nothing to do with whether Governors or Members of Congress care more about children. Obviously, we all care deeply about our children.

But ending our Nation's safety net for children is extremely dangerous. Neither Governors nor Members of Congress can prevent the uncertainties that come from the business cycle, recessions, population shifts between States and natural disasters. If we abolish a safety net for children, the security of our Nation's children will be left to chance, depending solely on where a child lives. It is inconsistent at best for those who preach about morality and family values to support a plan that undermines those values.

The Work First plan strikes the right balance. It prohibits any unconditional entitlement to welfare benefits. Instead, it requires people to work in return for welfare. While it includes a few basic requirements for States, it also provides States with significant flexibility. It wipes out the 45 State plan requirements that are currently in AFDC. Work First replaces the old requirements with only a few categories. It provides States with the flexibility to design employment programs; provide incentives to case managers for successful job placements and retention among the welfare population; determine program eligibility; and establish a number of other policies under the State work program.

The last time the Senate acted on welfare reform, we passed a bipartisan bill with 96 votes. There are many aspects of welfare reform on which Republicans and Democrats can agree. But I am disappointed in the block-grants-or-bust approach being taken by the Republican majority. There are responsible and innovative ways to address this issue without the second-best pure block grant approach.

I developed the WAGE bill in order to demonstrate that there is, indeed, a better way to reform welfare. The Work First Act closely parallels my approach. I sincerely hope that my Republican and Democratic colleagues alike will support Work First. Work First scraps a system that is broken. It uses the best ideas to build an effective welfare system that will move people into work and keep families together. And it allows States the freedom to try new ideas. I strongly believe that Work First offers the best possibility for bipartisan welfare reform this year.

Mr. President, I want to conclude by thanking my colleague, Senator MOYNIHAN, who has been a visionary on this question for longer than most people have been aware that it was a critical problem facing this country. I can remember so well 30 years ago when my colleague from New York warned this Nation of what was to come, and he has been precisely correct in what he predicted.

There is no other Member of this Chamber, there is no other academic in American society, there is no other expert who predicted with such accuracy and such vision what would occur in this country. No one has matched the predictive power of the Senator from New York, and I think his views are owed special deference because he is the only one here who has a track record of accurately predicting what would happen in 30 years. It is truly remarkable the vision that he has had with respect to this issue, and I have listened to and learned from my colleague from New York. I hope other colleagues, before this debate is concluded, will listen and learn from this very wise man.

I thank the Chair and yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, I thank my colleague on the Finance Committee and my friend from North Dakota for his very generous remarks. May I make the point that it was he who asked in the Finance Committee, how are you going to provide for the job training provisions in the majority measure, and the CBO simply said, "You can't."

It was a clear and concise statement of what we are up against and what we are going to do to ourselves if we do not come to our senses.

I thank the Senator from North Dakota.

I see my friend from Minnesota is here.

Mr. GRAMS addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. GRAMS. Mr. President, every sports fan in America celebrated along with Baltimore's Cal Ripken last night; when he played in his 2,131 consecutive game and broke a baseball record most thought could never be toppled.

That is an impressive feat; even more impressive when you consider that "The Streak" represents more than 13 years of dedication, sacrifice, and plenty of hard work.

There is another consecutive streak you should know about, one that has not received nearly the attention that Cal Ripken's has, but one that affects a lot more people, and imposes an enormous cost on the American taxpayers. Worst of all, this streak has gone on unchecked for more than 30 years.

Since the Great Society programs of the 1960's—for three long decades—taxpayers have suffered through a consecutive Federal spending streak that has taken more than 5 trillion of their tax dollars and siphoned them off to fund a welfare system that, frankly, has done more harm than good.

Mr. President, I hope Cal Ripken's streak goes on forever, but the uncontrolled welfare spending streak must

come to an end, and it is up to us to stop it. I rise today to remind my colleagues of a simple truth, and that is, the people are demanding that this Congress take responsibility for our broken welfare system and fix it.

Last year, when I was running for the Senate, I listened to Minnesotans as we sat down together in their coffee shops and truck stops, in their businesses and in their homes.

They asked me over and over again: "What are you going to do about welfare?"

I told them we were going to fix it, and many of my colleagues made the same promise.

As you know, we just returned from a 3-week recess, and like many others, I had the opportunity to spend that time traveling my State, meeting with people once again and again listening to their concerns.

But the question this time was not "What are you going to do about welfare?" The question now was "What are you doing about it?"

The people are expecting solutions, not delays, not the attempts we are seeing to derail this critically important legislation.

For three decades, it has been the taxpayers who have paid the price for a welfare system that does little but encourage dependency and illegitimacy.

For three decades, the taxpayers have continually turned over their hard-earned dollars to individuals instead of bettering their own families and helping secure their own futures. The taxpayers have been subsidizing hopelessness and despair.

Congress has attempted to repair this mess before. The last major effort was in 1988, with the passage of the Family Support Act. On the day that conference report was passed in the House, my good friend, BILL ARCHER, now chairman of the Ways and Means Committee, went to the floor with a warning.

He said:

> My criteria for welfare reform are that after 5 years of implementation we should be able to say to the taxpayers of this country that we have been able to encourage and to remove welfare recipients from the rolls so that it results in a program which has fewer welfare recipients than would occur under the current law. We should be able to say to the working people of this country that the cost of this program will result, after 5 years, in reduced taxes necessary to pay for welfare. This bill fails on both accounts.

Mr. President, he could not have been more right, and we should have listened.

Today, 7 years later, we have 1.3 million more families on the AFDC rolls than we had back in 1988. Seven years later, the working people of America are paying more taxes than they have ever paid before—4.5 percent more than they paid in 1988. We cannot continue to think that we will solve the welfare problem by throwing more precious taxpayer dollars at it, hoping that they will do some good. And, at last, I think we have a Congress that understands.

Instead of encouraging the status quo, the Republican welfare reform legislation offers welfare families a future. It offers hope. Yes, it does ask something in return from those who benefit from it. But what it gives back is something infinitely more valuable: self-esteem, a sense of accomplishment, and a chance to create a better life for themselves and their children.

The first step in creating that better life does not require anything more than a commitment. In breaking that long-held baseball record last night, Cal Ripken reminded us all that a person does not necessarily need to be the strongest, or the fastest, or the biggest player on the team to make a lasting contribution. Sometimes those with the most to give are simply the folks who show up every day, ready to work, eager to make a contribution.

Taxpayers do that. They show up for work every day, put in 40-plus hours a week for their hard earned money. They make a contribution.

With our legislation, we are encouraging welfare recipients to step up to the plate and take their turn at bat, to start lifting themselves, with our help, toward something better. We are not expecting home runs, but we will expect them to show up at the ballpark, ready to contribute. If we can accomplish that, then we cannot help but succeed.

Mr. President, I urge my colleagues to get serious about moving this legislation forward. I have heard about the terms of bipartisan support and a bipartisan effort. I hope that is what we can come down to as we go on with this debate, that we do come to a consensus that this is a bipartisan effort. I heard my colleague from North Dakota say we are not going to get everything he wants or everything I want, but hopefully we can come together with a plan that does meet the needs, obligations, and the responsibilities to our taxpayers. And they expect nothing less. Thank you, Mr. President.

I yield the floor.

Mr. MOYNIHAN. Mr. President, may I congratulate the Senator from Minnesota not only for the substance of his remarks but for the elegant way in which last night's events in Baltimore were used as a metaphor for what it was about. Having in my youth watched Lou Gehrig at the Yankee Stadium, I had a certain ambivalence about it, but nothing like upward and onward.

I will just say that regarding the substance of what is hoped for in welfare, there is a consensus, surprisingly, and it commences with the 1988 legislation, which redefines a widow's pension as a reality of this time. There is no agreement on how you finance—pay for—what needs doing.

Yet, the Senator from Minnesota spoke very properly about the prospect of consensus and bipartisanship, and I hope we may yet find that. We have done it in the past; why not in the future?

None speaks more ably and with more of a record in this regard than the Senator from Illinois. I see that he has risen. I believe he would like to address the Senate in this matter. I ask him how long he would like?

Mr. SIMON. Five minutes.

Mr. MOYNIHAN. In 5 minutes, the Senator from Illinois can say more than most of us do in 50. I am happy to yield him the time.

Mr. SIMON. I thank the Senator from New York. I wish he were accurate in that.

We all want welfare reform. I heard the Presiding Officer at a committee meeting this morning talk about the need for that. I do regret that we do not have more of a bipartisan effort, not only on this but on a lot of things. This has happened gradually over a period of years on the Hill, and I think it has not been a healthy thing. So when the Senator from Minnesota makes his comments about the need for working together, I agree. I heard Senator TED STEVENS make similar comments yesterday morning, and Senator BYRD has made some comments along that line.

Real candidly, the principal bill that we have, without the amendment, does not deal with the problem of poverty, does not deal with the problem of jobs. Whether you have a Democratic Senate or a Republican Senate, whether you have a Democratic President or a Republican President, one thing is not going to change, one trend line: the demand for unskilled labor is going down. Most of those on welfare are people who do not have skills. And so to have real welfare reform, we really have to be talking about jobs, ultimately. But, in the meantime, we cannot let people fall through the cracks.

I heard what our colleague from North Dakota, Senator CONRAD, said about Senator MOYNIHAN. Senator MOYNIHAN knows more about welfare than all of the rest of this body put together—meaning no disrespect to my colleagues here from Arizona and Minnesota, and anywhere else. But the reality is that we have, as a Nation, said we are committed to having a safety net for people. This bill, unamended, takes out the safety net. That is the reality. The State maintenance effort that is now required will die. If Arizona wants to do nothing, Arizona can do nothing. And if Illinois wants to do nothing, Illinois can do nothing.

Let me add one other point. The Dole bill takes a bill that emerged from the Labor and Human Resources Committee, dealing with job training and a number of other things like that, and just drops it wholesale in here—a bill that I think most of us on the committee know needs to be refined. For example, the Job Corps is just decimated. Now, the Job Corps needs to be improved. But 79 percent of the people in the Job Corps are high school dropouts. This is not a Sunday school class we are picking up and saying we want to help you along; these are people who are on the fringes, and the Job Corps

has been a remarkably successful enterprise.

I will have an amendment, Mr. President, that is identical to a bill that Senator Boren and Senator REID and Senator Wofford and I introduced last year, which will call for an experiment—basically, a WPA type of program in four locations, to be picked by the Secretary of Labor, in which we will say that you can be on welfare 5 weeks—not 5 years, not 2 years, but 5 weeks—and you have to work 4 days a week at the minimum wage. The fifth day you have to be out trying to find a job in the private sector. We will give you $535 a month—not much money, but at least something. I do not recall the average in Arizona, but the average welfare payment per family in Illinois is $367. And then projects would be picked by local citizens, and these people will work on the projects, as we did in the old WPA.

Screen people as they come in. If they cannot read and write, get them into a program. If they have no marketable skill, then get them to a community college.

The PRESIDING OFFICER (Mr. COATS). The time of the Senator has expired.

Mr. SIMON. Could I have 1 minute?

Mr. MOYNIHAN. The Senator from Illinois can have as much time as he desires because he has so much to say and says it so well.

Mr. SIMON. I thank my colleague from New York. I intend now to speak for 2 or 3 hours, but I shall not.

One other great advantage of the WPA-type of program that I will offer in this amendment is we do not restrict it to one person in a household. One of the things that we have done through our welfare policies is discourage families from sticking together.

If you can have two people earning an income on a WPA-type of project, then, frankly, they would have a chance of not living in luxury, but there would be the economic incentive for families to stick together rather than families to separate.

I certainly am going to support the amendment offered by Senator DASCHLE and Senator MOYNIHAN. I hope we do not do real harm to this country in the name of welfare reform. Everything that is under a label "welfare reform" is not real good for this country. We have to recognize that.

I yield the floor.

Mr. MOYNIHAN. Mr. President, I see the able and learned Senator from California has risen. She has asked if she might have 12 minutes. She most certainly can, and I look forward to hearing from her.

Mrs. BOXER. Thank you very much, Mr. President. Thank you very much, Senator MOYNIHAN, not only for the time but for your extraordinary leadership, your vision.

I think it should send a chill through this body, whether we are Democrats or Republicans, men or women, moms, dads, single people, grandmothers, or grandfathers, when you discussed very clearly the results of the Republican plan: if it passes and is signed into law, it will undoubtedly mean children in deep despair, and in deep poverty. Your image of children sleeping on grates across this Nation is one which I take very seriously.

There are few in this Congress and few in this country and I could even say, in my opinion, there are none, who have been so correct in their analysis of what is happening to the poor in this Nation. We have made many mistakes, the Senator from Minnesota is correct, as we have tried to deal with this very intractable problem. I hope we would not replace some of those mistakes with even deeper mistakes. I, therefore, applaud the call for bipartisanship as we deal with this issue.

Mr. President, I think it is important to note that we are talking here about the Nation's children. If you look at my home State of California, approximately 70 percent of California AFDC recipients—that is, those who are on welfare—are children. Let me repeat: in my home State of California, 70 percent of those on welfare are children. Children who were born into a circumstance not of their own making at all—just their circumstance.

What we do here will impact them greatly. In many ways, we are their protectors, Mr. President. We are their protectors. I hope we will not abandon them.

As I listened to the Senator from New York, my leader on this issue, I say that he has issued a warning that if the Dole bill passes unamended, in fact we will be doing just that. We will be saying that regardless of our statements in all of our campaigns—that children are the most important thing, that children are our future—that without our children getting a break, the country will go backwards. In fact we will be walking away from the future. We would be walking away from our responsibility.

Many know I have had the great joy of becoming a grandmother for the first time. As I looked at that little child and saw all the love that he gets on a daily basis, I know how pleased he is. We can never guarantee anyone that they will have that much love in their life.

But, my goodness, we have to give the basic guarantee to these innocents, to these babies, that they will not be left out in the cold. At least that, Mr. President. At least that.

Now, it was President Clinton who brought this issue to our attention during his campaign. "We must end welfare as we know it," he said. I think that President Clinton has a great deal of compassion in his heart for children.

I know that he agrees with us in the Senate when we say, "Let us reform welfare to benefit the children, not reform it to hurt the children." We will be judged on how we handle this bill. We will be judged in the abstract at first, but we will be judged by the results eventually.

People will know if children are going hungrier, if more of the homeless are children. They will know where to point the finger, and it will be right here. If we take the Dole approach without amending it—and I hope in a bipartisan fashion we will amend it—we will be hurting our children and we will see the results of that and we will know when and where it came from.

I listened to my learned friend from New York talk about what happened to the homeless after we moved to close down mental institutions. For all the good reasons—we said, it is better to have our mentally ill in smaller institutions, smaller homes throughout the country. But something happened on the way to the Forum. We ran out of money and we never built those alternatives.

This situation is worse because right off the top we know in the Dole bill we are freezing spending. At least when my predecessors tried to reform the mental health system, they had a plan. But this Dole bill is no plan. It is an abdication, not a plan. This is very, very troubling.

Now, one of the things that upsets me perhaps more than any other, is that there is no clear way in the Dole bill that we are going to enable working moms and working dads to rely on child care.

Child care is really an incidental in the Dole bill. It is wrapped into a job assistance grant. The funds are frozen. In California, we have thousands of kids today waiting in line to get into child care. We do nothing.

I hearken this Senate back to the days of Franklin Delano Roosevelt, who is often praised by Republicans for his leadership. He knew we needed to get women into the workplace. We all know about "Rosie the Riveter." Without women going to work and building the machinery of war that we had to build in this Nation—and we had to catch up because we were so behind in order to fight these battles—women were relied upon in the workplace. And Franklin Delano Roosevelt knew a woman was not going to abandon her child. She was going to need child care while the husband was off at war and she was off in the factory.

According to Doris Kearns Goodwin in the book "No Ordinary Time," which I commend to everyone, nearly $50 million was spent on child care before the end of the war. And the women blossomed in the workplace because they knew that their kids were OK.

I like the Democratic alternative. I think it makes sense because what it says is: You must work, but we will make sure that you do not abandon your children. The Democratic plan is respectful of the family, is understanding of the family. The Democratic plan puts work first and children first. Work first and children first. The Republican plan takes us out of the game. It says to the States: Here it is. It is your problem.

The people in our States understand in the end it will be their problem, because what is going to happen when there are more helpless and more homeless and more desperate people, and people are tripping over them in the street and we are out of it?

We have to balance the budget, and we will. We will not have the money for welfare. And it will be the greatest unfunded mandate of all time, because people are not going to allow their communities to deteriorate.

So I am very proud to support the Democratic alternative. I think it is smart. I think it builds on what success we have had. In California we have had success. In Riverside County, for example, and in Los Angeles County, we have put a large percentage of welfare recipients onto the work rolls because we have really given them what they need. But the Republican plan, that is going to lead to nothing but trouble—trouble in the States, unfunded mandates laid on our State taxpayers, laid on our local taxpayers.

I come from the local end of things. I got elected to the Board of Supervisors of Marin County a long time ago. I got calls at home when anything was going on in the street. I can assure you, county supervisors and city council people and mayors and Governors are going to be very upset when these problems appear in their communities and the Federal Government says, "It is your problem."

Mr. President, an estimated 70 percent of welfare recipients are children and here we are walking away from those children. We do not have to do it. Let us be tough on work and kind to children. That is what the Democratic alternative does. I hope we will have bipartisan support for that. My cities in California are desperate about this. Billions of dollars will be lost to the big counties in California with the Republican plan—billions. Not millions but billions. And the problem will not go away.

So I stand with the former chairman, the Democratic ranking member of the Finance Committee. His vision should not be ignored. We should learn from him. We should listen to him. He is the leader in this Nation on this issue. He predicted what would happen in the communities, the out-of-wedlock births, and the problems that would follow in society. And when he says he knows we are going to see kids sleeping on grates, and misery, and children who are out of control—he knows what he is talking about.

So I stand with him proudly. I hope we will support the Democratic alternative and, if we lose that, that we will come together on amending the Dole bill. I yield the floor.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, may I express particular personal thanks to the Senator from California for her generosity in her remarks, and to make the case—just comment—that in the aftermath of the Family Support Act, we had considerable successes in places such as Riverside. And we also had a continued rise in the number of families headed by women.

The CBO has done the best analysis you can do with these things, a regression analysis. It states the caseload increase from late 1989 to 1992, increases in the number of families headed by women explain just over half in the rise of the AFDC basic caseload. A quarter was the recession.

I ask unanimous consent the analysis be printed in the RECORD at this point.

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

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, August 6, 1993.

Subject: CBO Staff Memorandum on Rising Caseloads in the Aid to Families with Dependent Children (AFDC) Program.

We are enclosing a copy of "Forecasting AFDC Caseloads, with an Emphasis on Economic Factors," which was prepared by Janice Peskin and John Tapogna in response to a request from the Subcommittee on Human Resources of the Committee on Ways and Means. To understand the upsurge in AFDC caseloads that began during late 1989, the memorandum develops regression models that estimate how various factors affect caseloads.

The CBO model for the AFDC-Basic caseload indicates that:

The effect on employment of the 1990–1991 recession—and the relatively weak economy before and after the recession—accounts for about a quarter of the recent growth in caseloads; and

Increases in the number of families headed by women explain just over half of the rise in the AFDC-Basic caseload.

Looking ahead to the 1993–1995 period, increases in the AFDC-Basic caseload are expected to be sizable. The main underlying causes are growth in the number of families headed by women—especially by never-married mothers—which is expected to continue at a rapid rate, and the relatively weak economic recovery that is forecast.

We hope you find this report useful.

Mr. MOYNIHAN. I do not want to go around looking like an Easter procession here or something, but to my friend from California, that is the pen with which John F. Kennedy, in his last public bill-signing ceremony, October 31, 1963, signed the Community Mental Health Construction Act of 1963.

We were going to build 2,000 community mental health centers by the year 1980 and 1 per 100,000 population afterwards. We built 400 and we forgot what we were doing. We emptied out the mental institutions. The next thing you know, the problem of the homeless appears. I was there. He gave me this pen. And we said, "The homeless? Where did they come from? It was certainly nothing we did."

It was exactly something we did. When you see those children sleeping on grates in 10 years time in your city, do not think it will not be recorded, thanks to the Senator from California, that you can see it coming. Somebody might keep the pen with which this bill is going to be signed, if in fact it is signed, for such an occasion.

Mr. President, I thank, again, the Senator from California. I see the Senator from Michigan is on the floor. Would he like to speak?

The Senator from Michigan asks 15 minutes. The Senator from Pennsylvania has nobody wishing to speak.

The PRESIDING OFFICER. The Chair will advise the Senator from New York that the time remaining under the time agreement for his side is 12 minutes and 45 seconds.

Mr. MOYNIHAN. The Senator from Michigan is accordingly granted 12 minutes. We will have 45 seconds to wrap up. Is that agreeable?

Mr. LEVIN. I will be happy to take 10.

Mr. MOYNIHAN. No, we understood this would happen and it has happened.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Mr. LEVIN. Mr. President, I thank my friend from New York. I also thank him, much more importantly, for the extraordinary wisdom, as well as passion, with which he addresses this subject. The experience that he has, the institutional and national memory which he carries around up there in his head, is unique. I just wish there were more of us like him in that capacity, to learn from experience not just what is achievable, but also to pass along the lessons of unintended consequences for so many things that we do.

Mr. President, the Nation's welfare system does not serve the Nation well. It is broken in a number of places. It has failed the children that it is intended to protect. It has failed the American taxpayer.

I am hopeful the debate in the Senate will result in a constructive effort which will finally end the current system and achieve meaningful reform. Meaningful reform will assure that children are protected, that able-bodied people work, and that child support enforcement laws are fully effective in getting fathers to support their children.

The history of this country's welfare reform is littered with the remains of programs that have begun with high expectations but fall short in reality. Welfare has too often been a cycle of dependence instead of independence. It makes no sense to continue a system which contains incentives for people to be on welfare. We have an obligation to break this cycle for all concerned.

The imperative of ending welfare dependency has led me to conclude that one component of welfare reform must be time limits on welfare benefits, in order to force able-bodied recipients to seek and secure employment.

The Daschle work first bill fundamentally changes the current welfare system by replacing a system of unconditional, unlimited aid with conditional benefits for a limited time. But it does so without abandoning the national goal of helping children. Under the work first bill, in order to

receive assistance, all recipients must sign an empowerment contract. This contract will contain an individual plan, designed to move the recipient promptly into the work force. Those who refuse to sign a contract will not get assistance, and tough sanctions will apply to those not complying with the contract that they sign. I have long believed that work requirements should be clear, strong, and should be applied promptly. I am pleased that Senator DASCHLE has accepted a modification at my request which adds a requirement that recipients be in job training or in school or working in a private sector job within 6 months of the receipt of benefits, or, if a private sector job cannot be found, in community service employment. The requirement would be phased in to allow the States the opportunity to adjust administratively.

The Dole legislation requires recipients to work within no more than 2 years of the receipt of benefits. But why wait that long? Why wait 2 years? Unless an able-bodied person is in school or job training, why wait longer than 6 months to require that a person either have a private job or be performing community service?

There is no doubt that there is a great need in local communities across the country for community service workers. Last year, the demand for community service workers from the President's AmeriCorps Program was far greater than the ability to fund them. According to AmeriCorps, of the 538 project applications requesting approximately 60,000 workers, applications for only about 20,000 workers, about a third, could be funded. Projects ranged from environmental cleanup, to assisting in day care centers, to home health care aides. So it is clear that there is no shortage of need for community service and for workers to perform community service.

Mr. President, I have long been concerned about the cycle of dependency and the need to return welfare recipients to work. As long as 14 years ago, in 1981, I was the author, along with Senator DOLE, of an amendment which was enacted into law to put some welfare recipients back to work as home health care aides, thereby decreasing the welfare rolls and increasing the local tax base.

This demonstration project called for the training and placement of AFDC recipients as home care aides to Medicaid recipients as a long-term care alternative to institutional care and was subject to rigorous evaluation of demonstration and the post-demonstration periods.

The independently conducted program evaluation found that in six of the seven demonstration projects, trainees' total monthly earnings increased by 56 percent to over 130 percent during the demonstration period. Evaluations of the post-demonstration years indicated similarly positive and significant income effects.

Consistent with the increase in employment, trainees also received reduced public benefits. All seven States moved a significant proportion of trainees off of AFDC. In four of the States, a significant proportion of the trainees also were moved off of the Food Stamp Program or received significantly reduced benefit amounts.

Additionally, the program evaluation indicated that it significantly increased the amount of formal in-home care received by Medicaid clients and had significant beneficial effects on client health and functioning. The evaluation also indicates that clients benefited from marginally reduced costs for the services that they received.

As the 1986 evaluation of our demonstration project showed, this type of demonstration had great potential in allowing local governments to respond to priority needs and assist members of their community in obtaining the training necessary to obtain practical, meaningful private-sector employment and become productive, self-sufficient members of their community.

So experience has shown that we must be much more aggressive in requiring recipients to work. But, as we require recipients to work, we must remember that another important part of the challenge facing us is that two-thirds of the welfare recipients nationwide are children. Almost 10 million American children—nearly 400,000 in my home State of Michigan alone—receive benefits. We must not punish the kids in our welfare reform.

I am hopeful that the 104th Congress will get people off welfare and into jobs, in the privilege sector, if possible, but in community service, if necessary.

I want to again commend and congratulate Senator MOYNIHAN for his decades of work on this issue. I want to congratulate Senators DASCHLE, MIKULSKI, BREAUX, and so many others of our colleagues who have worked on the Daschle work first bill, which I am proud to cosponsor.

The work first bill is tough on getting people into jobs. But it provides the necessary incentives and resources to the States not only to require people to work, but to help people find jobs and to keep them.

Mr. President, I have focused on making sure that able-bodied people on welfare work. That has been a focus of my efforts for over a decade now in this body, and I have described one of those efforts, with Senator DOLE, that we actually succeeded in putting into place over a decade ago that had some very positive effects. But there are other critically important elements of positive welfare reform. The number of children born to unwed teenaged mothers has continued to rise at totally unacceptable rates. We all recognize the need to do something about this and to remove any incentives created by the welfare system for teenagers to have children. I support teen pregnancy prevention programs with flexibility for the States in its implementation.

We also know that the problem of teen pregnancy and unwed teenaged parents is not going to be completely eliminated or easily eliminated. So I support provisions which require teen parents to continue their education and job training and to live either at home with an adult family member or in an adult-supervised group home in order to qualify for benefits.

We should not erode the Federal safety net for low-income working families and for families who have exhausted their unemployment benefits. We frequently forget those families. Working families who lose their jobs get unemployment and then exhaust their unemployment. These are working people.

Tens of thousands of people in my home State of Michigan, over 329,000 nationally, who are working people who have exhausted their unemployment benefits have had to move into welfare as a final resort. That was their final safety net. And responsible reform must assure that in times of economic crisis, funds are available for working families who have lost their jobs and exhausted their unemployment insurance. And the only way to do this is with a Federal safety net, that Federal safety net which the Senator from New York has spent so much time analyzing and discussing before this body.

Child care assistance is an important facet of realistic welfare reform as it is for low-income working families who are not on welfare. Child care assistance is essential to help recipients keep a job and stay off welfare. Assistance is particularly needed in transition periods moving from welfare to work. That is why child care assistance is such an important feature of the work first plan, not just for people on welfare but for low-income people, whether or not they are on welfare.

Another key element of any successful welfare program will be assuring that parents take responsibility for their children. So we must toughen and improve interstate enforcement of child support. I very much support provisions to require welfare recipients' cooperation in establishing the paternity of a child as a condition of eligibility for benefits, and a range of measures such as driver's license and passport restrictions, use of Federal income tax refunds, and an enhanced database capability for locating parents who do not meet their child support obligations.

The Daschle amendment which is before us addresses these and other problems. It ends the failed welfare system and replaces it with a program to move people into jobs, to provide child care, to assure that parents take responsibility for the children they bring into the world, and it does this without penalizing America's children.

So I intend to vote for Senator DASCHLE's work first welfare reform

program to finally end the current system and achieve meaningful but realistic welfare reform.

Again, I want to particularly single out our good friend from New York for the dedication which he has brought to this subject over so many decades, and for the wisdom which he imparts, and for the warnings which he really gives to all of us that we should do our best to reform the system but be aware of those unintended consequences. It is a lesson which each of us should heed.

I thank my friend for the time.

I yield the floor.

The PRESIDING OFFICER. The Chair would advise the Senator from New York that he has 25 seconds remaining.

Mr. MOYNIHAN. I will use each of those seconds to thank my incomparably learned and capable friend from Michigan who has so wonderfully guided us in legal matters through this Congress and who has spoken so wisely about welfare and who has spoken generously about the Senator from New York.

Mr. President, if I have 5 remaining seconds, I will retain them for some unspecified purpose.

The PRESIDING OFFICER. The time has expired.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, the majority leader has very generously suggested we might have an additional 15 minutes for our side, and the Senator from Vermont is present and I give him as much of that time as he wishes.

The PRESIDING OFFICER. The Senator from Vermont is recognized.

Mr. LEAHY. Mr. President, I thank the distinguished Senator from New York and the distinguished Republican leader for the courtesy that in my years here I have grown accustomed to receiving from both of them.

Mr. President, I am concerned about the welfare bill before us, the Republican version. I know that a lot of very good Senators on both sides of the aisle have been wrestling with the problems we face, but I worry about just how that wrestling match may come out.

Mr. President, the Republican welfare bill is an all-out assault on low-income children and families. The bill is anti-child, anti-family and it does nothing to get people off welfare and into a job.

The rhetoric being used to sell this bill to the American people is full of false promises. The bill is not reform.

It boxes up welfare problems and ships them off to the States. On the outside of this box there ought to be, in big bold letters, a sign that says "Local taxpayers beware."

Sending severely underfunded block grants to the States with no real emphasis on work will cost all of us more in the end. The Senate Republican plan cuts spending on welfare now, but you can be sure that local taxpayers will be picking up the tab later.

According to the Congressional Budget Office, 44 of the 50 States will not meet work participation target rates in the Senate Republican bill because this plan fails to provide States with the money needed to achieve these rates.

Here is another unfunded mandate being passed on to the State and local taxpayers.

States must either swallow further cuts in Federal payments to the needy—or come up with more money from their own coffers.

This makes no sense—unless the true purpose of this bill is to turn our back on the unemployed and further burden the taxpayer. You have to be tax-happy or cold-hearted to like this bill.

In my home State of Vermont, the Republican bill would cut over $77 million in cash assistance, supplemental security income, child care, and food stamps over the next 5 years.

Under the Republican block grant proposal there will be no adjustments for high unemployment or recession. When the block grant money runs out, Vermonters will pick up the tab.

Helping low-income Americans find a way out of poverty is a responsibility of both States and the Federal Government. The Republican plan abandons any national involvement in providing for the welfare of the Nation.

States need more flexibility, but that does not mean shedding our national responsibility.

I cannot support the Republican plan, but I intend to vote for the alternative proposal offered by Senator DASCHLE. The Democratic leader's plan continues a national commitment to keep families together and work their way off welfare.

Families on welfare cannot get jobs if they do not have adequate child care support. They cannot keep their jobs unless there is a transition period for child care.

The Democratic bill not only emphasizes helping people find work—but backs it up with the child care necessary to go to work.

The Democratic alternative is a national commitment to help children and families work their way out of poverty. The Republican bill is a feel-good, do-nothing charade that takes a walk on the problem of poverty.

There is a welfare scandal in this country that most Republicans have been strangely silent about. It is the scandal of corporate welfare.

As we pause on the brink of slashing food assistance and child care to needy families, I wish we would think a little bit about the corporations that are receiving benefits from Uncle Sam.

According to the conservative Cato Institute, the American taxpayer spends $85 billion a year on corporate welfare—not including tax loopholes that cost many billions of dollars more.

The reason for this is simple. Low-income children cannot hire high-priced Washington law firms. Those who can hire expensive law firms are spared the reform axe this year.

The Senate Republican bill takes food, child care, housing assistance and assistance for disabled children away from families, but continues the practice of letting taxpayers foot part of the bill for wealthy corporations to lease limousines.

We must look at the entire welfare system—including corporate welfare.

Nobody on the Senate floor disagrees that we need to reform welfare aid for low-income families. We do. There are too many programs that do too little to help people get back to work.

We need to ask more of those who receive assistance, but we should not abandon those who play by the rules. We also need to continue programs that reward low-income working families.

This bill is just the latest attack by Republican leadership in Congress on low-income children and families. But families on welfare are not the only targets.

Earlier this year, the Republican leadership announced plans to cut back the earned income tax credit [EITC]. This is a tax credit that rewards low-income Americans who work. It makes a huge difference for families struggling to pay the rent and buy food for their kids.

Yes, you heard it right. The Republican leadership wants to raise taxes for low-income working families.

The Republican budget resolution also cuts Medicaid by $180 billion over the next 7 years. Medicaid provides long-term care for low-income seniors, the disabled and health care for low-income children and families.

Following through on the budget resolution, the House just cut billions out of next year's appropriations for education programs, Head Start and youth work programs.

At the same time, the House is gearing up to pay for 20 additional B-2 bombers at $1 billion a pop. A plane that the Pentagon has said it does not even want. We need to get our priorities straight.

The Republican assault on programs that benefit low-income Americans comes at a time when census data shows the gap between the rich and the poor is greater than at any time since the end of World War II.

If the present trends continue, the America that our children grow up in will look more like a Third World country, with deep gulfs between the rich and the poor.

Programs that keep poor families together, rather than tearing them apart and programs that feed children so they can learn, are investments in our future.

These investments will make America more productive.

Members of Congress have benefited from the opportunities which have made America the land of opportunity.

We have an obligation to make sure that those same opportunities are available for the next generation.

We must work together to make responsible bipartisan changes to Federal programs that provide assistance to low-income children and families. I fear, however, the public policy is right now being overshadowed by Presidential politics.

I hope that reason will prevail over hysteria as we all take a good hard look at how we can make welfare programs work better for all Americans.

Mr. HEFLIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. HEFLIN. Mr. President, I am pleased that the Senate has finally embarked on an earnest and vigorous debate on reforming welfare. Except for the balanced budget amendment, this is probably the most important legislation we will tackle in this Congress. There is no doubt that our current system is failing welfare recipients and taxpayers alike. I believe that all Senators recognize the shortcomings that exist in welfare and sincerely want to rectify them. Although there are some tough issues yet to be resolved, let us not shirk the responsibility we have to all citizens of this country to work together in passing meaningful welfare reform.

We have before us various proposals to revise the Federal programs that provide assistance to the poor in our Nation. After reviewing the different recommendations, I have concluded that the Work First legislation authored by Senators DASCHLE, BREAUX, and MIKULSKI contains the best alternatives to the current problems in our welfare system. First and foremost, the Work First plan mandates work for welfare recipients and an end to government dependency. The AFDC Program would be abolished and replaced by a time-limited benefit, conditional upon a recipient's signing and complying with a parent empowerment contract. Welfare offices would be transformed into employment offices and ensure that welfare parents become productive members of the work force as soon as possible. Persons receiving temporary employment assistance would be required to look for work from day one and would be penalized for turning down any legitimate job offer. States would confirm that an increasing percentage of their welfare populations are entering the work force. Unlike the Republican leadership bill, however, States would have access to the necessary resources to fulfill work participation rates. Child care assistance would be available to help welfare parents successfully make the transition to employment. The Congressional Budget Office has stated that the lack of child care would make it impossible for 44 States to comply with the majority leader's bill. I do not wish to place such an unfunded mandate on the States. The Work First plan recognizes that child care is a must for States to meet its tough work participation rates. Moreover, only with sufficient child care can single welfare parents retain jobs and avoid a return to welfare dependency.

The Work First bill provides greater incentives than welfare. It transforms the entire welfare bureaucracy, making it work-oriented. States are given the flexibility to administer the Work First employment block grant themselves or contract with private companies to move temporary employment assistance recipients into full-time, private-sector jobs. Senator DASCHLE's bill is cost-effective. It would achieve a savings of $21 billion over 7 years, all of which would go directly toward deficit reduction. And while the Work First proposal imposes tough time limits for welfare assistance, it contains important protections for children, the innocent victims of our current defective system.

There is an urgent need to improve the welfare system in the United States. I hope that the Senate will take advantage of this historic opportunity to enact legislation to overhaul our flawed programs and empower welfare recipients to break cycles of dependency and become successful and productive citizens.

I yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. I think at this point we may have a few moments remaining, which I would like to reserve for some unanticipated purpose.

Seeing no Senators on this side, I see the Senator from Oklahoma.

Mr. NICKLES. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum has been suggested.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. NICKLES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. NICKLES. Mr. President, we have heard several of our colleagues, particularly on the other side of the aisle, talk about the need for welfare reform. And I would say that there is unanimous support in the Senate and in the country for welfare reform. But I also would say in my opinion the Democrat alternative leaves a lot to be desired.

Let me just make a couple of general comments about welfare before I talk about the specific amendment that we have before us today.

We have a lot of Federal programs, and we are spending a lot of money on welfare. It kind of shocks people. I told people in my State this past month that we have 336 Federal welfare programs; 336 different Federal welfare programs, and they have not been working. We are spending lots and lots of money, and it has not been working.

In 1994, we were spending about $241 billion for welfare programs—$241 billion—and that figure is increasing dramatically. Most of these programs are entitlements. Most of these programs grow. The Federal Government defines eligibility, and then we see how much they cost at the end of the year. We do not budget them. We do not say, "Here is how much money we are going to spend on welfare." They are entitlements. People are entitled to these benefits. Whether it is food stamps, whether it is housing assistance, whether it is energy assistance, you name it, we have a lot of programs where people are entitled to the benefit, and we see how much it costs at the end of the year.

It is not too surprising, therefore, we find a lot of people who become addicted to these entitlements and then they demand their money; they are entitled, as by definition of the Federal Government. So they become addicted to Federal programs. They become dependent on the Federal Government. We have to break the welfare dependency cycle we have in this country.

One of President Clinton's best lines in his 1992 campaign said, "We need to end welfare as we know it." Everyone was applauding. Democrats, Republicans, and Independents said, "Yes, we need to, because we realize the system is not working and it has not worked very well."

Mr. President, I ask unanimous consent that a study done by the Congressional Research Service that lists the 336 welfare programs and their costs be printed in the RECORD.

There being no obligation, the study was ordered to be printed in the RECORD, as follows:

OVERVIEW OF FEDERAL PROGRAMS AND SPENDING IN EIGHT WELFARE DOMAINS NOVEMBER 1994

Welfare domain	Number of programs	FY 1994 or 1995 appropriation (in millions)
Cash welfare	7	*$17,171
Child welfare and child abuse	38	4,306
Child care	45	11,771
Employment and training	154	24,838
Social services	33	6,589
Food and nutrition	10	37,967
Housing	27	17,516
Health	22	5,076
Total	336	125,234

*Figure for FY 1995.

Note. The figure of $125.2 billion does not include the $87 billion the Federal Government spent on Medicaid or the $28 billion spent on Supplemental Security Income in FY 1994.

Overview of selected Federal cash welfare programs for low-income people November 1994

[In millions] Program	FY 1996 spending
AFDC Basic payments	$12,040
AFDC Unemployed Parent payments	1,124
AFDC Emergency Assistance	600
AFDC Administration	1,637
JOBS	900
At-Risk child care	300

Program	spending
AFDC Transitional child care	570
Total	17,171

Source. Congressional Budget Office.

Note. All programs are under jurisdiction of the Committee on Ways and Means. AFDC=Aid to Families with Dependent Children.

Overview of Federal child welfare and child abuse programs for low-income people, November 1994

[In millions]

Committee of Jurisdiction and Program	FY 1995 appropriations
Education and Labor Committee (15 programs):	
Abandoned infants assistance	$14.4
Child abuse State grant program	22.8
Children's Justice Grant program	
Child abuse demonstration and research grants	15.4
Demonstration grants for abuse of homeless children	
Community based family resource program	31.4
Adoption opportunities program	13.0
Family violence State grant program	32.6
Family support centers	7.4
Missing and exploited children's program	6.7
Temporary Child Care for disabilities	5.9
Crisis Nurseries	5.9
Grants to improve the investigation and prosecution of child abuse cases	1.5
Children's Advocacy Centers	3.0
Treatment for juvenile offenders who are victims of child abuse or neglect	
Ways and Means Committee (13 programs):	
Child welfare services	292.0
Child welfare training	4.4
Child welfare research and demonstration	6.4
Family Preservation and family support program	150.0
Independent living	70.0
Entitlement for Adoption (4 programs)	399.3
Entitlement for Foster Care (3 programs)	3,128.0
Judiciary Committee (6 programs):	
Criminal background checks for child care providers	
Court-appointed special advocates (CASA) program	6.0
Child abuse training program for judicial personnel and practitioners	0.8
Grants for televised testimony	
Victims of crime program	
Grants to Indian tribes for child abuse cases	
Natural Resources Committee (3 programs):	
Indian child and family programs	24.6
Indian child protection and family violence prevention programs	0.6
Indian child welfare assistance	
Banking Committee (1 program):	
Family unification program	76.0
Total (38 programs)	4,306.1

*Estimated amount of the total $2.8 billion appropriation spent on child care.

Source. Congressional Research Service.

Overview of Federal child care programs for low-income people, November 1994

[In millions]

Committee of Jurisdiction Program	FY 1994 appropriation
Committee on Agriculture (1 program):	
Food Stamp program	$180
Subtotal	180
Committee on Education and Labor (25 programs):	
Student financial aid	-
Early Intervention grants for infants and families	253
Title I (Education for the disadvantaged)	127
Even Start	91
Migrant Education	26
Native Hawaiian Family Education Centers	5
School-to-work opportunities	-
Special Child Care Services for Disadvantaged College Students	-
Special Education Preschool Grants	339
Vocational Education	-
Child and adult food program	1,500
Abandoned Infants Assistance Act[1]	15
Child Care and Development Block Grant	892
Child Development Associate Credential Scholarship	1
Comprehensive Child Development Centers	47
Head Start	3,300
State Dependent Care Planning and Development Grants	13
Temporary Child Care for Children with Disabilities and Crisis Nurseries	12
Adult Training Program	-
Economic Dislocation and Worker Adjustment Assist. Program	-
Job Corps	-
Migrant and Seasonal Farmworkers Programs	-
School-to-work Transition (overlapping with Education)	-
Summer Youth Employment and Training Program	-
Youth Training Program	-
Subtotal	6,621
Committee on Ways and Means (11 programs):	
At-Risk Child Care	361
Child Care for Recipients of AFDC	528
Child Care Licensing Improvement Grants	-
Child Welfare Services	-
Social Services Block Grant	560
Transitional Child Care	140
Child Care and Dependent Care Tax Credit	2,700
Child Care as a Business Expense	-
Employer Provided Child or Dependent Care Services	675
Tax Exemption for Nonprofit Organizations	-
National Service Trust Program	-
Subtotal	4,964
Committee on Energy and Commerce (2 programs):	
Residential Substance Abuse Treatment for Women	-
Substance Abuse Prevention and Treatment Block Grant	-
Committee on Banking, Finance and Urban Affairs (4 programs):	
Community Development Block Grant	-
Early Childhood Development Program	6
Family Self-Sufficiency Program	-
Homeless Supportive Housing Program	-
Subtotal	6
Committee on Public Works and Transportation (1 program):	
Appalachian Childhood Development	-
Committee on Small Business (1 program):	
Guaranteed Loans for Small Business	-
Committee on Natural Resources (1 program):	
Indian Child Welfare Act—Title II grants	-
Total (46 programs)	11,771

[1] Jurisdiction shared by Energy and Commerce.

Note. Dash indicates indiscernible amount.

Source. Congressional Research Service.

Overview of Federal employment and training programs for low-income people, November 1994

[In millions]

Program	FY 1995 appropriation
Guaranteed Student Loans	$5,889.0
Federal Pell Grant	2,846.9
Rehabilitation Services Basic Support Grants to States	1,933.4
JTPA IIB Training Services for the Disadvantaged Summer-Youth Employment and Training Program	1,688.8
JFPA Job Corps	1,153.7
All-Volunteer Force Educational Assistance	895.1
Job Opportunities and Basic Skills Program	825.0
State Legalization Impact Assistance Grants	809.9
JTPA IIA Training Services for the Disadvantaged-Adult	793.1
Employment Service-Wagner Peyser State Grants	734.8
Vocational Education-Basic State Programs	717.5
JTPA IIC Disadvantaged Youth	563.1
Senior Community Service Employment Program	421.1
Community Services Block Grant	352.7
Adult Education-State Administered Basic Grant Programs	261.5
Vocational Rehabilitation for Disabled Veterans	245.1
JTPA EDWAA-Dislocated Workers (Governor's Discretionary)	229.5
JTPA EDWAA-Dislocated Workers (Substate Allotment)	229.5
Trade Adjustment Assistance-Workers	215.0
Supportive Housing Demonstration Program	164.0
Food Stamp Employment and Training	162.7
Upward Bound	160.5
One-Stop Career Centers	150.0
Economic Development-Grants for Public Works and Development	135.4
School-to-Work	135.0
Federal Supplemental Education Opportunity Grants	125.0

Program	appropriation
JTPA EDWAA-Dislocated Workers (Secretary's Discretionary)	114.7
Student Support Services	110.3
Survivors and Dependents Educational Assistance	109.1
Vocational Education-TechPrep Education	104.1
Miscellaneous*	2.562.0
Total	24.827.5

*A total of 93 programs with spending of less than $100 million; an additional 31 programs are authorized but had no appropriation for 1994.

Source: U.S. General Accounting Office. Multiple Employment and Training Programs: Overlapping Programs Can Add Unnecessary Administrative Costs. (GAO/HEHS-94-80). Washington, D.C. Clarence Crawford. 1994.

Overview of Federal social services programs for low-income people, November, 1994

[In millions] 55

Committee of Jurisdiction and Program	FY 1995 Appropriation
Education and Labor Committee (30 programs):	
Community Services Block Grant	$391.5
Community Economic Development	23.7
Rural Housing	2.9
Rural Community Facilities	3.3
Farm Worker Assistance	3.1
National Youth Sports	12.0
Community Food and Nutrition	8.7
VISTA	42.7
VISTA—Literary	5.0
Special Volunteers Programs	0
Retired Senior Volunteer Corps	35.7
Foster Grandparent Program	67.8
Senior Companion Program	31.2
Senior Demonstrations	1.0
Demonstration Partnership Agreements	8.0
Juvenile Justice Formula Grants (A+B	75.0
Juvenile Justice Discretionary Grants	25.0
Youth Gangs (Part D)	10.0
State Challenge Grants (Part E)	10.0
Juvenile Monitoring (Part G)	4.0
Prevention Grants—Title V	20.0
Americorps: National Service Trust	492.5
Service America	50.0
Civilian Community Corps	26.0
Youth Community Corps	?
Points of Light Foundation	6.5
Runaway and Homeless Youth	40.5
Transition Living for Homeless Youth	13.7
Drug Education for Runaways	14.5
Emergency Food & Shelter (McKinney)	130.0
Emergency Community Services Grants	19.8
Subtotal	1.574.1
Banking Committee (1 program): Community Development Grant	4,600.0
Judiciary Committee (1 program): Legal Services Corporation	415.0
Total (32 Programs)	$6.589.1

Source: Congressional Research Service.

Overview of Federal housing programs for low-income people, November 1994

[In millions] FY 1995

Program	Appropriation
Section 8	$2,800
Public Housing	7.200
Section 236 Interest Deduction	0
Section 235 Homeownership Assistance	7
Section 101 Rent Supplements	0
Home Investment Partnership Program (HOME)	1.400
Homeownership and Opportunity for People Everywhere (HOPE)	50
Section 202 Elderly	1.280
Section 811 Disabled	387
Housing Opportunities for Persons with AFDC	186
Emergency Shelter Grants to Homeless	
Section 8 Moderate Rehabilitation for SROs	
Supportive Housing for Homeless	1.120
Shelter Plus Care	
Innovative Homeless Initiatives Demonstration	
Section 502 Rural Home Loans	2.200
Rural Housing Repair Loans	35
Rural Housing Repair Grants	25
Farm Labor Housing Loans	16
Rural Rental Housing Grants	220
Farm Labor Housing Grants	11
Section 521 Rural Rental Assistance	523
Rural Self-help Housing TA Grants	13
Section 523 Self-Help Housing Site Loans	1
Section 524 Rural Housing Site Loans	1
Section 533 Rural Housing Preservation Grants	22
Bureau of Indian Affairs Housing Grants	19
Total (27 Programs)	17.516

Note: All programs except the Indian Affairs program are under jurisdiction of the Banking Committee; the Indian Affairs program is under jurisdiction of the Natural Resources Committee.

Source. Congressional Budget Office.

Overview of Federal food and nutrition programs for low-income persons, November 1994

[In millions] FY 1995

Program	Spending
Food Stamps	$24.750
Nutrition Assistance for Puerto Rico	1.143
Special Milk	15
Child Nutrition	7.271
Child Nutrition Commodities	400
Food Donations	266
Women, Infants and Children Program	3.297
CSFP	107
Emergency Food Assistance Program	123
HHS: Congregate Meals	386
HHS: Meals on Wheels	96
Food Program Administration	113
Total	37.967

Source: Congressional Budget Office.

Overview of Federal health programs for low-income people, November 1994

[In millions] FY 1995

Program	Appropriations
Community Health Centers	$617
Migrant Health Centers	65
Health Care Services for Homeless	65
Health Services for Residents of Public Housing	10
National Health Service Corps Field Program	45
National Health Service Corps Recruitment Program	80
Rural Health Services Outreach Grants	27
Maternal & Child Health Block grant	572
Setaside for Special Projects of National Significance	101
Setaside for Community Integrated Services Systems	11
Healthy Start Initiative	110
Family Planning Program	193
Adolescent Family Life Demonstration Grants	7
Indian Health Services	1.963
Projects for Assistance in Transition and Homelessness	30
Immunization Program	466
Vaccines for Children	424
CARE Grant Program	198
Scholarships for Disadvantaged Student Faculty (3 Programs)	37
Centers of Excellence	24
Education Assistance Regarding Undergraduates	27
Nurse Education Opportunities	4
Total (22 Programs)	5,076

Source. Congressional Budget Office.

Mr. NICKLES. Mr. President, Franklin Roosevelt once said:

The lessons of history, confirmed by evidence immediately before me, show conclusively that continued dependence upon relief induces a spiritual and moral disintegration fundamentally destructive to the national fiber. To dole out relief in this way is to administer a narcotic, a subtle destroyer of the human spirit.

Franklin Delano Roosevelt was exactly right. We have induced a spiritual and moral disintegration of fundamental destructive values, and it has been destructive to our national fiber; it has been destructive to the family. We have a welfare system that does not work.

Since President Lyndon Johnson launched the war on poverty in 1965, welfare spending has cost U.S. taxpayers about $5.4 trillion. Tragically, as Roosevelt predicted, this culturally destructive system has heightened the plight of the poor in this country, discouraging work and marriage. Today, one child in seven is raised on welfare through the Aid to Families with Dependent Children Program. Nearly a third of the children in the United States are now born to single mothers. The number of children on AFDC has tripled between 1965 and 1992, even though the total number of children in the United States declined by 5.5 percent.

To fix this system, we must drastically change it. Simply tinkering around the edges, as suggested by the White House and regrettably by the Democrats' substitute, is not an acceptable solution. Real welfare reform must be linked to personal responsibility. It must provide incentives for work instead of dependence, incentives for marriage instead of children born out of wedlock, and incentives to get a good education and save money to buy a home instead of dropping out of school and remaining in Government-owned housing.

The proposal before the Senate fulfills the commitment—and the proposal I am talking about is the Dole proposal—fulfills the commitment to overhaul the welfare system and is the result of important debate among the Senate Republicans in an effort to strengthen our proposal. I believe this

proposal should enjoy overwhelming support from both Republicans and Democrats, as well as the White House.

The Dole substitute has strong work requirements to ensure that able-bodied welfare recipients find a job. It recognizes illegitimacy as a serious national problem and stresses the responsibility of parenthood. It controls the unlimited spending of welfare programs by capping spending and consolidating many overlapping programs.

The Dole bill also consolidates 95 Federal programs in 3 block grants with the option for States to request a block grant for food stamps. We may have an amendment to include food stamps in the block-grant proposal, and certainly this Senator will support it.

The Congressional Budget Office scores the Dole proposal as saving approximately $70 billion over 7 years, while the Democratic package that we will vote on at 4 o'clock today saves only $21 billion. The bill also makes reforms in food stamps, housing programs, child support enforcement, and SSI.

The Dole bill has a real work requirement. Any able-bodied welfare recipient will be required to find a job, and work means work. Welfare recipients will no longer be able to avoid work by moving from one job training program to the next. States will also be able to require welfare applicants to look for a job before even receiving a welfare check.

I have heard my colleagues talk, and they have a great title for their bill. It is called the Work First Act of 1995, and that sounds great. But you need to look at the details.

We now have 155 Federal job training programs. They do not work. Why do we have 155? Because in almost every Congress, every time somebody is running for President they say, "The best welfare program is a job," so we come up with a new jobs program.

We did not eliminate any of the old ones not working, and we stacked on new. We have 155 Federal job training programs. It is ridiculous. Under our proposal, we put those together. We basically have one. Let the States decide which ones work. Some undoubtedly do work. I hope so. We are spending a lot of money. It certainly does not make any sense to have 155. That makes no sense whatsoever.

In regard to the substitute before us, many people have said this is a great bill, this is going to help people move into work. I am afraid—I am going to call it the Daschle bill—the Democratic substitute tinkers with the welfare system instead of rebuilding it. It proposes to replace AFDC with a bigger, more expensive package of entitlements.

Again, I want to underline "entitlements." The Republican package says we want to end welfare as an entitlement; people will not be entitled to receive welfare. We will have a block-grant approach. We will say, "This is how much we will spend." It will not be an open-ended entitlement.

Not so under the Democratic package. They replace AFDC with a new entitlement package that actually increases spending. Spending will increase more than $16 billion than projected AFDC costs over the next 7 years, and that is according to the Congressional Budget Office, not just DON NICKLES or the Republican Policy Committee.

The Democratic bill does not impose real time limits on welfare benefits. I have heard everybody say, "Well, we have to have some limits," and I am glad to see they approached time limits in the Democratic bill, but they have exceptions, several pages of exceptions.

As a matter of fact, they talk about a time limit and say, "Oh, yes, we are going to put a limit of cash payments of 5 years under the Democrats' bill," but then if you look at page 3 of the bill, as modified, we have exceptions. We have a hardship exception. That goes for a page. We have exceptions for teen parents. We will not count the years they are teens. There are exceptions for child-only cases, and other exceptions. In other words, this time limit has loopholes that can just be expanded and expanded.

It exempts families that happen to reside in an area that has an unemployment rate exceeding 8 percent. Originally, it was 7.5 percent. That means you do not have a 5-year time limit if you happen to live in New York City, Washington, DC, Los Angeles, or Newark, NJ. A lot of cities, a lot of areas have unemployment rates exceeding 8 percent, so they are exempt from the 5-year limitation.

Does that fix welfare as we know it? Does that meet President Clinton's statement, "We want to end welfare as we know it"? That does not end it. It means it will be a lifetime annuity if you live in a high unemployment area. That makes no sense.

We are going to exempt teenagers. If they are 16 years old and have a child born out of wedlock, we will not count the first 3 years and we will start counting after that. So they can be on for 7 or 8 years.

Wait a minute. That is not what President Clinton's rhetoric was. As a matter of fact, President Clinton said on August 11:

> What do we want out of welfare reform? We want work, we want time limits, we want responsible parenting.

There is no time limit, not if you live in an area that has high unemployment. If you are a teenage mother, that time limit is extended substantially.

So I just want to say I have heard many colleagues on the other side making very laudatory comments on the Daschle bill. But the more I look, the more exceptions I see. It does not look like a welfare reform bill. It is kind of tinkering on the edges.

Let us talk about the work requirement because, again, President Clinton said how important work requirements are. The Dole bill says 50 percent of the people have to be on work—50 percent of all people. Under the Daschle proposal, it requires 30 percent of the cash welfare recipients to engage in work-related activities by 1997, and 50 percent by the year 2000. It sounds like it is the same. But as with the time limits on welfare benefits, these work performance standards are undone by the fine print. A substantial number of recipients are excluded when calculating the work participation rates—mothers with young children, ill people, teen mothers, those caring for a family member who is ill or incapacitated. Together, these "clients," as they are now called under the Democratic bill, make up 25 percent of the adult welfare population, and they are exempt from the accounting of the 50-percent requirement.

Think of that. We will have a welfare population where 25 percent is now exempt from the mandate that 50 percent have to be at work. Well, if you add that together, that means that when the work requirements are fully phased in, 62.5 percent of the adult recipients will not be required to work or even get job training under the Daschle approach. That means five-eighths of the people will not be required to get a job or go into work training because they are exempt. So the time limits have all kinds of exemptions—a big exemption if you live in a high-unemployment area, a big exemption if you are a teen mother. The work requirements have big exemptions because we excluded a lot of people—25 percent of the adult population—from that. That is why I look at President Clinton saying, "What do we want out of welfare? We want work requirements and time limits." But the bill is riddled with exceptions in work requirements and certainly in time limits. It says we want responsible parenting. So do we. Maybe we can say we want responsible parenting and make that happen.

Both bills, I might say, have pretty stringent hits on deadbeat or delinquent dads or parents. So maybe there is some commonality in that area.

But, Mr. President, my comment is that we need to pass a welfare bill. I hope that we will pass a bipartisan bill. I hope our colleagues on the other side, after we dispose of this amendment, will look at the proposal Senator DOLE and myself and many other people have sponsored and be very serious. I know there are a lot of amendments. We need to dispose of them. Maybe we will pass some and reject some. I hope our colleagues that have amendments will bring them to the floor. I hope we will consider and dispose of them and, in the next few days, pass a significant welfare reform bill, one that eliminates the open-ended entitlement, one that has savings for taxpayers and encourages work and moves people away from Federal welfare dependency.

I think that is a big challenge. We have not done it in decades. It needs to

be done. The biggest beneficiary—some people think that Republicans are trying to do that so they can save some dollars. Some people think this is management, or we are just going to give the authority to the State. I think the biggest beneficiary of our changes will be welfare recipients, because we will be making some changes so they will get off the addiction of welfare and they will be able to break away from the dependency cycle that so many generations and individuals now are stuck on.

So, Mr. President, I think this is one of the most important pieces of legislation this Congress will consider, certainly this year. I am hopeful that in the next few days we will be successful in passing it.

Mr. President, I know that our side is planning on going into a conference. I see my friend from Arkansas on the floor.

Mr. DEWINE assumed the chair.

Mr. BUMPERS. Mr. President, if I may address a question. I understand that all the time remaining between now and 3:30 belongs to the opponents of the Daschle proposal; is that correct?

Mr. NICKLES. That is correct.

Mr. BUMPERS. I wonder if I can impose on the generosity of the Senator from Oklahoma to yield 5 or 10 minutes to me in opposition to his position.

Mr. NICKLES. I am happy to. I will inform my colleague that we were planning on actually—we have a caucus going on at this moment that I was hoping to join in. So it is my intention, as I told the Senator from New York, to have the Senate stand in recess for some period—say until 3 o'clock. I will be happy to give my colleague 5 minutes.

I yield the Senator from Arkansas 5 minutes.

Mr. KERREY. Mr. President, can I ask the Senator from Oklahoma, is he intending to do that and go into recess at that point?

Mr. NICKLES. That was my hope.

Mr. KERREY. I wonder if the Senator will entertain a unanimous-consent that I speak for 10 minutes after the Senator from Arkansas and at that point we go into recess?

Mr. NICKLES. Yes, but I will withhold putting the unanimous-consent request.

The PRESIDING OFFICER. The Senator from Arkansas is recognized.

Mr. BUMPERS. Mr. President, I want to make a couple of observations and take a slightly different tack on the issue of welfare than that which has been debated.

First of all, I am deeply troubled by the Dole proposal. I do not see how I can support it. One of the reasons I cannot support it is because there is no comprehensive plan on child care. Any welfare proposal that does not consider child care is doomed to failure. Women are not going to work unless they have someplace that will take care of their children during work hours. There is no added money in the Dole proposal for that purpose.

The Dole proposal also has a number of other shortcomings. For instance, the Dole proposal shortchanges States in the Sunbelt, such as Arkansas, where immigration is on the increase. The bill provides no additional funding to take care of a recession when the number of applicants for welfare grow. It seems to me that the proposal is fatally flawed in a number of ways. So I am going to strongly support the Daschle proposal, which attempts to address these issues. Every Member of the Senate wants to vote for welfare reform. If you sit around the coffee shops at home, that is about all they will talk about. However, we have to reform welfare in a commonsensical manner; not the willy-nilly approach taken by the Dole proposal.

It seems to me that we speak loudly, longingly and piously about the children of this country in this debate on welfare. We overtly or covertly attack them in this proposal—the most vulnerable among our population. Nobody knows for sure what the answer is. However, Mr. President, I assure you the answer is not to make children any worse off than they already are.

Let me just make a point about another kind of welfare. This morning's Washington Post had a story on the Federal Page indicating that the Secretary of the Interior yesterday signed a deed for 110 acres of land belonging to the American people to a Danish company called Faxe Kalk. What do you think the U.S. taxpayers got for that 110 acres of land yesterday? $275—$2.50 an acre. What do you think the corporation Faxe Kalk got? One billion dollars' worth of a mineral called travertine. It is an aggregate source used to whiten paper.

Due to the 1872 mining law, still firmly in place, the taxpayers of this country, who lament the taxes they pay, saw $1 billion worth of their assets go down the tube.

In 1990, Mr. President, I stood exactly where I am standing right now and pleaded with the people of the Senate to impose a moratorium on patenting under the 1872 mining law which requires the Secretary of Interior to deed away billions and billions and billions of dollars worth of gold, platinum, palladium, travertine, whatever, for $2.50 or $5 an acre. I lost that year by two votes.

Mr. President, I wonder if the Senator from Oklahoma will yield 2 additional minutes?

Mr. NICKLES. I yield the Senator from Arkansas an additional 4 minutes, and at the conclusion of his remarks I yield the Senator from Nebraska 10 minutes.

Mr. BUMPERS. I thank the Senator.

I stood here and pleaded with this body to put a moratorium to stop this practice, but lost 50-48.

Four days later, the Stillwater Mining Co. filed an application with the Secretary for patents on approximately 2,000 acres of public land in Montana for $5 an acre—roughly $10,000. If the Secretary winds up having to deed the land, and he certainly will under existing law, to the Stillwater Mining Co., the next story you read in the Washington Post will be that the Secretary of the Interior has deeded 2,000 acres of land belonging to the people of this country for $10,000 and underneath that 2,000 acres lies $38 billion worth of platinum and palladium.

Mr. President, are these my figures? No, they are the figures presented by the Stillwater Mining Co. Mr. President, 2½ years ago, Stillwater said they did not know whether they could make that pay off or not. They say there is $38 billion worth of minerals under it, but they did not know whether they could make it pay off.

Really? A year ago the Manville Corp., which had jointly formed the Stillwater Mining Co. with Chevron bought Chevron out and took Stillwater public at roughly $13 a share. Last week, Manville sold its remaining interest in Stillwater to a bunch of investors for $110 million plus a 5-percent royalty based on a net smelter return. Not bad for a company that 2½ years ago said they did not know whether they could make it profitable or not.

A year ago, when Stillwater went public, the stock sold for $13. 1 year later—how I wish I had invested in this one—the stock is worth $23 today. It had been up to $28. We cannot find the money for child care in the welfare reform bill, while, at the same time, we deeded away $1 billion yesterday, and are getting ready to deed away another $38 billion.

Just before the recess, I offered an amendment on the Interior appropriations bill to renew a moratorium on the issuance of patents pursuant to the 1872 mining law. However, the Senate defeated the amendment 51-46. Instead, my friend from Idaho offered an amendment that would require mining companies to pay fair market value for the surface of the land in the future, but that is just for the surface, not the minerals. So instead of paying $275 yesterday, the Faxe Kalk Corp. for $1 billion worth would have had to pay $20,000.

What a scam. Talk about welfare, welfare for some of our biggest corporations, while we beat up on the children of this country and say to the mothers, "No, we cannot give you child care for your child so you can go to work."

Mr. President, I yield the floor.

Mr. KERREY. Mr. President, this amendment unfortunately will probably be defeated along party lines.

I say unfortunately because there is a significant amount of enthusiasm in this body to respond to the people's concern about our welfare system and to try to change it.

The Democratic Party, as people have observed and understand, have very often had difficulty coming together around change. That is not the case with welfare reform.

We have spent a great deal of time on this side of the aisle—not defending the status quo—coming up with a proposal that radically alters the status quo with an attempt to pass legislation that will respond to taxpayers who say they do not like the current tax.

They think we are spending money with no results, and perhaps worse, spending money and making the problem more serious than it currently is to the recipients who do not like the system, since many do not go onto welfare by choice but are there as a consequence of divorce or separation and find it difficult to get off once they are on.

Mr. President, even providers today increasingly are saying they do not like the current system.

The Work First proposal is a serious attempt to respond to these concerns, an attempt not to reduce the budget deficit, but to reduce the rates of poverty and increase the self-sufficiency of Americans who are struggling to get out of the ranks of poverty. That is the effort that we have before us.

It changes our system so that we first will have an emphasis on finding and keeping a job; second, by providing the support necessary to find and keep that job; and third, by providing the States with more flexibility.

Mr. President, I urge citizens to understand that the Daschle amendment abolishes AFDC. It replaces it with an entitlement that is conditional upon an individual who is able bodied being willing to work. Those recipients must sign a parent empowerment contract that outlines their plan to move themselves into the work force, similar to what many States have already done, including my own, the State of Nebraska.

It provides a stimulus to develop the work ethic by moving from an income maintenance program to an employment assistance program.

Mr. President, beyond that, this bill recognizes that in order to keep that job, individuals, parents, need to have other things. In particular, it makes certain that every single person that is moving into the ranks of the employed has high-quality, affordable child care. Otherwise, they will not be able to get it done.

Now, there is a tremendous differential, Mr. President, between the relative cost of child care for somebody who is in the ranks of the poor and that of the people who are not poor. Above poverty, American families spend about 9 percent of their income for child care. Below poverty, it is almost 25 percent of their income.

This proposal, moreover, says that many Americans are still struggling to try to be able to afford the cost of health care. This extends the 1-year Medicaid to 2 years and provides a sliding scale. So again, there is a requirement of effort for health care.

Mr. President, this legislation responds to States saying that they want more flexibility. It allows States to design their own program and encourages States to redesign their infrastructure, to streamline the processes.

It provides incentive for States if the States exceed the required job participation rate. It does not freeze the funds in an inflexible block grant, but it does say the States are required to maintain some effort.

Mr. President, this legislation by itself will not solve all the problems. I still believe that we need to raise the minimum wage. I still believe that we need to hold on to the progress that was made with the expansion of the earned-income tax credit.

Perhaps one of the most damaging things that is done in the current budget resolution is to reduce the earned-income tax credit. This welfare reform proposal by itself will not solve all the problems.

Indeed, ideally for me, would be to pass the Daschle amendment and then include thereafter title 7 and title 8 of the Dole proposal, which is essentially the Kassebaum Work Force Development Act that consolidates and provides an awful lot more flexibility to States to make job training programs work. It is a very good piece of legislation. It could give the States the kind of flexibility and the power that they need to help people acquire the skills necessary to be self-sufficient.

I have no doubt that, if we were to pass this amendment—and I hope my own skepticism about this current division between Republicans and Democrats will not be warranted, I hope there will be Republicans who will vote for the Daschle proposal—if it is passed, taxpayers will like it because they will be getting their money's worth, for a program that provides incentives for people to work. The recipients will like it because it strengthens child support enforcement, it provides a contract that lets them know precisely what they are supposed to do, and it offers an alternative approach to the cycle of poverty and the cycle of welfare dependency that many are trying to break.

The people of the State of Nebraska, in my recent campaign, indicated strongly they want our welfare rules to be written so work is given greater priority than welfare, so it is more attractive than being on welfare. This legislation responds precisely to that concern. They want the opportunity at the State level and at the local level to be able to design their own programs, and this legislation responds to that concern.

It is not being driven solely by the need to reduce the deficit. There is not an ideological bent to it that says it has to be one way or the other. It is driven by a desire to be able to stand at the end of the day and say this thing is working better; that, from the taxpayers' standpoint, from the beneficiaries' standpoint, and from the providers' standpoint, we have made our welfare system operate in a more efficient, effective and, hopefully, humanitarian fashion as well.

I yield the floor.

The PRESIDING OFFICER. Who yields time? The Senator from Montana.

Mr. BAUCUS. Mr. President, on behalf of the majority leader, I yield myself such time as I may consume.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAUCUS. Mr. President, this is a very important subject, welfare reform. I have approached the debate myself by trying to go back to the basics. I think all of us have attempted that. That is by asking why we have a welfare system at all, what should it do, and, just as important, what should it not do? The answers to those questions, I think, are simple.

We now do not have a welfare system just in order to give money to poor people. That is not the point of welfare. It is not the point of welfare simply to give money to poor people. Neither do we have a welfare system to punish and humiliate people, especially children, for being poor. The reason we have a welfare system is to help people in a tough spot get back on their feet and back to work; to promote with compassion the values of work, personal responsibility and self-sufficiency we all share as Americans.

The failure of our present system to meet these goals is a national tragedy. It is a top concern of Montanans and of all Americans, and rightly so. It seems to me very sad that Congress is approaching welfare reform in a polarized, partisan way. After spending several weeks at home listening, talking to people, I know the American people expect better. They expect a serious effort to solve a serious problem. And they are right. That is why I have reached out to work with Republicans on welfare reform, and it is why I am disappointed to see how little effort the majority has made to work with Democrats and how little cooperation there is between the administration and the Congress.

If we continue on this course, the country will not get welfare reform. It will get a partisan bill, maybe a veto, and ultimately an embarrassing failure. So, while we still have time, today I would like to urge us all to try a bit harder to work better together, to do what we know is right, listen to the people, and get the job done.

In the past month, I have listened to Montanans I meet along the highway. I am walking across my State. I talk to people on welfare and people who have fought their way off welfare and into jobs, to teachers from Head Start and professionals from State government, county human service officers, to advocates for poor people, and to middle-class taxpayers who pay for our system.

As heated as the welfare reform debate can be, I have learned that most of us have some basic principles in common. We agree that America needs

a welfare system, but one which encourages personal responsibility, encourages work and self-sufficiency, lets States like Montana create systems that make sense for our own unique problems, is fair to taxpayers, protects children, and helps keep families together.

We agree the present system does not achieve these goals. It is broken and it needs dramatic change.

The Federal Government has administered our major welfare program, Aid to Families With Dependent Children, or AFDC, since the 1930's. I think it is fair to say that AFDC has failed to live up to these principles, and there is no reason to reinforce failure. The best thing to do now is not to tinker with the AFDC, or come up with a substitute to it; it is to get the Federal Government out of AFDC, turn it into a block grant, let the States design different plans, come up with their own ideas and try to learn from one another.

Therefore, it is with some reluctance I will vote against the alternative proposal by the Democratic leader. It has some good points: a time limit, work requirements, a child care program, and protection for children. Those are very important. But the proposal has a fundamental flaw. Under the proposal, the Federal Government will continue to administer welfare reform. I believe that will continue to cause a problem. It will continue to write requirements for States, and I believe it will perpetuate a system that has failed. That is why, on balance, I prefer the welfare reform bill offered by Senator DOLE.

The Dole proposal makes a clean break with the past. It converts the welfare program into a block grant, eliminating red tape and giving States the flexibility they need to run their own program. And it does some other essential things. It is fair to taxpayers. It does not require States to adopt the more punitive approaches of the House bill, such as making States deny benefits to families when they have more children, or to unwed teenage mothers. And by placing a time limit on benefits and requiring work, it moves away from a program which is based on benefit checks toward one which is based on responsibility and self-help.

Thus, I hope I will ultimately be able to vote for Senator DOLE's proposal. But at this point I believe it has some very serious problems. They can be fixed, but we cannot evade them.

These problems fall into three main areas:

First, failure to provide for child care. First, women and children, the people who receive the big majority of AFDC benefits, can only go to work if they have a safe, dependable provider of child care, and child care is expensive. When a mother comes off AFDC, she is likely to start with a pretty low-paying job. So, if we expect welfare recipients to work, we must offer some help with child care. But, at present, the Dole bill offers no real help with child care. It merely gives States the option of exempting families with children before their first birthday from the work participation requirements. We have to do much better.

Second, the safety net for families with children. While we must tell people they have to go back to work in a reasonable time, we have also to protect them when times are really tough: when a father suddenly leaves a family, when a wage-earner is killed or disabled in an accident, when a business closes, and when a young, single mother suddenly loses her job. We cannot and we must not simply cut away the whole social safety net.

So, if the Federal Government is going to turn the welfare system over to the States, we need a guarantee that the States will continue to provide their part of that safety net.

We need a guarantee that, under budget pressures as most of them are, they will not simply take the money and eliminate most or all benefits for people who truly need help.

The Dole bill does not provide that guarantee. Instead, it merely says that for 2 years, States must reach 75 percent or more of their present level of spending. After that, all bets are off. That is not good enough.

Third, the Dole bill contains provisions which should not be in a welfare bill at all. All these should be removed.

For example, it turns the Food Stamp Program into an optional block grant that was not in the committee bill. It is in the Dole bill. This is unnecessary, because the Food Stamp Program on the whole works. No doubt it can be improved in some ways, but it provides our families and children with the food they need.

And turning food stamps into a block grant is also dangerous, because it threatens the nutrition of poor children. States could eliminate nutrition services completely, which would threaten kids' health. Or they could turn them into cash grants, which would encourage fraud and abuse by recipients.

In addition, the Dole bill contains a large and controversial job training program. This is a very important issue which should be considered on its own merits, not simply lumped into the welfare bill without debate.

AMERICA NEEDS A BIPARTISAN REFORM

Finally, and once again, my most important criticism applies to the whole approach Congress has taken to welfare reform. That is, I believe Congress is treating this as a political issue rather than a real issue.

That is wrong. The failure of the welfare system is a serious social problem. It is a top concern of the public, and rightly so. It deserves to be more than a political hockey puck.

But today, we have a Democratic bill and a Republican bill. Slogans and press releases. All the things that have made so many Americans fed up with politics.

If nothing changes, we will get a partisan bill pushed through with a very narrow margin of votes. We will get a veto. It will be sustained. And at the end of the year, we will have no welfare reform.

That does not have to happen. We still have time for serious work on a serious problem. We can improve this bill, and ultimately get a good, tough, fair reform. I hope my colleagues here will join me.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Ms. MOSELEY-BRAUN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Ms. MOSELEY-BRAUN. I now ask unanimous consent that I be yielded 10 minutes to speak on the pending legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Ms. MOSELEY-BRAUN. Mr. President, today we begin in earnest to tackle the issue of welfare reform. In the next week we will decide if this Congress will pass welfare reform legislation that attacks poverty and aids recipients to become self-sufficient or if we give in to the rhetoric, the hot buttons, the slogans, the wedge issues, ignore past economic appearance, and pass shortsighted and, I daresay, counterproductive legislation.

To look first at some of the facts and to suggest a reality check about this debate: There are currently some 14 million people in the United States receiving aid to families with dependent children assistance, known as welfare. But, Mr. President, over 9 million of those people are children. The remaining 5 million of those people are adults. So let us be clear what we are talking about at the outset. When we talk about welfare reform, we are talking about primarily children. Nine million of the 14 million people receiving welfare are kids; only 5 million are adults.

Now, of those adults, of those 5 million adults, nearly 4 percent overall—these are national numbers—nearly 4 percent have been designated by the States—by the States—as incapacitated or physically unable to work. Other estimates, Mr. President, which include, among other conditions, mental illness, substance abuse and the like, put the number of those who are incapacitated and unable the work at about 18 percent. So 18 percent of the 5 million people are unable to work.

That means then that somewhere between 4.1 and 4.8 million AFDC recipients are able to work, and, Mr. President, I agree that they should work. I do not think there is anyone in this Chamber, indeed in this country, who would deny that those people who can work should work. On this point I think there can be absolute consensus.

The difference, Mr. President, however, between the Democratic alternative, the substitute amendment, and

the underlying bill, between the Democratic and the Republican approaches, is that the Democratic approach, I believe, asks two critical questions that apparently did not occur or at least are not represented in the leadership bill.

First question: What about the jobs and attendant training and education for those 4.1 to 4.8 able-bodied adults? And, second, what about the children? Again, 9 million children, what about them? To me, I believe that the bottom line of all of this is to ensure that children are protected. The question we should ask ourselves when evaluating any welfare reform proposal is, what about the children?

I introduced welfare reform legislation earlier in the year. Every provision in that bill, which was developed in conjunction and in conversation with the task force of Illinois residents, every provision of that bill sought to improve the condition of children through economic opportunities for their families and to maintain a safety net for them. The whole idea is to keep families and allow families to come together to provide a nurturing atmosphere for children and at the same time provide those families with an ability to support those children while providing a safety net for those children. I believe that the Democratic Work First bill, also known as the Daschle substitute, builds on those principles of support for families, support for children, and an emphasis on work.

The Daschle plan, the Democratic plan, includes all of the components necessary for successful welfare reform. It is tough on work, including a guarantee of necessary support services like child care and provides funding for job creation, and above all, it protects children. That is the reason that I have joined in cosponsoring the Democratic plan and support it wholeheartedly.

First, the Democratic bill provides that critical safety net for children. Our bill ensures that no child will go hungry or homeless due to the behavior of his or her parents. It affirms the Federal and State commitment to aiding poor children. And in that regard, Mr. President, I would point out that in this country right now some 24 percent, estimated 24 percent, of the children in America fall below the poverty level. The highest level of child poverty in the industrialized world is in America today. I, therefore, think that we cannot approach the issue of welfare reform without addressing the question of child poverty, and addressing the question of child poverty has to take place in a Federal, State, and local collaborative and cooperative arrangement.

Second, Mr. President, the Democratic alternative, the Work First bill, includes critical support services such as child care and health care. We know from past experience that the lack of child care and health care causes many poor people, many recipients, former recipients, to go back into transition and return back to the welfare rolls. An individual who is faced with the prospect of not being able to afford health care may then have to leave work and go back on welfare just to have their health needs attended to. Similarly, a mother, a single mother particularly, or single parent faced with the prospect of leaving their child alone, underaged child alone, in order to go to work will often be forced to leave the work force and go on welfare just to provide for child care.

So, the Work First bill, the Democratic alternative, includes those services as a necessary component of welfare reform. The Work First bill not only guarantees child care for those recipients required to work under it; it also expands and provides for the child care development block grant, the existing program that helps low-income working families to afford child care.

As you know, Mr. President, there are a number of people who work but who need the financial assistance so they can put their children into child care so that they will not be forced back onto welfare rolls. This legislation, the Democratic alternative, provides for those support services.

Mr. President, child care for the working poor is critical. It can often make the difference between a working parent and a parent receiving welfare. In Illinois alone, in my State, we currently have a waiting list—a waiting list, Mr. President—of some 30,000 children, 30,000 kids, children, who need to have slots in day care for which there are no slots available. The Democratic leadership recognizes that moving from welfare to work requires an upfront investment, and it has to be an investment that goes to the benefit of the children.

The Work First bill provides adequate funding so the recipients will have a real opportunity to move from welfare and into the private-sector work force. And that is why I would encourage all of my colleagues to take a good look at the leadership bill and encourage their support of it, because only by providing support for child care will we be able to accomplish real welfare reform.

The Democratic plan recognizes no matter how skilled a recipient, if there are no jobs or not enough jobs in the community, there still can be no work. Again, this job creation is another major element that has to be part of any real welfare reform. This bill, the Democratic bill, the Daschle bill, provides funding for community-based institutions that invest in business enterprises and therefore helps to create new private-sector jobs for low-income persons, which then will help us to revitalize poor, underserved communities and help us diminish the reliance on and the need for welfare.

Mr. President, the Republican leadership bill falls short in the areas that I have just mentioned: work, child care, job creation. And above all, it fails children. Two-thirds of those receiving assistance are children, and protecting their future should be the goal of reform.

One of the fundamental errors and problems with the plan before us right now—the Republican plan, the leadership plan—is that the plan ends the 60-year-old Federal commitment to provide assistance to needy children. States are given the option of leaving children to go homeless and hungry. It is unconscionable to me, Mr. President, the Senate would ignore the plight of children and allow that to happen.

During one of the hearings on welfare reform in the Finance Committee, I asked a sponsor, frankly, of the Republican bill, who supported the total dismantlement of the safety net, "What about the children? What if this bill results in children being homeless and hungry?" And the response that I got was. "Well, if that happens, we will just have to come back in a couple years and fix this."

Mr. President, I submit that we cannot be that generous with the suffering of children in this country and that we ought to start off fixing this problem now. And that is why I support the Daschle alternative.

CHILD CARE

Under the Dole bill, work requirements and participation rates are increased but funding for child care is not. Illinois alone will have to increase child care by 383 percent to meet the work requirements in the Dole bill. Funding for recipients required to work will siphon off dollars from low income families. In a State that already has a waiting list of 30,000, the impact of the Dole bill could be devastating.

This is a misguided approach if the aim of reform is long term self-sufficiency.

JOB CREATION

On the jobs issue the Dole bill is silent. There is no recognition that job creation and economic development are critical to communities that are plagued by both high unemployment and high poverty rates.

The bill assumes that recipients will be able to find jobs after the 5-year time limit, which could be less at a State's option, but does not provide funding for job creation or provide adequate funding for support services that will aid recipients to obtain and keep private sector jobs. In many poor communities jobs do not exist and those that are available are not easily accessible. This bill buys into the "Field of Dreams" theme of: If you kick them off they will work.

In many poor areas in Chicago, unemployment is between 20 and 40 percent. 80 percent of black youth between the ages of 16 and 19 are unemployed in Chicago and 55 percent of the 20 to 24 year-olds are out of work. It will be nearly impossible to move recipients into permanent private sector jobs if there is no effort to create jobs.

Under the Dole bill States will have to increase the number of persons participating in work-job preparation activities by over 161 percent by the year 2000. To use my State as an example: Illinois will receive $444 million less in AFDC funds, but will be required to increase by 122 percent the number of recipients participating in work-job preparation activities.

This will be a tremendous burden on Illinois. Our current caseload exceeds 700,000 people and 64 percent of the entire caseload resides in one county. In the year 2000, Illinois will be forced to use 73 percent of its block grant allocation to meet the Dole bill requirements. That leaves almost no funding for cash assistance or other programs supporting family stability. In addition, the State and the city of Chicago will have to create tens of thousands of jobs to absorb former welfare recipients who will have reached the 5-year time limit.

UNFUNDED MANDATE

What this means is States and localities will be forced to pick up the tab, which means the cost will be passed along to all of us through higher State and local taxes.

This leads me to my last point—the Dole will is an unfunded mandate.

Welfare reform is not easy and it is not cheap. What we have learned from successful State experiments like those in Michigan and Wisconsin—is that moving recipients into jobs can be done but it is expensive, labor intensive, and time consuming.

Even Tommy Thompson, Governor of Wisconsin, acknowledges the need for an initial investment. He has stated that "every time you change a system you are going to have an up-front investment, more transportation, more job training, more day care. And those who think that you can just change the system from one based on dependency, where you receive a welfare check once a month, to one in which you require people to go to work, are going to be sadly mistaken when you first start the program. Because there is an up-front investment."

In order to meet the work and child care costs associated with the Republican bill, States will have to spend an additional $16.7 billion. That is a very large unfunded mandate.

It is no wonder that the Congressional Budget Office has predicted States won't be able to meet the work and child care requirements in the Dole bill. It is easy to see why CBO assumes that 44 States will be unable to meet the bill's requirements, preferring to risk penalties instead.

CONCLUSION

We all want reform so that the welfare system works better. But we must keep in mind that the system serves real people—the majority of whom are children. Welfare should not be a wedge issue—it is a people issue.

The Work First plan provides a real solution to the problems of poverty; the Republican plan ignores poverty.

We live in one of the richest countries in the world, we have a $7 trillion economy and a $1.2 trillion Federal budget, and yet we lag behind every other industrial nation in child poverty. Yesterday, this body voted to give the Department of Defense $7 billion more than they asked for. Clearly, we have the wherewithal to do better by this Nation's children. What this next week will show is whether or not we have the will.

The PRESIDING OFFICER. The Senator's time has expired.

Ms. MOSELEY-BRAUN. I will continue to express myself on this subject in the coming hours of this debate. Thank you.

The PRESIDING OFFICER. Who yields time?

Mr. SANTORUM. Mr. President, I yield 3 minutes to the Senator from Missouri.

The PRESIDING OFFICER (Mr. ABRAHAM). The Senator from Missouri.

Mr. BOND. Mr. President, I thank the distinguished Senator from Pennsylvania. I want to raise a question for my colleagues on the other side of the aisle as to whether the proposed Daschle amendment would deal with a very disturbing situation we found in the State of Missouri.

Under the current law, and this is one of the reasons people are going nuts with welfare today, we have had an innovative program in Sedalia, MO, where the president pro tempore of the Missouri State Senate worked with the Division of Family Services, which administers AFDC, to try to find employees for a major employer coming to the Sedalia area, bringing 1,500 to 1,600 jobs.

They had the very simple idea that if they would bring qualified AFDC recipients to the employer, then they might help solve the problems of the people who did not have jobs and meet the needs of the employer for workers. They sent over a number of workers. Some of the workers have accepted employment, and the system seems to be working very well for them. Some of them chose to find other jobs because they did not like this employer, and that is a good result. Those two classes of people found work.

A third class of people was turned down for jobs. They continued to receive AFDC. Another class of workers who refused to show up for jobs could be cut off, but they could only be cut off of the AFDC rolls for 2 months—jobs for which they were qualified, well above the minimum wage, and they were cut off, but they could only be cut off for 2 months.

No. 1, would that restriction continue under the proposed Daschle amendment?

No. 2, and this is probably the most troubling part, two of the AFDC recipients who went to the employer failed the mandatory drug test. Since they failed the mandatory drug test, they were not offered jobs. They went back to the Division of Family Services and continued their AFDC checks. They could not be cut off, as we understand in Missouri the requirements of AFDC, even though they failed drug tests.

As I see it, if this is the effect of existing law or the Daschle amendment, then there would be an incentive for people who wanted to stay on AFDC simply to take drugs to prevent them from passing a drug test.

I invite Members who are supporting the Daschle amendment to tell me if those two very important requirements would be changed under the Daschle amendment.

I thank the Chair, and I thank my colleague from Pennsylvania.

The PRESIDING OFFICER. Who yields time?

Mr. SANTORUM. I yield such time as he may consume to the Senator from Colorado.

The PRESIDING OFFICER. The Senator from Colorado is recognized.

Mr. BROWN. Mr. President, I want to thank the Senator from Pennsylvania.

I rise in strong support of the welfare reform effort and to express several concerns about the effort to amend it, which is before the body now. First of all, a very distinguished Member has just noted her, I know, genuine concern that families could be cut off without assistance. Let me assure her and other Members who may be listening to this debate that this bill is not about cutting people off who are genuinely in need and genuinely in need of help. As a matter of fact, what this bill does is continue the program in a significant fashion. What it does do that is different, in its main point, is give States the discretion to run that program, and it has some big differences in this area.

The first and biggest difference is that we take money that is now sent to the Federal bureaucracy to administer this program and put that money into programs to help the needy and help the State level administer the program.

What we are doing with this effort is saying that it is no longer going to be a Federal bureaucracy that dictates to the States and the counties how to run their programs. We are going to give many of the decisions and administration of programs to people on the line, and the resources of the program will be diverted away from the bureaucracy toward those people in need and toward those people who actually run the program. It does make a difference. It puts more resources in the hands of the people who can make a difference and help those in need.

The second thing it does, I think, that is so important and why I think it would be a mistake to turn back to the past is this: In the past, we have precluded people from being able to develop effective, viable programs on the local level. I will simply give an example in Colorado. My own county, Weld County, had a program that had the impact of reducing welfare rolls by a substantial amount during the first month of operation. It was an experimental program.

It ended up with a substantial number of people having viable, substantive jobs that improved their lot in life and set them on the path toward getting out of poverty. It was one focused on job placement and opportunity, not subsistence and welfare.

Those who truly needed the assistance got it, but those who had the ability to work and the desire to work were delighted to have the opportunity to work, and that is what the program did.

What happened to that program? It was shut down, and it was shut down because it did not satisfy the demands of the Federal bureaucrats that ruled.

That is what this bill is all about. This is about giving your local counties and cities and States the ability to design programs that really work. If you believe Washington has all the answers, you will not want to do that. If you believe in centralized planning and decisionmaking in the few hands of people in Washington, DC, that they can make a better decision than the people on the line, why, you want to oppose the Dole amendment, you want to oppose the Republican proposal. What is at stake in this measure is the ability to give the States and the cities and the communities where these programs are run the ability to change welfare.

I do not think there is anyone in this Chamber who would come forward and say they are proud of the results of the war on poverty. Men and women, Democrats and Republicans, liberal and conservatives all look at the numbers and they know that the number of people in poverty has gone up under the war on poverty, not down. They know that in spite of spending hundreds of billions of dollars, literally trillions of dollars since the war on poverty started, that poverty is a bigger problem today than it was when it started. Part of it is because the kind of programs we designed have made people dependent on Government instead of being designed to help make them independent and give them opportunity. That is what this bill is all about.

To go back to central planning, I think, would be a mistake, and that is why this bill is a good one, because it gives broader decisionmaking to a greater number of people and gives flexibility to the States. It redirects the resources so that more of it goes to the recipients and the people who run the program and less to bureaucrats.

Third, Mr. President, I want to make a point I think is very important when people cast their vote on the amendment that is going to be before us. One of the things that sabotaged welfare reform in 1988 was some amendments that were added at the last minute. Those amendments involved an effort to outlaw referrals to work. I know most Members are going to say, "What, making it illegal to refer people to work?" But that is literally what the law did.

I think most Members of the House and the Senate would be surprised if they knew those measures were in it. I remember the battle very well, because I was in a position of the ranking Republican on the Ways and Means Committee that worked on that. There were three provisions added to the bill in the House that restricted referrals to work.

One, the most damaging, literally says that a State may not refer someone to a job in the municipal government or State government unless that job is an entirely new program. In other words, if they simply just have a vacancy in a program where they have a real job that performs real services for real pay and you have a welfare recipient who is able to fill that job, they are not allowed to put that welfare recipient to work in that job.

What it has done is sabotage much of the efforts to turn this program around. You can look in the Green Book that catalogs the welfare programs. If you will look at the rhetoric of the 1988 bill, the line was that we have required either work or education or training, the emphasis being on work. But when you look at the results, what we find is that only 4 percent of the people on welfare in the JOBS Program are in a job or work activity. What you literally have done is create a program that was sabotaged by that prohibition on work.

Now, Mr. President, the major focus of the Dole amendment and the Republican bill that has come out of committee, the No. 1 item that I think has value over and above everything else, is the repeal of the prohibition on work; the repeal of that statute that makes it illegal to refer welfare recipients to existing job openings. It is a tragic mistake that was incorporated into our laws in 1988. It is a tragic mistake that has sabotaged our efforts to help those who are poor among us turn their lives around. Tragically, the amendment before us does not fully correct that error. In other words, if you vote for the Daschle amendment, you will be voting to continue some of the prohibitions on work.

Right now, the Finance Committee bill, and the Dole amendment, repeal the prohibitions on work. If you wipe those out with this weaker amendment, you wipe out the major tool that I think can turn the welfare system around.

Mr. SANTORUM. Will the Senator yield for a question?

Mr. BROWN. Yes.

Mr. SANTORUM. I want to make sure I am clear on this. In current law, the Senator is suggesting that if there is a job opening which a welfare recipient could qualify to do, and someone wants to hire the welfare recipient in a work program for that position, they cannot refer that person for the job; is that correct?

Mr. BROWN. The statute is very clear. They cannot refer them to it unless it is an entirely new job, a new organization, a new department, or new bureaucracy.

Mr. SANTORUM. If I own a company, a small business, and I want to hire a welfare recipient, they cannot refer that person unless it is a newly created job?

Mr. BROWN. They can if it is a private company. But they cannot with regard to a city or State job.

Mr. SANTORUM. A city or State job. If you have a job available in the highway department holding a sign up—we have all seen that—and you want to refer a welfare recipient to that job, you cannot do that today; is that right?

Mr. BROWN. Under today's law, you could not.

Mr. SANTORUM. Under the Daschle proposal, could you refer that person?

Mr. BROWN. My understanding is—and perhaps Members will correct me if I am wrong—in that amendment, they do not fully change that prohibition. On its face the amendment appears to repeal the prohibition, but it in fact continues it in a more subtle form.

Mr. SANTORUM. "Where are the jobs," I hear. We are not allowed to refer them to the jobs. Under our bill, we would create the opportunity for those referrals. Under their bill, they prohibit job placements.

Mr. BROWN. They keep in place a major impediment to placing men and women on those jobs.

Ms. MOSELEY-BRAUN. Would the Senator like a response?

Mr. BROWN. Yes.

Ms. MOSELEY-BRAUN. The Daschle Work First provision says that you cannot fire an individual who is working in order to replace that worker with someone currently receiving public assistance. That is correct. So your reference to a new job means the job is not currently held by a worker, a person already in the private work force.

Mr. BROWN. I appreciate that. Let me say I agree with the Senator that somebody should not be fired to be replaced by a welfare recipient. But the statute on the books now—and that is repealed by the committee proposal—is one that makes it illegal to refer someone to an existing opening. Now, the purpose of that might be to protect somebody from being fired—I have no problem with that—so that you could replace them with a welfare recipient. I assume the concern is it might cost less. I have no problem with that.

I have a problem with the tragedy that has occurred since 1988, and that is prohibiting people from being referred to those jobs which are normally open, saying the only ones you can refer them to are brand new agencies or bureaucracies. That is the basic concern I have about the amendment before us, which I believe is the No. 1 item that was a problem with the 1988 bill.

I will mention that I offered an amendment on the floor of the House to instruct the conferees to repeal from the bill those prohibitions on work.

That measure passed by a large majority in the House of Representatives at the time. It was a measure that, unfortunately, though, the conference committee in 1988 chose to retain in the bill, and it has had continuing devastating affects on the abilities of young men and women to turn their lives around from poverty.

It seems to me that what we ought to be doing with the welfare reform bill is looking for ways to help people get out of poverty, instead of having a program that keeps people in poverty. What we have done to people under the existing program is create a program that makes it very difficult to get out of poverty, to leave it, to turn their way of life around. What we have done in some States is create a level so people have to take a pay cut if they go to get a job. Tragically, sometimes the bureaucracy in these areas has chosen not to refer people to baseline jobs, beginning jobs.

The Denver welfare office, which I have visited several times, is a large office that employs over 1,000 people working on welfare-related programs at one location. Obviously, Denver is not as big as many of the cities represented here on this floor right now. But the attitude, tragically, in many of those areas is that you should not start at some of the basic jobs, that you should only refer people to jobs that start at $8 or $9 an hour, or $10 an hour.

Mr. President, let me mention that I think it is terribly important for people to understand that the way you do well in our economy is you start off on the ladder, and you climb it rung by rung by rung. You do not start off at the top. You do start off and work your way up by doing a good job in each responsibility that you have. One of the things I did while in high school was work 40 hours a week. I worked as a gardener, a busboy, and a janitor. Those jobs were jobs that helped me get better jobs. I think around this country, what men and women find is an opportunity—work means an opportunity for them to improve their way of life.

What we have had is a welfare program in the past that has sought to isolate people from an opportunity to get started. What we need more than anything else in the way of welfare reform is a program that understands its purpose and its function, and its focus ought to be to help people get out of poverty, not keep them in it. It ought to be one that has a different image of people. It ought to recognize that some people do need help, and we will provide that. But many people want, more than anything else, an opportunity. They want, more than anything else, a way to find a job, to prepare for the skills, and help to begin that process.

I am proud that in the welfare reform bill that came out of the Finance Committee, there are many ingredients that I think will help turn this around. The biggest one, other than repealing the prohibition on work, is allowing our communities to take a hand in running and designing these programs. Pueblo County in Colorado designed an outstanding program that showed superb results. Unfortunately, it was shut down by Federal regulators because it did not fit their idea of what would work and what would not work. I know San Diego County in California has done a number of experiments that were successful in helping people turn their lives around. Unfortunately, they could not be continued because they did not fit the Federal role model and guides.

We have seen Jefferson County in Colorado come forward with a very progressive program. I am proud to say that I think many of the bills talked about here will give them the flexibility to move ahead with that. But part of this is understanding that central planning, centralization of decisions, centralization and controlling all welfare programs, does not work. The package that has been put together since the war on poverty began has increased poverty, not reduced it. It has reduced opportunity for people. So we have an opportunity, in this next week, to pass what I think will be the single most important bill we will consider in this session of Congress, and that is one of changing welfare, changing it from a program that locks people into poverty to a program that is designed to help people out of poverty.

I yield the floor.

Mr. SANTORUM. Mr. President, I yield myself such time as I may use. I thank the Senator from Colorado for his excellent remarks. I thank him for the great work he has done on not only this legislation but really in getting us here. He mentioned that he has been the ranking member on the Subcommittee on Human Resources of the House Ways and Means Committee, which is a position I was fortunate enough to serve in for 2 years. I know on that committee he worked to set a lot of groundwork for us to work on welfare reform that we did in the House, which became H.R. 4, that passed, and added tremendously, even in last year's debate, by introducing his own bill last session to reform the welfare system and again move the ball forward on this subject.

I want to pick up on this issue of worker displacement because I do not think we got the full answer. I am reading from the bill, section 485 of the bill. Subsection (C) talks about nondisplacement.

"In general, no funds provided under this Act shall be used in a manner that would result in the displacement of any currently employed worker"—I accept that as meaning maybe someone who would be fired—"or the impairment of existing contracts for services or collective bargaining agreements."

Well, what does that mean? It means that if you have any position that is a part of a collective bargaining agreement or contracted service, which just about every city and State position is part of a collective bargaining agreement, you cannot fill that. Any unionized employee whose position is vacant cannot be filled by a welfare recipient. This is a blatant bow to organized labor, saying we will not take that person who holds that sign on the construction project that says "stop" and "slow," that is in most cases a contracted service, an existing contract for service; that is a position that is filled by the contractor for the State government and cannot be filled by a welfare recipient; someone who works in the State bureaucracy, who is a member of a union. I imagine you could do this if you became a union member and got off welfare, but if you are in a work program, you cannot fill that job. You cannot be referred for that job under the Daschle-Breaux position.

It is a fancier way of saying—I know they were very uncomfortable with coming out and saying we do not want to allow people to be referred, because I got a lot of heat on that, but this is a backdoor way of accomplishing the same thing.

So I think we should tell it like it is. It is very clear here that almost all city and State jobs, which are almost all unionized jobs with the exception of political appointments, what we are talking about here is not allowing to replace vacancies.

I think that is, as the Senator from Colorado very eloquently stated, one of the biggest impediments to moving people off welfare into jobs in which they can later become productive, is this prohibition. It remains in the Daschle bill. I think it is a serious flaw in the legislation.

Ms. MOSELEY-BRAUN. Will the Senator yield?

Mr. SANTORUM. I am happy to yield to the Senator.

Ms. MOSELEY-BRAUN. Section 486 of the bill does provide for the placement of people in employment. I wish to correct the statement. I hope the misimpression that was given that the Daschle substitute prohibits people from being placed in public-sector employment—it does not prohibit welfare recipients from being placed in public-sector employment. What it does provide, as the Senator correctly noted, is that it has to be done according to the rules, and the rules which are collective bargaining agreements and others. It does not prohibit the placement of welfare recipient in the public sector.

Mr. SANTORUM. Reclaiming my time, it did not, except there are no public-sector jobs other than the jobs we are talking about in which you could be placed. It sort of is giving with one and taking away with the other. The end result, there will not be public-sector jobs the welfare recipients will be referred to. That is a very serious flaw in this amendment that is being put forward by the Democratic leader.

I am happy to yield 10 minutes to the Senator from Virginia.

The PRESIDING OFFICER. There are 4 minutes remaining on the side of the Senator from Pennsylvania and 2 minutes remaining on the Daschle side.

Mr. ROBB. Mr. President, I ask unanimous-consent that I be recognized for 12 minutes to speak on the bill.

The PRESIDING OFFICER. According to the unanimous-consent agreement, at 3:30 there is to be 15 minutes available to the Democratic leader followed by 15 minutes available to the majority leader.

Mr. SANTORUM. I am happy to yield the remaining 4 minutes on the Republican side to the Senator from Virginia and he can use the remaining time.

Mr. ROBB. I ask that I be recognized until such time as the leaders come to reclaim the time under the unanimous-consent agreement.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBB. Thank you, Mr. President.

Mr. President, I rise today in support of the Work First plan offered by our Democratic leader, Senator DASCHLE. I am pleased to be an original cosponsor of this important legislation because I believe it both establishes firm boundaries to combat welfare dependency and provides beneficiaries with genuine economic opportunity.

George Bernard Shaw once said, "The greatest of our evils and the worst of our crimes is poverty."

And it is unconscionable, Mr. President, that in America today we have nearly 16 million children living in poverty. In 1993, almost 30 percent of all children under age 3 lived in poverty and almost 50 percent of all African-American children were poor.

Between 1989 and 1993, the number of children receiving food stamps increased more than 50 percent and in 1994 25 percent of our Nation's homeless were children under 18.

For the world's greatest democracy (where the value and the freedoms inherent in each individual citizen are unparalleled anywhere on earth) these statistics portray both a moral dilemma and an economic burden of enormous consequence.

We have not only an obligation to improve the quality of life of generations of innocent children shadowed by poverty, but also a responsibility to our taxpayers to both improve our welfare system and to reduce the billions of dollars in lost productivity incurred each year as a result of current poverty levels.

Mr. President, there are infrequent moments in time where constructive and meaningful solutions can be found to otherwise intractable problems. I honestly believe we have before us such a moment, and I hope we do not let this opportunity slip from our grasp.

At a minimum, we do not want to let politics, or public opinion polls, or fears of 30-second sound bites on the evening news prevent us from doing what is right.

And to do what is right, Mr. President, we have to rethink our Nation's social policy. We have to restructure our welfare system to foster greater upward mobility, to reconnect the poor to the mainstream job market, to reward self-discipline and hard work, to encourage families to stay together, and to restore to the poor and the dispossessed both the benefits and the obligations of citizenship.

I believe the Work First plan meets those objectives.

With a 2-year time limit on benefits for adults—and a 5-year lifetime limit—this bill transforms welfare into the short-term safety net it was meant to be. It contains the funding necessary to allow an individual to both sustain a family in the short-term and secure and keep a job in the longer term. That is the definition of real welfare reform, Mr. President.

In reality, single mothers need child care to work, and the Work First plan guarantees that child care. In reality, families need extended Medicaid coverage to bridge the gap created by entry-level jobs with little or no benefits—and the Work First plan makes Medicaid available for an additional 12 months.

By addressing the practical obstacles to independence which so many poor families encounter today, the Work First plan provides incentives to shatter current barriers and allow individuals to move up the economic ladder.

And very importantly, Mr. President, those who cannot find a private sector job under the Work First plan are put to work as well, either through workfare or community service. In fact, within 7 years of enactment, nonexempt individuals are required to participate in community service jobs just 6 months after joining the welfare rolls.

Two years ago, Mr. President, I joined our former colleague from Oklahoma, Senator BOREN, in supporting legislation similar to the old Works Progress Act, which placed into public service jobs AFDC recipients who had completed the JOBS Program and still remained unemployed. Requiring that those individuals work for their benefits appeals to my sense of what the shared contract between a society and its people should encompass.

Only by providing useful work—and the values and discipline associated with work—can we offer the poor and the disadvantaged a permanent way out of poverty. I believe everyone benefits from the sense of self-worth that earning wages and contributing to his or her community engenders.

When we require beneficiaries to work we give them job experience—job experience that can open doors and bridge the gap between dependency and genuine economic opportunity.

The Work First plan is tough medicine, Mr. President, but I believe it establishes a pragmatic, compassionate process to lift many of our poor citizens out of poverty and into the economic mainstream.

And while I believe the Work First plan moves us firmly in the right direction, I have some serious concerns about the alternative plan offered by the Majority Leader.

First, it guarantees neither adequate child care nor extended health benefits. How can we require poor women to go to work without ensuring that their young children are watched over and protected?

Second, CBO estimates that States will need to collectively spend an additional $5 billion by the year 2000—$5 billion above what they are paying now—to meet the work requirements in the alternative bill. Where will States get that $5 billion, Mr. President, if federal block grants are frozen for 5 years at current levels? And what is more vitally important to successfully improving our welfare system than effectively moving people into jobs?

Finally, Mr. President, I am concerned that the alternative bill fails to require States to continue to contribute their historic share.

As a former Governor, I know that reduced State support could mean financial disaster for many cities and counties. On June 15, the U.S. Conference of Mayors unanimously adopted a resolution opposing the Senate Finance Committee bill and endorsing the Work First plan, stating that it would "provide significantly greater assistance—to facilitate the transition from welfare to work."

The transition from welfare to work—that is our goal. That is the purpose, the spirit, the driving force behind the Work First plan.

Mr. President, every time a welfare recipient earns a living wage, at least one more child in America moves out of poverty.

Every time a welfare recipient earns a living wage, at least one more child in America sees their role model go to work in the morning, earn a salary, pay their bills, believe a little more in their own ability and their self-worth, and live in a world that is infinitely stronger because they contribute to it.

And every time a welfare recipient earns a living wage, at least one more child in America escapes from what could become a cycle of dependency and hopelessness that is inherently unAmerican—and for which we have an obligation today to begin to break.

The moment, Mr. President, is before us. We have an opportunity—indeed, a responsibility—to help many of our most vulnerable people better attain the priceless gift of economic freedom. And we will make our country stronger in the future.

This does not have to be a partisan battle, Mr. President. Rather, it should be a bipartisan effort to identify tough, effective solutions.

As Franklin Roosevelt said during his second inaugural address, "In every land there are always at work forces that drive men apart and forces that draw men together. In our personal ambitions we are individuals. But in our seeking for economic and political

progress as a Nation, we all go up, or else we all go down, as one people * * *."

I urge my colleagues on both sides of the aisle to join together in support of the Work First amendment.

Mr. BRYAN. Mr. President, as an original cosponsor of the Democrats' Work First welfare reform plan, I urge my colleagues to join us in supporting this proposal. Welfare reform needs to be done now.

Work First does what all of us want to do—it requires people receiving welfare to get to work as quickly as possible. It does this while also protecting those children at risk and dependent upon the welfare assistance system through no action on their part.

This spring, I came to the Senate floor to discuss the need to reform our welfare system. I related what I had learned after spending an entire morning at one of the busiest welfare offices in Las Vegas, the West Owens District Welfare Office, observing an eligibility determination interview, and meeting with welfare eligibility workers. I later also visited a welfare office in Reno. The need for extensive and immediate reform of the current welfare system was brought home to me most vividly during these visits. I believe Work First gets us to that needed reform.

The Work First alternative is self-explanatory. It puts the focus of the welfare assistance program where it must be—on getting people to work as quickly as possible. All able-bodied recipients go to work immediately. Those who work receive the help they need to get on their feet—they get an additional year of Medicaid health care coverage, and they get child care assistance. And for the working poor, those trying to go it on their own, they get a 5-year child care phase-in to help ensure they can permanently join the work force.

Work First does this, while at the same time showing compassion for those in dire straits, and for those children who are at risk. It is too easy to forget in the heat of debate on this very important issue that there are people, and particularly children throughout this Nation who desperately, and very legitimately need welfare assistance. We want a welfare assistance system that will be there for those truly in need, yet ensures that they get on their own two feet as quickly as possible.

My State of Nevada is the fastest growing State in the Nation. Rapid growth States like Nevada benefit tremendously from the current entitlement status of the Federal welfare assistance system. Today, if a person meets the eligibility criteria, he or she is entitled to assistance. The entitlement protects States like Nevada which are experiencing incredible population increases. As needy people move into these rapid growth States, the Federal funding follows the population shift.

Work First limits the entitlement to welfare assistance. People who need assistance only get it if they are eligible, and only if they meet their responsibilities. It is a time limited and conditional eligibility. For the needy, assistance is there, but only if they do what is necessary to get to work. No longer can welfare assistance become a lifestyle.

Work First provides States with the incentive to create welfare systems that will put people to work as soon as possible. If a State does not meet its target for putting welfare recipients to work, it is penalized. If a State exceeds the target, it is rewarded through a funding bonus.

Work First, unlike the Republican proposal, does not use the block grant approach. As a former Governor, I very much understand the attraction of block grants for Governors and their States. Quite often it can be a better approach.

But the notion that somehow block grants are, in and of themselves, the answer to every problem we have with the current welfare program is disingenuous. Particularly when the Republican block grant proposal asks States to do more with less.

If States are deprived of the funding necessary to do the job the Federal Government is sending to them through a block grant, all of the flexibility in the world will not enable the States to do the job—let alone do it better.

Under the Republican proposal, all States are held to their fiscal year 1994 cash assistance level of Federal funding for the next 5 years. How can rapidly growing States like Nevada possibly provide for their increasing number of people in need based on yesterday's funding levels? And into the next 5 years?

And how does the block grant proposal help States face economic recessions? Economic slowdowns impact welfare assistance programs immediately. Working families lose their jobs through no fault of their own, and it can be a long time before a job is available again. These people need help. And yet Nevada and the other States are expected to provide for these people on an already inadequate level of Federal funding.

Work First also recognizes that the inability to pay for child care is a major hurdle for the many single mothers with children who want to work. It is also a problem for low-income working couples who are at risk of losing their jobs because they cannot afford to pay child care on the wages they receive.

Earlier this year, I observed a welfare eligibility determination interview which involved a young woman, who was working, and married with two young children. Both she and her husband had jobs paying above the minimum wage, yet they could not provide a living wage for their family of four.

Her employer kept her work hours to no more than 20 hours per week, so she was ineligible for job provided health care benefits. One of her children had a preexisting medical condition, so medical care was a necessity. The cost of child care for the two children was making it impossible for both her and her husband to continue to work, and still have enough earned income left to live on. Here is a couple trying to make it on their own, and they cannot.

Work First recognizes the vital importance of child care assistance to help welfare recipients get off welfare and get to work. It also recognizes that the many working poor, like the family I just described, also need child care help—for awhile—to enable them to stay in the workforce.

The Republican welfare reform proposal, however, deals with this issue by repealing child care assistance programs which today serve approximately 640,000 children. There is no guarantee that any State will provide funds to implement a child care assistance program.

If it is truly our goal to get people into the workforce permanently, then we must give these people the help—for a limited time—that will enable them to get there. Repealing the very programs that provide this assistance is not the answer.

This June, I introduced my Child Support Enforcement Act legislation modified from my bill last Congress to help further strengthen our ability to get dead beat parents to responsibly provide for their children. I am pleased Work First includes many of the same provisions.

No one who shares the responsibility for bringing children into this world should be allowed to shirk that responsibility later by refusing to admit paternity or by failing to pay child support.

We all lament the increasing number of unwed teenage girls who have children. This situation is particularly disheartening when these young mothers are themselves mere children. But too often in the past, our public policies to try to stem this increase have focused solely on the mother and ignored the responsibility of the father. Those fathers, who many times have already walked away before their children are even born, must face the reality of their parental and financial responsibilities.

Although Nevada is the fastest growing State in the Nation, its population is comparatively small with about 1.6 million people. Yet its State Child Support Enforcement Program had 66,385 cases in fiscal year 1994, and collected $62.7 million of child support. Unfortunately, the total owed was almost $352 million, leaving an uncollected balance of almost $290 million. Already by April this year, Nevada's caseload had grown to over 69,000 cases.

These cases represent only those children whose families are receiving Aid to Families with Dependent Children, or who are using the services of the county district attorney offices to enforce child support. The many Nevadans using private attorneys are not

included. This scenario is repeated in every State across the country.

The facts are simple. Nationally, one in four children live in a single-parent household. But one of the most startling statistics is that only half of these single parents have sought and obtained child support orders.

This means 50 percent of these single mothers either have been unable to track down the father, have not pursued support, or are unaware of their legal child support enforcement rights.

Of the parents who have sought out and obtained child support, only half receive the full amount to which they are entitled. This means 25 percent of the single parents who have child support orders actually receive nothing at all.

These facts should concern us. It is all too true that many single parents must seek public welfare assistance in order to be able to support their children. When we taxpayers are asked to lend a helping hand to these children, we should be assured every effort is being made to require absent deadbeat parents meet their financial responsibilities to those same children. Public assistance should not be the escape valve relied upon by those parents who want to walk away from their children.

My child support enforcement legislation and Work First provide the means to help shut that escape valve. Both provide States the authority to withhold or suspend occupational and professional licenses; Work First also includes drivers' licenses. Both allow the denial of passports to noncustodial parents for nonpayment of child support. Both provide for the reporting of child support arrearages to credit bureaus. Both require custodial parents cooperate with paternity establishment and enforcement of child support as a condition of receiving cash assistance. The authority to collect child support from Federal employees and members of the Armed Services is enhanced by both measures. Full faith and credit of child support orders is improved, and States are required to adopt laws to void fraudulent transfers by a person owing child support.

Work First also allows States to prohibit noncustodial parents—the parents who owe the child support—from receiving food stamp assistance. So much of our efforts to establish and collect child support fall on the custodial parent—the parent who cares for the children and tries to make ends meet. This provision provides another way to find noncustodial parents and ensure they meet their child support obligations.

We must give our courts and law enforcement agencies the tools they need to crack down on delinquent parents. The goal is not to drive those who want to meet their obligations to their children away, but rather to make sure those ignoring their children understand that society will not tolerate their irresponsible behavior.

We must assure taxpayers who lend the helping hand to impoverished single mothers and their children that every effort is being made to get deadbeat parents to pay up. We must ensure the children receive adequate and consistent child support, so they are able to have the opportunity to become successful, productive, and healthy adults. For many single parent families, if they could receive the child support payments they are entitled to, it would make the difference between being able to maintain their financial independence, and having to seek welfare assistance.

I do support the Republican welfare reform requirement that all food stamp recipients, both the custodial and the noncustodial parent, participate in child support enforcement efforts as a condition of food stamp eligibility. This requirement to participate in child support enforcement efforts needs to be extended to all welfare and public assistance programs.

During my visits with Nevada eligibility workers, over and over again I heard about problems with the Food Stamp Program eligibility criteria. Work First deals with those problems. People eligible for food stamps, without children, are required to work or get training to work as a condition of receiving benefits.

Although the Food Stamp Program is criticized, it has provided the most basic safety net—food—for those in need, particularly in times of recession. The Republican proposal, however, would give States the irrevocable option to put their food stamp funds into a block grant. This option requires States spend 80 percent of these funds on food assistance. The other 20 percent is left to the States to use as they wish. Again States are held to the higher of either their fiscal year 1994, or the average of their fiscal year 1992-94 expenditures as their funding level under the block grant approach. How can this option possibly provide a dependable minimal safety net for those who are most vulnerable to economic downturns? food stamp funds should go for food; that is too basic a human need to play with.

Good as Work First is, there are some problem areas of the current welfare system that it does not address. I will be proposing a welfare fraud amendment to prohibit welfare recipients who commit welfare fraud from being unjustly enriched because of that fraud. There are times when an individual, whose benefits are reduced because of an act of fraud, games the system by using his reduced monthly income to generate additional benefits from other assistance programs. When welfare recipients are overpaid benefits, we need to allow the welfare system to intercept Federal income tax refunds to recover such benefit amounts.

We need a welfare system that does not allow people to think that receiving welfare assistance is an option they can choose to take when it is convenient. We all read in the Washington Post of the young, unmarried, working woman who made a conscious decision to have a child, voluntarily left her job, and then applied for and received welfare assistance. Her rationale was that she had worked, and now the system owed her support while she stayed home to care for the child for its first 3 years.

Millions of single mothers get up every morning, get their children ready for school or child care, and go off to work, and we should expect no less from those receiving welfare assistance. No one should ever think welfare assistance is going to be there for them because they voluntarily leave their jobs, or decide to have a child and want to stay home to care for it.

Americans are a compassionate people. They are always there to help people who are genuinely in need. They care deeply about our country's children. The outpouring from the hearts of Americans across this country in response to the Oklahoma Federal building bombing verified that compassionate nature a thousand fold.

But most Americans are a hard-working lot, too. The vast majority of Americans are out there every day going to work—doing their best to provide for their families on their own. And many of these hard-working Americans are single mothers who are the sole breadwinner for their children, who pay for their own child care, and who struggle to make it by themselves. It should come as no surprise when these hard-working people feel a bit taken advantage of when they see able-bodied people relying on the welfare assistance program.

The welfare system must be substantially changed. On that we all agree. We all agree too that there will always be people who will need the safety net welfare assistance provides at some time in their lives. But the net should be there only for a limited time, so people get back on their feet and permanently into the workforce.

Work First will change the welfare system. It lets hard-working Americans know that we recognize their frustration with those who abuse the welfare system. It lets Americans in need know that conditional, time-limited assistance is there to help them if they meet their responsibilities to get to work as soon as possible. And it does this compassionately by protecting our most vulnerable citizens. Work First may not have all the answers, but it will get us well down the road to a more fair welfare assistance system.

Mr. BIDEN. Mr. President, I am pleased that the Senate is finally debating welfare reform. And, I want to take a few minutes to discuss my views on the matter.

It is obvious to almost everyone—including those on welfare—that the current welfare system is broken.

Too many welfare recipients spend far too long on welfare and do far too little in exchange for their benefits. Many of those who manage to get off the welfare rolls only end up back on

them after a short period of time. And, for some, generations have made welfare their way of life.

This is unacceptable. And, I believe that trying to fix the problem through patchwork solutions is no longer an option—it will only fall short of what needs to be done. Instead, we need to end the current welfare system—scrap it and start over. And, the new program must have as its fundamental premise one basic thing: work.

Back in 1987, I proposed a work requirement for all welfare recipients. And, many of those ideas were embodied in the Family Support Act of 1988—the bipartisan legislation crafted by Senator MOYNIHAN. It was a good first step. But, it is evident today that the 1988 law did not go far enough.

It is time—it is long past time, really—for us to require welfare recipients to work for their benefits.

We must make it unmistakably clear that welfare recipients have an obligation to make every effort to end their dependency. Citizenship is more than just a bundle of benefits. It is also a set of responsibilities. And, the primary responsibility is to provide for yourself and your family by working.

Now, when I say "work," let me be clear about what I mean. I mean work. I do not mean participation in bureaucratic programs. I do not mean participation in "work activities." I mean real work. I mean a job.

And, if a private sector job cannot be found, welfare recipients should still be required to work, giving back to the communities where they live by doing community service work.

In short, the new rule of the game must be this: In exchange for a welfare check, you do something for your benefits. You work. The government will help with child care and some job training, if needed. But, all adults on welfare should be working. The culture of welfare must be replaced with the culture of work.

Let me be specific.

First, we should require all welfare recipients to sign a contract in which they agree to work in exchange for their benefits. Those who refuse to sign should not get benefits.

Then, welfare recipients should have to look for a job immediately. They should have up to 6 months to find a job in the private sector. Six months, period.

Those who refuse to look for work should not get benefits. And, those welfare recipients who are not working at the end of 6 months should work in a public sector job or do community service work—or give up their welfare benefits.

No more free lunches. No more free rides.

And, Mr. President, there should be no more permanent claim on public aid. Working for a welfare check—and everyone should work for their check—must be temporary. Welfare recipients must eventually work for a paycheck.

Do not get me wrong. Temporary assistance is the right and humane thing to do. We should not abandon welfare entirely. All Americans must be secure in the knowledge that if something unexpected happens to them—the death of a spouse, the loss of a job, the burning down of their house—that help will be there.

But, welfare must no longer be a way of life. We do no favors—including for the welfare recipients themselves—by keeping people on welfare indefinitely. We must get people off of welfare—and keep them off. Welfare dependency must be replaced with self-sufficiency and personal responsibility.

So, we should limit adults to 5 years of welfare, returning the welfare system to its original intent—a system of temporary assistance.

Mr. President, a mandatory work requirement and a 5-year time limit sound tough. And, they are. It is time for some tough measures.

But, in the process we must be realistic. If welfare is truly to become a two-way street—if our goal is to move welfare recipients into work and not just out onto the streets—then we cannot ignore the issue of child care.

For a family living in poverty, the costs of child care can eat up almost 25 percent of their income. Expecting welfare recipients to work—demanding that they work—will not work without child care. The work simply will not pay. Welfare recipients will either go to work and leave their children alone—or not go to work at all. No one—no matter how poor—should be asked to choose between their job and their children. Not only is child care the right thing to do—but, without it, welfare reform will fail.

In creating a new welfare system, we must recognize this reality by making sure that child care is available for the children on welfare when their mothers are working. In addition, we must recognize that many of those who leave welfare only to return later do so because they cannot afford child care. We should allow States to provide 2 years of child care assistance for those who have left welfare. And, we should make all low income working families eligible for child care assistance—regardless of whether they had ever been on welfare.

Mr. President, let there be no doubt. We must be strict with the adult recipients of welfare. But, at the same time, we must be compassionate toward the children.

Two-thirds of those on welfare are children—and we should not blame them or punish them for being born into poverty. More than one in every five children in America today is born poor. That's one poor child born every 40 seconds. And they were given no choice in the matter. Abandoning these children—and they are all of our children—is tantamount to abandoning our future.

That is why I believe we must guarantee child care. And, that is why we should, while limiting adults to 5 years of welfare, keep the safety net for children.

If a parent is kicked off of welfare, the children—the innocent children—should continue to receive assistance for food, housing, and clothing. But, that assistance should be provided for the children through a voucher to a third party—not cash to the parents. In other words, adults should not be able to live off of their children's benefits.

The point here is that we should provide nothing for adults who do not work, but we should protect the children who are not to blame.

Finally, in all of this talk and debate about welfare mothers, let us not forget that there are two adults involved in creating a child. Those who bring children into the world should support their children—and that includes the deadbeat parents, who are mostly dads.

They should be forced to pay child support, and tough child support enforcement must be a part of any welfare reform effort. Getting tough on the deadbeat dads must be as high a priority as getting tough on the welfare mothers. Remember, every dollar not paid in child support is another dollar the Government may have to pay in welfare benefits.

Since 1992, when I was appointed to a Senate Democratic task force on child support enforcement, I have argued that fathers who do not work and do not pay child support should be required to take a job—just as welfare mothers should be required to work. Absent parents who have failed to pay child support should be given a simple choice. They could start paying what they owe their children. Or, they could take a community service job in order to earn the money they owe their children. Or, they could go to jail. But, what they should no longer be able to do is to abandon their children.

Mr. President, I am absolutely committed to passing a tough welfare reform measure that emphasizes work and personal responsibility—but protects children in the process and maintains a safety net for all Americans who need temporary help.

In evaluating the options, I believe that Senator DASCHLE's proposal—the Work First Act—comes closest to meeting my goals. The Work First plan strikes an appropriate balance. It requires work and imposes a 5-year time limit. It guarantees child care and a temporary safety net for all Americans. It is tough on both welfare mothers and deadbeat dads.

I believe that the Daschle proposal is real welfare reform. And, I urge my colleagues to join me in voting for this important, significant, and long overdue overhaul of our welfare system.

Mr. HARKIN. Mr. President, as we continue the debate on welfare reform I would like to begin by restating some things that I talked about before we recessed in August.

I believe it is important for people to understand that there is agreement on one issue here—the need to reform the welfare system. We may have differences of opinion about the best way

to accomplish it, but on the central issue, there is agreement.

There is not a single member in this Chamber who believes that welfare system is a success. It is failing the taxpayers and it is failing the people who rely on it.

I had great hopes that we would be debating welfare reform legislation that enjoyed broad bipartisan support. In fact, I had written to the two leaders asking that a bipartisan task force be appointed to find our common ground.

Mr. President, neither party has cornered the market on good ideas and sound solutions. Only by having voices from all segments of the political spectrum, can we arrive at sound legislation developed by using common sense.

Unfortunately, the Dole amendment was negotiated behind closed doors within the Republican caucus. The result is legislation that is strong on ideology, and short on true reform. Without changes, I fear the Dole-Packwood proposal may well replace one failed, dependency inducing welfare system with many varieties of the same.

Unfortunately, I vividly recall the last prolonged economic downturn that gripped Iowa during the farm depression and accompanying deep recession in agricultural States and communities. The economy began to sour in 1981 and did not truly begin to turn about for the State until about 1987. That experience has forever changed the economic landscape of Iowa. Good jobs are gone and will never return.

Those were very difficult years, but contributions provided by a partnership with the Federal Government allowed my State and others in the Midwest to recover. One of the most serious shortcomings of the Dole amendment is that it severs this important partnership.

Mr. President, today, we are debating an alternative that has been proposed by the Democratic leadership. Unlike the pending Dole amendment, the Daschle Work First Act will, in fact, truly reform the welfare system. And in the process, will reduce the deficit by $20 billion.

The Work First Act abolishes the current giveaway welfare system and replaces it with a conditional, transitional benefit. Let me repeat this since many seem to misunderstand—a conditional, transitional benefit.

This proposal is not tinkering as some suggest. It is true, comprehensive, real reform of an obsolete, failed system.

Welfare as a way of life will no longer exist. There will be no more unconditional handouts. Parents will be required to responsibility from day one and must do something in return for the welfare check. Failure to do so, will have consequences.

The Democratic leadership proposal starts with the following goal—to get welfare recipients employed and off of welfare. And then develops a comprehensive plan to make it happen.

You can't accomplish the goal unless you do certain things. That's just common sense. First, you have to take care of the kids. Second, you have to make sure that people have the skills and education necessary to get and keep jobs. Finally, there is no free ride, no more government hand outs.

We will provide a hand-up. But individuals on welfare must accept responsibility from day one and grab on to that helping hand. If not, then there will be no check.

A central element of the Daschle bill is the requirement that all families on welfare must negotiate and sign a contract that spells out what they will do to get off of welfare. Failure to meet the terms of the contract will result in the termination of the cash grant.

A binding contract, like that included in the Daschle bill, is currently in place in Iowa. And it works.

Over the past 22 months I have met with a number of individuals about the Iowa Family Investment Program. Time after time I hear welfare recipients say that no one ever asked them about their goals. No one sat down and talked with them about what it takes to get off of welfare.

Welfare recipients rightfully assumed that no one cared if they stayed on welfare indefinitely. That was the message of this obsolete system which kept welfare moms at home, while most other moms were employed outside the home.

There is a new message being delivered in Iowa now. Welfare is a transitional program and people must be working to get off the system.

And the welfare picture is changing in Iowa. More families are working and earning income. There are fewer families on welfare. And the State is spending less for cash grants.

But we can't get from here to there without recognizing the magnitude of the problems facing most of the families on welfare. No skills. No education. No one to take care of the kids.

At a hearing on the Iowa welfare reform program, Governor Terry Brandstad said, "There has been much recognition that welfare reform requires up-front investments with long-term results. * * *"

Iowa has begun to make those investments, in partnership with the Federal Government. And those investments are beginning to yield fruit in the form of reduced expenditures for AFDC grants.

The Work First bill also recognizes that child care is the linchpin to successful welfare reform. We cannot require welfare recipients to work, if there is no place to put the kids. Placing children in harm's way in order to make the parents work in unacceptable. The Daschle bill recognizes this reality.

Instead of simply slashing welfare and dumping all of the responsibility and all of the bills on to States and local taxpayers, the Daschle plan represents real reform and real change.

Like the Iowa plan, Work First demands responsibility from day one. And it ends the something-for-nothing system of today with one that truly turns welfare into work.

It is built on the concepts of accountability, responsibility, opportunity, and common sense. It will liberate families from the welfare trap.

And it will strengthen families and help today's welfare recipients finally walk off the dead end of dependence and on the road to self-sufficiency.

The Daschle Work First bill is a pragmatic, common welfare reform proposal and should be adopted. I urge my colleagues to vote for the amendment.

The PRESIDING OFFICER. The Democratic leader.

Mr. DASCHLE. Mr. President, first let me commend the distinguished Senator from Virginia for his excellent statement and the support he has provided this legislation. His input and his participation has been invaluable on this issue, as it has been on so many others. I am very grateful for that.

Let me reiterate my gratitude as well for the assistance and leadership provided by the distinguished senior Senator from New York, and the Senators from Maryland, Louisiana, and so many other Senators who have had a vital role to play in bringing us to this point. As we have said now for the last couple of days, our intent in offering this amendment is to hold out the hand of partnership to Republicans in bringing forth a proposal that Democrats as well as Republicans could support to bring about meaningful welfare reform. That is our goal.

There are four fundamental aspects of that goal that we view to be very important. First and foremost, we expect, we want, we propose real reform.

Second, we recognize that real reform is not possible without an appreciation of the need to provide more opportunities for work than are provided today.

Third, we must protect children. We understand that we cannot provide opportunities for work, we cannot truly engage in any kind of effort to encourage people to leave their homes, we cannot ask a mother to be separated from her children, without also ensuring that her children are going to be cared for.

Finally, all of us must recognize that South Dakota is different from New York, is different from Michigan. There ought to be, first, flexibility, and, second, the realization that the last thing we want—given that this Senate has put itself on record in opposition to additional unfunded mandates—is to ask States to do things without adequately ensuring that the funding is there to get them done right.

Those are the four goals: Real reform, work, children, and flexibility through an opportunity to sensitize people to the needs and the resources necessary in the States themselves.

We have had a good debate in the last couple of days about many of these goals and how they relate to each other. The reality is different than the rhetoric we have heard on many occasions during this debate.

First, there is a fundamental difference between our approach and the Republican approach with regard to work. The Work First plan fundamentally redefines welfare as we know it by putting a great deal of emphasis on ensuring that the skills can be provided, but ensuring as well that we have the resources to do the job.

The Republican plan, on the other hand, simply boxes up the problem and ships the current system to the States. It tells the States, "You do it. You find a way to ensure that we can come up with some magical solution to all these goals, but we are not going to allow you the resources adequate to get the job done." Boxing up the plan and sending it out is no solution. Providing the necessary infrastructure, providing the resources, and ensuring a partnership between the Federal Government and the States truly is.

Second, we recognize, as I said in articulating the goals of our amendment, that we need to ensure that mothers have the capacity to work, that young mothers in particular have the resources—and from that the confidence—that they will need to go out and seek jobs, to go out and obtain the skills, to go out and get the counseling, to go out and get the education to ensure that at some point in their lives they can be productive citizens with the full expectation that they are doing this in concert with those of us who want to work with them to see that the job gets done right.

We recognize that if we are going to reach this goal of putting people to work, if we are going to ask a mother to leave the home, if we are going to ask a young mother in particular to leave her children, then, my heavens, how long does it take for every Member of this Chamber to realize as well that child care is the linchpin to making that happen? Protecting children is what this is all about; if we do not protect children, if we do not ensure that the children are cared for, there is no way they are going to leave home.

So it seems to me this is exactly what we have to produce in this Chamber prior to the time we finish our work on welfare reform: A realization that protecting children, caring for those kids as mothers leave for work, is an essential element of whatever welfare reform we pass.

The Republican plan ignores 9 million children. It has been aptly described as the "Home Alone" bill, because there simply are not the resources, the infrastructure, the mechanism, the will on the part of many on the Republican side of the aisle to address this issue in a meaningful way.

We simply cannot be willing to leave child care as the only aspect of our need to address the cares of children. We must also recognize, as the distinguished ranking member of the Finance Committee has said on so many occasions, that we must address the problem of teenage pregnancy. While we do not have all the answers to teenage pregnancy, we must recognize that there is a need there. We must try to address the problem in a meaningful way. There is a responsibility for us to care in whatever way we can, ensuring that teen parents get some guidance, ensuring that teen mothers are given an opportunity to work through the challenges they face as young mothers. We do that in the Work First proposal.

We do not claim to have all the answers to teen pregnancy. No one does. No one can possibly tell you, unequivocally, here is how we are going to stop teenage pregnancies. But we can say that teen mothers have to begin taking responsibility. We can say that we have some initial steps in providing them with an infrastructure and with a mechanism by which they can be productive mothers first, workers second, or students third. This amendment does that. This amendment addresses the realization that unless we begin to put the pieces together in working with teenage pregnancy, recognizing we do not have the answers, we are never going to solve the problem at all.

The Republicans have used quite a bit of their time to say that, somehow, this is a plan run out of Washington. Nothing could be further from the truth. The truth is that the Work First plan is specifically designed to give States the flexibility that they need to do whatever it takes in their States, to recognize that in South Dakota we have a different set of circumstances than we might have in Florida or California.

You heard the charge that somehow our plan is weaker on work than the one proposed on the other side, but the truth is the Work First plan is stronger than the current Dole bill as it has been proposed. Our amendment requires community service after 6 months. The Republican plan calls for no work until after 2 years. Our amendment provides for resources to help mothers go to work. The Republican plan is $16.5 underfunded. They say our plan may have too many exemptions from the time limit. The truth is that both plans have exemptions. The Republican plan has a 15-percent exemption, arbitrarily set.

As I said last night, if we use every one of the criteria specified in our amendment, including mothers who have young children, disabled, those people who work in high-unemployment areas, if we have in some way used up all of that 15 percent and still find young mothers who have children, are we then to say to them, "I'm sorry, we have arbitrarily set the line at 15 percent. You happen to be in the 16th percentile. You have to go to work?" I do not think anyone wants to say that. That is why we believe using selective criteria makes a lot more sense, why giving States the flexibility makes a lot more sense. So, indeed, that is what we have attempted to do, to recognize that States need flexibility, but to recognize, too, that there are certain categories of people who simply may not be required, because of the extreme circumstances in which they find themselves, to fit the neat, defined descriptions that we have laid out in this amendment concerning the time limit.

So, Mr. President, the Work First proposal is real reform. The Work First amendment goes beyond rhetoric and meets the reality of reform. The Work First amendment does what we say is important if indeed we are going to redefine welfare. It provides the opportunity for work. The Work First amendment provides for child care and child protection in ways that are essential to the well-being of the future of this country.

Mr. President, the Work First amendment recognizes that we are not going to do a thing unless States have the resources, and unless we share those resources in a meaningful way, giving maximum flexibility to the States to decide how to use them.

Maybe that is why the U.S. Conference of Mayors has endorsed one welfare reform proposal. They have endorsed Work First because they are the ones who are going to be charged with the responsibility of carrying out what we do here. So the mayors understand all of this. They have said, on a bipartisan basis: We want the Work First plan. Local officials have also endorsed one plan. Local officials have indicated they, too, understand the consequences of no funding, understand the importance of child care, understand the importance of providing maximum flexibility, understand the importance of funding and real work. And they, too, support the Work First proposal.

Organizations of all kinds have come forward to say this is the kind of legislation they want us to pass. The Democratic Governors have said again, as late as this morning: This is what we want; this is what we need. This will do the job.

Mr. President, it has been a good debate. I am hopeful that, as so many have expressed on the Senate floor in the last couple of days, we truly can find bipartisan solutions to the challenges we face in passing meaningful welfare reform. This is our best good-faith effort to accomplish meaningful reform, to reach out to our Republican colleagues and say join us, to reach out across the board to Democratic and Republican Governors alike and say join us, to reach out to all of those people currently on AFDC who want to find ways out of the boxes they are in and say join us. We are providing new opportunities, new solutions, and even new hope for people who need it badly.

Let us hope as a result of the passage of this amendment this afternoon that we can begin our work in earnest to ensure that the reality of welfare reform

can be realized at some point in the not too distant future.

I yield the floor.

Mr. LOTT. Mr. President, may I inquire about how the time is divided at this point?

The PRESIDING OFFICER. At this point, all time has expired. But 15 minutes of time has been set aside at 3:45 for the majority leader under a previous unanimous-consent agreement.

Mr. LOTT. Mr. President, while the distinguished majority leader is on his way, I understand I can take a couple of minutes of his time to make a brief statement.

I ask unanimous consent that I be allowed to do that.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. Mr. President, our time for debate on this amendment is running out. So I will keep these remarks brief and to the point.

I urge my colleagues to vote against the Daschle-Breaux substitute. I do not question the good motives behind it. I consider it a thoughtful attempt to break out of the welfare status quo—something which all of us want to accomplish.

But I do not believe it does the job, at least not the way the American people want it done.

For starters, it retains authority and decisionmaking about welfare right here in Washington. And it does so at a time when the States are seizing the initiative with far-reaching experiments and demonstration projects. Instead of fostering that process, by returning both authority and resources to State and local taxpayers, the Daschle-Breaux amendment would retain the whole mechanism of Federal micromanagement.

The substitute amendment talks a good fight on two fronts: with regard to work requirements and a time limit for receipt of welfare. But in both cases, there are so many provisos and loopholes and conditions and exceptions that we couldn't expect significant progress over the status quo.

We have had work requirements on paper before, with impressive participation rates mandated by various times certain. What we need now is sufficient flexibility for the States to reach those goals in their own ways. The substitute amendment does not give it to them.

Nor does it offer hope of turning the tide against illegitimacy. That may be its most important shortcoming. There is already a national consensus that illegitimacy is the key factor that drives the growth of welfare. It is the single most powerful force pushing women and children into poverty.

A welfare bill that does not frontally address that issue—that does not make reducing illegitimacy rates a central goal—is simply not credible as welfare reform.

Another touchstone of true welfare reform is whether a bill removes or retains the entitlement status of welfare. It seems to me that the Daschle-Breaux substitute merely replaces the current AFDC entitlement with a new, or newly designated, entitlement, supposedly time limited.

That is not even incremental change, and it cannot get us where the Nation needs to go in modernizing, streamlining, and reforming our programs of public assistance.

I hope that our colleagues who, for one reason or another, plan to vote for the substitute amendment will, thereafter, keep an open mind and open options about the Republican welfare bill this amendment seeks to replace.

It is a large package of very comprehensive welfare reform. But I think it can significantly improve our present system and move us toward genuine welfare reform. It points the way toward the radical change that is needed.

I urge my colleagues to vote against Daschle-Breaux and let us move toward the adoption of the Dole welfare reform package.

I yield the floor.

Mr. PRESSLER. Mr. President, I ask unanimous consent to proceed for 2 minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. PRESSLER. Mr. President, I rise in support of the Dole approach on the welfare bill. We must restore workfare to our welfare program. The system of welfare that we have in this country was set up in the early 1960's. I remember well the war on poverty, and the intentions were good. But the result has been our inner cities have had generational welfare. The same thing has happened on our Indian reservations. We all want to help people who need help. But we must restore the principle of workfare. That is what the Dole bill does.

Also, we must turn over to our States more of this responsibility, because the States can judge who deserves welfare better. We now have all these Washington bureaucrats with the entitlement programs, situated in Washington, DC, making judgments on who should be on welfare in South Dakota or California. Under this new legislation, under this reform, there will be workfare and the States will decide who gets welfare. That will save the taxpayers money. But more importantly, it will reform our welfare program so we will have a real welfare program that helps the people who need it and requires people to work who are able to work. It is time for reform in welfare.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The majority leader is recognized under the previous unanimous consent agreement.

Mr. DOLE. Mr. President, I want to thank all my colleagues for their work, and my friend from New York, Senator MOYNIHAN, chairman of our committee, Senator PACKWOOD, the Senator from Pennsylvania, Senator SANTORUM, who spent a lot of work on the floor just in the past few days and who has done a great job helping us a lot in the conferences that we have had in an effort to resolve some of the differences on our side.

I am prepared to say I think most of the differences have been resolved on our side because we have tried to base our bill on three principles: Creating a real work requirement, returning authority to the States, and restraining welfare spending. These principles are key to reaching our goal of dramatic reform that provides work, hope, and opportunity to Americans in need.

The amendment before us proposed by the Democratic leader fails to meet these principles. The Democrats call it Work First, but in fact, it is "weak first"—weak on work, weak on limiting welfare dependency, weak on State innovation, weak on savings, weak on real reform.

REAL WORK REQUIREMENT

Let me just say, any bill that comes before us that is going to pass the Congress and, hopefully, any bill signed by the President is going to have a real work requirement in it which requires able-bodied welfare recipients to find a job, not stay at home and not stay in a training program forever, because when it comes to escaping poverty we know the old American work ethic is true. Work works. And States, not the Federal Government, must provide the work requirements. However, we must hold them accountable.

Our bill requires—and even there are some on our side who think our bill does not go far enough, but our bill requires 50 percent of all welfare recipients to engage in work in fiscal year 2000. And that is a fairly high barrier to cross when you consider the young people and elderly and disabled unable to work.

Our colleagues on the other side put a number of loopholes ahead of real work. The Federal Government would exempt 25 percent of all welfare participants and only 50 percent of the remaining 75 percent of the welfare caseload would be expected to work by fiscal year 2000. The bottom line is the Democrats' plan requires only 37 percent of able-bodied recipients to work in fiscal year 2000.

By comparison, the Republican plan requires 50 percent of all welfare recipients to work in fiscal year 2000. We leave the business of exemptions to the people who know best, the closest to the problem. That is the States, the Governors, the State legislators.

We believe States should design and run their own work program. And one thing is certain about welfare reform. No Federal bureaucrat will ever come up with a blanket program which works equally well in all 50 States. Through block grants to States and not waivers, the Federal Government can provide resources to fight poverty without imposing the rules and regulations that ban innovation.

I am reminded of a statement by the distinguished Governor of Wisconsin, Governor Thompson, when he was speaking with seven or eight of our colleagues in my office here, oh, maybe 4 or 5 weeks ago, and some were insisting that we continue to add strings. Whether they are conservative strings, they are strings. And the Governor said, I think maybe in a little bit of frustration, that he was also an elected official; he was elected by the same kind of people we are, and that nobody in the State of Wisconsin was going to go without food or medical care.

We have to give the Governors credit for some integrity and ability and a willingness to do the right thing when it comes to welfare. And I think that is generally the case, whether it is a Democrat or Republican Governor, a Democrat or Republican State legislature; they are closer to the people.

We have not tried this. There probably will be some horror stories. There always are going to be a few cases where maybe a few things will go awry, but they go awry now.

We give the States broad latitude to adopt the programs to meet the varied needs of their low-income citizens. The other bill does not allow States to take over welfare programs. It replaces one set of Federal rules and regulations with new ones, and States that want to innovate must continue to come to Washington, ask for a waiver, wait, wait, wait, and finally get a waiver. We do not think that should be necessary. We believe States ought to be able to innovate; there ought to be a lot of flexibility. And I tell you that we have confidence in the Governors, again, in both parties.

Local welfare administrators and caseworkers must get recipients off welfare and into the workplace. To encourage results, the Republican bill imposes a State penalty for failure to meet participation rates. There would be a 5-percent reduction in the State's annual grant. Under the Democrats' bill, a first-time State failure to meet the participation rate would simply require the HHS Secretary to make recommendations to the States for improving them.

The local welfare administrators and caseworkers need to focus on getting welfare recipients into the mainstream and not focus on unnecessary Federal bureaucracy and regulations. Therefore, the Republican bill delivers welfare dollars to the States directly from the Treasury and reduces the Federal welfare bureaucracy.

Able-bodied recipients must work to support themselves and their families. To accomplish this, we require recipients to work as soon as the State determines that they are work ready or within 2 years, whichever is earlier. Moreover, our bill imposes a real 5-year lifetime limit on receiving welfare benefits.

Our colleagues on the other side have a work ready provision with many exemptions. Moreover, their bill fails to impose real lifetime limits on welfare benefits by offering even more loopholes. For example, a welfare recipient who has three children while on welfare can get up to 7 years of benefits before reaching the 5-year limit. Even then, that recipient would still remain on the welfare rolls entitled to certain benefits and receiving vouchers, without a time limit, in place of cash benefits.

The Democrat bill even provides exceptions to these weak time limits, turning major cities into welfare magnets. If a welfare recipient lives in an area with an unemployment rate exceeding 8 percent, none of the time spent on welfare counts toward the so-called 5-year limit. That would turn cities that have relatively high unemployment rates like New York, Los Angeles, Washington, Philadelphia, Detroit, and many others into time-limit-free zones.

But I think the most important thing is that we want to return authority to the States. And we believe there is an opportunity to do that. We want to give the States the flexibility. The Governors want that. Republican Governors want that, and I think many Democratic Governors want that. And that is why the majority of the Nation's Governors on the Republican side want that.

I noticed Governor Wilson yesterday disagreed with our bill. He was not at the Governors' meeting. Had he been there, I think he might have endorsed it. I have written him a letter to explain the bill so he will better understand it because he has it all confused with some of the others. But I think 28 or 30 of the Governors, with the exception of Governor Wilson, support our bill, and we believe it is a step in the right direction.

I hope that after the bill of the distinguished leader on the other side, Senator DASCHLE, is disposed of, we can then start debate and finish action on this bill no later than 5 o'clock Wednesday. We believe there will be amendments on each side. We have some amendments we cannot work out. The ones we cannot work out we will bring up and have a vote and determine what happens. So it seems to me that we are on the right track.

The Republican leadership plan eliminates the individual entitlement and replaces it with a capped block grant of $16.8 billion a year.

I would say, finally, the Democrat plan proposes to replace AFDC with a bigger, more expensive package of entitlements costing the taxpayers over $14 billion more than AFDC over the next 7 years, including subsidies to families with incomes as high as $45,000 per year.

The Republican bill no longer will continue the burdensome rules and requirements that accompany the old jobs program. The Work Opportunity Act repeals the jobs program and lets the States design real work programs.

The Democrat plan keeps many provisions of AFDC and the jobs program as a Federal entitlement and renames it the "Work First Employment Block Grant."

RESTRAIN WELFARE SPENDING

No program with an unlimited budget will ever be made to work effectively and efficiently. Therefore we must put a cap on welfare spending.

The Republican bill saves $70 billion over 7 years. The Democrat bill saves only $21.6 billion over the same period of time.

Mr. President, because it is weak on work, weak on limiting welfare dependency, weak on State innovation, weak on savings, weak on real reform, the Democrat bill fails the test to real reform. I urge my colleagues to vote against it.

So I think overall, although I know there is a desire of everybody in this body to do something about welfare, we know it has failed. Notwithstanding the best efforts of many to make it work, it has not worked, and it is time that we take a hard look at dramatic reform. That is precisely what we intend to do. The Work Opportunity Act of 1995, in my view, is a step in that direction.

I will indicate to my colleagues that following the vote on the Democratic substitute, we will ask consent at that time that all amendments that people might offer, they notify the managers today and then, if we can get the consent, those amendments would have to be offered by 2 o'clock tomorrow.

I have had a discussion about this with the Democratic leader, Senator DASCHLE. I have not made the request yet, but I do not believe he disagrees with our intent. Our intent is to move as quickly as we can to complete action, giving everybody all the time they want for debate, offer the amendments they wish to offer, but, hopefully, conclude action on next Wednesday afternoon.

I would say that initially we had about 70 amendments on this side of the aisle. In my view, that would have probably boiled down to about 10 or 12 amendments that may require rollcall votes. I am not certain the number of amendments on the other side. But it is my hope that we can reach some agreement so it would not be necessary to file cloture, that we go ahead and debate the bill, then finish the bill at the earliest possible time and go on to something else.

I yield back the remainder of my time.

Mr. DASCHLE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. FAIRCLOTH). Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

VOTE ON AMENDMENT NO. 2282, AS MODIFIED

The PRESIDING OFFICER. The question is on agreeing to the Daschle amendment No. 2282, as modified.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LOTT. I announce that the Senator From Alaska [Mr. MURKOWSKI] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—45 yeas, 54 nays, as follows:

[Rollcall Vote No. 400 Leg.]

YEAS—45

Akaka	Feinstein	Levin
Biden	Ford	Lieberman
Bingaman	Glenn	Mikulski
Boxer	Graham	Moseley-Braun
Bradley	Harkin	Moynihan
Breaux	Heflin	Murray
Bryan	Hollings	Nunn
Bumpers	Inouye	Pell
Byrd	Johnston	Pryor
Conrad	Kennedy	Reid
Daschle	Kerrey	Robb
Dodd	Kerry	Rockefeller
Dorgan	Kohl	Sarbanes
Exon	Lautenberg	Simon
Feingold	Leahy	Wellstone

NAYS—54

Abraham	Faircloth	Mack
Ashcroft	Frist	McCain
Baucus	Gorton	McConnell
Bennett	Gramm	Nickles
Bond	Grams	Packwood
Brown	Grassley	Pressler
Burns	Gregg	Roth
Campbell	Hatch	Santorum
Chafee	Hatfield	Shelby
Coats	Helms	Simpson
Cochran	Hutchison	Smith
Cohen	Inhofe	Snowe
Coverdell	Jeffords	Specter
Craig	Kassebaum	Stevens
D'Amato	Kempthorne	Thomas
DeWine	Kyl	Thompson
Dole	Lott	Thurmond
Domenici	Lugar	Warner

NOT VOTING—1

Murkowski

So, the amendment (No. 2282), as modified, was rejected.

Mr. SANTORUM. Mr. President, I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MOYNIHAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is the Dole amendment No. 2280, as modified.

Mr. DOLE. Mr. President, I ask unanimous consent that the Senator from Oregon, Senator PACKWOOD, be recognized for 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ANNOUNCEMENT OF INTENT TO RESIGN FROM THE SENATE

Mr. PACKWOOD. I thank the Chair and the majority leader.

I think many of you are aware of why I am here today. I am aware of the dishonor that has befallen me in the last 3 years, and I do not want to visit further that dishonor on the Senate. I respect this institution and my colleagues too much for that.

For 27 years, I have worked alongside BOB DOLE, TED STEVENS, and a few others from that era, and most of all with MARK HATFIELD, who is not just a colleague but a friend of almost 50 years and who I met when I was a teenage Young Republican. He was a bright, young, yet unelected legislator, who turned out to be my teacher, mentor, and friend.

There have been many successes in these 27 years, some failures, some frustrations. Let me remember a few, if I could have your indulgence. Hell's Canyon, that great gash in the Earth that is the boundary between Idaho and Oregon with the Snake River running through it, the deepest gorge in the United States. In the late 1960's, early 1970's, for about 6 years, we had a battle on trying to stop a dam from being built in the gorge and at the same time to create a national recreation area. There is humor I see in this, and I smile at some of the newspaper stories I have seen recently about business lobbyists writing legislation.

I want you to picture this trip. We are on a raft trip in the river. I had been invited by environmentalists, most of whom I did not know. I had not seen the gorge before. They wanted me to see it and become involved in the saving of it. One night around the campfire, I believe it was Brock Evans who, I think, is now with the Audubon Society, then with the Sierra Club—we had a highway map of Oregon and Washington, and he takes out a marking pen, and he says, "I think this is where the boundary is." He draws it. Somebody said, "What about those minerals in Idaho." So he crosses it out and draws that up here. That became the boundaries.

The humor was—realizing this is drawn with a marking pen—that when you take it to the legislative counsel's office, if he says here—do you know how many miles that is? If he would say, "Where are these boundaries?" I would have to smile and say, "You will have to call Brock."

There was truck deregulation, an arcane subject that is probably saving consumers more money than anything in deregulation that we have done. Abortion, early on, was a lonely fight. I remember in 1970, 1971, when I introduced the first national abortion legislation, I could get no cosponsor in the Senate. There was only one nibble in the House from Pete McCloskey, who did not quite come on as a sponsor. There was a nibble 2 years before Roe versus Wade. Those were lonely days. That is not a fight that is even yet secure.

Israel, and my trips there, the golden domes, the fight that so many of us had made year after year to keep that bastion of our heritage safe and free, and to this date not guaranteed.

Tax reform in 1986. We were up against the verge of failure. The House had passed a middling bill. I was chairman of the Finance Committee. Every day we were voting away $15 or $20 billion in more loopholes.

I finally just adjourned the committee and said, "We are done." I remember Bill Armstrong saying, "We are done for the day?" And I said, "No, we are done for the session, we will have no more sessions."

Bill Diefenderfer, my counsel, and I went to the Irish Times for our two famous pitchers of beer. Those were the days I drank. I quit drinking years ago. I know why they call it courage—by the time we finished a second pitcher we drafted out on the napkin an outline and really said, OK, they want tax reform, we will give them tax reform.

Here is an example where this body can move when it wants to move. From the time that committee first saw the bill until they passed it in 12 days, PAT MOYNIHAN was a critical player. The six of us met every morning at 8:30 before the meeting. It passed the Senate within a month. So when people say this body cannot move, this body can move.

Maybe some of the best advice I had came from BILL ROTH, successor to John Williams, years ago, when he used the expression—we were having a debate in those days about the filibuster and cloture and how many votes. In those days I was in favor of lowering the number. I am not sure, even though we are in the majority I would favor that now, from two-thirds to 60 votes. John Williams said we make more mistakes in haste than we lose opportunities in delay.

If something should pass, it will pass. It may take 4 or 5 years. That is not a long time in the history of the Republic. Too often in haste we pass things and have to repent.

So for whatever advice I have I hope we would not make things too easy in this body and slip through—I say that as a member of the majority.

Tuition tax credits, a failure. PAT MOYNIHAN and I introduced the first bill in 1977, and have been introducing it ever since. Its day may come. It may be here.

One of the great moments of humor—you have to picture this situation—was in the Carter administration. They were terribly opposed to this tuition tax credit bill. Secretary Califano testified against it twice in the Ways and Means Committee. Came to a Finance Committee hearing and Assistant Secretary for Legislative Affairs Dick Warden came to testify. He had previously been with the United Auto Workers and was hired on as a lobbyist, basically for Health and Human Services—HEW as it was called then.

Thirty seconds into his testimony, Senator MOYNIHAN leans forward and said, "Mr. Warden, why are you here? Why are you here?"

continue. The dynamics of his suggestions will be carried out. The inertia of the Packwood move through the Finance Committee will continue, and strangely enough it will continue for years to come without his being there. Thank you.

Mr. DOLE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 6 P.M.

Mr. DOLE. Mr. President, I move the Senate stand in recess until 6 p.m.

The motion was agreed to, and at 5:36 p.m. the Senate recessed until 6 p.m.; whereupon the Senate reassembled when called to order by the Presiding Officer (Mr. BENNETT).

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

Mr. BROWN addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado.

AMENDMENT NO. 2465 TO AMENDMENT NO. 2280

(Purpose: To provide that funds are expended in accordance with State laws and procedures relating to the expenditure of State revenues)

Mr. BROWN. Mr. President, I rise to offer an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Colorado [Mr. BROWN], for himself, Mr. MOYNIHAN, Mr. SIMPSON, Mr. MURKOWSKI, Mr. KOHL, Mr. CAMPBELL, and Mr. FEINGOLD, proposes an amendment numbered 2465.

The amendment is as follows:

At the appropriate place, insert the following:

SEC. . **EXPENDITURE OF FEDERAL FUNDS IN ACCORDANCE WITH LAWS AND PROCEDURES APPLICABLE TO EXPENDITURE OF STATE FUNDS.**

(a) IN GENERAL.—Notwithstanding any other provision of law, any funds received by a State under the provisions of law specified in subsection (b) shall be expended only in accordance with the laws and procedures applicable to expenditures of the State's own revenues, including appropriation by the State legislature, consistent with the terms and conditions required under such provisions of law.

(b) PROVISIONS OF LAW.—The provisions of law specified in this subsection are the following:

(1) Part A of title IV of the Social Security Act (relating to block grants for temporary assistance to needy families).

(2) Section 25 of the Food Stamp Act of 1977 (relating to the optional State food assistance block grant).

(3) Subtitles B and C of title VII of this Act (relating to workforce development).

(4) The Child Care and Development Block Grant Act of 1990 (relating to block grants for child care).

Mr. BROWN. Mr. President, I asked the bulk of the amendment be read, as it just was, for a very simple purpose. It is a straightforward amendment. It is very basic. It simply calls for the amount that is block granted under this bill to be spent in a manner in accordance with the laws and procedures for expenditures of the States' own revenues. That may not sound like a revolutionary or even controversial suggestion, but it is terribly important.

The core and essence of this welfare reform is centered around the suggestion that States and communities can do a better job in deciding how their funds are expended on welfare programs assisting the poor than can a centrally planned government, than can a government thousands of miles away from the action. It is the heart, at least in part, of what this welfare reform is all about—the suggestion that money can be spent better by local levels than it can be by the Federal level.

Why would I raise this issue? The facts are that in six of our States it makes a difference. In 44 of our States the money is expended, as is provided under the State's own laws, generally in the same manner that the State's own expenditures are allocated. But in six of our States a practice has been followed where the Governor alone decides where block grant money is spent.

If we believe that the States are better able to decide how that money is spent, then I think we have to be concerned about the situation in the absence of this amendment. Literally, unless this amendment is adopted, we will see six of our States where the Governor is allowed to both appropriate the money, in effect decide where it is to be spent, and administer that money; that is, distribute the money and, as we will explore later on, even have a strong voice in conducting the audit of how that money is spent.

Literally, what we are doing, then, in those six States is giving into the hands of one person the ability to appropriate, the ability to administer, and some significant control over the audit of what they have appropriated and administered. This is contrary to the very foundation of this country. It is contrary to the very theme of our Constitution. It is contrary to those philosophers who thought of our system and brought it to fruition.

Mr. President, any in this Chamber who have read the very significant book of Senator BYRD, the distinguished Senator from West Virginia, cannot help but note not only his musings about the history of our system, but the intricacies of the Roman system. One of the lessons is the understanding that there needs to be a division of power.

I want to quote from some of our historical documents because I think Members will find it interesting. In our own Federalist Papers, Madison said it best. It is in No. 47, where he says clearly:

> There can be no liberty where the legislative and executive powers are united in the same person or body or magistrates.

Unless we adopt this amendment, you are going to have that power, both legislative and executive powers, combined in one person in six of our States.

In No. 47 of the Federalist Papers, Madison says this:

> The accumulation of all powers, legislative, executive and judiciary, in the same hands, whether of one, a few, or many, and whether hereditary, self-appointed, or elective, may justly be pronounced the very definition of tyranny.

That tyranny he talked about he goes on to talk about in further depth when he says:

> From these facts by which Montesquieu was guided, it may clearly be inferred that in saying, "There can be no liberty where the legislative and executive powers are united in the same person, or body of magistrates."

Mr. President, that is the core of the concern of this amendment. This amendment will simply provide, in those six States where they do not now have it, that they will follow the normal legislative process. If we do not adopt this, what we will in effect be doing is saying that the elected representatives of the people and the legislative branch will be ignored and their priorities bypassed when it comes to welfare reform under these block grants. We in this body have long recognized the difference between block grants and others where we have allocated the money ourselves. In categorical programs it has been normal to send the money back to the States, but it has been sent back to the States with guidelines from the Federal Government, including elected legislators, making the decisions on its allocation.

The prime difference between block grants and the categorical grants is the level of government which designs the program. Under our block grants, the States design the programs. For categorical grants, most of the programs are designed and established at the Federal level. The State is to administer the grant in accordance with Federal directives.

Mr. President, it makes sense that when we move to block grants, that we allow the State legislative process to be part of this.

This amendment is offered, not only by myself but by Senator MOYNIHAN, Senator SIMPSON, Senator MURKOWSKI, Senator KOHL, Senator CAMPBELL, and Senator FEINGOLD.

I believe the provisions of this measure are broad and they are bipartisan. I think they unite the interests of this Congress, an interest that we ought to have special recognition of. Would Senators literally want to abdicate the legislative responsibility to a chief executive? Chief executives are responsible, are important members of our governmental functions, but they should not have combined with them the legislative powers.

In addition to this, I want to draw the Members' special attention to another factor in this bill. Under section

408 of the Dole amendment, it requires States to conduct an annual audit of expenditures under the Federal temporary assistance—AFDC, that is—block grant. The auditor is required to be independent of the administering State agency and approved by the U.S. Treasury Secretary and the chief executive officer of the State.

Literally, what we are doing, then, is we are allocating money to the States which, in some cases in effect, will be legislated or appropriated by a chief executive, administered by that chief executive, and audited by someone that chief executive approves of. Or, put a different way, no one of which the chief executive does not approve can audit those funds.

This is untenable. I understand why some Governors may like this power, but I suspect, on reflection, many Governors will not like that power because what it gives them a special burden. Some may say this is in line with what we have done in the past. But let me assure this body that it is not fully in line. Under the General Revenue Sharing Act of 1972, Public Law 92-512, section 123(a) addressed this. In subsection 4 it said this:

> It will provide for the expenditure of amounts received under subtitle A only in accordance with the laws and procedures applicable to the expenditures of its own revenues.

In other words, the State government would have the ability to appropriate those moneys under the same procedures that they follow now for their own revenues. That is what we are asking in this amendment. It is consistent with the provision that Congress enacted in 1972 for general revenue sharing.

In 1977 the Advisory Committee on Intergovernmental Relations reported:

> The commission recommends that the State legislatures take a much more active role in State decisionmaking relating to the receipt and expenditures of Federal grants to the States.

Specifically, the Commission recommends that the legislatures take action to provide for: inclusion of anticipated in Federal grants in appropriation or authorization bills; prohibition of receipt of expenditures of Federal grants above the amount appropriated without the approval of the legislature. The recommendation goes on.

But whether it is in the 1972 General Revenue Sharing Act or the 1977 report of the Advisory Commission, or the 1980 report of the U.S. Comptroller General that dealt with the same subject, the theme is consistent. It was also a theme of provisions in the 1981 Omnibus Reconciliation Act, in the 1982 Job Training Act, and in the 1984 U.S. Comptroller General's report to Congress. There the subject was addressed, with this specific language—the public's opportunity to influence State decisions for programs supported with block grant funds has been enhanced through the combined effects of multiple public participation opportunities offered by the States, the increased activity of State elected officials, and the increased activity of interest groups at the State level. This increase is related to the expanded public input opportunities established both in response to the Federal requirements as well as to the greater discretion available to the States.

Mr. President, it is clear from following the background that this Congress and independent advisory groups have recognized the value over and over again of having elected State officials set the priorities.

Mr. President, this amendment is straightforward. And it is basic. What it suggests is that we as a Congress ought to make sure that the appropriating function is performed by the State legislatures or at least with regard to the general standard of appropriation that is followed by the States themselves.

It is endorsed by the National Conference of State Legislators. It is endorsed by the National Speakers Conference. It is endorsed by the American Legislative Exchange Council.

Mr. President, I ask unanimous consent to have printed in the RECORD the letters from and resolutions of these three bodies.

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

NATIONAL CONFERENCE OF STATE LEGISLATURES,
Washington, DC, August 4, 1995.

Hon. HANK BROWN,
U.S. Senate, Washington, DC.

DEAR SENATOR BROWN: The National Conference of State Legislatures is greatly appreciative of the leadership you have provided on a variety of federalism and intergovernmental relations issues. Most recently, you were able to include language in H.R. 4 that reaffirmed the state legislature's role in expending federal block grant funds. With the Senate about to undertake debate on the Republican leadership's welfare reform package, S. 1120, we wish to call upon you again to ensure that state legislative policymaking and fiscal authority is in no way compromised regarding any and all block grants included in S. 1120.

As reported from the Senate Finance Committee, H.R. 4 specifically stated that family assistance block grant funds received by the state would be expended in accordance with the laws and procedures applicable to expenditure of the state's own revenues. NCSL strongly encourages you to pursue insertion of similar language in S. 1120, making it applicable to all of the various block grants and consolidations being considered, and stands ready to assist you. Your language clearly reaffirms the roles that state lawmakers play in appropriating funds. We are concerned that giving governors direct control over funds, even if it is optional with food stamps, could well violate state laws and practices. Your H.R. 4 language guarantees that there will be an open, deliberative process in expending any block grant monies. It does not change the governor's role regarding the state's policymaking process and it certainly ensures that the state legislature will be involved.

Thank you again for the leadership on and commitment you bring to these issues. NCSL is prepared to work closely with you as floor deliberations on S. 1120 proceed. Please have your staff contact Sheri Steisel (624-8693) or Michael Bird (624-8686) for further assistance.

Sincerely,

JAMES J. LACK,
State Senator, New York
and President, NCSL.

RESOLUTION SUPPORTING STATE AUTHORITY IN WELFARE REFORM

Whereas, the 10th Amendment to the Constitution of the United States reserves all powers not prohibited to the states nor delegated to the United States to the states or to the people respectively, and;

Whereas, the Constitution of the United States neither prohibits power over welfare to the states, nor delegates power over welfare to the United States, and;

Whereas, through the years the United States has assumed powers over welfare that are inconsistent with the distribution of powers between the United States, the states, or the people respectively under the United States Constitution, and;

Whereas, restoration of the Constitutional distribution of powers between the United States, the states or the people respectively should proceed at an expeditious pace to restore the consistency of governing relationships with the nation's fundamental law, and;

Whereas, the welfare programs of the United States have been largely unsuccessful, enormously expensive and even counter-productive to the welfare of recipients, and;

Whereas, the states are laboratories of democracy in which different policy approaches are tried, and the most successful policies are copied by states whose policy approaches are less successful, and;

Whereas, restoration of state authority with respect to welfare is consistent with the fundamental democratic principle that government should be as close as possible to the people, and;

Whereas, the United States Senate Finance Committee has reported H.R. 4 which contains language that would allow states to expend federal welfare funds "in any manner that is reasonably calculated to accomplish the purpose" of the bill, and;

Whereas, as reported by the United States Senate Finance Committee, H.R. 4 contains language requiring that federal funding for welfare be "expended only in accordance with the laws and procedures applicable to expenditures of the State's own revenues, including appropriation by the State legislature," and;

Whereas, the above reference clauses in H.R. 4 represent an important step toward restoration of state authority with respect to welfare;

Now therefore be it *resolved,* That the Board of Directors of the American Legislative Exchange Council urges the United States Senate to include the above reference clauses in any welfare reform bill which it adopts.

RESOLVING TO PRESERVE STATE LEGISLATIVE AUTHORITY AND OVERSIGHT OF FEDERAL BLOCK GRANT FUNDS

Whereas, the National Speakers Conference represents the bipartisan and collective sentiment of the nation's Speakers of the House: and

Whereas, the National Speakers Conference seeks to strengthen and preserve state legislatures' traditional appropriations authority and oversight of all state expenditures; and

Whereas, the National Speakers Conference recognizes that this authority is enshrined in our national and state constitutions and is fundamental to the system of checks and balances that defines the separation of power among the three branches of our government; and

Whereas, the National Speakers Conference believes that the appropriation and administration of block grants require the full participation of both the legislative and executive branches to develop and implement effective policy; and

Whereas, the National Speakers Conference believes the most effective means of ensuring the full participation of the legislative and executive branches of government is through the budget appropriation and approval process;

Now, therefore be it resolved by the National Speakers Conference, that the various Speakers of the House attending the National Speakers Conference in a bipartisan vote urge the United States Congress to support the premise that all federal block grants received by the various states be expended only in accordance with the laws and procedures applicable to expenditures of the state's own revenues, including appropriation by the state legislatures; and

Be it further resolved, that the Conference endorses the bipartisan amendment proposed by Senators Hank Brown of Colorado, Daniel Patrick Moynihan of New York, Herb Kohl of Wisconsin, Frank Murkowski of Alaska and Alan Simpson of Wyoming to the welfare reform bill; and

Be it further resolved, that the National Speakers Conference request the United States and the United States House of Representatives in any block grant legislation that is enacted to ensure that the legislative appropriating authority is protected; and

Be it further resolved, that copies of this resolution be transmitted to the Congressional delegations of the various states by the Speakers of the House of those respective states.

Approved this first day of September Nineteen Hundred and Ninety-Five in Santa Fe, New Mexico.

Mr. BROWN. Mr. President, I will reserve the remainder of my time.

Let me simply close with this thought. As we give to the States an enormous grant of new authority and new responsibility, an ability literally to appropriate the funds and allocate the funds that have been taken by the Federal Government, I think it is incumbent upon us to make sure that is done wisely, and it is done well. To suggest that we are going to concentrate in the hands of one person, the Governor, the ability to both appropriate and administer and have a control over the audit is unacceptable.

This amendment gives the States the ability to preside over this money just as they do with their own money that they raise.

I urge the adoption of the amendment.

Mr. MOYNIHAN. Mr. President, may I thank the Senator from Colorado for offering this amendment which appears to this Senator, and I believe to most Senators on either side of the aisle, as appropriate, and necessary because there are principles involved.

I am sure the Senator from Colorado agrees that constitutional government is a division of powers, and always contemplates that resources will be revenues. These are revenues to State governments that will be allocated in accordance with agreements in the legislative branch and the executive branch.

That is the intent of the Senator's amendment.

Mr. BROWN. It is precisely that intent and more consistently constitutional, I believe.

Mr. MOYNIHAN. It seems to me, precisely that. By constitutional proviso the Congress guarantees to the States a republican form of government. I am not sure whether this would fall under that admonition or injunction.

Mr. BROWN. Many of us were hopeful that admonition for a republican form of government meant just that. But unfortunately, apparently it was not.

Mr. MOYNIHAN. I insist that republican be with a small "r," and at the time when Thomas Jefferson assumed to run the democratic Republican Party. But we will not get into that detail.

I would simply indicate that it would be my disposition, absent any contrary information, to accept the amendment. If the Senator wishes a vote, of course that is his right. But I will defer to the Senator from Colorado in this regard.

Mr. BROWN. Mr. President, I would be happy to have it accepted. I am advised there are Members who have concerns about this.

Mr. MOYNIHAN. So they would wish to speak and perhaps to be heard. Very well. I do believe we are at a point where we may be reaching an agreement on tomorrow's schedule, Mr. President.

Mr. President, I see the distinguished Senator from Nevada is on the floor.

I yield the floor.

Mr. REID addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, will the Chair inform the Senator from Nevada what the parliamentary status now is on the Senate floor?

The PRESIDING OFFICER. The Senator from Colorado is on a second-degree amendment.

Mr. REID. There is no time agreement?

The PRESIDING OFFICER. There is no time agreement.

Mr. REID. Mr. President, I ask unanimous consent that the remarks I make appear elsewhere in the RECORD so as not to interfere with the debate on this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, I wonder if we might be able to get the yeas and nays on the Brown amendment. We will set that vote for tomorrow morning.

The PRESIDING OFFICER. Is there objection to the request?

Without objection, it is so ordered.

Mr. DOLE. Mr. President, if we could ask for the yeas and nays on the Brown amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. We will have an agreement to have that vote tomorrow morning at 9:30 unless it can be accepted. I understand there is no objection on the Democratic side.

Mr. MOYNIHAN. Not to my knowledge.

Mr. DOLE. There may be an objection.

We are still looking for additional amendments to be taken up this evening. We have agreed to amendments on either side. I know the distinguished manager on the other side does not wish to offer his amendment this evening. We can lay it down. I think that would take an hour, or 45 minutes, tomorrow.

Mr. MOYNIHAN. If it is agreeable, an hour and 30 minutes equally divided.

Mr. DOLE. I have no objection to that.

Mr. MOYNIHAN. Will the Senator from Nevada be generous enough to let us proceed with these technical matters for just a moment?

The PRESIDING OFFICER. Does the Senator from Nevada yield for that purpose?

Mr. REID. I do.

AMENDMENT NO. 2466 TO AMENDMENT NO. 2280

(Purpose: To provide a substitute amendment)

Mr. MOYNIHAN. Mr. President, I send an amendment to the desk in the second degree and I ask for its consideration.

The PRESIDING OFFICER. Without objection, the pending amendment of the Senator from Colorado is temporarily set aside, and the clerk will report.

The legislative clerk read as follows:

The Senator from New York (Mr. MOYNIHAN) proposes an amendment numbered 2466 to amendment No. 2280.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment appears in today's RECORD under "Amendments Submitted.")

Mr. MOYNIHAN. Mr. President, in accordance with the agreement, such as it will be reached between leaders, I yield the floor with the understanding that we will take this matter up tomorrow.

Mr. DASCHLE. Will the Senator from Nevada yield?

Mr. REID. I am happy to yield.

Mr. DASCHLE. Just for clarification of the schedule this evening, it is the leader's intention to take up the Moynihan amendment tomorrow and have other amendments offered if we can have them laid down tonight but no additional amendments would be voted upon tonight?

Mr. DOLE. That is correct. I know Members are going to want to be leaving fairly early tomorrow afternoon. It is not going to be possible unless they are willing to come to the floor tonight and debate the amendments and have the votes tomorrow morning. We are searching on our side if we can ask the leader to search on his side.

Mr. DASCHLE. If the Senator from Nevada will yield, let me urge my colleagues. We have been polling our Members and have been told that we have about 130 amendments. If we have that many amendments, there is no reason why tonight we cannot have a good debate on some of these amendments. I would like to see a couple of them offered and debated tonight. The ranking member is here and prepared to work with any of our Members on this side. So I hope we can do that. If we have that many amendments, there is no reason why at 6 o'clock tonight we do not have more of an opportunity to discuss some of these important matters.

So I really urge all of our Democratic colleagues to cooperate in good faith and to come to the floor. This is a good time to be offering the amendments, and we will accommodate Senators as they come to the floor.

Mr. DOLE. If the Senator from Nevada will yield further, I make the same request. This is normally the late evening, Thursday evening, and we have not announced any votes this evening but we are prepared to do that if we can have the cooperation of Members, if they just come to the floor, debate the amendment, with the exception of the amendment of the Senator from New York, and then we can agree to vote on those tomorrow morning.

Following the votes, we would take up the amendment of the Senator from New York [Mr. MOYNIHAN], with 1½ hours equally divided for debate. So we will put out a hotline on this side, and this is the time to offer amendments. We had 70-some on our list. You have, say, 150. If there are 200 amendments out there, there ought to be somebody willing to come to the floor at 6:20 on a Thursday evening—it is not even dark outside—and offer some amendments. We are prepared to do business. I know the Presiding Officer is very pleased to be here, and we will do our best. I thank my colleague.

Mr. REID addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

SENATOR BRYAN'S WORK ON THE ETHICS COMMITTEE

Mr. REID. The first criminal jury trial that I had involved a burglary case. As I recall, the jury trial took about 3 or 4 days. The reason I remember the case so clearly is that I was the attorney representing the defendant, the person charged with the crime. The prosecutor of that case was RICHARD BRYAN, then a young deputy district attorney in Clark County, NV. It was a good case. We had two young lawyers who had a real good battle in the courtroom.

Senator RICHARD BRYAN was an outstanding lawyer. He was the first public defender in the history of the State of Nevada. He and I took the Nevada bar together in 1963. We were the only two freshmen elected to the Nevada State Legislature in 1969.

Not only did he have a successful and distinguished career as a private attorney, but he also served in the Nevada State Legislature as an assemblyman and as a Nevada State senator. He served as attorney general of the State of Nevada. He was elected twice to be Governor of the State of Nevada and has been elected twice to be a U.S. Senator from the State of Nevada.

The reason I mention this is I think, in the events that have taken place today, those six members of the Ethics Committee who have toiled months and months have been kind of forgotten about. This was a job not sought by Senator RICHARD BRYAN, who was chairman of the Ethics Committee. In fact, he took the job at his peril. He was running for reelection when then majority leader George Mitchell asked him to do his duty as a U.S. Senator and accept this task, this ordeal, to be chairman of the Senate Ethics Committee.

I have never talked to Senator BRYAN about the facts of the case that has been before this body today. But I know RICHARD BRYAN. I know him well. He and I have been friends for 30-odd years or more. And I know how this case has weighed on him. I see it in his face. I see it in his demeanor. As I have indicated, I have never discussed the case with him. But I know Senator BRYAN well, I repeat. I know that his obligation was to be fair to the victims, to be fair to the accused and to this institution and, of course, the oath that he took as a Senator.

The time that he spent on this case could have been spent working on other issues, could have been spent with his family and his friends, but he spent not minutes, not hours, not days, not weeks but months on this case.

When the elections took place last fall, Senator BRYAN became the ranking member of the Ethics Committee, and Senator MITCH MCCONNELL became chairman of the Ethics Committee.

Mr. President, I think that we, as Members of the Senate, should all acknowledge the work done by the Ethics Committee. I am speaking of my friend, Senator BRYAN. I am doing that because I know him so well. I know the time that he spent. I know his background. I know what a good person he is and how fair he tries to be with everybody in everything that he does.

Now, I can speak with more authority and certainty about Senator BRYAN than I can the other five members of the Ethics Committee, but these other five individuals coming from their varied backgrounds and experiences led to this Ethics Committee that had a sense of duty. It was bipartisan in nature, and being bipartisan in nature reached a conclusion in this most difficult case. Senators MIKULSKI and DORGAN on the Democratic side and Chairman MCCONNELL, Senators CRAIG and SMITH are also to be given appreciation by this Senator and I hope the rest of this body for the time that they spent on this very thankless job.

Mr. President, I, of course, have talked in detail about Senator BRYAN and the person that he is. If I knew the other five members as well as I knew Senator BRYAN, I am sure that I could say the same things about them and the difficulty they had in arriving at the decision they did. I am sure that if I had spent the time with them as I have with Senator BRYAN, I could tell by their demeanor, I could tell by the looks on their faces the consternation and the difficulty they had in doing the work that they did on this case.

Mr. President, there is no way to compliment and applaud these gentlemen and the lady who serve on this committee in an adequate fashion, but I, I hope on behalf of the entire Senate and the people of this country, express to them my appreciation and our appreciation for doing what they did in this case, that is, working the long, hard, tireless hours they did and arriving at a decision that only they could arrive at.

Mr. President, in 1882, a member of the very small Nevada Supreme Court—there were three members of the supreme court in 1882—in a case cited at 106 U.S. 154, Justice Bradley said in that case these words that I think apply to what has taken place here today: "The event is always a great teacher."

Mr. President, the event that has taken place today has been a great teacher for us all and will be in the future.

Mr. NICKLES. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

Mr. DEWINE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DEWINE. Mr. President, I rise today to discuss three amendments that I intend to propose later in regard to this bill we are engaged today, this week, and probably into the next week with one of the most fundamental reforms of the welfare system in over a generation. It really is a debate of great historic importance to not only the people who are on welfare, but to all Americans.

The millions of Americans who are trapped in the cycle of welfare dependency need a way out. As we work on this bill, I believe that we have to make absolutely sure that as we do this, we do, in fact, give them a way out and not just put them into another revolving door.

The purpose of the first amendment that I will offer will be to make sure

that the States tackle the underlying problem of the welfare system. Quite frankly, Mr. President, too often welfare ends up being quicksand for people instead of a ladder of real opportunity.

The underlying bill that we are working on will certainly help change that and helps change it by creating a work requirement that will help boost welfare clients into the economic mainstream of work and opportunity.

We need to help people get off welfare. One very important way we can do this is by helping them avoid getting on welfare in the first place, and that is one thing that sometimes we miss in this whole debate about welfare. We do need to worry about how to get people off welfare. But if we can take action as a society that keeps them from ever going on welfare, that is a great accomplishment as well. It will not only do society a lot of good, but it will be very important to the individual who we are talking about.

So this brings me to the specific proposal contained in my first amendment.

This amendment would give States credit for making real reductions in their welfare caseload, not illusory reductions based on just ordinary turnover.

What am I talking about? Since 1988, 14 million Americans have gone off welfare—14 million. Yet, during that same period, there has been a 30 percent net increase in the welfare caseload. What this tells us is there are a lot of people going on, a lot of people going off, but we are getting more people coming on than are going off.

So we have to make absolutely sure that we keep our eye on the ball and, really, the ball that we are trying to keep our eye on is the objective of keeping people out of the culture of welfare dependency.

Under the bill, States will have to meet a work requirement, and that is good. But I think this policy will have an unintended side effect, a side effect that I believe my amendment will help cure.

If there is a work requirement, States certainly will have an incentive to try to meet that requirement. If States face the threat of losing Federal funding for failing to meet the work requirement, I am afraid that they could easily fall into the trap of judging their welfare policies solely—solely, Mr. President—by the criterion of whether or not they help meet just that work requirement.

I believe that what we have to remember is that the work requirement is not an end in and of itself. Our goal must be to break the cycle of welfare dependency, and we have found that helping people stay off AFDC, never going on, through tools used by the Government—job training, job search assistance, rent subsidies, transportation assistance, and other similar measures—is a cheaper way of doing this than simply waiting for the person to fall off the economic cliff and become a full-fledged welfare client. It just makes common sense. If we as a society can intervene early, it is going to be cost-effective and it is going to work and it is going to make the difference in people's lives.

Under the bill as written, States are really given no incentive to make these efforts to help people. If anything under the bill, there really is a disincentive to do this. If a State takes an active, aggressive, successful effort to help people stay off welfare, then the really tough welfare cases will make up an increasingly larger proportion of the remaining welfare caseload, and that will make the work requirement much tougher for a State to meet.

Under this bill as written, there is incentive really to wait to help people, to wait, to wait until they are actually on welfare. Then the States can get credit for getting people off welfare. That really does not seem to me to be the right way to do it or the right incentive.

If States divert people from the welfare system by helping them stay off welfare in the first place, then the people who stay on welfare will tend to be more hardcore, more hard-to-reach welfare clients, and that will make it more difficult for States to meet the work requirement.

That, Mr. President, really is exactly the opposite of what we should be trying to do. My amendment would eliminate this truly perverse incentive. My amendment would lower the work requirement that States have to reach by the very same amount that the States have reduced their welfare caseload.

Helping citizens stay off welfare is just as important as making welfare clients work, just as important as moving people off welfare. Indeed, the reason we want to make welfare clients work in the first place is, of course, to help them get off welfare. But—and this is a very important provision in my amendment—we cannot allow this new incentive that I propose for caseload reduction to become an incentive for the States to ignore poverty.

Under my amendment, States will be given no credit for caseload reductions achieved by the changing of eligibility standards. Ignoring the problem of poverty, Mr. President, will certainly not make it go away. Arbitrarily kicking people off of relief is not a solution to welfare dependency, and States should not—I repeat, not—get credit for changing their eligibility to meet this objective.

Welfare reform block grants are designed to give States the flexibility they need to meet their responsibilities. They have to have more flexibility. But they must not become an opportunity for the States to ignore their responsibilities. States do need to be rewarded for solving the problem. Giving States credit for real reductions in caseload will provide this reward.

I believe this amendment will, in fact, yield another benefit. It will enable States to target their resources on the more difficult welfare cases: the at-risk people who need very intensive training and counseling if they are ever going to get off welfare.

It will not do us any good as a society to pat ourselves on the back because people are leaving AFDC, if at the very same time an even greater number of people are getting on the welfare rolls, and if the ones getting on are an even tougher group than the ones who got off.

The American people demand a much more fundamental and far-reaching solution. They demand real reductions in the number of people who need welfare.

Reducing the number of people on welfare is certainly going to be a very tall order. Since 1988, only half a dozen States or so have really managed to reduce their caseload. One of them, Wisconsin, has managed a very significant reduction. It is going to be tough, but it is absolutely necessary.

This issue simply must be faced, and it will be faced with all the creativity at the disposal of the 50 States, 50 laboratories of democracy.

How are States going to do it? There are probably as many ways of doing it as there are States. I think that is one of the positive things about the underlying bill.

There is no single best answer. That is the key reason why we need to give the States the flexibility to experiment. In Wisconsin, for example, the Work First Program, with its tough work requirement, has reduced applications to the welfare system. That is a promising approach. We have to do other things, such as reduce the number of out-of-wedlock births and get rid of the disincentives to marriage.

The bottom line is this, Mr. President: We have to solve the problem and not ignore it. States should be encouraged to take action. But they should be encouraged to take action early to keep people off of welfare, to help them before they drop into the welfare pit. I believe this is the compassionate thing to do. I believe it is the cost-effective thing to do.

My staff and I, Mr. President, have spent a considerable amount of time talking to the people who run Ohio's welfare operation, both at the county levels and at the State level. One of the problems that they have continued to talk to me about is just what I have talked about, and that is, that what we really need to do is keep people off of welfare. We do not want to be in the situation that I used to find years and years ago when I was practicing law and when I was county prosecuting attorney, where we would have situations where people were having problems, where people needed help—either job training, or education, or just a little help to tide them over—and they could not get that help. What the welfare department would have to tell them is, wait until you get the eviction notice, wait until they start putting your clothes and everything else out on the street, then we can help you, then you

can get on welfare. And once you get on welfare, all these things will happen and you will get all these benefits. Our director, in the State of Ohio, of welfare, Arnold Tompkins, makes an analogy to a light. He says you go up with the switch or down, and you are either on welfare or you are not. If you are on it, you get all these benefits. If you are not, you do not get the benefits. We have a difficult time giving people some help to stay off of welfare.

I think what we must make sure we are doing when we pass this bill—which is a very, very good bill, and one of the reasons it is a good bill, it has a realistic work requirement in it. One of the things we have to make sure we are doing is allowing the States the flexibility and giving them some incentive to try to take the actions early on which will prevent someone actually from ever going on welfare. We must make sure that we, as we write this bill, give the States credit for having done that.

Let me turn to the second amendment that I intend to propose. It has to do with a rainy day fund. This amendment is a very simple one. It is a recognition of economic realities. When a State faces a recession, a number of things happen. One of them is that the welfare caseload goes up. The other thing that always happens is the revenues going into the State go down.

It is as simple as that. When States are in the middle of a serious recession, they are reluctant to borrow from a loan fund because they are, frankly, afraid they will be unable to pay the money back. I do not blame them. I believe that we need an unemployment contingency grant fund to make sure that when a recession hits, the Federal Government will remain a partner in the process of taking care of the welfare population. You will notice I say "partner."

It should be just as clear, Mr. President, that this rainy day fund must not become a back door to the re-Federalization of welfare. The threshold for disbursements from this fund, I believe, has to be tough. And the threshold in my amendment is, in fact, tough. It has been described as follows: A State, under my amendment, will not qualify if it has a "cold." It will only qualify if it has "pneumonia."

It is my hope that this amendment will not be controversial. I believe it is a necessary precaution for the inevitable downturns in the economic cycle. Under this amendment, the State has to meet two conditions to qualify for aid from this fund. First, it has to maintain its welfare effort at the fiscal year 1994 level. And unemployment has to be two percentage points higher than in the previous year. States will then have to match these Federal funds at the same rate as the matching formula for Medicaid. And they will have to maintain their own effort. This is a tough requirement, but I believe it is fair, and I believe that it will be of immense help to the States.

Mr. President, we need this rainy day fund, and we need to make sure that it is not abused.

Let me turn to the third amendment I intend to offer. It has to do with a subject that has troubled me in this country for many, many years, and that is the issue of child support and child support enforcement. When I discuss this issue, I again have to go back, in my own mind, at least, to my experience as a county prosecuting attorney. One of my jobs, of course, was to try to enforce the child support enforcement laws. Mr. President, the third amendment really is an attempt to make it easier for States to crack down on deadbeat parents. We are all aware that one of the key cost causes of our social breakdown is the failure for parents to be responsible for their own children. The family ought to be the school for citizenship—preparing the children for responsible and productive lives. When the parents do not do that, it is very difficult for society to step in and fill the gap.

We need to reconnect parenthood and responsibility. We need to help States locate these deadbeats, establish support orders for the children, and enforce the orders.

My amendment attempts to address this problem in two ways. First, it provides for a more timely sharing of information with the States. Today, the Federal Parent Locator Service, in the U.S. Department of Health and Human Services, gives the States banking and asset information about potential deadbeats on an annual basis, only once a year.

Mr. President, talk to the people who have to track down these deadbeats, and they will tell you and other Members of the Senate how difficult that process is. As I mentioned, I used to do this when I was a county prosecutor. If you have to wait a whole year to get information about a deadbeat, there is a pretty good chance that that deadbeat is going to flee your jurisdiction. The information that you get may be up to a year old—or even more—and will simply not be information that will do any good.

My amendment is simple. It would change that reporting requirement from an annual basis to a quarterly basis.

Mr. President, these child support enforcers are involved in a very difficult but a very important job. I believe that we should cut—by 75 percent—the amount of time they have to wait for this very important information.

Mr. President, I look forward to the debate on these and the other amendments offered by my colleagues. I believe that we have a great opportunity in this year's welfare reform bill—an opportunity to change the direction of welfare and to really change the direction of this country.

Mr. President, I yield the floor.

Mr. NICKLES. Mr. President, first, I would like to compliment my friend and colleague from Ohio, Senator DEWINE, for an excellent statement. His experience as a Congressman, his experience as Lieutenant Governor of the State of Ohio, as well as a Senator, gives him a perspective that may be better than most because he has been involved in administering these programs. I think he has had some very constructive, positive ideas that are really invaluable. I hope our colleagues will pay attention. I compliment my friend for his remarks.

I would also like to say at this time that we requested a list of amendments, and the numbers were floating around, whether there was 50 amendments, 60 amendments, or 70 amendments.

We are very willing to take up those amendments, see if we can incorporate those amendments into the substitute bill that will be offered tomorrow, or have people offer their amendments. They can debate them. We will set aside the amendment and vote on the amendment tomorrow.

If colleagues have amendments that they would like to be considered and disposed of, and frankly I think we are going to be more favorably disposed tonight than we will be later on Friday and certainly on Monday and Tuesday. I encourage colleagues if they have amendments to please bring those to the floor and we will try to assist in any way we can as far as disposing of them.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mrs. FEINSTEIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. FEINSTEIN. Mr. President, I understand there is a pending amendment. I ask unanimous consent that the amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2469 TO AMENDMENT NO. 2280

(Purpose: To provide additional funding to States to accommodate any growth in the number of people in poverty)

Mrs. FEINSTEIN. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from California [Mrs. FEINSTEIN] proposes an amendment numbered 2469 to amendment No. 2280.

Mrs. FEINSTEIN. Mr. President, I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Beginning on page 17, line 16, strike all through page 21, line 3, and insert the following:

"(3) SUPPLEMENTAL GRANT AMOUNT FOR POVERTY POPULATION INCREASES IN CERTAIN STATES.—

"(A) IN GENERAL.—The amount of the grant payable under paragraph (1) to a qualifying State for each of fiscal years 1997, 1998, 1999, and 2000 shall be increased by the supplemental grant amount for such State.

"(B) QUALIFYING STATE.—For purposes of this paragraph, the term 'qualifying State', with respect to any fiscal year, means a State that had an increase in the number of poor people as determined by the Secretary under subparagraph (D) for the most recent fiscal year for which information is available.

"(C) SUPPLEMENTAL GRANT AMOUNT.—For purposes of this paragraph, the supplemental grant amount for a State, with respect to any fiscal year, is an amount which bears the same ratio to the total amount appropriated under paragraph (4)(B) for such fiscal year as the increase in the number of poor people as so determined for such State bears to the total increase of poor people as so determined for all States.

"(D) REQUIREMENT THAT DATA RELATING TO THE INCIDENCE OF POVERTY IN THE UNITED STATES BE PUBLISHED.—

"(i) IN GENERAL.—The Secretary shall, to the extent feasible, produce and publish for each State, county, and local unit of general purpose government for which data have been compiled in the then most recent census of population under section 141(a) of title 13, United States Code, and for each school district, data relating to the incidence of poverty. Such data may be produced by means of sampling, estimation, or any other method that the Secretary determines will produce current, comprehensive, and reliable data.

"(ii) CONTENT; FREQUENCY.—Data under this subparagraph—

"(I) shall include—

"(aa) for each school district, the number of children age 5 to 17, inclusive, in families below the poverty level; and

"(bb) for each State and county referred to in clause (i), the number of individuals age 65 or older below the poverty level; and

"(II) shall be published—

"(aa) for each State, annually beginning in 1996;

"(bb) for each county and local unit of general purpose government referred to in clause (i), in 1996 and at least every second year thereafter; and

"(ccb) for each school district, in 1998 and at least every second year thereafter.

"(iii) AUTHORITY TO AGGREGATE.—

"(I) IN GENERAL.—If reliable data could not otherwise be produced, the Secretary may, for purposes of clause (ii)(I)(aa), aggregate school districts, but only to the extent necessary to achieve reliability.

"(II) INFORMATION RELATING TO USE OF AUTHORITY.—Any data produced under this clause shall be appropriately identified and shall be accompanied by a detailed explanation as to how and why aggregation was used (including the measures taken to minimize any such aggregation).

"(iv) REPORT TO BE SUBMITTED WHENEVER DATA IS NOT TIMELY PUBLISHED.—If the Secretary is unable to produce and publish the data required under this subparagraph for any county, local unit of general purpose government, or school district in any year specified in clause (ii)(II), a report shall be submitted by the Secretary to the President of the Senate and the Speaker of the House of Representatives, not later than 90 days before the start of the following year, enumerating each government or school district excluded and giving the reasons for the exclusion.

"(v) CRITERIA RELATING TO POVERTY.—In carrying out this subparagraph, the Secretary shall use the same criteria relating to poverty as were used in the then most recent census of population under section 141(a) of title 13, United States Code (subject to such periodic adjustments as may be necessary to compensate for inflation and other similar factors).

"(vi) CONSULTATION.—The Secretary shall consult with the Secretary of Education in carrying out the requirements of this subparagraph relating to school districts.

"(vii) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subparagraph $1,500,000 for each of fiscal years 1996 through 2000.

Mrs. FEINSTEIN. Mr. President, I rise today to offer an amendment that would provide additional funding to States to accommodate growth which may occur in their welfare caseloads.

Legislation which provides the basis for this amendment is included in the welfare reform bill already passed by the House of Representatives entitled H.R. 4, the Personal Responsibility Act.

Title I of that bill includes a supplemental grant to adjust for population increases. In the House version, the grant is $100 million annually for each of fiscal years 1997, 1998, 1999, and the year 2000.

In the Dole bill, the supplemental grant is $877 million over 5 years. The House supplemental grant is distributed to States based on each State's proportion of the total growth. However, the Dole bill handles this formula in a very complicated manner which only benefits 19 out of the 50 States.

Frankly, by providing zero funding for growth, it does in the State of California. I have got to make that very clear.

The amendment I am proposing today takes the same approach, as the legislation that passed the House of Representatives, with respect to growth, and would apply it to the Dole bill. California, which is projected to experience a significant growth in its poor population over the next 5 years, under the present draft of the Dole bill, would receive zero—zero.

There is no additional cost associated with this amendment. In fact, there is some reason to believe that this method of accommodating growth equitably and objectively among all States might result in some cost savings when compared to the underlying bill. In any event, the authorization of appropriations, for the supplemental grant for each of the fiscal years, remains the same as in the Dole bill, and distribution of the additional funds is capped by those amounts which total $877 million over 5 years.

I would add another point. All States will be held harmless under this legislation. That is to say, no State's grant will be reduced if the State experiences a decline in its poor population. But each and every State which experiences an increase in its poor population will receive a corresponding increase in its Federal grant to help them carry out the mandates of this legislation.

Let me briefly contrast this with the approach in the underlying bill. As I said, only 19 States, meet the definition for use of this money under the language of the Dole bill, and that is irrespective of their actual growth of in poor youngsters. And, it excludes many States that will experience growth in their caseloads.

Under the Dole bill, 19 States receive automatic additional funding, 2.5 percent of the fiscal year 1996 grant in each of the years 1997 to the year 2000 if, first, their State's welfare spending is less than the national average level of State spending and, second, population growth is greater than the average national population growth.

In addition, for reasons which are unclear, certain States are deemed as qualifying if their level of State welfare spending is less than 35 percent of the national average level of State welfare spending per poor person in fiscal year 1996. As I understand it, only two States qualify. Mississippi and Arkansas are the only two States that would qualify under that portion of the drafting.

This formula penalizes States which have traditionally had higher levels of State welfare spending. So, in other words, if you have been a high benefit State, you are actually penalized by the bill. And, it rewards States, irrespective of their projected, or actual, population growth or decline.

I must say I am astonished that many States which are projected to have significant increases in their poor populations do not meet the definition required by the Dole bill. It leads me to conclude that this supplemental grant is not necessarily to accommodate growth at all.

Federal taxpayers are being asked to spend almost $1 billion over 5 years in the name of growth. But, in fact, the result is that States which, until now, have spent less than the average in assisting the poor will now be subsidized. So, until now, they have not spent much, and, now, they are going to be subsidized by the taxpayers of all 50 States. What kind of a bill is that?

Let me take a moment to review for you what some of the benefit levels have been from some of the States who will be beneficiaries of this so-called growth fund. In Mississippi the maximum monthly AFDC benefit for one-parent families with two children has been $120. That is $120 in combined Federal-State AFDC grants. In Alabama, the combined maximum has been $164. In Texas, the maximum benefit has been $188. In Tennessee, $185. Louisiana, $190. Arkansas, $204. Kentucky, $228.

Let us look at one or two States with similar benefit levels. In Indiana, the monthly benefit is $288. In Missouri, it is $292. But even though these levels are similar to other States, they will receive nothing, zero, zip—nothing—to accommodate any increase in their poor populations. Why? Who would draw this kind of growth formula?

Let us look now at some high growth States. Let us see what they get—Washington, for example. While the

Bureau of the Census projects a general population growth of almost 10 percent, the Dole bill provides zero funding for growth. Idaho is projected to experience a general increase in its population of almost 11 percent, Mr. President. Is it a growth State under the Dole bill? The answer is no. Finally, let us take a look at California, the most populous State in the Nation and one which is projected to grow by 6.25 percent over the next 5 years. It, too, receives no additional funds to meet the anticipated growth in caseload.

Clearly, the growth fund in the underlying bill is, as I have said, not a true growth fund. It is a fund for some other reason, but I do not think anyone in this body should call it a growth fund. I believe this is a fundamental flaw in the Dole bill, as compared to the House version of the welfare reform bill.

None of us in this body knows what the future holds for our States—whether it is economic recession in a rust belt State, regional downturn in a sunbelt State, natural disaster in any part of our country, or even Federal base closures. What we do know is there will be unanticipated regional economic conditions and corresponding fluctuations in the incidence of poverty. Any State is susceptible to these circumstances. This amendment, the amendment I am proposing, simply uses the same approach as in the House bill, applies it to the $877 million, and says that you receive additional funding for growth proportionate to your numbers published by the Bureau of the Census. If your poor population goes up, you will get the corresponding proportional share of that fund.

This, to me, is the fair way of doing it. No gimmicks, you use the census figures. If you are a growth State, you get extra funding to carry out the mandate. Frankly, most of the States, the overwhelming number of States, are projected to benefit, and also States with no growth, or actual declines in population, are held harmless. And, finally again, it costs no more money.

You will have proposals before you that use a little sleight of hand. Some will reduce the base funding level currently in the Dole bill and then add to it. This amendment does not alter the initial grant in the Dole bill. This takes the initial grant level, applies the poverty data supplied by the Bureau of the Census, and simply says, as the House in its wisdom did, that that data is used objectively to determine any additional funds which are provided to each and every State. So, Mr. President, your State would benefit from that. My State would benefit from that for sure. That is what this amendment does.

Let me conclude on this amendment by saying that this is not a matter of "winners" and "losers." It is a matter of accuracy and fairness involving the distribution of Federal funds. I think it is very difficult for anyone to argue against that.

I ask unanimous consent that the amendment be temporarily set aside.

Mr. NICKLES. If the Senator from California will yield, I appreciate her amendment, and I want to thank her for coming to the floor and offering her amendment. I see other colleagues, as well as the Senator from Illinois. I again urge other Senators, if they have amendments, I think we will be lot more receptive and also it will expedite the consideration of those amendments for tomorrow or on Monday.

I do not know that this—as a matter of fact, I doubt that allocation amendments are the ones that will be readily agreed upon because some States win and some States lose. Allocation formulas are always contested in almost any type of bill like this, whether it is a highway bill or a welfare bill or other allocations. The allocation formula the Senator is proposing under her amendment would be identical to the one now currently in the House bill.

Mrs. FEINSTEIN. It is the same basis. That is correct.

Mr. NICKLES. The amendment is directed toward States that have increases in welfare population.

Mrs. FEINSTEIN. That is correct any and all States.

Mr. NICKLES. Welfare population being defined as welfare children, or just total welfare population of the States.

Mrs. FEINSTEIN. It is defined as increase in poor populations measured by current census data.

Mr. NICKLES. The information that the Senator handed out, the distribution formula that she is recommending and the impact on the States is on actually the second page of the handout but recorded as page 4.

Is that correct?

Mrs. FEINSTEIN. I did not bring those with me because we are making charts, and we were called, and we came down before the charts were ready, I am afraid.

Mr. NICKLES. I have a couple of charts. I want to make sure. I will confer with my colleague and friend.

Mrs. FEINSTEIN. There are four charts. If I can take a look at them when we finish, I would be happy to.

The Senator is absolutely correct. I know the formula is going to be difficult to change. If it looks like a growth formula, if it is named like a growth formula, it ought to talk and walk like a growth formula. That is all I am saying.

More States are benefited by this. I think 27 States fare better than in the underlying bill are clearly benefited by this, and States which do not experience an increase are held harmless.

Mr. NICKLES. If my colleague will yield further, she has 27 States that would presumably do better under the great portion of the bill, not the entire bill.

Mrs. FEINSTEIN. That is correct.

Mr. NICKLES. The Senator's amendment is allocating the money set aside for growth States, and under her proposed distribution it would increase benefits under that portion of the fund to 27 States as compared to 10 States. In other words, under the Dole proposal.

Mrs. FEINSTEIN. As compared to 19 States. The Dole proposal, as we understand it, benefits only 19 States. My amendment benefits all States. I would be happy to debate it. If I am wrong, I would be happy to admit it. This is our belief. Our formula would benefit 27 States, beyond those in the Dole bill, and would hold everybody else harmless. So nobody would go below what their 1996 level is.

Mr. NICKLES. Let me further try to clarify so I will know and maybe just help us tomorrow when we are considering these amendments.

Under the proposal of the Senator from California, it benefits 27 States. You do not change the amount of money. So you spread it out over a few more States. Senator DOLE's proposal would have additional for the growth States that have large increases in poverty. It would benefit 19 States. So presumably they would do a little bit better. So you are dividing up the same amount of money as compared to your growth proposal. We will have charts to make an analysis or comparison under both proposals.

Mrs. FEINSTEIN. They are not necessarily all of the growth States that are benefited.

Mr. NICKLES. Mr. President, I thank my colleague. Senator DOLE's proposal, I believe, is directed toward States that have significant increases in growth in poverty. And my guess is—I have not studied these charts—but he talks about the growth funds for States that have significant increases in poverty. Yours maybe is a little broader distribution.

I will tell my colleagues that there is a dispute on both sides of the aisle. This is probably not a partisan amendment as such because people wrestle with distribution formulas, and trying to come up with most equitable formula is not always the easiest thing to do, particularly if they have a lot of inequities in past distribution formulas which we have had with different programs.

But I, again, want to thank the Senator from California for offering her amendment and sending it to the desk.

Does the Senator also have another amendment?

Mrs. FEINSTEIN. That is correct, for tonight.

Let me just say what I understand the Dole does in this area. Then if I am wrong, I would be happy to know that.

These funds apply, if two things are met: one, the State's welfare spending is less than the national average of State spending; and, second, population growth is greater than the national population growth. That does not necessarily relate to welfare population growth. That is one problem that I have with it.

AMENDMENT NO. 2470 TO AMENDMENT NO. 2280

(Purpose: To impose a child support obligation on paternal grandparents in cases in which both parents are minors)

Mrs. FEINSTEIN. If I may, I now send the second amendment to the desk and I ask for its consideration

The PRESIDING OFFICER. Without objection, the pending amendment is temporarily set aside, and the clerk will report.

The bill clerk read as follows:

The Senator from California (Mrs. FEINSTEIN) proposes an amendment numbered 2470 to amendment No. 2280.

Mrs. FEINSTEIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 654, between lines 15 and 16, insert the following:

SEC. . ENFORCEMENT OF ORDERS AGAINST PATERNAL GRANDPARENTS IN CASES OF MINOR PARENTS.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 915. 917(a), 923, 965. and 976, is amended by adding at the end the following new paragraph:

"(17) Procedures under which any child support order enforced under this part with respect to a child of minor parents, if the mother of such child is receiving assistance under the State grant under part A, shall be enforceable, jointly and severally, against the paternal grandparents of such child.".

Mrs. FEINSTEIN. Mr. President, as I have listened to the debate, there has been a lot of talk about teenage pregnancy, youngsters impregnating youngsters, walking away from their responsibility, and really young children becoming pregnant, becoming teen mothers often by teen fathers. I have heard many Senators say we must stop this. I believe we have a way to send a major message to a constituency, and it is contained in this amendment.

What this amendment would do is say that every State must have in effect laws and procedures under which a child support order can be enforced, where both parents are minors, and, the mother is a minor receiving Federal assistance for the child, against the paternal grandparents of the child.

So if you are the mother and father of a boy child, and your boy child goes out and impregnates a minor girl who ends up on welfare as a result, you will be liable for a child support order against you as the parents of that young boy.

What I find increasingly is that child support is a growing crisis. This has also been debated—and, frankly, the lack of child support is one of the major causes of children living in poverty in my State; that is, the absence of child support—a parent, usually the father, not always, but usually it is the father that just walks off and does not support his child.

Well, if this is going to be a tough welfare bill, let us address it. Let us say, "Parents, you are responsible for the behavior of your adolescent son. If your adolescent son is going to go out and get a young girl pregnant, you are going to have to pay for the uprearing and the child support of that offspring."

I think the time has come for this kind of amendment. It is strong. It is an amendment that attributes family responsibility. It is an amendment that says parents of minors have responsibilities and one of those responsibilities is to see to it that their sons do not enter into this kind of conduct and then walk away from their responsibility.

So, I would now ask that that amendment be set aside.

I yield the floor.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment will be set aside.

Mr. NICKLES. Mr. President, while my colleague from California is here, I have not had a chance to totally review her second amendment. I am very interested in this amendment. It is a tough amendment. If I understand it correctly, if my colleague from California will correct me if I misunderstood her statement, but the Senator's amendment would basically, if you have a minor with a child, a single parent—the paternal grandparents would be liable for what expense?

Mrs. FEINSTEIN. For the child support. A court order would be obtained and the parents of the male child would be responsible for the child support of that offspring.

Mr. NICKLES. Let me talk out loud or think out loud. So if you have a teenage mother, if you have in this case an unmarried single mother, and if there is a court order placed against the father for child support, if that is not collectible from the father, then the parents of the father in this case would be liable for the child support?

Mrs. FEINSTEIN. That is correct where the father is also a minor.

Mr. NICKLES. The primary responsibility would still be the father.

Mrs. FEINSTEIN. That is correct.

Mr. NICKLES. But if the father is delinquent, if the father is not available or unable to pay, for whatever reason, unemployed, you name it, then the parents of the absentee father in this case would be liable?

Mrs. FEINSTEIN. That is correct for minor fathers. And I would certainly welcome the Senator from Oklahoma looking at this. If there is any way he thinks it could be made better, I would be delighted.

Mr. NICKLES. I compliment my colleague from California for offering the amendment tonight. I appreciate that. I am interested in the amendment. It looks good from what I have seen. I will study it further and see if we can support it.

Mrs. FEINSTEIN. I thank the Senator.

Mr. SANTORUM. Mr. President, I join with the Senator from Oklahoma. Senator FEINSTEIN's second amendment, I think, is a positive amendment and one that maybe we can work on and get it accepted on both sides. I think it is a good amendment.

I am not as enthusiastic about the first amendment. In defense of Senator HUTCHISON, who really did an outstanding job on this side of the aisle in working on the issue of formulas and trying to bring some compromise into a very difficult issue, nobody is happy with allocations of formulas, as the Senator from Oklahoma said. There are States that win; there are States that lose. What we tried to do is hold at least everybody harmless. We did under the formula that is in the Dole bill and then provided some reasonable amount of money for growth. I guess what is really the bugaboo here is how we determine what growth is and what is fair.

I suggest to you that if the Senator from Texas [Mrs. HUTCHISON], were here, what she would say is what is fair should not be based on what is—a system that you receive money from the State based on how much money you put up, not on how many poor people you have but how much money you are willing to give to the poor people in your State. So if you are a State like California, which is a high-benefit State and puts up a lot of money, you get more Federal dollars. It is a match. The more you put up, the more money you get. And so as a result, States like California and, I would say, Pennsylvania where I am from, which is above average—not as high as California but above-average State as far as welfare dollars—get more money from the Federal Government because we are willing to put up more State dollars to match the Federal funds.

Now, that is an equitable system the way it exists today, but we are changing the system. Effective as a result of this bill's passage there is no more Federal match. There is no more every dollar we put up or every—I think it is roughly 50-50—every dollar we put up, you put up a dollar and we go on together.

What we do now is send a block grant to the States. Every State gets a block grant. What is that? It is an amount of money irrespective of anything else. Irrespective of how much you are contributing, we are going to give you an amount of money that you will be able to spend on AFDC to help mothers with children. It is not dependent anymore on how much money you put up. It is just a block grant.

Now, if we were going to design a block grant program from the start, if we did not have the existing AFDC program in place, how would we distribute that money? Well, let me tell you how it is distributed under the bill. It is distributed based on how much money you got last year.

Think about this. Now we are giving a block grant to take care of a population of children and in most cases mothers and we are basing it on last year's amount of money that the State got, which, of course, from last year,

was based on how much the State was willing to pony up to get Federal dollars and match it. It has no relation again to how many more persons but to how much the State was willing to spend.

So what happens, there are many States that are high-benefit States that are getting a lot more money per child than low-benefit States are getting per child. If we were going to design a program today from start—let us say we did not have an AFDC program, we had no poverty assistance program at the Federal level; we were going to start a program today—how would we design a model for helping children?

I suggest that what we would do is exactly what the Senator from California suggested. We should figure out how many poor people there are in the State, people eligible for welfare, for AFDC, and allocate so many dollars per person on welfare. We would take the number of people on welfare in the country, we would say here is how many dollars per person each State will get for that person on welfare and divide it up among the States. That would be a fair allocation formula. No child in California is worth more than a child in Mississippi or Vermont or Oklahoma.

But that is not what we did. We did not start out and say everybody is going to get the same irrespective. What we did was say children in California actually get more money because the State in the prior legislation, the current AFDC law contributed more so children in California get $200 per month per child and a person in Mississippi may get $50.

Now, what the Senator from California says is that, well, we are subsidizing these bad States like Mississippi that did not contribute a lot of money to help the people in their State.

I hear a lot from the other side of the aisle about we should not be punishing children—except, of course, if they happen to live in a State that is not a high-benefit State in this example because that is exactly what we do with the Feinstein amendment. We punish children who live in low-benefit States that continue to get low benefits under the current program.

What Senator HUTCHISON did was say, look, let us look at, since we now no longer require in this bill any kind of matching State funds—there is no maintenance-of-effort provision in this bill. California can completely pull the plug on every dollar of welfare spending that they are now required to spend to get the Federal match. They do not have to contribute a cent anymore and they get all the money. And they get two or three times as much per child as Mississippi. But now, again, California does not have to spend the money to get that money.

Now, how is it fair to say that California should get, because they are increasing in population, even more money per child than Mississippi which maybe is not growing as fast? If you look at it from the perspective of not what has been but what a fair allocation formula should be now based on a completely new model, you would suggest that States having low-benefit levels that are growing should be the recipients of the increasing growth funds to have their children come up to parity with States like California and Pennsylvania and New York and others.

That is what the Senator from Texas is suggesting. I would also suggest the Senator from California is doing her duty. She represents a mega-State, a State that has been very generous with welfare dollars, and under her allocation formula of the pot, I think California—I think it is about $1.5 billion, money that would be allocated over the next 7 years for these programs. They get roughly half the money in California under this program. It is a big chunk. California is a big State. It has one-eighth of the population of the country but they get about half the increase under this formula allocation.

If I was from California, I would design a program that got me half the money, too. I understand that. But it is not fair when you consider the new rules that we have put in place. No longer do we require match. That is the key here. California does not have to put up a penny to get this money anymore.

What we are saying is because we do not make them put up a penny anymore and because they are getting much more per child than I think any other State, with the possible exception of New York, we are not going to give them even more money because they happen to be growing. We are going to take care of the States that do not get a lot of money and that are growing also.

So that is the basis for this discussion. And so while it may, to the virgin ear on this subject, be a very appealing argument from the Senator from California that this is only fair, I mean we are growing and therefore we deserve more money, I would suggest that if we are looking at it for the sake of the child and not looking at where that child lives but looking at what the Federal Government's obligation is to a child under a new system where State matching dollars are irrelevant, then I would suggest that growth fund should be targeted to those States where the Federal contribution per child is the lowest. And that is what this amendment does.

I speak against my own interest in this case because Pennsylvania is not as high a benefit State as California but it is an above-average benefit State that is not going to receive any growth dollars according to the estimates. We are not going to receive a penny, and we would receive a small amount of increase under the Feinstein bill.

So it would be in my interest for Pennsylvania to vote for, I think it is $6 million. It is not a whole lot of money for Pennsylvania, but it is a little bit of money under the Feinstein amendment. That might be my benefit, but I do not think it is fair under the new allocation. I think it is fair to focus on the child, not where that child lives, in what State.

As the Senator from Connecticut said earlier in the day, this is a Federal problem and we should have a Federal solution. I did not agree with the second part. It is a Federal problem. We do not need Federal solutions, we need local solutions. But the dollars that come from Washington should be equitable across the country. That is what this growth formula attempts to do, to bring other States with lower benefits up to meet the average.

I know it is going to be a difficult vote. I happen to be from one of those States that does not benefit under the current growth funds but would under the Feinstein growth fund. You would be very tempted, and I know many Members will be, to jump on for your parochial interests.

No. 1, I think it would be very damaging for the long-term interests of this bill. I think it is absolutely unfair when you look at the child, not where the child lives and how much the Federal Government is paying per child. I think that should be the fundamental test of whether this formula is fair.

I know this is going to be a very heated issue. It is one that is going to be talked about tomorrow, and I know the Senator from Texas will be far more eloquent than I have been in defending her formula. I just want to commend the Senator from Texas, Senator HUTCHISON, one more time, for the tremendous work she did in putting together an allocation formula which no one thought could be done. We did not think we would be able to work this one out. This was the issue that was bogging us down.

When it comes to money, everybody gets real tightfisted around here. We were able to work out something which I think is defensible, not only from a political standpoint of folks being able to explain back home, but I think it is very defensible from a fairness perspective of what this bill actually accomplishes.

Mr. President, I yield the floor.

Ms. MOSELEY-BRAUN addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

AMENDMENT NO. 2471 TO AMENDMENT NO. 2280

(Purpose: To require States to establish a voucher program for providing assistance to minor children in families that are eligible for but do not receive assistance)

Ms. MOSELEY-BRAUN. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Illinois [Ms. MOSELEY-BRAUN] proposes an amendment numbered 2471 to amendment No. 2280.

Ms. MOSELEY-BRAUN. Mr. President, I ask unanimous consent that the

reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 12, between lines 22 and 23, insert the following:

"(G) Assess and provide for the needs of a minor child who is eligible for the child voucher program established under subsection (c).

On page 15, between lines 19 and 20, insert the following:

"(d) CHILD VOUCHER PROGRAM.—

"(1) ELIGIBILITY.—

"(A) IN GENERAL.—A State to which a grant is made under section 403 shall establish and operate a voucher program to provide assistance to each minor child who resides with a family that is eligible for but not receiving assistance under the State program as a result of any reason identified by the State, including—

"(i) the time limit imposed under section 405(b);

"(ii) a penalty imposed under section 404(d); or

"(iii) placement on a waiting list established by the State for recipients of assistance under the State program.

"(B) PERIODIC ASSESSMENTS.—The State shall conduct periodic assessments to determine the continued eligibility of a minor child for a voucher under this subsection.

"(2) AMOUNT OF VOUCHER.—

"(A) IN GENERAL.—The amount of a voucher provided under the program established under paragraph (1) shall be equal to—

"(i) the number of minor children in the family multiplied by

"(ii) the per capita assistance amount determined under subparagraph (B).

"(B) PER CAPITA ASSISTANCE AMOUNT.—For purposes of subparagraph (A), the per capita assistance amount is an amount equal to—

"(i) the amount of assistance that would have been provided to a family described in paragraph (1) under the State program; divided by

"(ii) the number of family members in such family.

"(3) USE OF VOUCHER.—A voucher provided under this subsection may be used to obtain—

"(A) housing;

"(B) food;

"(C) transportation;

"(D) child care; and

"(E) any other item or service that the State deems appropriate.

"(4) DELIVERY OF ITEMS OR SERVICES.—A State shall arrange for the delivery of or directly provide the items and services for which a voucher issued under this subsection may be used.

On page 15, line 20, strike "(d)" and insert "(e)".

On page 24, line 24, insert "(including the operation of a child voucher program described in section 402(c))" after "part".

Ms. MOSELEY-BRAUN. Mr. President, I attempted earlier today to speak to this issue in general, and now, I would like to speak to the issue of welfare reform and the legislation before us generally as well as file several amendments.

At the outset, I would like to say that, quite frankly, I am very pleased with the way this process is working. In spite of all the slogans and the political speeches and the hot buttons and the wedge issues, the fact is that because of this debate, we are undertaking a conversation among ourselves as legislators and, again, indeed with the country around the issue of welfare generally, welfare reform and the appropriate response to the challenge our current system poses to this nation.

Mr. President, I submit to you that this is an issue that, as the French would say—there is an old expression—"plus ca change, plus c'est la meme chose," the more things change, the more they remain the same.

Quite frankly, I brought to the attention of the Finance Committee, on which I serve as a member, an article that had appeared in the Chicago History magazine in their spring issue. The article was entitled "Friendless Foundlings and Homeless Half-Orphans." The caption of the article said:

In 19th century Chicago, the debate over the care of needy children raised issues of Government versus private control and institutional versus family care.

The article goes on at great length and, indeed, I have some pictures here from the article that showed the condition of poor children in turn of the century Chicago sleeping in the gutters and the, turned over by their parents to orphanages, unable to be cared for because of the poverty of their parents. The homeless half-orphans title refers to women who during the turn of the century struggled to raise children alone and because of their economic circumstances could not afford to do so and were often called upon, compelled even, to turn their children over to halfway houses and orphanages and others in order to provide just for the basic sustenance of those children.

I raise this not to inflame this debate because I, again, very much appreciate the way and the tenor this debate has taken, certainly this evening, but really to begin talking about my amendment which calls on the States to establish a safety net for children, and to put that amendment in context.

Essentially, the amendment itself says that when all is said and done, if you will, at the end of the day, after the States, under the primary legislation, have made all their rules, that in the final analysis, no child—no child—in America will be left to fend for themselves, will be left without subsistence, will be left homeless, will be left hungry.

Bottom line, this amendment calls on us to make an affirmation of our commitment to provide for the children and to make certain that welfare reform does not become a subterfuge or outlet for punishing kids for the sins of their parents or the misfortune, indeed, of their parents to be born into poverty.

I think it is important for us to talk a little bit about welfare in the context of poverty as an issue, because really that is what it is. Welfare is not a stand-alone problem, it is not something you just say exists over here in a vacuum by itself. Welfare is not, and never has been, anything other than a response to poverty. It is a system, a set of rules that calls on a Federal-State relationship and cooperation, and we can debate, as no doubt we will and will continue to, what that relationship must be. But it, essentially, is a relationship between Government that calls on our national community to care for the welfare of poor children so that we do not have to go back to the friendless foundlings and the homeless half-orphans that plagued so many of our communities at the turn of the century in America.

So welfare reform then should, at a minimum—at a minimum—ask the question, and answer in the affirmative the question: What about the children? We must always have an answer that says that no State, no locality, no community, no part of our national community will allow for children to go homeless and to go hungry.

So this amendment requires the States to establish a child voucher program to provide services to minor children who reside in families that meet the State's income and resource criteria for the temporary assistance to needy family block grant, which is the name of the block grant in the underlying bill, but who are not receiving assistance. The amount of the voucher will be based on a pretime limit, per capita rate, and would be a total amount for each child.

The State would be called on, therefore, even if the parent did not qualify for failure to live up to the rules or for cutbacks or whatever reason, to assure that the children would be entitled to essential services through a voucher system.

The voucher would be paid to a third party that would provide the service. So a child living in a family which no longer qualified for assistance would still be assured of essential services. This amendment would assure that children, are not punished for their parents' behavior.

Let us talk a little bit about welfare for a moment. I think it is important to go back to the big picture issue—welfare as a response to poverty.

Right now, in this country, Mr. President, 22 percent of the children live in poverty. This is higher than in any other industrialized nation. One in every 5 children in America lives in poverty. That means that 15 million children live in poverty—40 million Americans total overall, but 15 million children live in poverty. That, Mr. President, is greater—frankly, it is 40 percent more than it was even in 1970.

To talk about what we mean in terms of poverty, for families of three, the poverty rate is $12,320 a year. A family of four is considered to be poor if they have an income of $14,800 a year. Mr. President, 53 percent of female-headed households in this Nation are poor, and 23 percent of American families overall are headed by women. So this becomes a problem of particular urgency for poor children, and particularly for poor women.

Our child poverty rate here in the United States is two times that of Australia and Canada. Our child poverty

rate is four times that of France, Sweden, Germany, and the Netherlands. And so we can see that child poverty is a particular problem here in the United States. It is a problem that has been addressed somewhat by the existence of what is known as welfare, the AFDC program. Again, AFDC is simply a response to poverty.

I have a chart, Mr. President, of child poverty rates among the industrialized countries. This is the most recent data available. As you can see, here is Finland, Sweden, Denmark, Switzerland. It goes from 2.5 percent up to the United States, which is 21.5 percent. We have a higher rate than Australia, Israel, the United Kingdom, Italy, Germany, France, The Netherlands, Austria, Norway, Belgium, Switzerland, Denmark, Sweden, and Finland.

Child poverty is a particular problem here in the United States. The gap between rich and poor children is greater in our country than in any other industrialized country. Affluent households with children in the United States—the top 10 percent in terms of wealth—are amongst the wealthiest children in the 18 industrialized countries that have been surveyed. Of the poorest, the bottom 10 percent of children in the United States in terms of wealth, we are the third poorest among the 18 industrialized countries surveyed.

So the disparity in the children of the wealthiest in the world and the children among the poorest is greater in this country than in any other industrialized nation.

I have another chart here. This depicts poor households with children. Here is the United States with $10,923. Affluent households average almost $65,536 annually. The length of the bars represent the gap between rich and poor children. As we can see, here in the United States, this gap is greater than anywhere else in the industrialized world.

So, as we approach the issue of welfare reform, we are approaching an issue of dealing with our response to a problem that is unique in the industrialized world and a problem that has been getting worse, not better.

The issue of welfare inflames passions in the United States. Without getting into the passions, I want to talk a little bit about the facts in terms of the AFDC program or what is known as the welfare program. As the Chair is no doubt aware, AFDC has been a response to poverty that has been with us for a while. The system has come under great challenge, and that is really why we are here right now, to debate the direction that we are going to take in terms of reforming this program. What we generally refer to as welfare is Aid to Families with Dependent Children, which was established under the Social Security Act of 1935. States obviously play a major role in operating this program. States define eligibility, the benefit levels, and actually administer the program. So, again, while we will talk further and in greater detail about the level of State involvement, the fact is that the States already make a huge determination about who will participate in the AFDC program.

Mr. President, presently there are some 14 million people receiving AFDC in the country. That is a lot of people. The fact of the matter is that that is about 5.3 percent of our total population. But I think a more stunning and compelling fact is not just that 14 million Americans receive some sort of assistance under the Aid to Families with Dependent Children, but that 9 million of those 14 million people are children; 9 million of those people are children. So we hear the discussion about folks not pulling the wagon and in the wagon having to be pulled and about whose fault all of these problems are and the like. I think it is important that we remain mindful of the fact that fully two-thirds—9 million out of 14 million—who will be the subject of what we do here, are children. Only 5 million of those people receiving AFDC are adults.

Of those 5 million adults, Mr. President, states reported that some 3.6 percent of their caseloads were disabled or incapacitated. That encompasses the people who are not able to work. So, really, of the folks we are talking about in terms of welfare reform, some 4.1 million out of the 14 million are able bodied and able to work. Certainly, we start this debate with the notion that anybody who can work should work, and anybody who can take care of themselves should be able to do so. The question becomes, however, what about the children? What do we do about the children?

I daresay, Mr. President, that right now the way this legislation before us is constructed, the children will lose out. There is no guarantee or commitment by our national community that the children will be protected by the decisions that get made at the State level. On the one hand, I think we can all agree that State flexibility is something that is a positive change, and States ought to be able to make decisions about how they handle their local population.

At the same time, legislation that does not provide a safety net for the children essentially penalizes those children and makes any child living here in the United States really at the mercy of their location or geography. So a child who lives in New York may well find himself in the presence of a benevolent State legislature and Governor and find himself cared for and not having to sleep in the streets, as in the original picture I showed you. A child in New York may benefit, and in another State a child may not. So the children, once again, become victims to fortune and victims to the accident of geography and the accident of their birth and of their address. It seems to me, Mr. President, that that is not a result that we as a national community should allow to happen.

By the way, Mr. President, I ask unanimous consent that a copy of the article "Friendless Foundlings and Homeless Orphans" be printed in the RECORD.

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

[From the Chicago History magazine, Spring, 1995]

FRIENDLESS FOUNDLINGS AND HOMELESS HALF-ORPHANS

(By Joan Gittens)

Editor's note: The debate over the care of dependent children is not new. In the following excerpt, Joan Gittens explores nineteenth-century attitudes towards child care in Illinois and Chicago.

There is perhaps no greater catastrophe for children than when their families, for whatever reason, no longer functions for them. Not only must they contend with emotional upheaval; they are left without caretakers and must look to the broader society for sustenance and protection. If they are fortunate, relatives or friends will step in and fill the gap—if not emotionally, at least on a practical level. The children unlucky enough to have no surrogate parents must look to the society at large to take an interest in their well-being. That this is at best a tenuous situation for a child is demonstrated by the prevalence of the pathetic and mistreated orphan in folk and popular culture.

Yet folklore could scarcely exaggerate life's hazards for children dependent on public bounty in Illinois. Despite the citizenry's occasional intense regard—usually when a particularly brutal story hit the newspapers—dependent children have been generally isolated, remote from public consciousness, and without natural allies. "Their very innocence and inoffensiveness leads to their disregard," wrote one observer bitterly. "They make no loud outcry and menace no one. Since there are so few voices raised in their behalf, it is not surprising that the persons charged with their care should be ignorant of any problems they present, and blind to their real interests."

Besides being easy to ignore, dependent children have historically been costly to the state, requiring years of expense before they could become self-sufficient. How much the issue of their poverty has shaped their prospects the State Board of Charities noted late in the nineteenth century, citing the telling fact that as early as 1795 the territory of Illinois had created an orphans' court to deal with the estates of children who had lost their parents. The children most desperately in need, children without means or property, had no court to watch over their interests. They had instead the overseer of the poor, who could apprentice children from destitute families even over their parents' objections.

Another territorial law underscored the inferior protection accorded to dependent children. The law provided that apprentices and masters could take grievances to a justice of the peace to rule on, thus enforcing on the one hand the master's right to obedience and hard work and on the other the apprentice's right to decent treatment and competent education. The law specifically excluded from protection children apprenticed by the local poor law officials.

The conscious separation of "the state's children" from those with parents continued in the Poor Law of 1819, the social welfare law passed the year after Illinois attained statehood. But revisions of apprenticeship and poor laws in the next fifteen years reflected a growing sense that the state owed a more even-handed treatment to the vulnerable children who looked to them for support. The Apprenticeship Law of 1926 and the

Poor Law of 1833 made it the concern of the state that dependent children's apprenticeships be monitored to some extent by the probate judge, who was charged to keep the bonds of indenture in his office and to investigate indentured children's situations from time to time. The laws also articulated some of the expectations that the children might have: the right to decent treatment, adequate education, a new Bible, and two suits of clothes (suitable to their station in life) at the end of the apprenticeship. Masters still had great discretion to decide what was fit and proper treatment, but there was at least some sense that children dependent on the state had a right to proper care.

The Apprenticeship Law of 1826, in addition to voicing some concerns about the protection of dependent children, gave a further indication of an increasing sense of state responsibility by expanding the definition of children requiring state attention. This law gave wide latitude to the overseer of the poor in indenturing children whom he deemed to be inadequately cared for, like the children of beggars, habitual drunkards, and widows of "bad character." This was the first recognition that the state might need to intercede even in families who had not turned to the overseers of the poor for help. And it was the first articulation that the state had an interest in doing more than warding off imminent starvation, that it also had an interest in the proper rearing of children and an obligation on some level to step in if such proper rearing was not going forward.

This concern about proper child rearing was a nineteenth-century phenomenon all across Western culture, but in the United States it was especially tied to the republican experiment that must have been very much on citizens' minds in 1826, that fiftieth-anniversary year of the Declaration of Independence. The adequate raising of children was a humanitarian concern, but it was also a practical matter for the survival of the noble but risky political enterprise that was the focus of so much anxiety and so much international attention. In the 1840s, the Illinois Supreme Court gave this rationale for the state's presumption to interfere in family life:

The power of chancery to interfere with and control, not only the estates but the persons and custody of all minors within the limits of its jurisdiction, is of very ancient origin, and can not now be questioned. This is a power which must necessarily exist somewhere in every well regulated society, and more especially in a republican government, where each man should be reared and educated under such influences that he may be qualified to exercise the rights of a freeman and take part in the government of the country. It is a duty, then, which the country owes as well to itself, as to the infant, to see that he is not abused, defrauded or neglected, and the infant has a right to this protection.

To some extent the laws dealing with the adult poor reflected increased humanitarian concern as well—Illinois outlawed the practice of auctioning off the destitute to the lowest bidder in 1827, for example—but it is striking that in its increased concern about neglected children, the state paid little or no heed to the rights of poor parents. Earlier poor laws had given the overseer of the poor the right to indenture children without parental consent if the family had become a charge upon the state, even if their poverty was only a temporary catastrophe. The 1826 law expanded the overseer's discretionary powers to decide on the fitness of parents, and while on the one hand that showed an increased concern for the well-being of children, it also reflected a callousness toward the civil rights of poor parents that had always pervaded American poor laws.

This cavalier approach toward destitute families remained characteristic of those engaged in child welfare right through the nineteenth century, a striking anomaly in a society where the sanctity of family ties was a paramount value. It was not until the end of the nineteenth century that some child welfare theorists would begin to argue for the rights of poor parents and to insist that the best care society could offer for children was to support them in their homes rather than removing them.

URBANIZATION AND THE GROWTH OF THE CHILD WELFARE PROBLEM

The growing awareness of children in need was a key characteristic of nineteenth-century social welfare endeavors. In Illinois, as in other areas of the country, this concern had its roots in a mix of philosophical, social, and practical considerations. The years before the Civil War saw an outpouring of reform efforts on all levels, and because of their vulnerability and dependence on adults, children were prime subjects of this heightened humanitarian sense. They appealed further because during the course of the nineteenth century the concept of childhood as a special stage of development grew apace, drawing the attention of everyone from popular novelists to learned theologians.

Nineteenth-century culture celebrated childhood's intuitive goodness and innocence, in contrast to the gloomy assessment of earlier centuries, which had seen children at best as profoundly ignorant and at worst as little bundles of depravity. Another reason for the attention to children's needs was the abiding concern that they be trained to be independent, responsible citizens, not merely for their own sake but for the health of the republic. Finally, attention turned to dependent children because their numbers swelled so markedly with the rapid growth of urban centers during the nineteenth century.

Chicago, a frontier outpost at its incorporation in 1833, grew in the next sixty-seven years to be the second largest city in the United States, an industrial center that attracted immigrants from all over the world. According to the national census, the population of Chicago was 4,470 people in 1840; 298,977 in 1870; and 1,698,575 in 1900. The rapid growth of the city brought great wealth to some, but it brought in its wake much suffering as well. Immigrants who came to the city seeking a better life sometimes found Chicago to be a place of opportunity, but many found themselves enmeshed in a web of poverty, depression, and squalor, and the devastating effects of urban life were particularly visible in children. In 1851 the city charter noted a group that greatly concerned officials: "children who are destitute of proper parental care, wandering about the streets, committing mischief, and growing up in mendicancy, ignorance, idleness, and vice." These children, popularly called "street arabs," were viewed as potential trouble makers and therefore received official attention early.

In addition to these children there were others affected by the disruption of city life. The legislature had made minimal legal provisions for illegitimate children, for example, in the early years of statehood; the presumption was that the mother would keep her baby and the town would support her and her child at subsistence level (and with the most grudging of attitudes) if the father could not be held to account and she could not manage for herself. But in the vast, anonymous city, a desperate mother could simply abandon her baby on the streets without busy neighbors discovering the desertion, as they would inevitably have done in a small town or rural setting. The increase of this phenomenon of deserted children, little "foundlings" as they were called, was a gruesome measure of the hazards that the city could hold in store for young women and their unwanted children.

Orphans as a group grew in number as well. All the dangers of disease were compounded by crowded city life, by filthy tenements and equally filthy and dangerous work places. Children could lose one or both parents to a host of diseases such as cholera, small pox, and tuberculosis. The United States suffered through three cholera epidemics, in 1832 and again in the 1840s and 1850s, and the fact that the disease was waterborne insured that the poor, crowded into tenements and using the foulest of water, were among the hardest hit by the recurring plagues.

"Half-orphans" (the standard term for children who had lost one parent) also claimed the reluctant attention of the state. If the mother died, the children might come to the attention of the larger society because they stood in need of care and nurturing. It was possible that they would turn into some of the little "street arabs" about whom Chicago city officials expressed such concern. But a father's death, on a practical level, was even more catastrophic. Most poor families patched together their meager income from money brought in by fathers, mothers, and children; working men, although they were paid very little, were routinely paid more than women and children, and they made the largest contribution to the family income. Widowed mothers, ill-equipped to provide for their families, might find themselves turning to the city or county for help to support their children. Children were also left "half-orphaned" in fact, although not in law, by their father's desertion of the family. Sometimes this desertion was absolute; but Hull-House resident Julia Lathrop wryly noted "the masculine expedient of temporary disappearance in the face of nonemployment or domestic complexity, or both," contending that "the intermittent husband is a constant factor in the economic problem of many a household."

Natural catastrophes like the Great Fire of 1871 were another cause of dependency in children, and family problems and the stresses of urban life were compounded as well by the labor unrest that characterized the last twenty-five years of the century. In addition, the country experienced a financial panic approximately every twenty years: in 1819, 1837, 1857, 1873 and 1893. In Chicago, the Panic of 1893 was delayed for a time by the Columbian Exposition, but with the close of the exhibition, jobs disappeared and all the severity of that worst of nineteenth-century depressions was visited on the city. The year 1894 was in many ways a terrible time for the poor of Chicago. Compounding the depression was the violence and bitterness of the Pullman Strike, and the ultimate defeat of organized labor in the prolonged struggle. A small-pox epidemic struck the city; and the winter was one of the worst on record. The dependency rate soared. Families who had never been able to save enough to have a cushion against disaster were utterly destroyed by such compounded misfortune and had to turn to the city and country for help.

THE STATE RESPONSE TO DEPENDENT CHILDREN

Although the vicissitudes of urban life and economic instability throughout the century greatly expanded both the number and types of children in need of help, public officials resisted innovation in dealing with the needs of dependent children, lumping them with the rest of the dependent population rather than addressing their particular needs as did the private organizations that began to

flourish in Chicago in the 1850s. In downstate Illinois, dependent children were still primarily indentured through the middle years of the century. An 1854 revision of the apprenticeship law manifested some special attention to children's needs, strengthening their right to basic education and protection by Poor Law officials who were to monitor their treatment and to "defend them from all cruelty, neglect, and breach of contract on the part of their master." An 1874 law further defined the child's rights to proper care, specifically forbidding "underserved or immoderate correction, unwholesome food, insufficient allowance of food, raiment or lodging, want of sufficient care or physic in sickness, want of instruction in their trade." Such bad behavior on the part of the master gave the state sufficient cause to end indentures. These revisions of the original apprenticeship law reflected the state's ambivalence about parental rights. The 1854 revision deleted the clause authorizing the removal of children from parents whom the overseer of the poor deemed unfit. But the 1874 law restored intervention to some degree, allowing the overseers of the poor to apprentice without parental consent any child "who habitually begs for alms."

Although the basic concept of apprenticeship for dependent children was shortly to reappear in social welfare parlance as the innovative notion of "free foster homes," the whole system of formal, legal apprenticeship as a means of caring for dependent children was beginning to die out in nineteenth-century America. In northern Illinois counties, particularly Cook County, poor law officials instead placed children in the poorhouse, and this trend became state-wide by the end of the century. Most often children were in the poorhouse with their mothers, but a few orphans and illegitimate children ended up there as well.

The presence of children in the almshouse was an enduring affront to reformers. In 1853 a Cook County grand jury found the almshouse to be grossly inadequate, noting with disapproval that "the section devoted to women and children is so crowded as to be very offensive." The physical conditions of this particular poorhouse did improve somewhat over time, but those who concerned themselves with child welfare universally accepted the maxim that the poorhouse was no fit place for children. Forty years and much reform agitation later, the situation was not significantly better. Julia Lathrop, who toured the Cook County poorhouse many times as a member of the State Board of Charities, wrote this description of the children there in 1894:

There are usually from fifty to seventy-five children, of whom a large proportion are young children with their mothers, a very few of whom are for adoption. The remainder, perhaps a third, are the residuum of all the orphan asylums and hospitals, children whom no one cares to adopt because they are unattractive or scarred or sickly. These children are sent to the public schools across the street from the poor-farm. Of course they wear hideous clothes, and of course the outside children sometimes jeer at them.

These children, as part of the poorhouse population, were among the most stigmatized and outcast members of nineteenth-century society. Nobody went to the poorhouse if they could help it. These institutions were deliberately set up to be as unattractive as possible, a meager social mechanism intended merely to sustain life in the dependent population. The poor, who could pay with no other currency, were expected to pay with their dignity for their board and room. Lathrop spoke of "the absolute lack of privacy, the monotony and dul[l]ness, the discipline, the enforced cleanliness." Nor was enforced cleanliness always the problem. The poorhouse superintendent in Coles County reported in 1880, apparently without embarrassment, that he could not remember one bath having been taken in his sixteen years in charge. The institution's surroundings reflected his laissez faire approach to hygiene.

It was still possible for poor families to receive some measure of "outdoor relief" in most counties of the state in the mid to late nineteenth century, but such support was very limited. Nineteenth-century economic theory, reinforcing the already parsimonious attitude of Americans, posited that handouts merely increased dependency and led to the "pauperizing" of families, destroying their initiative and drive to do better. Poorhouses were set up to replace most outdoor relief, created with the notion that they must not be too attractive or they would be crowded with shiftless types simply trying to live on the bounty of the town. In reality, authorities need not have feared such a thing. Anyone who could possibly manage it stayed out of the poorhouse. Those who entered were the unfortunate souls who had no one to protect them or find them a tolerable situation in the outside world. Children shared the poorhouse with the chronically sick, the elderly poor, the insane, and the mentally and physically disabled, as well as the "paupers" who simply could not make an economic go of it on the outside. In Cook County, and elsewhere on a less grand scale, the essential misery of the poorhouse was compounded by corruption. The staff jobs were filled by patronage, and those in charge of the various wards were thus unlikely to be much exercised about the humane care of inmates.

One of the most critical voices raised against the abuses of the poorhouse and the presence of children there was that of the Board of State Commissioners of Public Charities, established by the legislature in 1869 to monitor and coordinate the various social welfare efforts throughout the state. The board's power was originally very restricted. "The duties required of the commission are quite onerous," the First Biennial Report stated ruefully. "The powers granted are very limited. The board has unlimited power of inspection, suggestion and recommendation, but no administrative power whatsoever." Still, the State Board could and did register vigorous disapproval, and it made enough impact so that a bill to dissolve the new monitoring agency was introduced into the legislature almost immediately. The bill failed, but hostile legislators were able to limit inspection dramatically at one point by cutting off all travel funds for the commissioners.

Despite such constraints, the State Board fulfilled an important function as the first official agency in the state to collect and tabulate information about the actual living conditions of dependent members of society, including children. For example, the board reported that in 1880 Illinois almshouses housed 386 children: forty were assessed as feebleminded, twenty-four diseased, fourteen defective, and eighty-three had been born in the almshouse. Of that eighty-three, seventy-nine were illegitimate, a fact pointed to by almshouse critics to illustrate their concern about the inadequate separation of the sexes in the institutions. Some poorhouses had schools or arranged that children should attend the public schools in the vicinity; but in many county almshouses, the children did not go to school at all. Still, there was no doubt in anyone's mind that these children were getting an education, a thorough grounding in the seamier side of life.

In 1879 there was a movement in Cook County to get children out of the almshouse and into private child care institutions. This effort revealed the prevailing attitudes of reformers toward the parents of children who were dependent because of poverty. Much negotiation was necessary to settle which orphanages were to take the children, since religious groups insisted that the children's religious affiliations be respected. Yet in all the negotiations, no one considered that the poorhouse mothers might have an opinion about the removal of their children. The private institutions involved required the termination of parental rights before they would take the children. When the mothers in the Cook County poorhouse learned that their children's well-being was to be bought at the expense of their parenthood, they protested vigorously but without success. Some reformers, in fact, expressed the view that the mothers' unwillingness to give up their children demonstrated their lack of affection for their families. But in the end, the mothers succeeded in making an eloquent statement about these high-handed methods. When the officials from the child care institutions arrived to pick up the children, they found that most of them were gone. To prevent their removal to the orphanages, the mothers had managed to find places outside the poorhouse for all but seventeen out of seventy-five children. The Cook County poorhouse had a rule that no parents who refused to give consent to the adoption of their children could enter the poorhouse, but in 1880, the county agent objected to the rule as inhumane and cruel. He refused to enforce the policy, and his stance meant that children began to enter the Cook County poorhouse again, with and without parents, less than a year after the "rescue operation" of 1879.

The concern that children were growing up in such a wretched setting did not disappear, despite the limited success of the Cook County effort, but it took another forty years for the Illinois legislature to close almshouses to children. In 1895 a law provided that orphan children could be removed from the poorhouse and placed in private homes, but only when a private charity or individual would assume the expenses connected with such placement. By 1900 a dozen states, beginning with Michigan in 1869, had ended the practice of putting children in the poorhouse, but Illinois proved more resistant to thoroughgoing reform. Finally, in 1919 the legislature passed a law limiting the time in the poorhouse to thirty days for girls under eighteen and boys under seventeen, after which other arrangements would have to be made for them. This effectively ended the use of the poorhouse as a child welfare institution. By that time the number of children in Illinois poorhouses had shrunk considerably: to 171 children in 1918 compared to 470 at the peak, 1886.

CHILD CARE INSTITUTIONS UNDER PUBLIC AUSPICES

Although the county poorhouses provided most of the public care of destitute children in nineteenth-century Illinois, no one made much of an argument to counter the accusations leveled against them of pinch-penny meanness and spiritual demoralization. In reality, they existed as the most frankly minimal of offerings for children in need, with a policy set far more by a consciousness of county expenditures than of children's welfare. Noted social welfare thinker Homer Folks remarked in 1900 that "the states of Illinois and Missouri, notwithstanding their large cities have been singularly backward in making public provisions for destitute and neglected children." In fact, Illinois had only two child welfare institutions under public auspices during the nineteenth century, both far more specialized than the catch-all poorhouses provided by most counties. These

institutions were the Soldiers' Orphans' Home and, until 1870, the Chicago Reform School.

The Illinois Soldiers' Orphans' Home founded in 1865 in Normal, Illinois, was a state-funded institution for the care of children whose fathers had been killed or disabled in the Civil War. An institution with a limited purpose, the Soldiers' Orphans' Home was meant to close once its original population had been cared for. But in the 1870s the eligibility for care was broadened to include children of all Civil War veterans, an act that established the institution on a more permanent basis. Frequently the children were half-orphans whose mothers simply could not feed them any more. In 1872, for example, 532 out of 642 children had living mothers. In 1879, the superintendent gave this description of the newly arrived children for that year: "The class now entering are, for the most part, young and in particularly destitute circumstances—those whom their mothers have struggled long and hard to keep, but who now find themselves, at the commencement of winter, without the means for support, and know they must either send them away to be cared for elsewhere, or permit them to remain at home to suffer. The state must now take these burdens of care and responsibility where the weary mothers lay them down."

The separation of children from mothers unable to provide for them financially was a tragic constant in nineteenth-century children's institutions. At least at the Soldier's Orphans' Home there was some connection maintained between children and their families; mothers were not required to terminate their parental rights when they placed their children there, and it was not uncommon for the children in the institution to spend time, sometimes whole summers, with their mothers. The population of the home fluctuated with the season and with the economic climate of the times.

This enlightened aspect of the place, however, was not typical of the administration. The Soldier's Orphans' Home was often plagued by scandals and investigations, and the treatment of the children was very harsh. The fact that it was a publicly funded institution meant that it was scrutinized fairly intensively by the State Board of Charities, and the board found little to praise in the orphanage. The quality of administrators varied widely, since they were appointed by the governor. The first superintendent, Mrs. Ohr, was a Civil War colonel's widow with small children but no business capacity and a rapacious appetite for elegance, furnished at the expense of the state. In 1869, early in her tenure, both the Springfield Register and the Chicago Times voiced accusations about serious mistreatment of the children. Although Mrs. Ohr and her staff were exonerated, one steward was dismissed on the grounds that he had made sexual advances to a number of little girls in the institution. Mrs. Ohr weathered this upset, kept on because she was "a mother to these orphans," in the words of the investigating committee. But eventually she went too far; a combination of totally ignoring the trustees' instructions, keeping the children from school in order to perform chores around the institutions, and thoroughly profligate spending finally ended her career at the Soldiers' Ophans' Home some twenty years after she had launched it.

The two superintendents who followed Mrs. Ohr were more business-like in their approach, but they had no training in the care of children, orphans or not; they were strictly political appointments. The most difficult regime for the children up to the turn of the century was that of a Republican politician named J. L. Magner, who was nicknamed "the cattle driver" by some of the Bloomington/Normal locals because of his harsh treatment of the children. There was consistent criticism that the children were made to work too hard, at tasks that were sometimes beyond them, and they were often kept home from school to work. One particularly distressing instance of work beyond the children's capacity was the scalding death of a three-year-old child, burned while being bathed by some of the older children of the institution.

Nor were the superintendents and their policies the only difficulty. The building, planned by a board of trustees with a poetical turn, was gracefully adorned with turrets and "crowned with a tasteful observatory." But Frederick Wines secretary of the State Board of Charities, assessed the building as a thoroughgoing failure on a practical level. There were no closets, no playgrounds, only two bathrooms for over three hundred children, no infirmary, and no private quarters for the superintendent's family. Perhaps worst of all, there was no deep wellspring to supply water. The well went dry after the first year, and water had to be brought in by railroad. The Soldiers' Orphans' Home, beset by scandals and mismanagement, conjured up the worst fears of Illinois citizens about public institutions run badly because of patronage appointments.

The Chicago Reform School, also a public institution, won approval from most critics for efficient management and humane treatment of its inmates. But the school's involvement with pre-delinquent boys ended with the noted O'Connell decision of 1870, and the institution closed shortly after this. With the exception of the inadequate provision of the poorhouse, the responsibility for dependent children in Chicago, from 1871 to the end of the century, was under private auspices.

THE GROWTH OF PRIVATE INSTITUTIONS IN THE 19TH CENTURY

The state's minimal response to dependent children was an obdurate problem in the nineteenth century. An equally disorganizing feature of child welfare in Illinois resulting from state reluctance was the proliferation of private agencies to care for children. These institutions mushroomed in the state (particularly in Chicago) in the last half of the nineteenth century, offering a wide variety of services to children, based in part on their religious and cultural identification and in part on the variety of needs that the complex crises of urban life created. These agencies, originally meant to fill the gap left by the inadequacy of state responses quickly because entrenched in the public life of the city. Their presence contributed to the fragmentation that would plague child welfare efforts in Illinois through the twentieth century, resulting in a lack of coordination that left many dependent children unserved. By the end of the nineteenth century, critics in Illinois and around the country began to see the dominance of private agencies as a negative and talk in terms of a stronger state organization; but in the mid-nineteenth century, the private child welfare institutions were autonomous, both organizationally and financially, not always by their own choosing.

The Chicago Orphan Asylum, founded in 1848 to respond to the crisis of the cholera epidemic of that year, was the first orphanage in Cook County. It was followed in 1849 by the Roman Catholic Orphan Asylum, which aimed to serve Catholic children and keep them out of the Protestant Chicago Orphan Asylum. This carving out of religious turf, begun so early in the history of child care institutions was to be a major factor in the development of orphanages in Chicago. In addition to a competition among religions for the care of children, a strong sense of ethnicity motivated founders of these institutions. Chicago had institutions representing all nationalities; there were German orphanages, Irish orphanages, Swedish, Polish, Lithuanian, and Jewish orphanages, as well as institutions founded by "native Americans" of English stock.

Besides motives of religion and ethnicity, institutions developed to respond to a variety of needs among children. Many of them took in the children of the poor but insisted that parents relinquish their rights to the children before they were accepted. A few, like the Chicago Nursery and Half-Orphan Asylum, were founded to offer support to working mothers who could not keep their children at home, yet wanted to preserve their families. The children lived at the institution, but mothers were expected to visit them regularly and contribute something toward their children's support. The Chicago Home for the Friendless originally took in homeless and battered women as well as children but soon revised its mission to focus on only on children. The Chicago Foundling Hospital specialized in caring for the abandoned infants found with such appalling regularity on the streets and brought by the police to the institution for what care and comfort it could offer. The mortality rate in foundling hospitals was always shockingly high; the babies had frequently suffered from exposure, and feeding them adequately and safely, in the days before infant formula and pasteurized milk, posed a major problem. The desertion of infants was a disturbing and highly visible form of child mistreatment, provoking an 1887 law that made such abandonment a crime resulting in automatically terminated parental rights. But not all children left at the foundling hospital were abandoned on the streets. Dr. William Shipman, founder of the hospital, witnessed a poignant scene in which a mother and her little boy said a heartbroken farewell to their baby before placing it in the champagne basket used as a receptacle outside the foundling hospital. In typical nineteenth century fashion, Shipman sympathized with a mother pushed to such lengths, yet his assistance took the form of only taking the baby, not of investigating ways that the family might stay together.

One development among private institutions that especially reflected the growing awareness of children and their needs was the Illinois Humane Society, which began its child saving work in 1877. By the time the population of Cook County had begun its phenomenal growth, going from 43,383 people in 1850 to 607,524 in 1880. Both the stresses of city life and its anonymity provoked child abuse, according to Oscar Dudley, director of the Illinois Humane Society, who observed that "what is everybody's business is nobody's business"; and thus children could be terribly treated by parents and guardians even though there were laws in effect to protect them. The Humane Society originally began as the Society for the Prevention of Cruelty to Animals, but in 1877, Director Dudley transferred the society's attention to cruelty against children by arresting an abusive guardian. There was, he wrote, "no reason that a child should not be entitled to as much protection under the law as a dumb animal." The Illinois Society for the Prevention of Cruelty to Animals changed its name to the Illinois Humane Society in 1881, recognizing that over two-thirds of its investigations involved cruelty against children rather than animals. Dudley asserted that from 1881, when the Humane Society began to keep records, until the time that he was writing (1893), over ten thousand children had been rescued.

The rescue operations were broadened from cases of abuse to the protection of children exploited by their employers, particularly when children were forced to beg or were entertainers or victims of the infamous padrone system. Dudley reported great success in finding asylums and homes for these children, a situation receiving tacit approval from the state, which did not at this point assume responsibility for neglected or abused children or supervise private child placement activities.

STATE INVOLVEMENT IN THE LATE 19TH CENTURY

The only real state or city involvement with private institutions originally was that the mayor, acting as guardian for dependent children, had the power to place them in child care institutions. The city of Chicago (where most of the children's institutions flourished), the surrounding countries, and the state of Illinois all proved very reluctant to contribute financially to private institutions. The city did give very occasional assistance, in times of real crisis like the cholera epidemics or the Great Fire of 1871, but it was limited in quantity and very episodic. The most the city would do for the Chicago Nursery and Half-Orphan Asylum, for example, was to provide that the city could buy or lease the land upon which the asylum would be built. For the Englewood Infant Nursery, the assistance was even more meager: in 1893 the city provided ten tons of hard coal and burial space for dead babies. For the children who managed to survive, the funding had to come from other sources.

The state did make one major concession in funding when it agreed to provide subsidies for the industrial schools that developed in the last years of the century. The schools were modeled after English institutions made famous by the renowned English reformer Mary Carpenter, who in the 1870s and 1880s enjoyed considerable influence in the United States. The primary point of the schools, reflecting the use of the word "industrial," was to train children to earn their own living in later life, although in fact the training tended to be geared much more toward a traditional agricultural economy than toward anything having to do with industry. Boys learned farming, some shoe and broommaking, woodcarving and academic subjects. Girls were primarily given a common school education and taught domestic skills.

The willingness to fund the industrial schools was traceable to their mission: they were founded to deal with older, predelinquent street children who threatened the public order by begging, consorting with objectional characters, or living in houses of ill-fame. The law establishing industrial schools added that children in the poorhouse were proper subjects for the schools, which meant that in practice there was a mix of younger veterans of the street. The State Board of Charities, which inspected the schools, objected to this mix, but the industrial schools survived this criticism, as well as a series of court challenges ranging from civil liberties concerns to objections that the schools were sectarian institutions and therefore not appropriate recipients of state funds.

The development of the subsidy system, the state funding of private institutions on an amount-per-child basis, was a phenomenon noted by Homer Folks in The Care of the Destitute, Neglected and Dependent Children, his end-of-the-century assessment of child care trends in the United States. Neither Folks nor other observers of current philanthropic trends, groups like the national Conference of Charities and the Illinois State Board of Charities, really approved of such an arrangement. They urged Illinois to move in the direction of states like Kansas and Iowa, which had converted veterans' orphans' homes similar to the Illinois Soldiers' Orphans' Home to state institutions that served all dependent children, regardless of religion, ethnicity, or parental status. These states and others around the country were moving toward a point where the state assumed primary responsibility for dependent children, not by warehousing them in local poorhouses but by placing them in state-run, central institutions from which they were placed out into foster and adoptive homes. This system of central state control was known as the "Michigan Plan," after the first state to enact the policy. Illinois's neighbors Wisconsin and Minnesota, as well as Michigan, had state institutions for dependent children, winning the approval of child welfare theorists who applauded such centralization. It was, they argued, more efficient and economical, providing children with far better, more consistent care than Illinois's system, where a child might be placed with a superb private agency but might also be made to endure the grim inadequacies of the poorhouse.

"The real contest, if such it may be called," wrote Folks in 1900, "will be between the state and the contract or subsidy systems. To put it plainly, the question now being decided is this—is our public administration sufficiently honest and efficient to be entrusted with the management of a system for the care of destitute children, or must we turn that branch of public service over to private charitable corporations, leaving to public officials the functions of paying the bills; and of exercising such supervision over the workings of the plan as may be possible? "Illinois was seen as nonprogressive in its increasing use of the subsidy system, allowing private agencies to dominate the field while the state remained relatively uninvolved in the care and protection of dependent children.

This minimal level of state involvement offended against another philanthropic tenet, the idea that the state should have a monitoring function over all agencies, public and private, as well as keeping in touch with children who had been placed in families. The State Board of Charities did visit the industrial schools, which got public funds, but it was not until the Juvenile Court Act was passed in 1899 that the State Board was given responsibility for inspection of private as well as public agencies for children.

Another significant change from an earlier view, at least among the more "advanced" thinkers, was a rejection of institutions as the best substitute for a child's family. In the nineteenth century, institutions and asylums of all kinds had sprung up, not only in Illinois but all across the United States. Asylums were not intended to be a dumping ground for society's unfortunates, as the county poorhouses were, but were rather supposed to be a specialized environment in which the needs of a particular dependent population could be met most effectively. But it was not long before a set of critics arose who stressed the negative effects of institutions and urged that institutional life should be resorted to only under special circumstances or on a very temporary basis. For special cases, like the handicapped, perhaps institutions could provide resources and training that they would not receive elsewhere, these critics agreed; but for children whose greatest problem was that for one reason or another their families were not functioning, the negative effects of institutions far outweighed the positive aspects.

According to the anti-institutional analysis, the regimentation in institutions was destructive of initiative and individuality. The qualities that brought rewards in an institutional setting—mindless obedience, dependence, obsequiousness—were the very traits that all agreed were destructive to the forming of a healthy, independence adult citizen. Furthermore, institutions by their nature seemed to foster abuse and bad treatment. Exposes and investigations of various institutions featured accusations of physical cruelty and psychological debasement.

Institutions were expensive, physically and psychologically barren, and downright unnatural for children, according to Charles Loring Brace, a minister who worked for the Children's Aid Society of New York. Brace began a program that took the street children of New York City and sought to improve their lives not by placing them in the highly controlled environment of an institution but by resettling them in homes in midwestern and western states such as Illinois. He was convinced that the best solution for children in need of placement was to provide homes in the simplest and most direct way, relying as much as possible on the basic goodness that he believed informed the souls of most Americans, especially those who still lived away from the corrupting city in the virtue-producing agricultural heartland of the nation. The methods of the Children's Aid Society reflected the simplicity of Brace's moral equation. Brace and his associates would arrive in a western town with a trainload of children, and using the medium of the local churches, would call upon citizens to give these needy young people a home. The entire plan of "free foster homes" was really only an updated version of apprenticeship, in which the child agreed to work in exchange for care and training, except that this child-placing organization, aided by such technological developments as the railroads, reached much farther afield than the overseers of the poor had done in earlier times. Free foster homes differed further in that they were no legal bonds struck at all between the child and his foster family. Brace firmly believed that a child who brought a willing pair of hands to a family would be valued accordingly and could safely count on good treatment in his new home.

This notion proved, not surprisingly, to be overly sanguine, as the Children's Aid Society came to discover when the accusations began to grow in the later years of the century that New York was not really solving children's problems by the use of its "Children West" program but was merely dumping one of its troublesome populations onto other states. At various times the Children's Aid Society conducted surveys and studies of its "alumni," claiming a very high success rate for the program, but critics questioned the quality of these studies, and oppositions to Brace's program continued. The 1899 Illinois Juvenile Court Act forbade any agencies to bring children unaccompanied by their parents or guardians, without the approval of the State Board of Charities. This was partly a protection against the importing of child labor in Illinois, but it was a response as well to organizations like the Children's Aid Society. The law included the provision that any child who became a public charge within five years of arrival in Illinois should be removed to his or her home state.

The notion of placing children in families and the belief that normal family life was a far healthier situation than institutions was firmly entrenched in child welfare thinking by the end of the century. But the earlier, more naive, notion that foster families could be trusted to care for dependent children without supervision had been replaced in philanthropic thinking by a belief that it was important for an outside agency regularly to check on the child and act in his behalf. Coupled with this was the beginning of

a move away from "free" foster homes to the belief that boarding homes, foster homes in which a family got payment for keeping the foster child, were most productive of humane treatment. Child welfare theorists and practitioners worried that if a family's greatest inducement to take a foster child was the child's potential economic contribution, there might be a strong incentive for them to over-burden him with work, at the expense of his academic education, which reformers were coming more and more to see as the true and proper occupation of childhood.

One final change in philanthropic theory that saw little reflection in practice but was to bring about a revolution in twentieth-century social welfare was the growing conviction that the best thing that could be done for children was to keep them with their families whenever possible. Students of society came increasingly to regard poverty as a result of faulty economic and social structure rather than of personal failings of feckless or lazy individuals, and they disapproved of the kind of casual invasion of poor families' lives that could demand the sacrifice of parental rights in return for assistance. This belief in the preservation of the family became a basic underpinning of the social welfare faith as it was articulated in the next fifty years, and the state of Illinois, with its experiment in mothers' pension programs, was to be in the forefront of progressive practice in this area.

In the last decade of the nineteenth century, through, the innovations that would make Illinois notable a few years later were nowhere in sight. Surrounded by vigorous neighbors, Illinois was considered conservative in its reluctance to deal with its child welfare functions and in its willingness to relinquish the charge to private agencies. In fact, the state's attitude toward dependent children had changed very little in the course of the nineteenth century. The first laws and provisions for dependent children had reflected a lack of ardor bordering on indifference, and at the end of the century, the state's engagement in child welfare, despite the crisis engendered by rapid growth and economic stress, was tepid at best. The combination of fiscal conservatism and ethnic and religious tensions meant that state action was regarded with suspicion in many quarters and kept efforts fragmented and inadequate to the need. There was also a fear that the patronage and corruption for which Illinois was already famous might make state administration of programs for dependent children less effective than privately run efforts. Ironically, it was in part this very disorganization and inaction that would lead to the founding of the Juvenile Court and bring Illinois, however briefly, within the pale of reformers' approval.

FOR FURTHER READING

The Historical Society Library has numerous pamphlets, annual reports, and other materials from institutions such as the Chicago Nursery and Half-Orphan Asylum, the Chicago Home for the Friendless, and the Chicago Foundlings' Hospital. For a broad historical perspective on the United States's care for needy children, see Joseph Hawes's The Children's Rights Movement: A History of Advocacy and Protection (Boston: Twayne Publishers, 1991) and James Leiby's A History of Social Welfare and Social Welfare and Social Work in the United States (New York: Columbia University Press. 1978). To learn more about child welfare reform between the Progressive era and the New Deal, see Mina Carson's Settlement Folk: Social Thought and the American Settlement Movement, 1885-1930 (Chicago: The University of Chicago Press. 1990) and Robyn Muncy's Creating a Female Dominion in American Reform, 1890-1935 (New York: Oxford University Press, 1991). Marilyn Irvin Holt's The Orphan Trains: Placing Out in America (Lincoln: The University of Nebraska Press, 1992) discusses one nineteenth-century solution to the plight of urban orphans.

Ms. MOSELEY-BRAUN. So, Mr. President, in order to make certain that we do not have this accident of geography become the difference between children sleeping in the streets or children provided for and given sustenance—food and shelter—I have proposed this amendment, which says that the safety net will, in any event, be there for the children. And that child poverty, which is a national issue for us as Americans, will not then become balkanized in terms of the response that is given by the Government, that our national community recognizes that child poverty is a national issue, and child welfare, in the final analysis, has to have at least a national safety net. And that is what this first amendment provides.

Mr. President, with regard to this amendment I understand that these amendments will be taken up tomorrow. Let me say also that there are tables that I ask unanimous consent to have printed in the RECORD showing the number of children who will be denied or who are in jeopardy of being denied assistance by virtue of the operation of the underlying legislation.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

PRELIMINARY ESTIMATE OF THE NUMBER OF CHILDREN DENIED AFDC DUE TO THE 60 MONTH TIME LIMIT IN THE SENATE REPUBLICAN LEADERSHIP PLAN

State	Projected number of children on AFDC in 2005 under current law	Number of children denied AFDC because the family received AFDC for more than 60 months	Percentage of children denied AFDC because the family received AFDC for more than 60 months
Alabama	122,000	37,000	30
Alaska	30,000	8,000	27
Arizona	170,000	46,000	27
Arkansas	63,000	20,000	32
California	2,241,000	807,000	36
Colorado	101,000	28,000	28
Connecticut	136,000	41,000	30
Delaware	28,000	8,000	29
District of Columbia	56,000	21,000	38
Florida	605,000	156,000	26
Georgia	348,000	116,000	33
Hawaii	48,000	15,000	31
Idaho	17,000	4,000	24
Illinois	598,000	203,000	34
Indiana	177,000	56,000	32
Iowa	82,000	25,000	30
Kansas	73,000	22,000	30
Kentucky	187,000	59,000	32
Louisiana	235,000	81,000	34
Maine	55,000	19,000	35
Maryland	185,000	59,000	32
Massachusetts	256,000	82,000	32
Michigan	553,000	217,000	39
Minnesota	155,000	50,000	32
Mississippi	153,000	53,000	35
Missouri	218,000	73,000	33
Montana	28,000	7,000	25
Nebraska	39,000	12,000	31
Nevada	30,000	9,000	30
New Hampshire	24,000	7,000	29
New Jersey	302,000	100,000	33
New Mexico	72,000	19,000	26
New York	917,000	303,000	33
North Carolina	281,000	88,000	31
North Dakota	15,000	5,000	33
Ohio	597,000	171,000	29
Oklahoma	111,000	37,000	33
Oregon	97,000	30,000	31
Pennsylvania	517,000	194,000	38
Rhode Island	52,000	16,000	31
South Carolina	135,000	37,000	27
South Dakota	18,000	6,000	33
Tennessee	246,000	75,000	30
Texas	670,000	185,000	28
Utah	45,000	12,000	27
Vermont	22,000	7,000	32
Virginia	166,000	50,000	30
Washington	237,000	75,000	32
West Virginia	93,000	33,000	35
Wisconsin	205,000	61,000	30
Wyoming	14,000	4,000	29
Territories	173,000	47,000	27
Total	12,000,000	3,900,000	33

HHS/ASPE analysis. States may not sum to total due to rounding.
The analysis shows the impact at full implementation.
It assumes States utilize a 15 percent hardship exemption from the time limit as permitted under the bill.

Child poverty rates among industrialized countries

	Percent
Finland	2.5
Sweden	2.7
Denmark	3.3
Switzerland	3.3
Belgium	3.8
Luxembourg	4.1
Norway	4.6
Austria	4.8
Netherlands	6.2
France	6.5
Germany (West)	6.8
Italy	9.6
United Kingdom	9.9
Israel	11.1
Ireland	12.0
Canada	13.5
Australia	14.0
United States	21.5

Ms. MOSELEY-BRAUN. Mr. President, in my State of Illinois, quite frankly, it suggests some 34 percent of the children may be denied AFDC or may be denied subsistence if the family violates the time limitation rule, which would translate, Mr. President, in some 203,000 children being at risk of homelessness, being at risk of hunger.

I do not believe, Mr. President, that we can take the kind of chances to allow our children to once again end up as homeless half-orphans and friendless foundlings. We have to assure our national commitment is to child welfare, and that the safety of our children is a paramount concern and one that will not be abrogated without regard to what we do with regard to this legislation overall. It is for that purpose that I file and submit this first amendment.

UNANIMOUS-CONSENT AGREEMENT

Mr. NICKLES. Mr. President, I make a unanimous consent agreement request. I ask unanimous consent that all amendments to H.R. 4 must be offered by 5 p.m. tomorrow; that if cloture is filed in relation to H.R. 4 or an amendment thereto that the vote not

occur on that cloture motion prior to 6 p.m. on Wednesday, September 13; that no amendment be given more than 4 hours equally divided; and the two leaders have up to 10 relevant amendments that would not have to be offered by 5 p.m. tomorrow.

The PRESIDING OFFICER (Mr. BURNS). Without objection, it is so ordered.

Mr. NICKLES. Mr. President, I thank my friend and my colleagues on both sides of the aisle.

I announce that there will be no further rollcall votes until morning. There will be votes tomorrow morning, votes starting at 9:30. We may have as many as three or four amendments we will be voting on, for Senators' information, so we ask them to be prompt. Again, no more votes tonight.

We will stay here for some additional time if Senators have additional amendments they wish to have considered. We will be happy to consider those. We have taken up a lot and we are setting those aside and so I think we are making some good progress on the bill.

Again, no further rollcall votes tonight, and we will have rollcall votes stacked tomorrow morning beginning at 9:30. I thank my friend and colleague from Illinois for allowing me to interrupt.

Ms. MOSELEY-BRAUN. Mr. President, I want to submit all of my amendments at this time. I want to make certain that I have enough time to discuss and file my amendment this evening.

AMENDMENT NO. 2472 TO AMENDMENT NO. 2280

(Purpose: To prohibit a State from imposing a time limit for assistance if the State has failed to provide work activity-related services to an adult individual in a family receiving assistance under the State program)

Ms. MOSELEY-BRAUN. Mr. President, my second amendment speaks to the issue of State responsibility. I call it a State responsibility amendment. I send the amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Illinois [Ms. MOSELEY-BRAUN] proposes an amendment numbered 2472 to amendment No. 2280.

Ms. MOSELEY-BRAUN. Mr. President, I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 40, between lines 16 and 17, insert the following:

"(4) FAILURE OF STATE TO PROVIDE WORK-ACTIVITY RELATED SERVICES.—The limitation described in paragraph (1) shall not apply to a family receiving assistance under this part if the State fails to provide the work experience, assistance in finding employment, and other work preparation activities and support services described in section 402(a)(1)(A)(ii) to the adult individual described in paragraph (1).

Ms. MOSELEY-BRAUN. The second amendment I call the State Responsibility Act. Essentially it says that States shall not just knock somebody, a family, off for failing to meet the work requirement unless they have helped them to try and find a job.

It is kind of basic. I will read it:

The limitation described . . . shall not apply to a family receiving assistance under this part if the State fails to provide the work experience, assistance in finding employment, and other work preparation activities.

Mr. President, the underlying legislation, has a cutoff for assistance and rules regarding work. For individuals who do not go to work, they will not receive any support.

That is fine, Mr. President. I think we can all agree again, anybody who can work should work and anybody who has children ought to be responsible in the first instance to take care of them.

However, Mr. President, it is also a reality that there are parts of this country in which frankly there are not the employment opportunities available that people can even take jobs.

The absence of jobs in some areas I think is a major problem and frankly defies some of the suggestions made here that the problem with people receiving public assistance is that they just do not want to work. The fact of the matter is that the problem in very many instances is that there are no jobs for people to work at. Even if they wanted to work there are no jobs.

In fact, in my own State, we have areas of my State in which unemployment ranges from 20 to 40 percent. The statistics indicate that 80 percent, frankly, of African-American males between the ages of 16- and 19-years-old in the city of Chicago are currently unemployed.

Mr. President, 55 percent of the 20- to 24-year-olds are out of work. It is not possible to move recipients into permanent private-sector jobs if there is no effort to provide or create those jobs and if the jobs are not there and if individuals have not been given some assistance in terms of transitioning.

Under the bill that we have before the Senate, the number of people participating in the work/job preparation activities is estimated to increase by over 161 percent by the year 2000. Again, that means that States like Illinois will receive some $444 million less in AFDC funds, but on the other hand be required to increase by 122 percent the number of people participating in work and job preparation activity.

Those numbers just do not fit. Eight into three will not go. The numbers do not add up therefore, I think it really is a real concern that States not be allowed to just kick people off without having done what the bill says they should do in providing people with transition to work.

The text of the legislation says that the State has to outline how they intend to "provide a parent or caretaker in such families with work experience, assistance in finding employment and other work preparation activities and support services that the State find appropriate."

Now, that is fine language. I have no problem with that. But the question becomes what if the State does not do this? What then happens to the families? What then happens to the children?

Again, this amendment simply, I think, seeks to clarify that in the event the State has not done that, has not provided work experience assistance in finding employment or the work for the work preparation activities, that the individual then will not be penalized for circumstances frankly that then are legitimately and, in a way that can be documented, beyond their control.

So that is the second amendment that I submit for consideration of my colleagues.

Mr. NICKLES. I appreciate the Senator offering her amendments tonight. Would the Senator please give us a copy of the amendments? I have a copy of your first amendment and comments or questions I might ask. If the Senator would like to go ahead, if we could have copies of both the second and third amendments, that would help.

Ms. MOSELEY-BRAUN. Absolutely. I thought I had provided the Senator with a copy, but I will give it to him right now.

This is the third amendment and this is the second.

AMENDMENT NO. 2473 TO AMENDMENT NO. 2280

(Purpose: To modify the job opportunities to certain low-income individuals program)

The PRESIDING OFFICER. If there is no objection, the previous amendment will be laid aside.

The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Illinois [Ms. MOSELEY-BRAUN] proposes an amendment numbered 2473 to amendment No. 2280.

Ms. MOSELEY-BRAUN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 122, between lines 11 and 12, insert the following:

SEC. 111. MODIFICATIONS TO THE JOB OPPORTUNITIES FOR CERTAIN LOW-INCOME INDIVIDUALS PROGRAM.

Section 505 of the Family Support Act of 1988 (42 U.S.C. 1315 note) is amended—

(1) in the heading, by striking "DEMONSTRATION";

(2) by striking "demonstration" each place it appears;

(3) in subsection (a), by striking "in each of fiscal years" and all that follows through "10" and inserting "shall enter into agreements with";

(4) in subsection (b)(3), by striking "aid to families with dependent children under part A of title IV of the Social Security Act" and inserting "assistance under the State program funded part A of title IV of the Social Security Act in the State in which the individual resides";

(5) in subsection (c)—

(A) in paragraph (1)(C), by striking "aid to families with dependent children under part A of title IV of the Social Security Act" and inserting "assistance under the State program funded part A of title IV of the Social Security Act"; and

(B) in paragraph (2), by striking "aid to families with dependent children under title IV of such Act" and inserting "assistance under the State program funded part A of title IV of the Social Security Act";

(6) in subsection (d), by striking "job opportunities and basic skills training program (as provided for under title IV of the Social Security Act" and inserting "the State program funded under part A of title IV of the Social Security Act"; and

(7) by striking subsections (e) through (g) and inserting the following:

"(e) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of conducting projects under this section, there is authorized to be appropriated an amount not to exceed $25,000,000 for any fiscal year.".

Redesignate the succeeding sections accordingly.

Ms. MOSELEY-BRAUN. Mr. President, I am actually delighted that the Senator from New York is on the floor at this moment, because this next amendment essentially makes permanent a part of the Family Support Act that establishes what is called the Job Opportunities for Low-income Individuals Program.

The JOLI Program—that is what it is called, JOLI, Job Opportunities for Low-income Individuals—is to create job opportunities for AFDC recipients and other low-income individuals. Grants can be made to private, nonprofit corporations to make investments in local business enterprises that will result in the creation of new jobs. This amendment authorizes appropriations for a program that is already in place as a demonstration program. This would make it permanent.

The rationale for the amendment is that the underlying bill does not provide any support at all for job creation. Even though S. 1120 requires some kind of work activity within 24 months, and eligibility for assistance ends after some 60 months, whether the individual has found a job or not. So, there is no question but that we will need to see a great creation of thousands of private-sector jobs in order to absorb the influx of new workers.

So the JOLI Program actually helps. It is working. It helps individuals to become self-sufficient through the development of microenterprises for economic development and other kinds of job training. The really good news about JOLI is that this is not reinventing the wheel. It is already in place. It was authorized under section 505 of the Family Support Act of 1988.

Under a recent evaluation of JOLI, the first 20 JOLI intermediaries—that is, community-based organizations that are the grantees—have assisted some 334 individuals to start or stabilize their own businesses, and it has assisted an additional 535 people to secure employment in jobs paying an average wage of about $8 an hour, which is really quite remarkable. Of the 869 low-income individuals benefiting from the demonstration program, most of them had become economically self-sufficient within a year of their involvement or interaction with the program.

So the JOLI Program addresses the scarcity of jobs in many urban as well as rural communities and recognizes the need to ensure that welfare recipients and other low-income people have access to employment opportunities in the private sector. It utilizes the capacity of community-based organizations and the private sector to develop jobs so individuals who right now are mired in poverty will have some options and have some hope, and will have the ability to take care of themselves and their families.

Again, we are talking about the 5 million people who are adults who are presently receiving public assistance and who will, therefore, hopefully, be given a hand up as opposed to a handout—will be given the ability to work, will be given the ability to care for themselves and their children. I think job creation is an integral part of any honest welfare reform that we undertake to have in this session of the Senate.

AMENDMENT NO. 2474 TO AMENDMENT NO. 2280

(Purpose: To prohibit a State from reserving grant funds for use in subsequent fiscal years if the State has reduced the amount of assistance provided to families under the State program in the preceding fiscal year)

Ms. MOSELEY-BRAUN. Mr. President, I have a last amendment I send to the desk.

The PRESIDING OFFICER. If there is no objection, the pending amendment will be set aside.

The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Illinois [Ms. MOSELEY-BRAUN] proposes an amendment numbered 2474 to amendment No. 2280.

Ms. MOSELEY-BRAUN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 25, strike lines 13 through 18, and insert the following:

"(3) AUTHORITY TO RESERVE CERTAIN AMOUNTS FOR ASSISTANCE.—

"(A) IN GENERAL.—A State may reserve amounts paid to the State under this part for any fiscal year for the purpose of providing, without fiscal year limitation, assistance under the State program operated under this part.

"(B) EXCEPTION.—In any fiscal year, a State may not exercise the authority described in subparagraph (A) if the State has reduced the amount of cash assistance provided per family member to families under the State program during the preceding fiscal year.

Ms. MOSELEY-BRAUN. Mr. President, this last amendment—again, this is one of these efforts to keep the worst from happening. Again, we all hope it does not happen, that the States are not less than responsible in their execution of the underlying bill. This amendment is designed to serve as a buttress against what has been characterized as the race to the bottom.

Essentially, if a State decides to cut its cash assistance benefits, to cut the amount that it spends to address the issue of poverty within that State, then that State will be prohibited from carrying forward unused block grant funds.

This is called—I call this the race-to-the-bottom amendment. The notion is, if we send the States this money in a block grant, there is nothing to prohibit that State from saying we do not want to have assistance for poor children. We are not going to address the issue of job creation. We are not going to train people to go back to work. We are not going to provide the children with any assistance. We are just going to further squeeze the amount of resources devoted to the whole issue of poverty in our State and we are going to take the money we get from the Federal Government and use that to go from year to year to year to year and not maintain our own effort.

If one State does it, then the next State would be incentivized, if you will, to do as much, which will then start—hopefully not, but might well start, if you will—a race to the bottom and a cycle of the States trying to underbid one another in terms of the amount of assistance that they provide for poor people who live in that State.

I think that would be a real tragedy. As a result, this amendment simply says that a State may not carry over funds from one year to the next if they have reduced the amount of benefits that are available for poor children and for poor families in that State.

Again, this stops the States from penalizing poor people in ways that would be inconsistent with the legislation. So it is, in that regard, simply a preventive, protective, prophylactic amendment, if you will.

The other reason for this legislation, just to be real candid in terms of the dollars, frankly, is that this legislation—because of the level of appropriations, it has been estimated that the States will, overall, have to cut. They will not have enough money, frankly, to do what is required of them in the legislation. CBO has already advised that most States will not have the money to provide for the kind of job training, the kinds of transition services—or certainly child care in this legislation. So, that being the case, there should not be any money left over. But in the event there is, I think we should put a buttress and a stop that says we are not going to allow States to engage in this race to the bottom, engage in this effort to see who can be the most punitive with regard to poor people in that State.

So that is the last amendment.

Mr. President, I want, in closing—and I have wanted to give my colleague a chance, so I kind of rushed through a little bit to try to speed up so he would

have the opportunity to present his amendment—to talk about this issue in another context.

I had occasion, back in my State, to meet with and work with a task force members came from all sectors—from the business sector, from the community activist sector, people who were advocates, actual welfare mothers served on the panel—to talk about the issues having to do with our response to poverty. I started my conversation this evening saying welfare is not and has never been anything other than a response to poverty; a response that engenders strong feelings, certainly, but that is what it is. We must not lose sight of the underlying issue as we approach the question of how well the response works.

The point is that I believe we have, when all is said and done—we can talk about differences in philosophy about block grants and whether or not there is too much Federal bureaucracy. Although, frankly, the numbers, by the way, do not support the notion that a whole lot of money that is presently dedicated to the AFDC Program goes into administration on the Federal level.

In fact, most of the administrative expenses take place at the State level. I think it is important that we make that point.

I think it is also important—and I am digressing here—to point out that because most of the administration takes place at the State and local level, it is likely that by operation of this new law, should it pass, the States will in fact be stuck with what has been called a huge unfunded mandate in that they will be called on to administer and to do things that they do not presently have the resources to do. And they are going to have to find the resources to do that from places other than the Federal Government. We will not be there to help out with State efforts to create jobs. We will not be there to help out with child care. We will not be there to help out with the administration of whatever the State response is. That is a fundamental problem I think with the underlying bill.

But the point that I really want to make is one that the Senator from New York I think has eloquently spoken to, and it does go to the fundamental issue of debate in all of this. That is the question of common ground. That is the issue of whether or not we have a commitment as a national community to address the issue of poverty, to address the issue of child welfare, or whether or not we are prepared to balkanize as a country into 50 different welfare systems, into 50 different responses to poverty, into 50 different approaches to child welfare, and whether or not the welfare and the well-being, the possibility of potential for hunger, the possibility of the potential for homelessness of a child in this country will depend on an accident of geography. It is bad enough that a child who is born into poverty suffers the accident of having been born poor. As a friend of mine once said, "It is your own fault for being born to poor parents." I could not disagree with that point.

But the fact of matter is, we have to make sure that the accident of being born to poor parents is not exacerbated by where that took place.

The question is whether or not, as Americans, we will have the foresight to recognize that through this as the very central issue of the nature of our Federal Government, the nature of Federalism and the nature of our Nation and the kind of country that we will have. Will we have a country in which everyone recognizes that the welfare of a child in Oklahoma, in Nevada, or Iowa is as important to the Senator from California and the Senator from Illinois and the Senator from New York as the welfare of a child in his or her own State, or will we have a situation in which by virtue of the balkanization provided by this underlying bill, the only children about whose welfare you or I can have a say about are the children in the State from which we are elected?

I do not think, Mr. President, that is a direction that the American people want to see us fall off to.

As we talk about the devolution in Government, the devolution that we ought to consider to welfare work better, making it work efficiently, giving people opportunity, giving people an opportunity to go to work, giving children the kind of care and the kind of safety net that they need to have so that they will have opportunities, so they possibly will not have to be born to poor children, and their children, whether or not they will have to be born to poor parents, that their children will have a chance to do better.

That is, it seems to me, consistent with the American dream and is consistent with the whole concept of what this Nation is about.

I therefore hope that a direction that this bill takes in the final analysis, when all is said and done, and the amendments are put on it, that we reaffirm and not reject and walk away from our national commitment to address the issue of poverty and to provide for the welfare of all of our children.

Thank you.

Mr. NICKLES. Mr. President, will the Senator yield for a question?

I compliment my colleague, one, for her interest in her State, her constituents, and also for the fact that she has I think four or five amendments, and she was waiting to offer those tonight and discuss those. I have not had a chance to review all of them. I have looked at a couple of them.

I know my colleague from Pennsylvania has an amendment he wishes to offer. We may have other amendments. So I will be very brief. I will review these amendments a little more in detail over the night and talk about them possibly tomorrow.

But the first amendment that the Senator has is a big one. It is an important one. Our colleague should be able to understand it. So I ask this question: I am reading under "eligibility." This is talking about the underlying bill. But also I might mention under the Daschle bill, there was a time limit for welfare payments from the Federal Government, 5 years. Under the amendment of the Senator from Illinois, it says after the 5 years should expire and a welfare recipient still has a dependent child, the State would be mandated to provide a voucher program to provide assistance to the minor child.

Is that correct?

Ms. MOSELEY-BRAUN. That is correct.

Mr. NICKLES. The Senator also mentions that she did not want to have unfunded mandates in one of the other amendments but this would be—correct me, if I am wrong, you do not fund this program. You just mandate that the States after 5 years would have to provide a voucher program to provide assistance even though we do not give them any money?

Ms. MOSELEY-BRAUN. We will not give them the money. In fact, if anything, the welfare of those children in those families, if anything, should have first dibs on the block grants that we at the Federal Government level are providing the money that goes to the States that is calculated to, and the whole idea is to provide for the welfare of minor dependent children.

So if that minor dependent child has a parent who does not comply with the work requirement or misses some other test that is set up, that child will still be provided for first.

So, if anything, I call this the child voucher, but really, if anything, it should be called the Child First amendment.

Mr. NICKLES. I wanted to make sure, though, that we understood. Because this has a benefit, it would not have been provided under the Daschle substitute.

Ms. MOSELEY-BRAUN. Yes, it would have. This particular safety net for children was provided for in the Daschle substitute.

Mr. NICKLES. I will be happy to review it. I appreciate my colleague.

I just looked at the other amendment. She has one amendment that says you want to have a pilot program and you wanted to authorize $25 million for the job opportunities for certain low-income individuals. Is that correct?

Ms. MOSELEY-BRAUN. That is correct.

Mr. NICKLES. That is a program we have ongoing now.

Ms. MOSELEY-BRAUN. That is correct.

Mr. NICKLES. How much are we appropriating for that program at this point?

Ms. MOSELEY-BRAUN. We are right now at about 5.6. So $5.6 million.

Mr. NICKLES. Just for my colleagues' information, according to

CRS, we have 154—I have heard now 155—various employment and training programs. This is one program that you would like to maybe take out of the block grants and increase its funding by fivefold. Is that correct?

Ms. MOSELEY-BRAUN. This is a demonstration. This is not just about training. There is a demonstration program that is already in existence for micro-enterprises development, for a variety of approaches to economic development and job creation for low-income individuals. This already exists. Yet the increase is $5.4 million in fiscal year 1995.

Yes, there is a fivefold increase in the funding for this job training and job creation program for low-income individuals. It is that increase.

But I would point out to my colleague that there is no question—again, in the eyes of what we are with doing here—that there is a suggestion that you cannot do welfare reform and put people to work on the cheap. You are going to have to make investment in those counties, in those States such as Wisconsin where there is a successful welfare reform experiment under way. There is no question that to transition people from welfare to work requires that we give them something to work at, give them skills, training, and micro-enterprise loans to start businesses or whatever. But there is some assistance required to leverage human capability to provide that they get back into the private sector and to get back to work.

There are two counties in Wisconsin in which there have been work to welfare, a work transition pilot program. There is no question but that the investment is made on the front end to give individuals the ability to transfer off of welfare and to transfer from dependency to independency.

The JOLI Program has done that. It has done it successfully. It was initiated as a part of the Family Support Act. It works. It is not like trying something brand new. It has worked.

It seems to me that in light of the fact that job creation is not addressed at all in the underlying legislation—and it is not. There is no ability for creating jobs in the bill without this amendment.

Mr. NICKLES. Will the Senator yield on that?

Ms. MOSELEY-BRAUN. Let me finish my point. In light of that fact that there is no effort to leverage private activities to create jobs, this amendment says let us take something that works and let us expand it so that since the States have to have, since individuals who live in these various States will have to comport and comply with work requirements, let us give the States some assistance in providing job creation and private sector entrepreneurial activity.

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I will just make a brief statement, not necessarily continue the colloquy.

I appreciate the commitment of my friend and colleague from Illinois. Just a couple of comments pertaining to this amendment.

This second amendment we have been discussing is rather small. It says we would have a $25 million pilot program to continue a program we already have and quadruple its costs or multiply it by five.

That is directly contrary to what we are trying to do in this bill. As I mentioned before, according to CRS we have 154—I put this in the RECORD earlier today—Federal job training programs, some of which—and I know my colleague from New York is the author and sponsor of some—some of which have probably done some good. A whole lot of them probably have not. And so to think that we have 155 and my colleague from Illinois has picked out one——

Ms. MOSELEY-BRAUN. Will the Senator yield for just a comment?

This is not a job training program. This has nothing to do with job training. The JOLI Program is job creation. It gives poor people the opportunity to access money, equity capital in order to start their own businesses and start their own jobs. It is not job training.

That is why it was distinct from the job training debate. That is a whole other debate. If you take a look at what the Family Support Act language that created the JOLI program you will see that it is not a job training program. This amendment says let us give poor people the opportunity to create their own jobs.

Mr. NICKLES addressed the Chair.

Ms. MOSELEY-BRAUN. If I may just respond to my colleague, since we are in a colloquy, some of the initiatives under JOLI have come from other parts of the world. There has been a famous experiment that started actually in India, I say to the Senator from New York, in which poor people were given tiny loans called microloans to start their own businesses.

So it is not job training, and it is to be distinguished from the job training debate.

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma has the floor.

Mr. NICKLES. Mr. President, I again appreciate my colleague's initiative, her commitment to her cause. I will just state that this Senator is going to vote against it, and this will probably be one we will have a rollcall vote on tomorrow. It does increase the authorization of this program by fivefold. One may not call it a jobs program. I would have to look and see if it was included on the list according to CRS as a Federal employment and/or job training program. Maybe it is a lending program. I am not sure it belongs—if it is a lending program and financing program, maybe it should or should not be in this bill. I do not know that I want to multiply programs by that kind of multiplier at this point.

The overall scope of this bill says we are going to be saving—if we pass this bill, we are going to be saving $70 billion. Now, we are talking about big money. I will go back to the amendment that our colleague from Illinois raised before, but I wish to be really brief because I know our colleague from Pennsylvania has an amendment.

But the initial amendment is a very big amendment. And I will have to compare it—and I appreciate her statement that it was in the Daschle substitute, but as I understand it, it is a bill that would basically waive the 5-year requirement or time limit.

President Clinton said that he wanted to have a time limit, and we are talking about Federal payments—have a time limit on how long an individual or family can receive money from the Federal Government. If we are to end welfare as we know it, we are going to have to have some limitations. As I read the first amendment, as long as there is a dependent minor child, you would continue to have assistance.

Now, the assistance from the Federal Government would be terminated after 5 years, cash assistance. Under the Senator's amendment, the State would provide vouchers for supplemental assistance. That is an unfunded mandate. Maybe the States could take it from other savings in the program. I will try to study that a little more. But the essence of it is the family can be on welfare forever if they continue to have children. And that is not the thrust of what we are trying to do in the bill which is to have real incentive to get off welfare, to break the welfare dependency cycle and to make some improvements.

I do appreciate my colleague's introduction of the amendments and her statements and also her dedication to some of the things she is trying to do. But at least as far as this Senator is concerned, I do not think we will be, at least I will not be able to accept the first amendment as well. I will look at the other couple of amendments that our colleague introduced and will consider those. So again I would like to inform my colleagues tomorrow morning at 9:30 my guess is we will have several rollcall votes. And again I thank my colleague from Illinois for introducing her amendments.

Ms. MOSELEY-BRAUN. I wish to thank my colleague from Oklahoma, except I would just say one thing. I do not mind the Senator taking issue with the amendment one way or another, but I think it is real important not to misrepresent what the amendment is about. It is not about keeping families on welfare forever. It is a child-first amendment. It has to do with children. If the State decides to have a shorter time limit than the bill or the family is cut off because the parent will not go to work, then we have to I think maintain some kind of a safety net for that child.

I do not believe the President of the United States or any other Member of this body wants to set up a set of rules that would leave us with 6-year-old children sleeping in streets homeless and hungry. I do not believe anybody wants to do that. But we do not have any guarantee in the underlying legislation, and that is what this amendment seeks to fix.

I yield the floor.

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. I thank the Chair. I rise to offer an amendment. Before I do that, I just want to make a couple of comments about what the Senator from Illinois stated and characterized the Republican leadership bill, which I am very hopeful will be adopted by the Senate. She says that the bill balkanizes welfare reform into 50 separate programs and that this is bad, that everyone should be treated the same.

I happen to believe that that is the problem with this system, that everybody is treated the same and not particularly well, and the balkanization into 50 separate programs is a bad idea. But balkanization into a million individual efforts to help poor people in our society is a good idea. And that is what this bill does.

Sure, it gives a lot of flexibility to the States, but there are many provisions in this bill which tell the States and direct the States and encourage the States to go farther; to go down to the local level and to the community level and make this a program that is a program that talks about communities and neighborhoods helping neighborhoods and friends helping friends. And that is the dynamism that is in this bill that has never been tried from a Federal perspective before.

So, yes, it is balkanization but not to 50 but to 50 times 50 times 50 and more. And that is the excitement about this bill. That is why we are so committed to seeing this happen.

The Senator from Illinois also said that there is nothing in this bill about job creation, and I have heard this over and over and over again. And I feel like a broken record getting up and responding to it. But I will say several things.

The Senator from Illinois said there is nothing about job creation. What she is referring to, I assume the Senator is referring to is that there is no Federal dollars to place people in employment. There is no specific pot of Federal dollars to say we will pay for employment slots and for supervision and for paying their stipend while they are working.

What I would say is that the Governors of the States, the Republican Governors of the States, I believe 29 out of 30 of the Governors have said that this bill is an acceptable bill to them; that they do not need a big pot of money if they can run their own program; that they can do it cheaper and better, put more people to work, get more people off the rolls if they have the flexibility to run their own program without all the tripwires and redtape that is involved in the Federal system.

That is Governors, as I said before, Republican Governors, who represent 80 percent of the welfare recipients in this country. Republican Governors are from States that represent 80 percent of welfare recipients and they say this is a good deal; they can live with this; they want this. And they can create the jobs to put the people to work as required by this legislation.

I would also say that we eliminate, in the Dole bill we eliminate the provision in current law, which was maintained in the Daschle bill, we eliminate the provision that says if you are a city or State or any other kind of municipality, you can no longer fill a vacancy with a welfare recipient. That is current law. You cannot fill a vacancy with a welfare recipient in a courthouse or school or any other municipality or government entity.

What we say is, if there is a vacancy there and you want to give someone on welfare a chance, you can fill that vacancy with someone. I used the example earlier today, when we talked about this, of folks on a road crew standing there with that sign: "Slow," "Stop." You cannot fill that vacancy, if it occurs, with a welfare recipient.

You can today under the Dole provision. That is creating jobs. You want to talk about creating job slots, that creates a lot of job slots in communities across this country that are illegal today. So we do expand the opportunities for people on welfare to get jobs under this piece of legislation.

Mr. President, one other comment. The Senator from Illinois said that children should not suffer because of being born accidentally into poverty. Unfortunately, in this country and every other country in the world, poverty exists. The difference between other countries and this country is that when you are born into poverty, you are not frozen into poverty by the Government which does not allow you to rise in society.

There are many cultures and civilizations in this world that doom you to the life in which you were born, but we do not have a caste system in this country. We do not have levels of classes in this country. The greatness of this country is that the grandson of a coal miner who lived in a company town outside of Johnstown, PA, can be a U.S. Senator, as I am.

That is the greatness of this country, that we still offer opportunity, and that is what is lacking in the current system. We disincentivize people from getting off the welfare roll by providing, as Franklin Roosevelt said, the subtle narcotic to the masses of welfare. We are going to get rid of the subtle narcotic and turn that into Powerade, into a system to give them the energy and the opportunity to move forward and rise.

AMENDMENT NO. 2477 TO AMENDMENT NO. 2280

(Purpose: To eliminate certain welfare benefits with respect to fugitive felons and probation and parole violators, and to facilitate sharing of information with law enforcement officers, and for other purposes)

Mr. SANTORUM. Mr. President, I ask unanimous consent that the pending amendment be set aside, and I send an amendment to the desk.

The PRESIDING OFFICER. Without objection, it is so ordered. The pending amendment will be set aside. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Pennsylvania [Mr. SANTORUM], for himself and Mr. NICKLES, proposes an amendment numbered 2477 to amendment No. 2280.

Mr. SANTORUM. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 42, line 2, insert ", Social Security number, and photograph (if applicable)" before "of any recipient".

On page 42, between lines 21 and 22, insert the following new subsection:

"(e) DENIAL OF ASSISTANCE FOR ABSENT CHILD.—Each State to which a grant is made under section 403—

"(1) may not use any part of the grant to provide assistance to a family with respect to any minor child who has been, or is expected by the caretaker relative in the family to be, absent from the home for a period of 45 consecutive days or, at the option of the State, such period of not less than 30 and not more than 90 consecutive days as the State may provide for in the State plan;

"(2) at the option of the State, may establish such good cause exceptions to paragraph (1) as the State considers appropriate if such exceptions are provided for in the State plan; and

"(3) shall provide that a caretaker relative shall not be considered an eligible individual for purposes of this part if the caretaker relative fails to notify the State agency of an absence of a minor child from the home for the period specified in or provided for under paragraph (1), by the end of the 5-day period that begins on the date that it becomes clear to the caretaker relative that the minor child will be absent for the period so specified or provided for in paragraph (1).

On page 130, line 8, insert ", Social Security number, and photograph (if applicable)" before "of any recipient".

On page 198, between lines 14 and 15, insert the following new section:

SEC. ___. DISQUALIFICATION OF FLEEING FELONS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 319(a), is further amended by adding at the end the following new subsection:

"(o) No member of a household who is otherwise eligible to participate in the food stamp program shall be eligible to participate in the program as a member of that or any other household during any period during which the individual is—

"(1) fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the individual flees, for a crime, or attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

"(2) violating a condition of probation or parole imposed under Federal or State law.".

On page 302 after line 5, add the following new section:

SEC. 504. INFORMATION REPORTING.

(a) TITLE IV OF THE SOCIAL SECURITY ACT.—Section 405 of the Social Security Act, as added by section 101(b), is amended by adding at the end the following new subsection:

"(f) STATE REQUIRED TO PROVIDE CERTAIN INFORMATION.—Each State to which a grant is made under section 403 shall, at least 4 times annually and upon request of the Immigration and Naturalization Service, furnish the Immigration and Naturalization Service with the name and address of, and other identifying information on, any individual who the State knows is unlawfully in the United States.".

(b) SSI.—Section 1631(e) of such Act (42 U.S.C. 1383(e)) is amended—

(1) by redesignating the paragraphs (6) and (7) inserted by sections 206(d)(2) and 206(f)(1) of the Social Security Independence and Programs Improvement Act of 1994 (Public Law 103-296; 108 Stat. 1514, 1515) as paragraphs (7) and (8), respectively; and

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

"(9) Notwithstanding any other provision of law, the Commissioner shall, at least 4 times annually and upon request of the Immigration and Naturalization Service (hereafter in this paragraph referred to as the 'Service'), furnish the Service with the name and address of, and other identifying information on, any individual who the Commissioner knows is unlawfully in the United States, and shall ensure that each agreement entered into under section 1616(a) with a State provides that the State shall furnish such information at such times with respect to any individual who the State knows is unlawfully in the United States.".

(c) HOUSING PROGRAMS.—Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), as amended by section 1004, is further amended by adding at the end the following new section:

"SEC. 28. PROVISION OF INFORMATION TO LAW ENFORCEMENT AND OTHER AGENCIES.

"(a) NOTICE TO IMMIGRATION AND NATURALIZATION SERVICE OF ILLEGAL ALIENS.—Notwithstanding any other provision of law, the Secretary shall, at least 4 times annually and upon request of the Immigration and Naturalization Service (hereafter in this subsection referred to as the 'Service'), furnish the Service with the name and address of, and other identifying information on, any individual who the Secretary knows is unlawfully in the United States, and shall ensure that each contract for assistance entered into under section 6 or 8 of this Act with a public housing agency provides that the public housing agency shall furnish such information at such times with respect to any individual who the public housing agency knows is unlawfully in the United States.".

At the appropriate place, insert the following new section:

SEC. ___. ELIMINATION OF HOUSING ASSISTANCE WITH RESPECT TO FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.

(a) ELIGIBILITY FOR ASSISTANCE.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

(1) in section 6(l)—

(A) in paragraph (5), by striking "and" at the end;

(B) in paragraph (6), by striking the period at the end and inserting "; and"; and

(C) by inserting immediately after paragraph (6) the following new paragraph:

"(7) provide that it shall be cause for immediate termination of the tenancy of a public housing tenant if such tenant—

"(A) is fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the individual flees, for a crime, or attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

"(2) is violating a condition of probation or parole imposed under Federal or State law."; and

(2) in section 8(d)(1)(B)—

(A) in clause (iii), by striking "and" at the end;

(B) in clause (iv), by striking the period at the end and inserting "; and"; and

(C) by adding after clause (iv) the following new clause:

"(v) it shall be cause for termination of the tenancy of a tenant if such tenant—

"(I) is fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the individual flees, for a crime, or attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

"(II) is violating a condition of probation or parole imposed under Federal or State law;".

(b) PROVISION OF INFORMATION TO LAW ENFORCEMENT AGENCIES.—Section 28 of the United States Housing Act of 1937, as added by section 504(c) of this Act, is amended by adding at the end the following new subsection:

"(b) EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.—Notwithstanding any other provision of law, each public housing agency that enters into a contract for assistance under section 6 or 8 of this Act with the Secretary shall furnish any Federal, State, or local law enforcement officer, upon the request of the officer, with the current address, Social Security number, and photograph (if applicable) of any recipient of assistance under this Act, if the officer—

"(1) furnishes the public housing agency with the name of the recipient; and

"(2) notifies the agency that—

"(A) such recipient—

"(i) is fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the individual flees, for a crime, or attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

"(ii) is violating a condition of probation or parole imposed under Federal or State law; or

"(iii) has information that is necessary for the officer to conduct the officer's official duties;

"(B) the location or apprehension of the recipient is within such officer's official duties; and

"(C) the request is made in the proper exercise of the officer's official duties.".

Mr. SANTORUM. Mr. President, the amendment that I sent to the desk I hope is going to be a noncontroversial amendment. I believe it is one that should get broad support, hopefully unanimous support, of this body. It is an amendment that is very similar in nature to one that was adopted in the House of Representatives on their bill offered by Representative BLUTE of Massachusetts having to do with fugitive felons who receive welfare.

Yes, that is right. There are people who are fleeing the law, felons in which warrants are out for their arrest, who are hiding from the law on the welfare rolls. You say, "How does that happen?" Someone has been convicted of a felony and has escaped or violated parole or has been issued a warrant for their arrest on a felony charge and is eluding the law. While eluding the law, they sign up for welfare to support their eluding the law.

You say, "Well, how can this happen?" It is very easy to happen, because in most States in this country, if you are on the welfare rolls and the police department wants to find out if you are on the welfare rolls and they have a felony warrant for your arrest, the welfare department cannot tell the police department that you are receiving benefits. Why? Because your rights to privacy are protected. If you are on the welfare rolls, you have a right of privacy.

You may be a murderer. In fact, one of the reasons I offered this amendment is just last year in Pittsburgh—I have a July 29, 1994, article about a man who was on the welfare rolls. When they found this guy in Philadelphia, they found him and searched him, obviously, and they found a welfare card with his photo on it, his correct name. He did not even bother to lie about what his name was. He was protected by privacy. You say this must be an odd occurrence. This was a murderer, fleeing the law for years and collecting Government benefits.

In Cleveland, they did a sting operation, and they rounded up a lot of felons at this sting operation and searched them, and they found out that a third of the people they caught in the sting operation that had existing warrants were on welfare.

I visited the police department in Philadelphia and talked to their fugitive task force. They have a fugitive task force in the police department in Philadelphia. They have some 50,000 outstanding fugitive warrants in the city of Philadelphia. Historically, what the police officers have said is anywhere from 65 to 75 percent of the felons they catch are on welfare of some sort, whether it is food stamps or AFDC, SSI, you name it, they are collecting money while eluding the law. Not having to sign up for legitimate work where they might be caught, they can stay home and run around with their buddies at night and collect welfare. So you support them while the Federal Government and the State and local counties try to track them down. This is absurd.

So what we are suggesting is that the welfare offices, when contacted by the police department, must give the police department, if they have a warrant—I am not talking about people just wanting to search who is on the welfare rolls, but if you have a warrant

for someone's arrest, a felony warrant, that you can contact the welfare office and say, "Has such and such signed up for welfare?" You can give the name and address. And you will find, at least the police told me, when it comes to receiving welfare benefits, they give the correct address to receive those benefits. They do not lie about what address those benefits go to. So you get the name, the address—we have the name—the address, the Social Security number and a photo because a lot of these folks just have police sketches. You might have what their name is, but you may not have a good photo or it may not be a recent photo.

So what we do is give police a tremendous advantage, at least according to the police departments I have talked to and the research I have done, in tracking down fugitive felons.

As I said before, I do not think this is a controversial measure. I think this is something that can and should be supported by everyone.

There is an additional provision in the bill that deals with another problem on AFDC, and that is the term "when a child is temporarily absent from the home." What happens there? This is a separate issue than the fugitive issue, but it is included in the amendment.

We have situations where you have a mother and children or a child who, unfortunately, may be sent to prison or sent to detention, or whatever the case may be, but be out of the home for a period of years. Under the laws in most States, because the Federal law does not define "temporarily absent," what happens is that mom continues to receive welfare benefits for that child, even though the child has not lived in the home for years or months because they are in jail.

We think that is sort of a silly idea. If the child is being otherwise detained because of incarceration as a runaway, whatever the case may be, we should not continue to pay the mother the benefits for the child who is no longer living there. That, you would think, is pretty much common sense, but under the Federal law today, that is not common sense. So we define what "temporarily absent" is.

Again, I am hopeful this amendment will be agreed to and adopted, but I am going to ask at this point for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

Mr. NICKLES. Mr. President, I wish to compliment my colleague from Pennsylvania. I think this is an excellent amendment. It is kind of bothersome to think that there might be thousands of fleeing felons receiving welfare, and maybe because there is a lack of coordination between law enforcement and welfare agencies and offices, they are able to get away with it. I do not doubt my colleague's homework. It is probably quite accurate. To think that that is happening, it needs to be stopped. His amendment would go a long way toward stopping it.

I ask unanimous consent to be added as a cosponsor, and I hope my colleagues support it.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. FEINSTEIN. Mr. President, I ask unanimous consent that the pending amendment be temporarily set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2469, AS MODIFIED

Mrs. FEINSTEIN. I want to modify a prior amendment and also introduce two additional amendments. I will try to be brief. I call up amendment No. 2469 and send a modification to the desk. Once the amendment has been modified, I ask unanimous consent that it be laid aside in the previous order of consideration.

The PRESIDING OFFICER. The amendment is so modified.

The amendment (No. 2469), as modified, is as follows:

Beginning on page 18, line 22, strike all through page 22, line 8, and insert the following:

"(3) SUPPLEMENTAL GRANT AMOUNT FOR POVERTY POPULATION INCREASES IN CERTAIN STATES.—

"(A) IN GENERAL.—The amount of the grant payable under paragraph (1) to a qualifying State for each of fiscal years 1997, 1998, 1999, and 2000 shall be increased by the supplemental grant amount for such State.

"(B) QUALIFYING STATE.—For purposes of this paragraph, the term 'qualifying State', with respect to any fiscal year, means a State that had an increase in the number of poor people as determined by the Secretary under subparagraph (D) for the most recent fiscal year for which information is available.

"(C) SUPPLEMENTAL GRANT AMOUNT.—For purposes of this paragraph, the supplemental grant amount for a State, with respect to any fiscal year, is an amount which bears the same ratio to the total amount appropriated under paragraph (4)(B) for such fiscal year as the increase in the number of poor people as so determined for such State bears to the total increase of poor people as so determined for all States.

"(D) REQUIREMENT THAT DATA RELATING TO THE INCIDENCE OF POVERTY IN THE UNITED STATES BE PUBLISHED.—

"(i) IN GENERAL.—The Secretary shall, to the extent feasible, produce and publish for each State, county, and local unit of general purpose government for which data have been compiled in the then most recent census of population under section 141(a) of title 13, United States Code, and for each school district, data relating to the incidence of poverty. Such data may be produced by means of sampling, estimation, or any other method that the Secretary determines will produce current, comprehensive, and reliable data.

"(ii) CONTENT; FREQUENCY.—Data under this subparagraph—

"(I) shall include—

"(aa) for each school district, the number of children age 5 to 17, inclusive, in families below the poverty level; and

"(bb) for each State and county referred to in clause (i), the number of individuals age 65 or older below the poverty level; and

"(II) shall be published—

"(aa) for each State, annually beginning in 1996;

"(bb) for each county and local unit of general purpose government referred to in clause (i), in 1996 and at least every second year thereafter; and

"(cc) for each school district, in 1998 and at least every second year thereafter.

"(iii) AUTHORITY TO AGGREGATE.—

"(I) IN GENERAL.—If reliable data could not otherwise be produced, the Secretary may, for purposes of clause (ii)(I)(aa), aggregate school districts, but only to the extent necessary to achieve reliability.

"(II) INFORMATION RELATING TO USE OF AUTHORITY.—Any data produced under this clause shall be appropriately identified and shall be accompanied by a detailed explanation as to how and why aggregation was used (including the measures taken to minimize any such aggregation).

"(iv) REPORT TO BE SUBMITTED WHENEVER DATA IS NOT TIMELY PUBLISHED.—If the Secretary is unable to produce and publish the data required under this subparagraph for any county, local unit of general purpose government, or school district in any year specified in clause (ii)(II), a report shall be submitted by the Secretary to the President of the Senate and the Speaker of the House of Representatives, not later than 90 days before the start of the following year, enumerating each government or school district excluded and giving the reasons for the exclusion.

"(v) CRITERIA RELATING TO POVERTY.—In carrying out this subparagraph, the Secretary shall use the same criteria relating to poverty as were used in the then most recent census of population under section 141(a) of title 13, United States Code (subject to such periodic adjustments as may be necessary to compensate for inflation and other similar factors).

"(vi) CONSULTATION.—The Secretary shall consult with the Secretary of Education in carrying out the requirements of this subparagraph relating to school districts.

"(vii) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subparagraph $1,500,000 for each of fiscal years 1996 through 2000."

AMENDMENT NO. 2478

(Purpose: To provide equal treatment for naturalized and native-born citizens)

Mrs. FEINSTEIN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from California [Mrs. FEINSTEIN] proposes an amendment numbered 2478.

Mrs. FEINSTEIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 274, lines 23 and 24, strike "individual (whether a citizen or national of the United States or an alien)" and insert "alien".

On page 275, line 5, strike "individual" and insert "alien".

On page 275, line 10, strike "individual's" and insert "alien's".

On page 275, line 11, strike "individual" and insert "alien".

On page 275, line 14, strike "individual" and insert "alien".

On page 275, line 20, strike "individual" and insert "alien".

On page 275, line 21, strike "individual" and insert "alien".

On page 276, lines 2 and 3, strike "individual (whether a citizen or national of the United States or an alien)" and insert "alien".

On page 276, line 14, strike "individual" and insert "alien".

On page 278, line 1, strike "**NONCITIZENS**" and insert "**ALIENS**".

On page 278, line 8, strike "a noncitizen" and insert "an alien".

On page 278, line 13, strike "a noncitizen" and insert "an alien".

On page 278, line 16, strike "a noncitizen" and insert "an alien".

On page 278, line 22, strike "a noncitizen" and insert "an alien".

On page 279, line 4, strike "a noncitizen" and insert "an alien".

On page 279, line 6, strike "A noncitizen" and insert "An alien".

On page 279, line 8, strike "noncitizen" and insert "alien".

Mrs. FEINSTEIN. Mr. President, the Dole bill requires that income and resources of an immigrant sponsor be deemed as available to the immigrant when determining eligibility for all federally funded, means-tested programs. This is the case, whether or not the immigrant is a United States citizen. In other words, it creates two classes of citizens. A naturalized citizen, under the Dole bill, could not be eligible for any form of assistance. I believe this is unprecedented and, as I said, creates two classes of American citizens, which will surely be challenged in the courts on constitutional grounds.

So I rise today to offer an amendment to this bill to provide equal treatment for naturalized and native-born U.S. citizens. This amendment is cosponsored by Senators KOHL and SIMON. It is supported by the National Governors Association, the National Conference of State Legislatures, the National Association of Counties, the National League of Cities, the United States Catholic Conference, and the Leadership Conference on Civil Rights, as well as several other organizations.

The amendment simply removes any reference to citizens in all places in the underlying bill that require deeming, and leaves in place the deeming requirements for benefits to legal aliens.

I think the question before the Senate is this: Does the Constitution of the United States of America provide for two distinct classes of United States citizens—those who are naturalized and those who are native-born? I know of only one benefit which is denied by the Constitution to citizens of our country who were not born in this country, and that one thing is the Presidency of the United States. Article II, section 1 of the Constitution expressly states that "no person, except a natural born citizen, or a citizen of the United States at the time of the adoption of the Constitution, shall be eligible to the office of President." That is where the line is drawn for me.

I do not believe that, absent a constitutional amendment, the Constitution gives this body the authority to deny outright any benefits, save that one, to naturalized citizens. Article I of the Constitution does contain one other distinction with regard to naturalized citizens and their qualifications to be Members of Congress. It says, "No person shall be a representative who shall not have attained the age of 25 years and been 7 years a citizen of the United States." That is whether they are native-born or naturalized. It also says, "No person shall be a Senator who shall not have attained the age of 30 years, and been 9 years a citizen of the United States."

I do not believe our forefathers necessarily foresaw the specifics of the debate which is before us today. But I do believe they considered what distinctions should be made between naturalized and native-born citizens. And the result of that consideration is reflected in the Constitution.

The Department of Justice has expressed serious concerns about the constitutionality on the proscription of benefits as applied to naturalized citizens in this bill. In a letter to Senator KENNEDY, dated July 18, a copy of which was also provided to me, Assistant Attorney General, Andrew Fois states:

> The deeming provision, as applied to citizens, would contravene the basic equal protection tenet that "the rights of citizenship of the native born and of the naturalized person are of the same dignity and are coextensive."

The letter goes on to say:

> To the same effect, the provision might be viewed as a classification based on national origin; among citizens otherwise eligible for government assistance, the class excluded by operation of the deeming provision is limited to those born outside the United States. A classification based on national origin, of course, is subject to strict scrutiny under equal protection review, and it is unlikely that the deeming provision could be justified under this standard.

At this time, Mr. President, I ask unanimous consent that the full text of the letter from the Justice Department be printed in the RECORD.

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

U.S. DEPARTMENT OF JUSTICE,
OFFICE OF LEGISLATIVE AFFAIRS,
Washington, DC, July 18, 1995.

Hon. EDWARD M. KENNEDY,
U.S. Senate,
Washington, DC.

DEAR SENATOR KENNEDY: This letter follows your question to Attorney General Janet Reno regarding the constitutionality of the deeming provisions in pending immigration legislation at the Senate Judiciary Committee's oversight hearing on June 27.

You have asked for our views regarding the "deeming" provisions of section 204 of S. 269, Senator Simpson's proposed immigration legislation. Our comment here is limited to the question raised by application of section 204 to naturalized citizens.

We have serious concerns about section 204's constitutionality as applied to naturalized citizens. So applied, the deeming provision would operate to deny, or reduce eligibility for, a variety of benefits including student financial assistance and welfare benefits to certain United States citizens because they were born outside the country. This appears to be an unprecedented result. Current federal deeming provisions under various benefits programs operate only as against aliens (see, e.g., 42 U.S.C. §615 (AFDC); 7 U.S.C. 2014(i) (Food Stamps)) and we are not aware of any comparable restrictions on citizen eligibility for federal assistance. As a matter of policy, we think it would be a mistake to begin now to relegate naturalized citizens—who have demonstrated their commitment to our country by undergoing the naturalization process—to a kind of second-class status.

The provision might be defended legally on the grounds that it is an exercise of Congress' plenary authority to regulate immigration and naturalization, or, more specifically, to set the terms under which persons may enter the United States and become citizens. See *Mathews* v. *Diaz,* 426 U.S. 67 (1976); *Toll* v. *Moreno,* 458 U.S. 1, 10–11 (1982). We are not convinced that this defense would prove persuasive. Though Congress undoubtedly has power to impose conditions precedent on entry and naturalization, the provision at issue here would function as a condition subsequent, applying to entrants even after they become citizens. It is not at all clear that Congress' immigration and naturalization power extends this far.

While the rights of citizenship of the native born derive from §1 of the Fourteenth Amendment and the rights of the naturalized citizen derive from satisfying, free of fraud, the requirements set by Congress, the latter, apart from the exception noted [constitutional eligibility for President], becomes a member of the society, possessing all the rights of a native citizen, and standing, in the view of the constitution, on the footing of a native. The constitution does not authorize Congress to enlarge or abridge those rights. The simple power of the national Legislature, is to prescribe a uniform rule of naturalization, and the exercise of this power exhausts it, so far as respects the individual.

Schneider v. *Rusk,* 377 U.S. 163, 166 (1964) (internal quotations omitted) (statutory restriction on length foreign residence applied to naturalized but not native born citizens violates Fifth Amendment equal protection component).

Alternatively, it might be argued in defense of the provision that it classifies not by reference to citizenship at all, but rather on the basis of sponsorship; only those naturalized citizens with sponsors will be affected. Again, we have doubts about whether this characterization of the provision would be accepted. State courts have rejected an analogous position with respect to state deeming provisions, finding that the provisions constitute impermissible discrimination based on alienage despite the fact that they reach only sponsored aliens. See *Barannikov* v. *Town of Greenwich,* 643 A.2d 251, 263–64 (Conn. 1994); *El Souri* v. *Dep't of Social Services,* 414 N.W.2d 679, 682–83 (Mich. 1987). Because the deeming provision in question here, as applied to citizens, is directed at and reaches only naturalized citizens, the same reasoning would compel the conclusion that it constitutes discrimination against naturalized citizens. *Cf. Nyquist* v. *Mauclet,* 432 U.S. 1, 9 (1977) ("The important points are that [the law] is directed at aliens and that only aliens are harmed by it. The fact that the statute is not an absolute bar does not mean that it does not discriminate against the class.") (invalidating state law denying some, but not all, resident aliens financial assistance for higher education).

So understood, the deeming provision, as applied to citizens, would contravene the basic equal protection tenet that "the rights of citizenship of the native born and of the naturalized person are of the same dignity and are coextensive." *Schneider,* 377 U.S. at

165. To the same effect, the provisions might be viewed as a classification based on national origin; among citizens otherwise eligible for government assistance, the class excluded by operation of the deeming provision is limited to those born outside the United States. A classification based on national origin, of course, is subject to strict scrutiny under equal protection review, see *Korematsu v. United States*, 323 U.S. 214 (1944), and it is unlikely that the deeming provision could be justified under this standard. See *Barannikova*, 643 A.2d at 265 (invalidating state deeming provision under strict scrutiny); *El Souri*, 414 N.W.2d at 683 (same).

The Office of Management and Budget has advised that there is no objection to the submission of this letter from the standpoint of the Administration's program.

Sincerely,

ANDREW FOIS,
Assistant Attorney General.

Mrs. FEINSTEIN. Mr. President, to a great extent, we are a Nation of immigrants. There are very few of us in this body who could claim not to have been a product, in some way, of immigrants.

My mother was born in St. Petersburg, Russia. She left that country hiding in a hay cart during the revolution. They crossed Siberia on their long journey to California. My grandmother was widowed shortly after arriving in this country, left with four small children. My uncle was a carpenter. My mother did not enjoy good health as a child and was hospitalized for many years. There was no widow's pension then, no AFDC. And I am not one that believes that immigrants should come to the United States to get on the dole. But we do have a naturalization process which, after the designated waiting period, and after meeting certain requirements, immigrants take an oath, they become citizens of the United States, with all of the privileges and benefits accorded to native-born citizens, save the one spelled out in the Constitution that I have read today.

This bill essentially says that even if naturalized—even if a naturalized citizen for 20 years, your sponsor's income will be deemed as yours, and you will not be eligible for Federal benefits.

Even if that sponsor is dying from cancer, and no matter what happens to the naturalized citizen, that naturalized citizen is exempted from coverage under this bill.

I believe that violates the equal protection clause of our Constitution and jeopardizes the fairness of the legislation. So the amendment that I am submitting is essentially equal treatment for naturalized and native-born citizens.

Mr. NICKLES. Will the Senator yield for a question?

Mrs. FEINSTEIN. Yes.

Mr. NICKLES. I will be brief. I think I understand the amendment. The Senator is saying that immigrants to the country should be able to receive welfare benefits just as any other citizen can, is that correct?

Mrs. FEINSTEIN. Only if they have become United States citizens. In other words, the deeming provision does not apply if you are naturalized.

In this bill, the deeming provision extends even to naturalized citizens. Therefore, they would not be eligible.

Mr. NICKLES. If an immigrant comes into the country and goes through the processes to be a naturalized U.S. citizen, they are required now to have a sponsor, a sponsor that states that they will make sure that they will not be a ward of the Government for some period of time.

Does the Senator know what that period would be?

Mrs. FEINSTEIN. I did know and I cannot remember what it was.

Mr. NICKLES. I will review that.

Mrs. FEINSTEIN. This is not just a legal immigrant, but a naturalized citizen too.

We are not talking here about removing that requirement for legal immigrants in this amendment. This is just for naturalized citizens.

Mr. NICKLES. I am happy to have the Senator's amendment. I have not seen it before. I will be happy to review it and we will take it up tomorrow morning.

Mrs. FEINSTEIN. I thank the Senator from Oklahoma very much.

AMENDMENT NO. 2479 TO AMENDMENT NO. 2280

(Purpose: To provide for State and county demonstration programs)

Mrs. FEINSTEIN. I send another amendment to the desk.

The PRESIDING OFFICER. The previous amendment shall be laid aside. The clerk will report.

The bill clerk read as follows:

The Senator from California, [Mrs. FEINSTEIN], proposes an amendment numbered 2479 to amendment No. 2280.

Mrs. FEINSTEIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 69, strike lines 18 through 22, and insert the following:

"SEC. 418. STATE AND COUNTY DEMONSTRATION PROGRAMS.

"(a) NO LIMITATION OF STATE DEMONSTRATION PROJECTS.—Nothing in this part shall be construed as limiting a State's ability to conduct demonstration projects for the purpose of identifying innovative or effective program designs in 1 or more political subdivisions of the State.

"(b) COUNTY WELFARE DEMONSTRATION PROJECT.—

"(1) IN GENERAL.—The Secretary of Health and Human Services and the Secretary of Agriculture shall jointly enter into negotiations with all counties or a group of counties having a population greater than 500,000 desiring to conduct a demonstration project described in paragraph (2) for the purpose of establishing appropriate rules to govern establishment and operation of such project.

"(2) DEMONSTRATION PROJECT DESCRIBED.—The demonstration project described in this paragraph shall provide that—

"(A) a county participating in the demonstration project shall have the authority and duty to administer the operation of the program described under this part as if the county were considered a State for the purpose of this part;

"(B) the State in which the county participating in the demonstration project is located shall pass through directly to the county the portion of the grant received by the State under section 403 which the State determines is attributable to the residents of such county; and

"(C) the duration of the project shall be for 5 years.

"(3) COMMENCEMENT OF PROJECT.—After the conclusion of the negotiations described in paragraph (2), the Secretary of Health and Human Services and the Secretary of Agriculture may authorize a county to conduct the demonstration project described in paragraph (2) in accordance with the rules established during the negotiations.

"(4) REPORT.—Not later than 6 months after the termination of a demonstration project operated under this subsection, the Secretary of Health and Human Services and the Secretary of Agriculture shall submit to the Congress a report that includes—

"(A) a description of the demonstration project;

"(B) the rules negotiated with respect to the project; and

"(C) the innovations (if any) that the county was able to initiate under the project.

Mrs. FEINSTEIN. Mr. President, throughout the welfare debate it has often been stated that people closest to the problem know how to best deal with it.

In fact, many States assign administration of Federal welfare programs to counties. As a former mayor, and a former county supervisor, that certainly is the case in California.

Many of the innovations and successes currently under discussion have been initiated at the local level. In my earlier remarks on welfare reform, I mentioned several of them—initiatives made by counties to put people to work, to devise programs to really run their programs with efficiency, and appropriate for their local communities.

This amendment affirms that there will be no limitation on the ability of a State to conduct innovative and effective demonstration projects in one or more of its political subdivisions.

It empowers the Secretary of Health and Human Services to jointly negotiate with any county or group of counties having a population greater than 500,000 to conduct a demonstration project where the county would have the authority and duty to administer the operation of the welfare program covered by this bill.

In essence, what it is saying, for large counties, or a group of small counties, like in Wisconsin for example, the Secretary would have the authority to be able to negotiate so that the grant would go directly from Washington to the counties.

What does this mean? It means you take the State out of it. Why do I want to take the State out of it? Because I know what States do. They charge a cost, they set up a bureaucracy, and therefore a portion of the money will end up in the State. The State can often not send that money to the counties, or find a reason not to send it, and even use it for other purposes.

So in this amendment, the State in which the demonstration county is located would pass directly to the county the portion of the grant determined by

the State as attributable to the residents of that county.

The duration of the demonstration project is 5 years, after which time the Secretary is directed to report to the Congress on the description, rules, and innovations initiated under the project. Essentially, the block grants of the large counties could go directly to the counties, thereby I believe, based on my experience, it would save money and be more efficiently used.

This was in the bill, my understanding is, as it was originally drafted, and it was removed. We would by this amendment place it back. It is similar to an amendment which was in the prior Daschle bill.

I thank the Chair. I yield the floor.

Mr. FEINGOLD. Mr. President, I ask that the pending amendment temporarily be set aside so I can offer two amendments which I expect will be ultimately accepted.

The PRESIDING OFFICER. Without objection, the amendment will be set aside.

Mr. FEINGOLD. The first relates to a study of the impact of changes on the child care food program on program participation and family day care providers.

I have worked with the majority and minority on the Agriculture Committee on the language of the amendment, and I expect it will be accepted by the floor managers.

Mr. President, This amendment is very simple and it addresses an issue of great concern raised by my constituents in Wisconsin.

A few months ago, the House of Representatives repealed the entitlement status for the Child and Adult Care Food Program and placed its funding in a block grant of other child nutrition programs. The 10,000 family day care home sponsors in the United States worried the program would be swallowed up by the larger, more well-known programs such as the Special Supplemental Food Program for Women, Infants and Children.

The Family Day Home sponsors, who administer aspects of the CACFP knew the House proposal effectively meant the end of this very important program. Mr. President, the CACFP is a relatively small program that affects a very large number of children in this country. In addition to providing reimbursements to providers for meals served to low-income children in child care centers, it provides a blended reimbursement for meals served in all participating family day care homes—those with six children or fewer. Most children in the United States that currently receive day care are cared for in small family day care homes. Even more significantly, according to Congress's Select Panel for the Promotion of Child Health, pre-school age children receive about three-quarters of their nutritional intake from their day care providers. Those two facts emphasize the importance of ensuring children receive nutritious meals while they under the supervision of a family day care home provider.

Early this year, the operator of Wisconsin's smallest non-profit sponsor in my State, Linda Leindecker of Horizon's Unlimited in Green Bay, met with me to discuss her specific concerns about the proposals to modify the program she helps deliver. The CACFP, she pointed out, has greater benefits than might meet the eye. While the clear goal of the program is to enhance the nutritional status of children receiving care by family day care homes, it has many less obvious benefits. Linda pointed out that the program provides a strong incentive for small family day care homes to become licensed by the State. A recent survey of over 1,200 day care homes in Wisconsin found that over 70 percent of those surveyed became licensed because of CACFP benefits. That means children are more likely to be in day care homes that provide a safe and more healthy environment with more nutritious meals than unregulated day care homes. These so-called "underground" homes are not only operating without health or safety standards, but they are also better able to evade compliance with income tax laws as well.

Not only must family day care homes participating in the CACFP comply with State regulations, they are also subject to random inspections of all their homes by the CACFP sponsors. CACFP care providers must also undergo extensive nutrition education and training programs conducted by sponsors to ensure that the children in participating homes are eating nutritious meals as required by the program. In total, Wisconsin family day care providers are serving nearly 12.5 million healthy breakfasts, lunches, suppers and snacks annually.

Mr. President, the message I have heard loud and clear from Linda and other Family Day Care Home sponsors in Wisconsin is that while the primary benefit of the family day care home portion of the CACFP is the enhanced nutritional status of children in small day care homes, the second most important benefit is the role of this program in creating more licensed and regulated family day care homes. That benefits parents, taxpayers, and children alike.

Mr. President, I am pleased that the Senate Agriculture Committee did not take the drastic approach endorsed by the House. In particular, I am pleased that the Senator from Indiana [Mr. LUGAR] and the Senator from Vermont [Mr. LEAHY] recognized how important CACFP is to this Nation's children by maintaining the identity and entitlement status of the program in S. 904 as approved by the Agriculture Committee

However, the legislation before us, which incorporates the Agriculture Committee's bill S. 904, does make some fundamental changes to the reimbursement structure for family day care homes. The bill establishes an area-wide means test for full reimbursement, tier I, of meals served in family day care and provides a much smaller reimbursement for meals served in homes that do not fall within a qualifying geographic area, tier II. The Democratic alternative to the majority leader's bill also provides for geographic based means testing for CACFP but provides a slightly higher second tier reimbursement.

Wisconsin's day care home sponsors are alarmed by the small tier II home reimbursement and worry that this lower level of reimbursement will eliminate the incentive for family day care homes to become licensed and approved by the State. As some homes drop out of the program and operate underground, even fewer will enter the program at all, making regulated day care less accessible and less affordable to parents of young children. Sponsors are also worried that the nutritional quality of meals served in tier II homes will decline as well. Fifteen cents, they point out, doesn't buy much of a healthy mid-day snack.

I share those concerns, Mr. President. I am concerned that the marginal benefit of day care home participation may no longer justify the cost of being regulated or licensed by the State. If that is the case, I am concerned that not only the quality of day care will decline, but that the quantity of affordable day care will fall as well. While we are debating a bill that proposes to send more low-income parents to work, it is important that there be an adequate supply of safe and affordable day care for their children.

Mr. President, my amendment tries to address those concerns by requiring USDA to study the impact of the changes to CACFP made in this bill on program participation, family day care home licensing and the nutritional quality of meals served in family day care homes. Since the impact of these changes will likely be felt within the first year or two following enactment, my amendment calls for a one-time study of this matter, rather than an annual review.

I think it is critical that Congress have access to the information they need to conduct proper oversight of Federal programs. While the changes made to the CACFP in S. 1120 are intended to maintain program integrity while achieving fiscal responsibility, it is important that Congress find out whether the legislation actually achieves those goals.

That is the intent of my amendment. It is simple and straightforward but it is important.

The second amendment, Mr. President, relates to authority to allow a housing project in Madison, Wisconsin to conduct a demonstration project that waives the current take-one, take-all section 8 requirement that requires a project which accepts a single section 8 resident to take any other section 8 applicant.

The unfortunate result of this policy, Mr. President, is that sometimes it is meant that a project will not accept any section 8 residents at all. This demonstration program would not entail any Federal cost.

I understand that neither the administration nor the authorizing committee has any objection to this amendment and that they support moving in this direction in order to provide greater flexibility for these types of housing programs.

I offer this amendment along with my senior colleague from Wisconsin, Senator KOHL. The amendment would provide an opportunity for Madison, WI, to demonstrate an innovative and emerging strategy in the operation of the Department of Housing and Urban Development assisted housing program by eliminating the take-one, take-all requirement.

That provision requires the manager or owner of multifamily rental housing to make all units available to residents who qualify for section 8 certificates or vouchers under the National Housing Act as long as at least one unit is made available to those residents under the terms of the long-term, 20-year section 8 renter contracts.

The availability of low-income housing is being seriously threatened across this Nation. This is especially true when private property owners are considered who are increasingly choosing to opt out of the HUD section 8 program for a variety of reasons, as their long-term contracts expire.

The situation in this case in Madison is typical of these problems that are being experienced nationwide. HUD itself recognizes this and has actually proposed, Mr. President, that we eliminate the take-one, take-all language.

They project an elimination of the requirement will provide an incentive to attract new multifamily low-income housing developer owners and also retain existing ones.

Local government officials, private institutions, residents and apartment owners in Madison in this case, Mr. President, have agreed to a plan for the Summer Society Circle Apartments that will reduce the concentration of low-income families and densely populated in circumscribed areas.

They believe it will reduce crime and drug and gang activity and stabilize development in neighborhoods by encouraging a mix of low- and moderate-income families. We believe the amendment provides an opportunity to demonstrate that public-private collaborative planning can result in increased, Mr. President, increased availability of quality housing for low- and moderate-income families.

Accordingly, we urge the support of the body. There is no additional cost associated with this demonstration project, which simply allows this community to have greater flexibility in operating in housing projects which meet the needs of the communities.

As I understand the parliamentary situation, it is the desire of the managers to have as many of these amendments offered tonight as possible, and they will be disposed of in due course.

AMENDMENT NO. 2480

(Purpose: To study the impact of amendments to the child and adult care food program on program participation and family day care licensing)

Mr. FEINGOLD. As I said, I expect both of these ultimately to be accepted, and to expedite consideration I now send the first amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Wisconsin [Mr. FEINGOLD] proposes an amendment numbered 2480 to amendment No. 2280.

Mr. FEINGOLD. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 283, after line 23, insert the following:

(f) STUDY OF IMPACT OF AMENDMENTS ON PROGRAM PARTICIPATION AND FAMILY DAY CARE LICENSING.—

(1) IN GENERAL.—The Secretary of Agriculture, in conjunction with the Secretary of Health and Human Services, shall study the impact of the amendments made by this section on—

(A) the number of family day care homes participating in the child and adult care food program established under section 17 of the National School Lunch Act (42 U.S.C. 1766);

(B) the number of day care home sponsoring organizations participating in the program;

(C) the number of day care homes that are licensed, certified, registered, or approved by each State in accordance with regulations issued by the Secretary;

(D) the rate of growth of the numbers referred to in subparagraphs (A) through (C);

(E) the nutritional adequacy and quality of meals served in family day care homes that—

(i) received reimbursement under the program prior to the amendments made by this section but do not receive reimbursement after the amendments made by this section; or

(ii) received full reimbursement under the program prior to the amendments made by this section but do not receive full reimbursement after the amendments made by this section; and

(F) the proportion of low-income children participating in the program prior to the amendments made by this section and the proportion of low-income children participating in the program after the amendments made by this section.

(2) REQUIRED DATA.—Each State agency participating in the child and adult care food program under section 17 of the National School Lunch Act (42 U.S.C. 1766) shall submit to the Secretary data on—

(A) the number of family day care homes participating in the program on July 31, 1996, and July 31, 1997;

(B) the number of family day care homes licensed, certified, registered, or approved for service on July 31, 1996, and July 31, 1997; and

(C) such other data as the Secretary may require to carry out this subsection.

(3) SUBMISSION OF REPORT.—Not later than 2 years after the effective date of Sec. 423 of this Act, the Secretary shall submit the study required under this subsection to the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

Mr. FEINGOLD. Mr. President, I ask the pending amendment be set aside so I may offer my second amendment.

The PRESIDING OFFICER. The pending amendment is set aside.

AMENDMENT NO. 2481

(Purpose: To make an amendment relating to public housing)

Mr. FEINGOLD. I send my second amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Wisconsin [Mr. FEINGOLD], for himself and Mr. KOHL, proposes an amendment numbered 2481 to amendment No. 2280.

Mr. FEINGOLD. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in title X, add the following:

SEC. 10 . DEMONSTRATION PROJECT FOR ELIMINATION OF TAKE-ONE-ONE-TAKE-ALL REQUIREMENT.

In order to demonstrate the effects of eliminating the requirement under section 8(t) of the United States Housing Act of 1937, notwithstanding any other provision of law, beginning on the date of enactment of this Act, section 8(t) of such the United States Housing Act of 1937 shall not apply with respect to the multifamily housing project (as such term is defined in section 8(t)(2) of the United States Housing Act of 1937) consisting of the dwelling units located at 2401-2479 Sommerset Circle, in Madison, Wisconsin.

Amend the table of contents accordingly.

Mr. FEINGOLD. Mr. President, I yield the floor.

Mr. MOYNIHAN. Mr. President, I believe the Senator from California wished to speak.

I was mistaken. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mrs. BOXER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. BOXER. Mr. President, I ask the pending amendment be laid aside.

The PRESIDING OFFICER. The pending amendment will be set aside.

AMENDMENT NO. 2482 TO AMENDMENT NO. 2280

(Purpose: To provide that noncustodial parents who are delinquent in paying child support are ineligible for means-tested Federal benefits)

Mrs. BOXER. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from California [Mrs. BOXER] proposes an amendment numbered 2482 to amendment No. 2280.

Mrs. BOXER. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 712, between lines 9 and 10, insert the following:

SEC. 972. DENIAL OF MEANS-TESTED FEDERAL BENEFITS TO NONCUSTODIAL PARENTS WHO ARE DELINQUENT IN PAYING CHILD SUPPORT.

(A) IN GENERAL.—Notwithstanding any other provision of law, a non-custodial parent who is more than 2 months delinquent in paying child support shall not be eligible to receive any means-tested Federal benefits.

(b) EXCEPTION.—(1) IN GENERAL.—Subsection (a) shall not apply to an unemployed non-custodial parent who is more then 2 months delinquent in paying child support if such parent—

(A) enters into a schedule of repayment for past due child support with the entity that issued the underlying child support order; and

(B) meets all of the terms of repayment specified in the schedule of repayment as enforced by the appropriate disbursing entity.

(2) 2-YEAR EXCLUSION.—(A) A non-custodial parent who becomes delinquent in child support a second time or any subsequent time shall not be eligible to receive any means-tested Federal benefits for a 2-year period beginning on the date that such parent failed to meet such terms.

(B) At the end of that two-year period, paragraph (A) shall once again apply to that individual.

(c) MEANS-TESTED FEDERAL BENEFITS.—For purposes of this section, the term "means-tested Federal benefits" means benefits under any program of assistance, funded in whole or in part, by the Federal Government, for which eligibility for benefits is based on need.

Mrs. BOXER. Mr. President, I believe this amendment is quite straightforward. It basically says that, if a noncustodial parent is delinquent on child support payments and gets into arrears extending beyond 2 months, that individual, that deadbeat dad or deadbeat mom, as the case may be, will not be entitled to means-tested Federal benefits.

I think it is very important that we do this. I do not think we should be in the business of giving benefits to people who are neglecting their children. Many families go on welfare because noncustodial parents are not paying their child support.

What we do in this amendment is we give people a second chance. We say if they agree to sign a schedule and commit themselves to the repayment of the arrears and continue the payments on time, then they can get these benefits. But if they fail again, they will have to wait 2 years before they get a chance at those benefits again.

I hope we will have broad support for this amendment.

Only about 18 percent of all cases result in child support collections across this Nation.

And we have to remember we have 9.5 million children counting on AFDC for support. We could really take people out of poverty quickly if the deadbeat parent, be it a mom or a dad—usually it is a dad but sometimes it is a mom—came through with their child support payments.

This amendment is just another way for us to stand up and be counted and say: Look, you are not going to be entitled to get job training, vocational training, food stamps, SSI, housing assistance, and the other means-tested Federal benefits if you are behind on those child support payments. But we are ready to help you. If you will sign a schedule of payments and you live up to that schedule, we will make an exception.

It is interesting to note that America's children are owed more than $34 billion in unpaid child support. Talk about lowering the cost of welfare, collecting unpaid support would be one of the quickest ways to do it. Welfare caseloads could be reduced by one-third if families could rely on even $300 a month, or less, of child support. Mr. President, $300 a month would add up to more than $3,000 a year.

So my amendment would crack down on the deadbeat dads or the deadbeat moms, and basically say you have to pay support or you are not going to get the Federal assistance you would otherwise be entitled to.

So, Mr. President, I do not think I need to continue this dialog with my colleagues. I think at this point I can rest on what I have said. I think the Boxer amendment sends a tough message that we will have little tolerance for people who fail to meet their child support commitments. And we should be tough on these people because they jeopardize the health and well-being of their children by failing to pay support, and they are making the taxpayers pay money that they, in fact, owe to these children. So I rest my case on this amendment. I look forward to its being voted upon.

I ask my friend from Oklahoma and my friend from New York, is it necessary to ask for the yeas and nays at this time, because I certainly would like to have a vote on the amendment?

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I will be happy to respond to my colleague from California. Certainly she has a right to request the yeas and nays. I will support that effort.

I have a couple of comments. I had not seen the amendment. I may well support the thrust of it. Others may as well. We are going to have a couple of rollcall votes in the morning and then have some debate over Senator MOYNIHAN'S proposal, have the rollcall vote on his, and we may have several other rollcall votes. It will certainly be the Senator's opportunity, if she wishes to ask for the yeas and nays tomorrow. And that will also give her the opportunity to modify the amendment if it would make it more agreeable and more acceptable. That would be my recommendation. But, certainly, if she wishes to ask for the yeas and nays tonight she has that opportunity.

Mrs. BOXER. I thank my friend for his honest answer. I appreciate it. I will withhold because I do believe this is an excellent amendment and if there are small technical problems I will be happy to work with my friends to straighten them out.

So I will withhold, but I look forward to voting on this as soon as I can and I will be back in the morning to debate that, discuss it, at what time my colleague thinks is appropriate.

Mr. NICKLES. I appreciate my colleague from California doing that.

Mr. President, I know of no other Senators having amendments, and my colleague from New York as well. I suggest the absence of a quorum. It will be my intention that the Senate stand in recess until tomorrow morning shortly. But I will withhold for that for the moment. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. NICKLES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

(During today's session of the Senate, the following morning business was transacted.)

HONORING LOWELL C. KRUSE AS RECIPIENT OF THE HOPE AWARD

Mr. ASHCROFT. Mr. President, today I would like to congratulate a Missourian who has dedicated his life to helping others. He has spent his entire career in the medical field, not as a doctor, but as someone just as dedicated and just as committed to service. Mr. Kruse is soon to accept the Hope Award, the highest honor bestowed by the Multiple Sclerosis Society. He has served as a hospital administrator, vice president, and president; but throughout, Mr. Kruse has never forgotten those who are less fortunate.

Mr. Kruse was born on February 9, 1944, in the small midwestern town of Lake City, IA. He earned a bachelor's degree in business administration and psychology from Augustana College in Sioux City, SD, and went on to earn his master's degree in hospital administration from the University of Minnesota. Mr. Kruse started his career first as an assistant administrator at the St. Barnabas Hospital in Minneapolis, MN, then became an associate administrator at the Metropolitan Medical Center in Minneapolis where he remained for 7 years serving as the vice president of community operations.

In 1977, Mr. Kruse assumed the responsibilities as president and CEO of the Park Ridge Hospital and Nursing Home in Rochester, NY, and later president and CEO of Upstate Health System, Inc. in Rochester. In 1984, Mr. Kruse returned to his roots in the Midwest, serving as the president and CEO

United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 104th CONGRESS, FIRST SESSION

Vol. 141 WASHINGTON, FRIDAY, SEPTEMBER 8, 1995 No. 139

Senate

(Legislative day of Tuesday, September 5, 1995)

SCHEDULE

Mrs. HUTCHISON. Mr. President, on behalf of the leader and for the information of all Senators, the Senate will immediately begin resuming consideration of the welfare reform bill. As a reminder to all Senators, there will be two rollcall votes beginning at 9:30 this morning. The first vote will be on or in relation to the Brown amendment No. 2465, to be followed by a vote on or in relation to the Santorum amendment No. 2477.

In addition, there are a number of pending amendments to the welfare reform bill. Therefore, further rollcall votes can be expected. Also, as a reminder, by a previous consent agreement, all amendments must be offered by 5 p.m. today to be in order to the welfare bill.

FAMILY SELF-SUFFICIENCY ACT

The PRESIDING OFFICER (Mr. KYL). Under the previous order, the Senate will now resume consideration of H.R. 4, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence.

The Senate resumed consideration of the bill.

Pending:

Dole modified amendment No. 2280, of a perfecting nature.

Brown amendment No. 2465 (to amendment No. 2280), to provide that funds are expended in accordance with State laws and procedures relating to the expenditure of State revenues.

Moynihan amendment No. 2466 (to amendment No. 2280), in the nature of a substitute.

Feinstein modified amendment No. 2469 (to amendment No. 2280), to provide additional funding to States to accommodate any growth in the number of people in poverty.

Feinstein amendment No. 2470 (to amendment No. 2280), to impose a child support obligation on paternal grandparents in cases in which both parents are minors.

Moseley-Braun amendment No. 2471 (to amendment No. 2280), to require States to establish a voucher program for providing assistance to minor children in families that are eligible for but do not receive assistance.

Moseley-Braun amendment No. 2472 (to amendment No. 2280), to prohibit a State from imposing a time limit for assistance if the State has failed to provide work activity-related services to an adult individual in a family receiving assistance under the State program.

Moseley-Braun amendment No. 2473 (to amendment No. 2280), to modify the job opportunities to certain low-income individuals program.

Moseley-Braun amendment No. 2474 (to amendment No. 2280), to prohibit a State from reserving grant funds for use in subsequent fiscal years if the State has reduced the amount of assistance provided to families under the State program in the preceding fiscal year.

Santorum amendment No. 2477 (to amendment No. 2280), to eliminate certain welfare benefits with respect to fugitive felons and probation and parole violators, and to facilitate sharing of information with law enforcement officers.

Feinstein amendment No. 2478 (to amendment No. 2280), to provide equal treatment for naturalized and native-born citizens.

Feinstein amendment No. 2479 (to amendment No. 2280), to provide for State and county demonstration programs.

Feingold amendment No. 2480 (to amendment No. 2280), to study the impact of amendments to the child and adult care food program on program participation and family day care licensing.

Feingold amendment No. 2481 (to amendment No. 2280), to provide for a demonstration project for the elimination of take-one-take-all requirement.

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

(B) by redesignating subsection (j) as subsection (k);

The PRESIDING OFFICER. The clerk will call the roll.

amendment No. 2465. The yeas and nays have been ordered.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LOTT: I announce that the Senator from Mississippi [Mr. COCHRAN] and the Senator from Alaska [Mr. MURKOWSKI] are necessarily absent.

The PRESIDING OFFICER (Mr. DEWINE). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 92, nays 6, as follows:

[Rollcall Vote No. 401 Leg.]

YEAS—92

Abraham	Frist	Mack
Akaka	Glenn	McCain
Baucus	Gorton	McConnell
Bennett	Graham	Mikulski
Bingaman	Gramm	Moseley-Braun
Bond	Grams	Moynihan
Boxer	Grassley	Murray
Bradley	Harkin	Nickles
Breaux	Hatch	Nunn
Brown	Hatfield	Packwood
Bryan	Heflin	Pell
Bumpers	Helms	Pressler
Burns	Hollings	Pryor
Byrd	Hutchison	Reid
Campbell	Inhofe	Robb
Cohen	Inouye	Rockefeller
Conrad	Jeffords	Roth
Coverdell	Johnston	Santorum
Craig	Kassebaum	Sarbanes
D'Amato	Kempthorne	Shelby
Daschle	Kennedy	Simon
DeWine	Kerrey	Simpson
Dodd	Kerry	Smith
Dole	Kohl	Snowe
Domenici	Kyl	Specter
Dorgan	Lautenberg	Stevens
Exon	Leahy	Thomas
Faircloth	Levin	Thurmond
Feingold	Lieberman	Warner
Feinstein	Lott	Wellstone
Ford	Lugar	

NAYS—6

Ashcroft	Chafee	Gregg
Biden	Coats	Thompson

NOT VOTING—2

Cochran	Murkowski

So the amendment (No. 2465) was agreed to.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote.

Mr. GLENN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

VOTE ON AMENDMENT NO. 2477

The PRESIDING OFFICER. The question is now on the Santorum amendment, No. 2477.

The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Mississippi [Mr. COCHRAN], the Senator from Alaska [Mr. MURKOWSKI], and the Senator from Texas [Mr. GRAMM] are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced, yeas 91, nays 6, as follows:

[Rollcall Vote No. 402 Leg.]

YEAS—91

Abraham	Bond	Bumpers
Ashcroft	Boxer	Burns
Baucus	Bradley	Byrd
Bennett	Breaux	Chafee
Biden	Brown	Coats
Bingaman	Bryan	Cohen
Conrad	Heflin	Nickles
Coverdell	Helms	Nunn
Craig	Hollings	Packwood
D'Amato	Hutchison	Pell
Daschle	Inhofe	Pressler
DeWine	Jeffords	Pryor
Dodd	Johnston	Reid
Dole	Kassebaum	Robb
Domenici	Kempthorne	Rockefeller
Dorgan	Kennedy	Roth
Exon	Kerrey	Santorum
Faircloth	Kerry	Sarbanes
Feingold	Kohl	Shelby
Feinstein	Kyl	Simpson
Ford	Lautenberg	Smith
Frist	Leahy	Snowe
Glenn	Levin	Specter
Gorton	Lieberman	Stevens
Graham	Lott	Thomas
Grams	Lugar	Thompson
Grassley	Mack	Thurmond
Gregg	McCain	Warner
Harkin	McConnell	Wellstone
Hatch	Mikulski	
Hatfield	Murray	

NAYS—6

Akaka	Inouye	Moynihan
Campbell	Moseley-Braun	Simon

NOT VOTING—3

Cochran	Gramm	Murkowski

So the amendment (No. 2477) was agreed to.

GOLDEN GAVEL AWARD

Mr. DOLE. Mr. President, as all Senators know, the Senate is a place of tradition, and one tradition we have is honoring those colleagues who preside over the Senate for more than 100 hours a session. Compared to Cal Ripken's 2,131 games, 100 hours may not seem like a long time, but presiding over the Senate can be very tough duty.

There are periods, of course, when absolutely nothing is happening, but there are also periods when rulings from the Chair may change the course of legislation or of history itself.

Many Senators have presided over the Senate, but I am told that no Republican Senator has ever presided for over 100 hours in a shorter period of time than the current occupant of the Chair, Senator MIKE DEWINE, of Ohio.

It is a pleasure to announce that he is the first recipient of the Golden Gavel Award in the 104th Congress. And when Senator DEWINE departs from the chair today, I will invite him back to the cloakroom where we have a cake in his honor. I know all Senators join me in congratulating the presiding officer on this occasion.

[Applause, Senators rising.]

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

Mr. DOLE. Mr. President, I am going to modify my amendment. But if I could briefly put in a quorum and indicate that on this side of the aisle the bill will be managed by a number of members on the Finance Committee—Senator GRASSLEY, Senator HATCH, Senator SANTORUM, Senator NICKLES, Senator CHAFEE, and the leader—throughout the remainder of the time on this particular bill. We have a lot of managers.

Could I suggest the absence of a quorum, unless somebody wanted to——

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. A number of Senators simply wish to lay down their amendments. This is understood. And there will be no debate, but simply if you would recognize them as they rise, we would appreciate it, sir.

Mr. SIMON addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

AMENDMENT NO. 2468 TO AMENDMENT NO. 2280

(Purpose: To provide grants for the establishment of community works progress programs)

Mr. SIMON. This is for the purpose of laying down my amendment. It is No. 2468. I would like to call it up.

I think there is another amendment pending that I have to ask unanimous consent to ask that it be set aside. I do so request.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SIMON. I call up my amendment No. 2468.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Illinois [Mr. SIMON] proposes an amendment numbered 2468 to amendment No. 2280.

Mr. SIMON. Mr. President, I ask that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. SIMON. I ask unanimous consent that the amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEVIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

AMENDMENT NO. 2486 TO AMENDMENT NO. 2280

(Purpose: To require recipients of assistance under a State program funded under part A of title IV of the Social Security Act to participate in State mandated community service activities if they are not engaged in work after 6 months of receiving benefits)

Mr. LEVIN. Mr. President, pursuant to the unanimous consent agreement, I send an amendment to the desk so that it will be qualified pursuant to that agreement.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The legislative clerk read as follows:

The Senator from Michigan [Mr. LEVIN] proposes an amendment numbered 2486 to amendment No. 2280.

Mr. LEVIN. Mr. President, I ask that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 12, between lines 22 and 23, insert the following:

"(G) COMMUNITY SERVICE.—Not later than 3 years after the date of the enactment of the Work Opportunity Act of 1995, should (and not later than 7 years after such date, shall) offer to, and require participation by, a parent or caretaker receiving assistance under the program who, after receiving such assistant for 6 months—

"(i) is not exempt for work requirements; and

"(ii) is not engaged in work as determined under section 404(c),

in community service employment, with minimum hours per week and tasks to be determined by the State.

On page 35, between lines 2 and 3, insert the following:

"(6) CERTAIN COMMUNITY SERVICE EXCLUDED.—An individual performing community service pursuant to the requirement under section 402(a)(1)(1)G) shall be excluded from the determination of a State's participation rate.

Mr. LEVIN. Mr. President, I ask unanimous consent that the amendment be laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BREAUX addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BREAUX. Thank you, Mr. President.

PRIVILEGE OF THE FLOOR

Mr. BREAUX. Mr. President, I ask unanimous consent that Lisa Aikman, a congressional fellow in my office, be granted floor privileges through the end of our consideration of the Work Opportunity Act of 1995.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BREAUX. Mr. President, I ask that the pending amendment be set aside so I may ask unanimous consent to offer four amendments en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENTS NOS. 2487 THROUGH 2490, EN BLOC, TO AMENDMENT NO. 2280

Mr. BREAUX. I send my amendments to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Louisiana [Mr. BREAUX] proposes amendments numbered 2487 through 2490, en bloc, to amendment No. 2280.

Mr. BREAUX. Mr. President, I ask that the reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2487

(Propose: To maintain the welfare partnership between the States and the Federal Government)

On page 23, beginning on line 7, strike all through page 24, line 18, and insert the following:

"(5) WELFARE PARTNERSHIP.—

"(A) IN GENERAL.—The amount of the grant otherwise determined under paragraph (1) for fiscal year 1997, 1998, 1999, or 2000 shall be reduced by the amount by which State expenditures under the State program funded under this part for the preceding fiscal year is less than 100 percent of historic State expenditures.

"(B) HISTORIC STATE EXPENDITURES.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'historic State expenditures' means expenditures by a State under parts A and F of title IV for fiscal year 1994, as in effect during such fiscal year.

"(ii) HOLD HARMLESS.—In no event shall the historic State expenditures applicable to any fiscal year exceed the amount which bears the same ratio to the amount determined under clause (i) as—

"(I) the grant amount otherwise determined under paragraph (1) for the preceding fiscal year (without regard to section 407), bears to

"(II) the total amount of Federal payments to the State under section 403 for fiscal year 1994 (as in effect during such fiscal year).

"(C) DETERMINATION OF STATE EXPENDITURES FOR PRECEDING FISCAL YEAR.—

"(i) IN GENERAL.—For purposes of this paragraph, the expenditures of a State under the State program funded under this part for a preceding fiscal year shall be equal to the sum of the State's expenditures under the program in the preceding fiscal year for—

"(I) cash assistance;

"(II) child care assistance;

"(III) education, job training, and work; and

"(IV) administrative costs.

"(ii) TRANSFERS FROM OTHER STATE AND LOCAL PROGRAMS.—In determining State expenditures under clause (i), such expenditures shall not include funding supplanted by transfers from other State and local programs.

"(D) EXCLUSION OF FEDERAL AMOUNTS.—For purposes of this paragraph, State expenditures shall not include any expenditures from amounts made available by the Federal Government.

AMENDMENT NO. 2488

(Purpose: To maintain the welfare partnership between the States and the Federal Government)

On page 23, beginning on line 7, strike all through page 24, line 18, and insert the following:

"(5) WELFARE PARTNERSHIP.—

"(A) IN GENERAL.—The amount of the grant otherwise determined under paragraph (I) for fiscal year 1997, 1998, 1999, or 2000 shall be reduced by the amount by which State expenditures under the State program funded under this part for the preceding fiscal year is less than 90 percent of historic State expenditures.

"(B) HISTORIC STATE EXPENDITURES.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'historic State expenditures' means expenditures by a State under parts A and F of title IV for fiscal year 1994, as in effect during such fiscal year.

"(ii) HOLD HARMLESS.—In no event shall the historic State expenditures applicable to any fiscal year exceed the amount which bears the same ratio to the amount determined under clause (i) as—

"(I) the amount otherwise determined under paragraph (1) for the preceding fiscal year (without regard to section 407), bears to

"(II) the total amount of Federal payments to the State under section 403 for fiscal year 1994 (as in effect during such fiscal year).

"(C) DETERMINATION OF STATE EXPENDITURES FOR PRECEDING FISCAL YEAR.—

"(i) IN GENERAL.—For purpose of this paragraph, the expenditures of a State under the State program funded under this part for a preceding fiscal year shall be equal to the sum of the State's expenditures under the program in the preceding fiscal year for—

"(I) cash assistance;

"(II) child care assistance;

"(III) education, job training, and work; and

"(IV) administrative costs.

"(ii) TRANSFERS FROM OTHER STATE AND LOCAL PROGRAMS.—In determining State expenditures under clause (i), such expenditures shall not include funding supplanted by transfers from other State and local programs.

"(D) EXCLUSION OF FEDERAL AMOUNTS.—For purposes of this paragraph, State expenditures shall not include any expenditures from amounts made available by the Federal Government.

AMENDMENT NO. 2489

In section 703(39), strike "(8)" and all that follows and insert "(9) of section 716(a).".

In section 714(c)(2)(B), strike clause (vii) and insert the following:

"(vii) the steps the State will take over the 3 years covered by the plan to comply with the requirements specified in section 716(a)(3) relating to the provision of education and training services;".

In section 716(a)(1)(A), strike "and (4)" and insert "(4), and (5)".

In section 716(a)(1), strike subparagraph (B) and insert the following:

"(B) may be used to carry out the activities described in paragraphs (6), (7), (8), and (9).".

In section 716(a), strike paragraph (9).

In section 716(a)(8), strike "(8)" and insert "(9)".

In section 716(a)(7), strike "(7)" and insert "(8)".

In section 716(a)(6), strike "(6)" and insert "(7)".

In section 716(a)(5), strike "(5)" and insert "(6)".

In section 716(a)(4), strike "(4)" and insert "(5)".

In section 716(a)(3), strike "(3)" and insert "(4)".

In section 716(a), insert after paragraph (2) the following:

"(3) EDUCATION AND TRAINING SERVICES.—

"(A) IN GENERAL.—The State shall use a portion of the funds described in paragraph (1) to provide education and training services in accordance with this paragraph to adults, each of whom—

"(i) is unable to obtain employment through core services described in paragraph (2)(B);

"(ii) needs the education and training services in order to obtain employment, as determined through—

"(I) an initial assessment under paragraph (2)(B)(ii); or

"(II) a comprehensive and specialized assessment; and

"(iii) is unable to obtain other grant assistance, such as a Pell Grant provided under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.), for such services.

"(B) TYPES OF SERVICES.—Such education and training services may include the following:

"(i) Occupational skills training, including training for nontraditional employment.

"(ii) On-the-job training.

"(iii) Services that combine workplace training with related instruction.

"(iv) Skill upgrading and retraining.

"(v) Entrepreneurial training.

"(vi) Preemployment training to enhance basic workplace competencies, provided to individuals who are determined under guidelines developed by the Federal Partnership to be low-income.

"(vii) Customized training conducted with a commitment by an employer or group of employers to employ an individual on successful completion of the training.

"(C) USE OF VOUCHERS FOR DISLOCATED WORKERS.—

"(i) IN GENERAL.—Except as provided in clauses (ii) and (iii), education and training services described in subparagraph (B) shall be provided to dislocated workers through a system of vouchers that is administered

through one-stop delivery described in paragraph (2).

"(ii) EXCEPTIONS.—Education and training services described in subparagraph (B) may be provided to dislocated workers in a substate area through a contract for services in lieu of a voucher if—

"(I) the local partnership described in section 728(a), or local workforce development board described in section 728(b), for the substate area determines there are an insufficient number of eligible entities in the substate area to effectively provide the education and training services through a voucher system;

"(II) the local partnership or local workforce development board determines that the eligible entities in the substate area are unable to effectively provide the education and training services to special participant populations; or

"(III) the local partnership or local workforce development board decides that the education and training services shall be provided through a direct contract with a community-based organization serving special participant populations.

"(iii) PROHIBITION ON PROVISION OF ON-THE-JOB TRAINING THROUGH VOUCHERS.—On-the-job training provided under this paragraph shall not be provided through a voucher system.

"(D) ELIGIBILITY OF EDUCATION AND TRAINING SERVICE PROVIDERS.—

"(i) ELIGIBILITY REQUIREMENTS.—An entity shall be eligible to provide the education and training services through a program carried out under this paragraph and receive funds from the portion described in subparagraph (A) through the receipt of vouchers if—

"(I)(aa) the entity is eligible to carry out the program under title IV of the Higher Education Act of 1965; or

"(bb) the entity is eligible to carry out the program under an alternative eligibility procedure established by the Governor of the State that includes criteria for minimum acceptable levels of performance; and

"(II) the entity submits accurate performance-based information required pursuant to clause (ii). [except that entities described in subclause (I)(aa) shall only be required to provide information for programs other than programs leading to a degree.]

"(ii) PERFORMANCE-BASED INFORMATION.—The State shall identify performance-based information that is to be submitted by an entity for the entity to be eligible to provide the services, and receive the funds, described in clause (i). Such information [shall] include information relating to—

"(I) the percentage of students completing the programs, if any, through which the entity provides education and training services described in subparagraph (B), as of the date of the submission;

"(II) the rates of licensure of graduates of the programs;

"(III) the percentage of graduates of the programs meeting skill standards and certification requirements endorsed by the National Skill Standards Board established under the Goals 2000: Educate America Act;

"(IV) the rates of placement and retention in employment, and earnings, of the graduates of the programs;

"(V) the percentage of students in such a program who obtained employment in an occupation related to the program; and

"(VI) the warranties or guarantees provided by such entity relating to the skill levels or employment to be attained by recipients of the education and training services provided by the entity under this paragraph.

"(iii) ADMINISTRATION.—The Governor shall designate a State agency to collect, verify, and disseminate the performance-based information submitted pursuant to clause (ii).

"(iv) ON-THE-JOB TRAINING EXCEPTION.—Entities shall not be subject to the requirements of clauses (i) through (iii) with respect to on-the-job training activities.".

In section 716(a)(7) (as so redesignated), strike subparagraphs (A), (B), and (C).

In subparagraph (D) of section 716(a)(7) (as so redesignated), strike "(D)" and insert "(A)".

In section 716(a)(7) (as so redesignated), strike subparagraph (E).

In subparagraph (F) of section 716(a)(7) (as so redesignated), strike "(F)" and insert "(B)".

In section 716(a)(7) (as so redesignated), strike subparagraph (G).

In subparagraph (H) of section 716(a)(7) (as so redesignated), strike "(H)" and insert "(C)".

In subparagraph (I) of section 716(a)(7) (as so redesignated), strike "(I)" and insert "(D)".

In section 716(a)(7) (as so redesignated), strike subparagraph (J).

In subparagraph (K) of section 716(a)(7) (as so redesignated), strike "(K)" and insert "(E)".

In subparagraph (L) of section 716(a)(7) (as so redesignated), strike "(L)" and insert "(F)".

In subparagraph (M) of section 716(a)(7) (as so redesignated), strike "(M)" and insert "(G)".

In subparagraph (N) of section 716(a)(7) (as so redesignated), strike "(N)" and insert "(H)".

In subparagraph (O) of section 716(a)(7) (as so redesignated), strike "(O)" and insert "(I)".

In section 716(g)(1)(A), strike "(a)(6)" and insert "(a)(7)".

In section 716(g)(1)(B), strike "(a)(6)" and insert "(a)(7)".

In section 716(g)(2)(A), strike "(a)(6)" and insert "(a)(7)".

In section 716(g)(2)(B)(i), strike "(a)(6)" and insert "(a)(7)".

In section 7(38) of the Rehabilitation Act of 1973 (as amended by section 804), strike "(8)" and all that follows and insert "(9) of section 716(a) of the Workforce Development Act of 1995.".

AMENDMENT NO. 2490

(Purpose: To strike provisions relating to workforce development and workforce preparation)

Strike titles VII and VIII of the amendment.

Mr. BREAUX. I ask unanimous consent that the amendments be temporarily set aside until it is appropriate that they be considered.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. I believe the pending amendment is offered by this Senator under a time agreement of 1½ hours, equally divided.

The PRESIDING OFFICER. Amendment No. 2466. There is a 90-minute time limit.

Mr. MOYNIHAN. Thank you.

Mr. DOLE. Mr. President, I wonder whether, rather than waste time in a quorum call, I could have consent to modify an amendment? If I could just extend that consent to follow disposition of the Moynihan amendment?

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KERRY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KERRY. Would it be possible to proceed for 5 minutes or so on a subject outside of that?

Mr. DOLE. It is all right with this Senator.

Mr. MOYNIHAN. Five minutes, and then we can get to this matter then.

The PRESIDING OFFICER. The Senator from Massachusetts.

CONGRESS MOVING TOWARD A "TRAIN WRECK"

Mr. KERRY. Mr. President, it is clear that Congress is moving inexorably toward what the press is consistently referring to as a "train wreck." And all of us understand as we look at the budget process that there is an inevitable confrontation that is going to take place. That train wreck is already beginning to promote a concern in the financial marketplace. It is upsetting people's perceptions about what Congress is capable of doing or willing to do.

And I would like to say at this time, Mr. President, I would like to express my hope that bipartisanship and common sense will still be virtues here in Washington and that we can take the steps necessary to avoid any train wreck.

It seems to me that all of us ought to be pretty sensitive to what is about to happen. Despite the fact that a huge portion of the public has said that they did not like the way we do business.

Mr. President, a portion of the public has already said to us they do not like the way we do business here. And a lot of us have come to understand that. Despite the fact that we talk about change, we rarely accomplish it. And despite the fact that we claim we want bipartisanship and avoid politics as usual, Congress and the President are moving in a kind of mindless Alice in Wonderland atmosphere toward an inevitable confrontation.

And that confrontation is going to leave Americans questioning the quality of the leadership of this country and questioning the degree to which people here are in touch with the real concerns of the American people.

I find this a profoundly disturbing and almost incomprehensible equation. It is contrary to all of the things that people are asking us to do. And yet some people around here seem more content to believe that it is better to have a sort of ripeness to the political confrontation before we sit down and discuss what we are going to do.

Mr. President, I think that the American people have made it very clear that they want us to behave like adults and they want an assurance that critical services are going to continue to be provided to the people who pay our bills, who pay our salaries, and who pay for those services. In addition to that, there are very fundamental, basic needs of the country that should not be made poker chips in a political gamesmanship one-upmanship process.

Most people have made it very, very clear that their concerns are whether they are going to have a job, whether we are going to do something about raising their income, whether kids are going to get to school and whether the schools are going to be safe, and whether they will be safe in their communities. These are the real concerns of the American people. And every single one of us knows that there are going to be some appropriations bills on the floor that are going to be passed in a unison of ideological fervor. Those bills are absolutely preordained to be vetoed. They are absolutely preordained to have the vetoes upheld. And we are absolutely preordained to come here to confront the moment of reality. But that moment of reality is being put off into the future in a way that makes the American people the pawns in the process.

And I guarantee my colleagues—and they know it because I hear them saying it in the back halls—this will not serve America's interests. This will not serve our interests. It will be bad for this institution. And those of us who I think are concerned about trying to find a bipartisan, moderate, commonsense solution would like to suggest that rather than waiting for the train wreck, let us do what sensible people are supposed to do. Let us sit down now. Let us begin the process now of a bipartisan effort to avoid this confrontation and to find out if we can behave like the adults the American people sent us here to behave like. It is not very complicated.

I would ask that the President of the United States engage with the leadership, with those leaders of the key committees now, and that we even invite the American people to participate. Hold a meeting in the East Room. Let C-SPAN be part of the discussion of the priorities of this country. Let them see why there are differences of opinion. Let America share together with us an opportunity to prove that we are not going to conduct business as usual, that we are prepared to truly think differently.

I ask for 1 additional minute, Mr. President.

The PRESIDING OFFICER. The Senator is recognized for 1 additional minute.

Mr. KERRY. Mr. President, rather than go through the process of the inevitable confrontation with a continuing resolution, with a then delayed moment of confrontation with another continuing resolution, it is incumbent on all of us to have a responsible process in the interest of this institution and the American people.

I hope that the President of the United States will reach out to the leadership, and I hope that the majority leader will not be stuck in a position where he suggests that compromise is impossible.

Compromise is the nature of the legislative process. Inevitably, everyone knows there will be some kind of compromise. There has to be. The political equation of the veto, the political equation of the executive versus the legislative branch dictates that that will happen. What the American people do not want to see is a repeat of the Washington Monument and other symbolic closings that ultimately wind up with more than symbolic closings. It is not necessary.

So I implore our colleagues, let us not make the American people the pawns in a political charade. Let us get away from business as usual. Let us begin the process of a real dialog now that proves to the American people we are prepared to have an important, open, significant debate about the priorities of this country, and we can conduct our business in a mature and sensible fashion.

I yield the floor, and I thank the distinguished managers.

THE FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

The PRESIDING OFFICER. Who yields time?

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

AMENDMENT NO. 2466

Mr. MOYNIHAN. Mr. President, I yield myself such time as I may require for an opening statement.

Mr. President, I rise in an all but empty Chamber to offer an amendment which is in the nature of a substitute for the bill reported from the Committee on Finance and later amended by the distinguished Republican leader.

On May 26, the committee considered the chairman's mark and the bill that I offered, the Family Support Act of 1995. It failed by a vote of 12 to 8 in our committee on party lines, with one exception, and it was not a happy moment, much less a promising moment. It was, indeed, a foreboding one.

Had it not been for the 1994 congressional elections, the wave of what George Will called a cymbal-clash change of the electorate, this measure now before the Senate is pretty much the measure we would have been considering. It brings the Family Support Act of 1988 up to the higher standards, higher expectations that we assumed would come with time and which we also assumed in what might seem the innocence of the last decade would be as bipartisan an effort as was the original.

The Family Support Act passed the Senate on June 16, 1988, by a vote of 93 to 3. We went to conference. The conference committee agreed. It came back, and on September 29 it passed out of this Senate 96 to 1, and then the following day the conference report was agreed to in the House by a vote of 347 to 53, near to an overwhelming vote. And on October 13, it was signed by President Reagan in a ceremony in the Rose Garden. Then Governor William J. Clinton of Arkansas, the Chairman of the Governors' Association was on hand, as was Governor Mike Castle, then Republican Governor of Delaware. The two of them had helped this bipartisan effort in the Governors' Association.

President Reagan said:

> I'm pleased to sign into law today a major reform of our Nation's welfare system, the Family Support Act. This bill creates a new emphasis on the importance of work for individuals in the welfare system.

It basically redefined the Aid to Families with Dependent Children legislation, which dates back to 1935. What had been a widow's pension, meant to phase out as survivor's insurance matured in Social Security, had become a wholly different program for a wholly different population, and within a certain measure of delay, when the time came, we redefined the program, redefined its objectives. We did so, Mr. President, with a measure of realism, even of modesty, in the face of extraordinary change in our social structure, our social system, if you will. This change came suddenly and without warning and to this day it can be quantified but scarcely explained. I refer to the subject that has been spoken about with candor and, I think, understanding, with an openness on the floor in this debate already, which is the rise of out-of-wedlock births, from about 6 percent nationwide in 1960 to about 33 percent today.

I have commented several times that this is something we did not know how to talk about, were not sure we ought to talk about, but which Presidents now openly discuss. President Bush was the first President to raise this issue in a State of the Union Message. President Clinton has done the same. President Clinton has suggested projections that we have made in our office which could take us surely to 40 percent, a number without meaning until this moment in history. We could not have imagined it.

We created the JOBS Program, one of those acronyms, Jobs Opportunities and Basic Skills. We set quotas, percentages that States had to meet as they moved along with the funds available, and we began to see results.

We never promised a very great deal. We made very clear that the persons we were concerned about were the persons most in need, and they are not difficult to define, Mr. President.

About 42 percent of persons who enter the welfare system are there for 24 months or less. They typically are women with children whose marriages have dissolved, and it takes them a period to put their life back, their affairs back in order, and they do. A fairly considerable amount of research has indicated they do not need anything but time and a certain amount of income support, which is what the Social Security system is all about.

On the other hand, a very large proportion of our children enter this system and stay in it for more than 5

years, stay in it for much of their childhood. Seventy-six percent of persons on the AFDC rolls at any given time will be on more than 5 years. They are the ones who are most in need. They are the ones who are most difficult to help. Those are the ones, when something succeeds, you have saved a life. We should concentrate on that.

We were off to a slow start. We had a recession. We had a rise in the number of out-of-wedlock births. What is worrisome is that the cohort of women age 15–24, the age group disproportionately responsible for out-of-wedlock births, is expected to rise over the next 10 years. We will have more illegitimacy, and consequently more of a need for welfare assistance. That phrase "demography is destiny"—demography is destiny for the welfare system.

In the face of these massive, disturbing, changes in the structure of the family, we enacted the Family Support Act of 1988. For the first time, we said that the single mothers on the welfare rolls must be in education, training, or work to receive their benefits, to the extent State resources permit. We gave States great flexibility to experiment. And we began to get good news from around the country as these programs took effect. The word came out that you can innovate, you ought to try.

How many Senators have we heard talking about Riverside, CA? We had the director of that jobs program in to testify before us this spring in the Finance Committee, with enthusiasm, full of energy. He had a blue button that says "Life works when you work." That sort of energy in the executive establishment is to be praised. All across the country, we began to hear of this program and that program taking hold. But still, the welfare caseload grew.

As I said yesterday, our assessment in the Congressional Budget Office is that about half the growth was due to the increase in out-of-wedlock births. About a quarter of the decline of the economy is the increase in unemployment. There is a measure in which the economy affects welfare dependency. But primarily, welfare dependency derives from single-parent families. It is affected by the rise in the business cycle—but marginally. We are dealing with something very different, very new, just learning our way. And yet, while we simply do not know how to change the behavior which is driving illegitimacy, we are learning how to get welfare recipients off the rolls and into jobs. What we have learned we have learned under the Family Support Act.

That is why it has come as a source of dismay to many students of the subject, scholars such as Lawrence Mead, of New York University, who certainly wishes himself to be understood as conservative in these matters. He said recently of the legislation before us, what we voted on yesterday and what we will vote on:

> The main effect of block grants would be to disestablish the jobs program which has been the major force pushing States with large caseloads to reform.

Dr. Meade has commented that even New York is beginning to get the message. Well, that is a large event. You cannot break the mindset of a half century instantly. There is a sort of law of retarded response, that large bureaucracies established to provide benefits on a permanent basis to permanently dependent persons, widows react slowly to change, and it will take a generation to get it understood that this is no longer the reality.

I knew Frances Perkins rather well. She was very much in evidence here in Washington in the early sixties. We began to notice this welfare problem, and I would talk with her about it. When it began, she would describe the typical recipient of the Aid to Families with Dependent Children. The typical recipient was a West Virginia miner's widow. There was no expectation that she would go to work in the mines. In time, the survivors insurance would take care of that. In time the survivors insurance did. Only about 71 percent of the persons receiving Social Security benefits are retired persons. The rest are spouses, children of deceased workers, and persons of that order.

We knew we were changing and we knew the change would be difficult, but we built into our legislation very careful evaluation to find what works. We particularly looked to the Manpower Demonstration Research Corporation based in New York, which had provided the basic data on which we enacted the legislation, and they have now reported. They are not easily impressed. They quantify, they measure, and they are very realistic. This is what they recently wrote about an assessment of the program Nationwide:

> This report represents early evidence that well-implemented, highly mandatory jobs programs that use job search followed by a range of short-term education, training, and other services to promote rapid job entry can produce dramatic reductions in welfare receipt and substantial increases in employment and earnings.

May I say, Mr. President, the MDRC is not in the habit of referring to dramatic reductions. But they have done it. Indeed, we see our caseloads beginning to decline over the last year. They have dropped by a quarter of a million, 240,000 or almost 5 percent. Most of the decline has come in the 44 smaller States that have about half the caseload. Forty-four States have half of the AFDC cases; six have the other half.

I have spoken to you, Mr. President, about the degree to which so many of our cities are effectively overwhelmed by this social disorder, as it now is. In the city of Chicago, in a given year, 46 percent of all children will be on welfare. In Detroit, 67 percent will be. In Philadelphia, 57 percent. In New York, 39 percent. These are numbers that overwhelm a political and a social system. They will stay overwhelmed. It will be a generation before we are out of this.

But if we now abandon efforts which are beginning to show results, we will regret it. We will regret it if we remember having done it. I have, several times, referred to a remark made on the Charlie Rose show by the new director of the National Urban League, Mr. Hugh Price, who said that what we are proposing is something equal to the measures of the deinstitutionalization of mental patients in the 1960's.

I happen to have been much involved in that. The program began in the 1950's in New York State, where the first tranquilizers were developed. I was on hand, Mr. President, when on October 31, 1963, President John F. Kennedy had his last public bill signing ceremony. He signed the Community Mental Health Construction Act of 1963. He gave me a pen, and I have had it framed. We were going to build 2,000 community mental health centers between then and 1980. We were going to empty out our mental institutions and treat people in their communities. Well, we emptied out our mental institutions, but we did not build the centers. We built about 400 and then forgot what we were doing. Then the problem of the homeless appeared, and people said, "Where did these homeless persons come from?"

In my city of New York they said, well, it is obviously the problem of lack of affordable housing. It was not a lack of affordable housing. It is schizophrenia, found in a basic incidence of large populations. We did something terribly wrong and we cannot even recover the memory.

If in 10 years' time we find children sleeping on grates, picked up in the morning frozen, and we ask, why are they scavenging, being awful to themselves, awful to one another? Would anyone remember how it began? It would have begun on the House floor this spring and the Senate Chamber this autumn.

You will have half a million children in New York City with altogether inadequate provision, if any. It will almost be forgotten. Such is the amnesiac quality of so much of our politics, that there was a time when the Federal Government said it had a responsibility.

These children are all our children and we are all responsible for them. If you had more intelligent federalism it would sort so many things out. We have so many things we are doing at the Federal level in which we have no business.

It was remarked yesterday that when the Food Stamp Program began, States were free to set their own levels and they set them at wildly different levels, and many were quite inadequate. President Nixon came along and said, no, children are children, they are all American children. We will have a national standard.

President Nixon proposed a guaranteed income. The distinguished Presiding Officer was presiding the other day when just by coincidence a Brazilian

Senator happened to be in Washington and came to watch us, observe us. I went out to introduce myself and asked him to come and join us on the floor. Senator Eduardo Suplicy, who gave us a copy of a bill that has passed the Brazilian Senate which provided a guaranteed minimum income—all families with children up to age 14.

Brazil is doing it, moving in the direction we were. We are moving away. We are moving away amidst all manner of myth and misinformation.

First of all there is the myth that there is, in fact, an individual entitlement to welfare benefits. There is not, sir. States are entitled to a Federal matching share of any outlays they make on their own State programs.

The Federal share for various States ranges from 50 percent to about 78 percent. A State may have any program it wishes; it may have no program and provide $1 per year per child or $1,000 per year per child.

The number of actual Federal requirements are relatively few. The Federal statute says you can have only $1,000 in assets. All these children are paupers.

The bureaucracy has been too presciptive in detailing how States may implement their programs, and has often taken much too long to approve various State experiments. But the fact remains that under current law States have a good deal of flexibility, and through the waiver process they can do almost anything they please. There exists now flexibility for innovation, as there exists a Federal commitment to provide a share of provision to impoverished dependent children. If we abandon that, we abandon those children.

The legislation offered in the Finance Committee—I see my distinguished friend from Illinois was there—and now here as an amendment in the nature of the substitute, would build on the Family Support Act of 1988.

We would increase the funding for the Jobs Program from $1.2 billion in this coming fiscal year to $2.5 billion. The Federal matching rate for JOBS and child care would go from 60 to 70 percent. The participation rates would increase from 20 percent this year in stages to 50 percent in the year 2001.

These are increases we anticipated would be made as we got the hang of this effort, got to learn more about it. We learned, for example, that immediate job search is the most important thing; that a focus solely on educational training delays the reality of getting a job.

We are even learning to break one of the worst habits we ever acquired on this subject, which is disparaging entry-level jobs. My Lord, how I have spent 30 years listening to "advocates" talk about dead end jobs. Now the cliche is "flipping hamburgers."

The present chief executive officer of McDonald's, Ed Rensi, began flipping hamburgers. As I recall, he entered his entry wage at 83 cents an hour. Everybody starts. It is getting started that matters most.

This was our program, Mr. President. We had great hopes for it. It was bipartisan—96 to 1. It has taken hold.

If we look around, a great majority of the States have been coming in, proposing innovative measures of this kind, such as increasing income—disregards, moving people into the work force.

We have a transition from Medicaid provision for a year after leaving the AFDC rolls. We have child care provisions. We thought this out. We have done it. We have done it well. That we should abandon it now would be a great loss to our children. The United States will end up looking to the rest of the world as a place that cannot handle its affairs. We will wonder what we did. We have an opportunity to avoid that. We will vote in a very short while now.

Three years ago we would routinely have upgraded, updated, brought up to the expected higher standards the Family Support Act. If we are unwilling to do so today, at least in 10 years' time, when the horrors we shall have visited upon the children of the United States begin to be unmistakable, there will be those who can remember this day in this Chamber and say, "I saw that coming and I voted to prevent it."

Mr. President, I yield the floor. I see the distinguished Senator from Iowa is managing and would like to speak.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I yield myself such time as I might consume. But I would like to have the Chair notify me when I have used 20 minutes because if I have colleagues who want to speak, I want to make sure that they have an opportunity to do so.

Mr. President, we have heard a defense of the 1988 act from the distinguished Senator from New York. I believe, as one who voted for the 1988 act, that it was pursued from beginning to end with the best of intentions. The goals were to move people from welfare to work, from dependence to independence, to strengthen the family and even to save the taxpayers money.

I have to look back on those efforts as work being sincerely done, but as I look at the evolution of that act, the use of it and what it set out to accomplish and has accomplished, I believe I failed when I voted for that bill. I do not want to say that anyone else failed, but I look back at our efforts and see 3.1 million more people on AFDC now than we had then as one measure of failure. I see a lot more tax dollars being spent as another measure of failure.

Now we are being asked by the other side, by the amendment of the distinguished Senator from New York, to build on the 1988 act. Albeit, I am sure, they are suggesting changes in the amendment before us that reflect what they see as failures of that 1988 act. But the difference between the leadership proposal under the distinguished leadership of Senator DOLE and what the loyal opposition offers is the difference between night and day.

We have seen the Federal Government failing in welfare reform, not just since the 1988 act but, we would have to say, over the last several decades. In contrast, we have seen States succeed where we have failed, States like Missouri and Iowa and Wisconsin, Michigan, Massachusetts, New Jersey, and others. That is why we propose to get the Federal Government out of the business of welfare and turn it over to the States with the resources to accomplish the goal of ending welfare as we know it.

The major difference between what my distinguished friend from New York suggests and what Senator DOLE and the Finance Committee on this side suggests is whether or not we are going to maintain what is called the Federal entitlement. We propose to end the Federal entitlement. The Moynihan proposal maintains it.

Republicans propose to save the taxpayers $70 billion. Under the Moynihan proposal, the savings is only $2.1 billion. That is $2.1 billion in savings with the proposal on that side of the aisle; $70 billion in savings on the program from this side of the aisle.

Now, we do not propose our bill just to save money. We do not propose the ending of the entitlement just to save money. In fact, even if there was not an issue of balancing the budget, the failure of the Federal Government, after decades in the welfare business, is why it should be reformed on its own merits, and that is the way we proceed.

The litmus test of whether or not there is going to be change in Washington, the litmus test of whether it is no longer business as usual, is this issue of the Federal entitlement. Our proposal ends the Federal entitlement. That side would preserve the Federal entitlement.

As I look back at the 1988 legislation, there are things that I see as wrong now that I did not see then. It loosened some of the tough eligibility requirements that were enacted in the 1981 Reagan welfare reforms. It expanded the eligibility to two-parent families. It provided for State waivers that would make it possible to reverse still more of those 1981 reforms.

I know some people would say we made those waivers available, that is why these States today are doing what they are doing. That is true. But, also, in the first instance, States were able to seek waivers of the 1981 reforms that were enacted.

We also permitted waivers to redefine who was unemployed by basing it on income earned rather than hours worked. We allowed the term "strict work requirements" to be undermined by creating an exemption for mothers having another child under 6. We promised a lot of education. We promised a lot of job training. We promised other attractive social services including

child care and medical services to AFDC recipients who leave the welfare rolls. And the sole price for admission to those rolls was having that first baby.

Now, you can say to me, that any one of those things are very, very small. These are precisely the reasons, though, why AFDC has grown by 3.1 million people since 1988. Yes, these results demonstrate, as I look back at the 1988 legislation, that some of those changes were wrong. Though each of the changes might have been slight, they created incentives which, taken together, have caused the dramatic explosion in the AFDC rolls from 1989 to 1995.

Now, I anticipate some will say, "Well, GRASSLEY, you forget that we had a recession in 1991 and 1992. That obviously had something to do with the explosion of people on AFDC."

Before I respond to that, let me give the statistics on the growth of AFDC. There were 3 million in 1960. It rose rapidly through the 1960's and early 1970's. It rose rapidly, yes, even into the 1970's and then leveled off in 1972.

We had a very, very deep recession in 1974 and 1975, and the numbers dropped in the middle of that recession. That recession was deeper than what we had in 1991. The numbers stayed fairly level, though they did rise a little bit during the Carter administration, to 11.1 million in 1981, then they leveled off. They were 10.3 million in 1982, 11 million in 1989, and then we had that dramatic increase of another 3 million people that I believe is blamed on the 1988 law. We were promised that the numbers would go down as a result of the 1988 legislation. We thought that the act would steer AFDC parents to work and off the dole. Obviously, the legislation was praised by Democrats as well as Republicans as a final means of reducing welfare dependency.

We heard earlier that President Reagan praised the 1988 act when he signed it into law. But I still maintain, looking back over the history, that there was a period of time when President Reagan was against what was going on in the Congress. But we had a candidate for President in 1988 by the name of President Bush who, all of a sudden, at the time of the conference committee, came out and supported the legislation. I think that pulling of the rug out from the efforts to modify the legislation nixed what opportunity we had at that late moment to do more. And that legislation passed with only one dissenting vote. It was bipartisan, and I suppose for that reason nobody wants to expose the dramatic failures.

I can only speak for myself. But I do see the six or seven reasons that I gave of changes in the 1981 law, some expansion of eligibility and the redefinition of unemployed, and the redefinition of strict work requirements as opening up the opportunity for the dramatic growth we then saw. I do not see the growth, Mr. President, in any direct way related to a recession because we did not have that dramatic of an increase in the last recession that we had in 1974 and 1975.

So, we are at the point where we have to consider the new approach to welfare reform, an approach that establishes faith in State governments and local governments because they have done a lot to reduce welfare. Their plans are working. Yet, they had to come to the Federal Government on bended knees, hat in hand, even to get limited waivers to accomplish what they wanted to do. I will bet that in most instances they would have been more dramatic, more dynamic in what they would want to try in the way of reform if they had not had to get those waivers. I know my own State of Iowa had to wait 8 months for waivers.

Iowa has moved 2,000 people off the welfare rolls and reduced the monthly check from $360 to $340. My State has the highest percentage of anybody on AFDC at work, 34 percent. That has been a dramatic increase from under 18 percent when our program started, less than 2 years ago.

President Clinton ran for office in 1992. When he was running for office, he promised to end welfare as we know it. After 2 years of inaction, the American people rendered a very dramatic change in Congress, so dramatic that some historians say you have to go back to 1930 to see such a political change at the grassroots in America reflected in the membership of Congress. But for the first time since 1954, Republicans control both Houses of the Congress.

The American people said that they wanted change. The people had not seen the President and a Congress of the President's party so that there would be no gridlock delivered, as was promised in that 1992 election. They wanted change and they did not receive it. So they voted out the old and voted in the new.

I stated how in 1988 we passed welfare reform. Unfortunately, it failed our hopes and expectations. We have more people on welfare today than we did then.

The proposal that is before us from the other side of the aisle is basically a modification and continuation of the 1988 plan. The only positive thing to come out of the 1988 Family Support Act is that some States sought out waivers and came up with changes. As our political laboratories, our State legislatures, they suggested changes which could be made. They began to move people from welfare to work and save the taxpayers' money.

The example of the States then is what moved us on this side of the aisle to our block grant approach as a means of addressing the crisis in the current welfare system. We are ending the entitlement approach, by ending the attitude that the Federal Government knows the answers to all the welfare problems, that we can decide in Washington and we can pay for them as well.

Well, we learned that we do not have all the answers. We have learned that we have not solved all of the problems. And we are finally, after 30 years, facing up to the fact that we cannot afford all of these entitlements.

I am surprised when I hear that if we give authority back to the States, children will be left starving in the streets. That has not been said this morning, but the implication is there when we are told that 10 years from now if we vote for a block grant approach, we are going to look back and see that it is a mistake. That could be. And we have constitutional authority to reevaluate what we have done. But I think I have seen enough change and improvement in the programs at the State level to give me courage to move forward with ending the Federal entitlement and to ignore the warnings that I have received from my good friend.

Somehow I think some in this body have bought into the idea that we at the Federal level know what's best and that we can fix everything. I think it is a fairly arrogant approach to assume that only the Federal leaders as opposed to State leaders have compassion towards the needs of those less fortunate in our society.

In 40 years of Federal control we have seen an increase in dependency. We have seen an increase in the number of people on welfare. We have seen an increase in all of the social pathological problems that come from single-parent families.

We have heard these statistics over and over, but 70 percent of the juveniles in reformatories come from single-parent families, 60 percent of the rapists, 72 percent of the adolescent murderers. Kids that come from broken families are 40 percent more likely to fail a grade, 70 percent more likely to be expelled from school. Girls from broken families are more likely to have out-of-wedlock births and continue the problem.

The PRESIDING OFFICER. The Chair will advise the Senator he has used 20 minutes.

Mr. GRASSLEY. OK. I am going to take just a few more minutes and then yield the floor to my colleagues.

We have seen well-intended Federal programs destroy the nuclear family. And then we see amendments like we have before us today to continue that form of Federal control.

There is something I believe that we as Republicans and Democrats do agree on, and that is that the current system must be changed and changed dramatically. How dramatically?

Well, not very dramatically from the ideas we are getting from the other side of the aisle. When you want to end a Federal entitlement and let the States make the decisions, that is very dramatic.

We do not all agree that the welfare state is broken, but both Republicans and Democrats agree that the welfare

system within the welfare state is broken, or we would not even have these ideas from the other side of the aisle.

The leadership bill meets the basic goals of welfare reform. That is to provide a system that meets the short-term needs of low-income Americans as they prepare for independence, to provide for much greater State flexibility, to reduce the incidence of out-of-wedlock births and strengthen the family, and finally to save the taxpayers some of their hard-earned money.

It is interesting to me that many Members will oppose the leadership bill and support the Moynihan bill because they say our proposal might hurt children. Yet I wish that these same Members would admit that the current system has hurt children.

The system I have described has not been good for our children. If we truly care about these children, we will reform very dramatically the current detrimental system.

Then you have to consider: If you are concerned about children, you also have to be concerned about children who are not on welfare. And if we are not concerned about doing something about this out-of-control Federal spending—though welfare is a small part of it—then we do not show the proper concern for each child born this day who inherits at the first breath $18,000 of responsibility for the $4.9 trillion debt we have. If we do not reverse the deficit crisis, our children, all children, will pay 80 percent of their lifetime earnings in taxes. Mr. President, that is wrong. We have to be concerned about the children who are not on welfare as well as children who are on welfare.

It is appropriate for us to be concerned about the children of low-income Americans but, frankly, I think it is about time that we are concerned about all the children of America. That means we have to reduce the deficit while we change the welfare system to free those who are trapped in it. If we take steps to move people from welfare to work, to give more flexibility to the States, to reduce illegitimacy and to strengthen the family, we will in the long run save the taxpayers money. This will be the natural result of positive changes to the current system.

I yield the floor.

Mr. ROCKEFELLER addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. MOYNIHAN. Mr. President, I understand the distinguished Senator from West Virginia would like to offer an amendment, and to do so with celerity. I yield 30 seconds for such purpose.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. I thank my ranking member.

AMENDMENTS NOS. 2491 AND 2492, EN BLOC, TO AMENDMENT NO. 2280

Mr. ROCKEFELLER. Mr. President, pursuant to the unanimous consent, I send two amendments, en bloc, to the desk and ask they be read and the pending amendment be laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from West Virginia [Mr. ROCKEFELLER] proposes, en bloc, amendments numbered 2491 and 2492 to amendment No. 2280.

Mr. ROCKEFELLER. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 2491

(Purpose: To provide States with the option to exempt families residing in areas of high unemployment from the time limit)

On page 36, between lines 18 and 19, insert the following:

"(4) AREAS OF HIGH UNEMPLOYMENT.—

"(A) IN GENERAL.—At the State's option, the State may, on a uniform basis, exempt a family from the application of paragraph (1) if—

"(i) such family resides in an area of high unemployment designated by the State under subparagraph (B); and

"(ii) the State makes available, and requires an individual in the family to participate in, work activities described in subparagraphs (B), (D), or (F) of section 404(c)(3).

"(B) AREAS OF HIGH UNEMPLOYMENT.—The State may designate a sub-State area as an area of high unemployment if such area—

"(i) is a major political subdivision (or is comprised of 2 or more geographically contiguous political subdivisions);

"(ii) has an average annual unemployment rate (as determined by the Bureau of Labor Statistics) of at least 10 percent; and

"(iii) has at least 25,000 residents.

The State may waive the requirement of clause (iii) in the case of a sub-State area that is an Indian reservation.

AMENDMENT NO. 2492

(Purpose: To provide for a State option to exempt certain individuals from the participation rate calculation and the time limit)

On page 35, between lines 2 and 3, insert the following:

"(6) STATE OPTION FOR PARTICIPATION REQUIREMENT EXEMPTIONS.—For any fiscal year, a State may opt to not require an individual described in subclause (I) or (II) of section 405(a)(3)(B)(ii) to engage in work activities and may exclude such an individual from the determination of the minimum participation rate specified for such fiscal year in subsection (a).

On page 40, strike lines 6 through 16, and insert the following:

"(B) LIMITATION.—

"(i) 15 PERCENT.—In addition to any families provided with exemptions by the State under clause (ii), the number of families with respect to which an exemption made by a State under subparagraph (A) is in effect for a fiscal year shall not exceed 15 percent of the average monthly number of families to which the State is providing assistance under the program operated under this part.

"(ii) CERTAIN FAMILIES.—At the State's option, the State may provide an exemption under subparagraph (A) to a family—

"(I) of an individual who is ill, incapacitated, or of advanced age; and

"(II) of an individual who is providing full-time care for a disabled dependent of the individual.

Mr. ROCKEFELLER. I thank the Senator from New York. I ask unanimous consent to lay the amendments aside.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from New York.

AMENDMENT NO. 2466

Mr. MOYNIHAN. Mr. President, I yield myself 90 seconds, first to say in response to my friend from Iowa, my long associate on the Committee on Finance, he was this morning talking of the achievements of the State of Iowa in this area, and did so the other day, and he was talking about the achievements under the Family Support Act. There is yet a new proposal that came from Iowa, a request for a new set of disregards, and such like, received in April and approved in August for the Iowa Family Investment Program.

The Senator is right to be proud, but why not associate what Iowa has done with the legislation that encouraged it. I do not ask a response. I do not expect a response. But I would like to put that new Iowa Family Investment Program in the RECORD at this point, Mr. President. It is one page.

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

IOWA FAMILY INVESTMENT PROGRAM

(Request: April 1993. Approved: August, 1993)

STATEWIDE

Disregard 20% of earnings as work expense deduction: in addition, disregard 50% of earned income after all other deductions applied; disregard all earnings in first four months of employment if individual reports employment in timely manner and had less than $1200 in earnings in 12 months before the employment began.

$2,000 asset limit for applicants, $5,000 for recipients; exempt equity value of automobile up to $3,000, adjusted annually by CPI; income deposited in IDA will not be counted as income and funds in IDA not counted toward asset limit.

Limit exemptions from requirement of Family Investment Agreement to individuals: 1) with a child under 6 months; 2) already employed 30 hours per week or more; or 3) disabled.

Plan specifies that families will be given individualized time limits based on their circumstances. At the end of the specified period, all benefits terminated. Extensions available for good cause.

For noncompliance, family will receive "Limited Benefit Plan," full benefits for three months of benefits, followed by three months of benefits for children only, followed by full family ineligibility for six months.

TCC for 24 months.

Eliminate 100-hour rule and work history requirements.

Allow stepparents same earned income disregards as available to recipients, as described above. Stepparents also allowed to receive regular child care expense deduction.

Allow grandparents same earned income disregards as available to recipients, as described above.

Mr. MOYNIHAN. Mr. President, again, in response to my friend, it is the fact that in the 1992 campaign, then candidate, now President Clinton proposed to end welfare as we know it.

In an address to Georgetown University opening his campaign in 1991, he proposed a 2-year limit and now we begin to see the consequences. I have nothing more to say than that except to concede, I hope graciously, the Senator is right. We are ending the Federal entitlement to States for the support of dependent children and it is ending what we have known as welfare.

Sir, my able colleague and friend from Louisiana would like to speak to the experience of Louisiana under the Family Support Act. I am happy to yield 5 minutes to the Senator from Louisiana.

Mr. BREAUX. I thank very much the ranking member for giving me some time.

I, too, was a little confused when the Senator from Iowa was talking about the situation in his State. I have heard many, many times in many forums the success of Iowa in being innovative, in creating new programs and ideas of how to solve the problems of welfare reform in their particular State. And those accomplishments really were accomplished under the Family Support Act that was passed in this Congress in 1988.

That bill, which passed this body by a vote of 96 to 1, allowed States to be creative, allowed States to put in new ideas and new programs. Iowa took advantage of that and I think made some great progress. I think they should be proud of it. But it also is a result of actions that this Senate, this body took when we enacted the Family Support Act of 1988, the principal author of which was the ranking member of the Senate Finance Committee, the senior Senator from the State of New York.

Is it perfect? Of course not. Is anything we do ever perfect? Of course not. But it has allowed for great progress in permitting States to be innovative in creating programs that best fit the needs of their particular State.

In keeping with that, I wanted to share the experience of my State of Louisiana. The headline in the Monroe News Star World of August 14 of this year: "Project Independence Trims Welfare Rolls Across State." This is good news. This was done under the existing program, under the Family Support Act of 1988. There is good news in the land, in many States that have done substantially positive things in getting people off welfare. I read from the article. It says:

"In Louisiana, welfare reform is nothing new. Since October of 1990, the number of Louisiana residents receiving Aid to Families with Dependent Children has dropped 20 percent," said Howard Prejeau, Assistant Secretary for the Office of Family Support.

"Since 1990, it has dropped 20 percent." The article further continues:

"That decrease," he said, "is due in large part to Project Independence, a program that helps AFDC recipients find jobs and increase their education." Project Independence was created under the Family Support Act of 1988.

As of June 1995, 11,260 participants received jobs with 8,332 making enough money to get off welfare completely, according to a report released by the Department of Social Services.

A program in my State provides child care and transportation, absolutely essential ingredients if we are going to have real reform for those looking for work. Also it helps build up self-esteem by teaching the value of working and showing them their own self-worth.

Project Independence also has programs to help participants receive their GED's or high school diplomas, receive associate and 4-year degrees or job-skills training and build résumés through community service work.

A report issued by the Public Welfare Association in 1994, Louisiana ranked last in AFDC caseload growth in the country for 1989 through 1993.

Mr. President, it is not a coincidence that this achievement and this accomplishment for my State of Louisiana was produced as a direct product of the Family Support Act of 1988 offered by the distinguished Senator from New York, Senator MOYNIHAN. We should recognize and congratulate success where it has occurred. And under this program there have been outstanding examples of real success. We should not ignore it.

I yield the floor.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. I would yield 5 minutes to the Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. INHOFE. I thank the Senator from Iowa for yielding the time.

Mr. President, I think it is appropriate during this debate to be aware of something that is going on around the Nation today that there are those individuals trying to hold on to the past with white knuckles and using taxpayers' money to do that.

I was shocked to find out yesterday that in my hometown of Tulsa, OK, we had a traveling troupe from Texas. These are the regional directors of the various agencies: Mr. Steve Weatherford from Housing and Urban Development, he is the regional director; Pat Montoya, Health and Human Services; and Jim Cantu, of Labor, all converging upon one city, to scare the people of Tulsa, OK, into thinking that if we go along with the changes that we are advocating in the welfare system, the changes in Government as we know it, the changes that are consistent with the revolution that took place on November 8, 1994, that somehow people are going to be starving.

I am just going to read a couple of the quotes here. And it happens that our mayor in Tulsa is a very strong supporter of President Clinton, so I am sure she joined in. But Steve Weatherford of HUD said, "We are talking about major cuts to our social fabric. * * * We are talking about hundreds of thousands of children and poor people who will be affected in Oklahoma."

We have Pat Montoya with Health and Human Services, "Tulsa would lose more than $5 billion in Federal funding between 1995 and the year 2002 if the GOP program is adopted."

Jim Cantu of Labor said that GOP budget cuts would "take food out of the mouths of children and punish 15-year-old mothers."

And on and on and on.

You know, I have to join with my fellow Senator from Oklahoma, DON NICKLES, as well as Congressman STEVE LARGENT whose district this city of Tulsa is, when we say that there is no better case that can be made of the bloated Government and the waste that has taken place today than to have these top officials with all their entourage trouping around going from city to city to scare people and into maintaining the status quo.

I think that the stories that we are hearing today in conjunction with the welfare bill are very similar to that.

I think the most profound thing that was said by the Senator from Iowa was that if you are really concerned and really having compassion, look at the children who will be born today, if we do not make these major changes, having to spend 82 percent—I think it has been calculated of their lifetime earnings—on supporting Government. So I hope that we can keep this in mind that there is an army of bureaucrats trouping around the country right now, trying to scare people into thinking that we cannot afford a major change.

Let us keep in mind that in November there was a change, that there is a mandate that came with that, and that is, let us end these age-old programs that have been proven failures and change the role of Government as we have come to know it since the 1960's.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. I would like to defer to the Senator from Maine on the same basis we just did a little while ago to the Senator from West Virginia.

Mr. MOYNIHAN. Would my friend mind if we alternate at this point?

Mr. GRASSLEY. I will yield the floor to the Senator from New York.

Mr. MOYNIHAN. I am very happy to yield 5 minutes of our remaining time to my strong colleague on the Committee on Finance, the Senator from Illinois.

Ms. MOSELEY-BRAUN. Thank you very much, Mr. President.

The PRESIDING OFFICER. The Senator from Illinois.

Ms. MOSELEY-BRAUN. I want to thank the Senator from New York for his exemplary leadership in this area and for what I consider to be a brilliant statement earlier.

There is so much to say about this subject, one scarcely can say it all in 5 minutes. But I am going to just talk about an observation I had a few minutes ago listening to PAT MOYNIHAN on this subject.

The observation had to do with the whole notion of perspective, of how one perceives an issue often dictates the kind of conclusions that one reaches about it, whether the facts support that perception or not.

I was reminded of a fact that PAT MOYNIHAN has been an oracle, if you will, a visionary for a number of years about a number of these issues going to the social fabric in our country. He has found himself over time derided, criticized for his observations. Then, with the passage of time, people come back and say, oh, by the way, that PAT MOYNIHAN was right 20 years ago. He warned us about the increase in illegitimacy. He warned us about this development, or he warned us about another development.

And so, frankly, it has got to be a little frustrating to him to be that kind of prophet in his own time, pointing the way and trying to give people the facts, the basic information that should influence debates like this one, but I daresay unfortunately all too often do not influence debates like this one.

The fact of the matter is, this is more of a political debate than it is anything having to do with reality. The fact of the matter is, this debate is being shaped by hot buttons and wedge issues and frustration and, frankly, campaign dynamics more than anything going to the experience, the history, the reality or anything that can be projected for the future.

I heard a lot of conversation about this as a revolution we are going to go and do things a new way. We are going to get the Federal Government out of the business of providing for poor children and out of setting up the welfare system and the like.

The reality is, Mr. President, that there is an old expression that those who do not learn the lessons of history are doomed to repeat its mistakes. I think that is ancient wisdom that still applies.

The fact of the matter is that the Federal Government was not always in the business of providing for poor children.

Last night, when I made a statement about this issue, I talked about the friendless foundlings and homeless half-orphans, the experience of this country in dealing with the poverty, child poverty particularly, before the Federal Government ingratiated itself and got involved in providing a national safety net, a national base, if you will, below which we expect no American child to fall.

Well, we apparently did not learn that history or have chosen, because of our frustration and our aggravation with our inability to fix this problem, decided to go back to that, to go back to the model that says the Federal Government has no role and, more to the point, as a national community because it is not a Federal Government that sets out there. We are all as Americans in this democracy—really the Federal Government is an expression of all of us as a national community. And this legislation, as has been admitted and spoken to very candidly on the floor, says that as a national community we have no obligation to poor children in the various locations and locales around this country, that a child's situation and the level and degree of poverty or privation may well depend on an accident of that child's geography, and that that is OK by this body with the pending legislation.

Well, that may be the case. But I submit to you, Mr. President, we have, at a minimum, an obligation to do no harm. As we talk about our political revolution and anger about politicians making statements or whatever, and we go through all of that, it seems to me we have an obligation to do no harm.

In my mind, that means that we do not allow ourselves to construct a response to poverty that will leave the possibility wide open that PAT MOYNIHAN might once again be right, will leave the possibility that we could very well wind up with children being found frozen on the grates on the street corners, that children will no longer have a national safety net, that we will not, as a national community, have a sense of obligation and responsibility to poor children.

There are estimates that given the leadership proposal, should the leadership proposal pass, and this is a preliminary estimate, in my State of Illinois alone, it is projected that the number of children by the 21st century—which is not that far from now—the number of children that will be cut off will be 598,000 children, or 34 percent.

The PRESIDING OFFICER. The Chair advises the Senator 5 minutes have expired.

Mr. MOYNIHAN. I yield 1 additional minute.

Ms. MOSELEY-BRAUN. Mr. President, I will be brief. Nationally, the number of children who are likely to be affected and left with no safety net for their welfare whatsoever in this country will be 12 million children—12 million children, a third of the children.

We already know in this country, in America, right now we have the highest child poverty rate in the entire industrialized world. That, in and of itself, ought to make us mindful of our obligation to do better by the response to poverty that we construct in this legislative body than the hot button and the politics that is apparently driving the debate today. If anything, that perspective makes me very sad.

I want to congratulate Senator MOYNIHAN for continuing to raise the issues that these are a phenomenon that transcends anything the Federal Government standing alone can do or any bill standing alone will do. These are the issues that go to the core of fundamental issues having to do with the functioning of our economy, with the existence of poverty and with the breakdown of the family as a unit.

Those kinds of concerns are not being addressed by the leadership bill, and I hope that the Members will support Senator MOYNIHAN's amendment, at least with the prescription that as we move in this very sensitive and important area, we do no harm to the children.

The PRESIDING OFFICER. The Chair advises the Senator from New York he has 2 minutes and 15 seconds. The Senator from Iowa has 17 minutes and 6 seconds. Who yields time?

Mr. GRASSLEY. I yield the floor to the Senator from Maine, on the same basis that we did the Senator from West Virginia earlier today.

The PRESIDING OFFICER. The Senator from Maine.

Ms. SNOWE. Mr. President, I thank the Senator for yielding.

I ask unanimous consent to temporarily set aside the pending amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2493 TO AMENDMENT NO. 2280

(Purpose: To clarify provisions relating to the distribution to families of collected child support payments)

Ms. SNOWE. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Maine [Ms. Snowe], for herself and Mr. BRADLEY, proposes an amendment No. 2493 to amendment No. 2280.

Ms. SNOWE. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Beginning on page 582, strike line 3 and all that follows through line 2 on page 583, and insert the following:

"(ii) DISTRIBUTION TO THE FAMILY TO SATISFY ARREARAGES THAT ACCRUED BEFORE THE FAMILY RECEIVED ASSISTANCE.—From any remainder after the application of clause (i), in order to satisfy arrearages of support obligations that accrued before the family received assistance from the State, the State—

"(I) may distribute to the family the amount so collected with respect to such arrearages accruing (and assigned to the State as a condition of receiving assistance) before the effective date of this subsection; and

"(II) shall distribute to the family the amount so collected with respect to such arrearages accruing after such effective date.

"(iii) RETENTION BY THE STATE OF A PORTION OF ASSIGNED ARREARAGES TO REPAY ASSISTANCE FURNISHED TO THE FAMILY.—From any remainder after the application of clauses (i) and (ii), the State shall retain (with appropriate distribution to the Federal Government) amounts necessary to reimburse the State and Federal Government for assistance furnished to the family.

"(iv) DISTRIBUTION OF THE REMAINDER TO THE FAMILY.—The State shall distribute to the family any remainder after the application of clauses (i), (ii), and (iii)."

On page 585, between lines 10 and 11, insert the following:

(c) AMENDMENTS TO INTERNAL REVENUE CODE CONCERNING COLLECTION OF CHILD SUPPORT ARREARAGES THROUGH INCOME TAX REFUND OFFSET.—

(1) Section 6402(c) of the Internal Revenue Code of 1986 is amended by striking the third sentence.

(2) Section 6402(d)(2) of such Code is amended in the first sentence by striking all that follows "subsection (c)" and inserting a period.

On page 585, line 11, strike "(c)" and insert "(d)".

Ms. SNOWE. Mr. President, this amendment is also being cosponsored by Senator BRADLEY of New Jersey.

Mr. President, I ask unanimous consent to set aside the pending amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2494 TO AMENDMENT NO. 2280

(Purpose: To clarify that the penalty provisions do not apply to certain single custodial parents in need of child care and to exempt certain single custodial parents in need of child care from the work requirements)

Ms. SNOWE. Mr. President, I send another amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Maine [Ms. Snowe] proposes an amendment No. 2494 to amendment No. 2280.

Ms. SNOWE. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 36, strike lines 14 through 25, and insert the following:

"(d) PENALTIES AGAINST INDIVIDUALS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), if an adult in a family receiving assistance under the State program funded under this part refuses to engage in work required under subsection (c)(1) or (c)(2), a State to which a grant is made under section 403 shall—

"(A) reduce the amount of assistance otherwise payable to the family pro rate (or more, at the option of the State) with respect to any period during a month in which the adult so refuses; or

"(B) terminate such assistance, subject to such good cause and other exceptions as the State may establish.

"(2) EXCEPTION.—Notwithstanding paragraph (1), a state may not reduce or terminate assistance under the State program based on a refusal of an adult to work if such adult is a single custodial parent caring for a child age 5 or under and has a demonstrated inability to obtain needed child care, for one or more of the following reasons:

"(A) Unavailability of appropriate child care within a reasonable distance of the individual's home or work site.

"(B) Unavailability or unsuitability of informal child care by a relative or under other arrangements.

"(C) Unavailability of appropriate and affordable formal child care arrangements."

Ms. SNOWE. Mr. President, I ask unanimous consent to set aside the pending amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who yields time?

Mr. PRYOR addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

AMENDMENT NO. 2495 TO AMENDMENT NO. 2280

(Purpose: To modify the penalty provisions)

Mr. PRYOR. Mr. President, I have an amendment which I send to the desk.

The PRESIDING OFFICER. Without objection, the pending amendment is set aside. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Arkansas [Mr. PRYOR] proposes an amendment numbered 2495 to amendment No. 2280.

Mr. PRYOR. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 52, lines 4 through 6, strike "so used, plus 5 percent of such grant (determined without regard to this section)." and insert "so used. If the Secretary determines that such unlawful expenditure was made by the State in intentional violation of the requirements of this part, then the Secretary shall impose an additional penalty of up to 5 percent of such grant (determined without regard to this section).".

On page 56, between lines 9 and 10, insert the following:

"(d) COMPLIANCE PLAN.—

"(1) IN GENERAL.—Prior to the deduction from the grant of aggregate penalties under subsection (a) in excess of 5 percent of a State's grant payable under section 403, a State may develop jointly with the Secretary a plan which outlines how the State will correct any violations for which such penalties would be deducted and how the State will insure continuing compliance with the requirements of this part.

"(2) FAILURE TO CORRECT.—If the Secretary determines that a State has not corrected the violations described in paragraph (1) in a timely manner, the Secretary shall deduct some or all of the penalties described in paragraph (1) from the grant.".

On page 56, strike lines 11 through 14, and insert the following:

"(1) IN GENERAL.—The penalties described in paragraphs (2) through (6) of subsection (a) shall apply—

"(A) with respect to periods beginning 6 months after the Secretary issues final rules with respect to such penalties; or

"(B) with respect to fiscal years beginning on or after October 1, 1996;

whichever is later.".

Mr. PRYOR. Mr. President, I ask unanimous consent that the amendment just sent to the desk be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered. Who yields time?

Mr. MOYNIHAN. I yield 30 seconds to the distinguished Senator from Arkansas.

Mr. PRYOR. The Senator from Arkansas just offered the amendment. So I yield back my few seconds. I thank the chairman.

The PRESIDING OFFICER. Who yields time?

Mr. GRASSLEY. How much time does Senator MOYNIHAN have left?

The PRESIDING OFFICER. The Senator from New York has 1 minute remaining. The Senator from Iowa has 15 minutes, 30 seconds remaining.

AMENDMENT NO. 2466

Mr. GRASSLEY. Mr. President, I am going to use the same amount of time Senator MOYNIHAN has left, and then I will yield back my time.

I would like to respond to a couple statements that have been made, I think one by Senator MOYNIHAN, the other one by Senator BREAUX. They each made the point that since my State of Iowa has been doing so well in getting waivers, why should we not just continue building upon the 1988 act.

The point here, Mr. President, is first, that it takes such a very, very long time to get a waiver. Second, I believe state legislatures, in changing their welfare laws with the hopes of getting a waiver, are relatively less dynamic and venturesome than they would be if they had the sole authority to make a determination of what they wanted in welfare reform for their State.

Just to show you how complicated it is to get such a waiver approved, a State can sometimes be caught getting waivers from four different Federal Departments: The Department of Health and Human Services, the Department of Agriculture, the Department of Housing and Urban Development, and the Department of Labor.

All four of these Departments are, in one way or another, responsible for programs that affect low-income families served by our current welfare system. However, there is no coordination among these Departments in granting waivers to the States. In fact, each specific program has its own set of statutes and rules defining the parameters of possible waivers.

I could give you description after description of what my State of Iowa has gone through. In the first days of debate on this legislation, we heard speeches by the Senator from Oregon about the complicated process of waivers that Oregon had to go through, the multitudes of meetings, the multitudes of trips to Washington, DC, the changes that were required, and then they had to go back through the approval process again. We want to end the process by which the coequal States of our Union come to Washington hat in hand on bended knee to get these waivers.

The last point I will make is this. We have had the opportunity again today to hear from the Senator from Illinois about the plight of children. She does this very well.

There is no disputing anything she says, including the facts and figures that she has given of the rapid increase in the number of children in those circumstances.

But let me remind her—let me remind everybody—as we debate welfare

reform, as we consider a change of this system, that all the problems she describes are under a failed system. All those statistics that have increased in number, such as the number of people in poverty—the system that is being defended today, is the cause of those increases.

It is about time that we try something new. I think we have seen the success of the States, and we ought to move to a new approach.

I ask my colleagues to vote against the Moynihan amendment.

I yield 2 minutes to the Senator from New York.

Mr. MOYNIHAN. And I yield 1 minute of the 2 minutes, generously provided by the Senator from Iowa, to the Senator from New Jersey.

Mr. BRADLEY. Mr. President, I ask unanimous consent that the pending measure be set aside for the purposes of sending amendments to the desk, not being counted against my time.

The PRESIDING OFFICER (Mr. FRIST). Without objection, it is so ordered.

AMENDMENTS NOS. 2496, 2497, AND 2498, EN BLOC, TO AMENDMENT NO. 2280

Mr. BRADLEY. Mr. President, I send all three amendments to the desk, en bloc, and ask for their immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from New York [Mr. MOYNIHAN] proposes amendments numbered 2496, 2497, and 2498.

Mr. BRADLEY. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 2496

(Purpose: To modify the provisions regarding the State plan requirements)

At the end of section 402(a), insert the following:

"(9) ADDITIONAL REQUIREMENTS.—

"(A) ELIGIBILITY.—The terms and conditions under which families are deemed needy and eligible for assistance under the program.

"(B) TERMS AND CONDITIONS.—The terms and conditions described in subparagraph (A) shall include—

"(i) a need standard based on family income and size;

"(ii) a standard for benefits or schedule of benefits for families based on family size and income;

"(iii) explicit rules regarding the treatment of earned and unearned income, resources, and assets; and

"(iv) a description of any variations in the terms and conditions described in clauses (i), (ii), and (iii) that are applicable in—

"(I) regions or localities within the State; or

"(II) particular circumstances.

"(C) IDENTIFICATION OF FAMILIES CATEGORICALLY INELIGIBLE FOR ASSISTANCE.—Identification of any categories of families, or individuals with such families, that are deemed by the State to be categorically ineligible for assistance under the program, regardless of family income or other terms and conditions developed under subparagraph (A).

"(D) ASSURANCES REGARDING THE PROVISION OF ASSISTANCE.—Assurances that all families deemed eligible for assistance under the program under subparagraph (A) shall be provided assistance under the standard for benefits or the benefit schedule described in subparagraph (B)(ii), unless—

"(i) the family or an individual member of the family is categorically ineligible for assistance under subparagraph (C); or

"(ii) the family is subject to sanctions or reductions in benefits under terms of another provision of the State plan, this part, Federal or State law, or an agreement between an individual recipient of assistance in such family and the State that may contain terms and conditions applicable only to the individual recipient.

"(E) PROCEDURES FOR ENSURING THE AVAILABILITY OF FUNDS.—The procedures under which the State shall ensure that funds will remain available to provide assistance under the program to all eligible families during a fiscal year if the State exhausts the grant provided to the State for such fiscal year under section 403.

"(F) WAITING LISTS.—Assurances that no family otherwise eligible for assistance under the program shall be placed on a waiting list for assistance or instructed to reapply at such time that additional Federal funds may become available.".

AMENDMENT NO. 2497

(Purpose: To prohibit a State from shifting the costs of aid or assistance provided under the aid to families with dependent children or the JOBS programs to local governments)

At the end of section 405, insert the following:

"(f) NO UNFUNDED LOCAL MANDATES.—A State to which a grant is made under section 403 may not, by mandate or policy, shift the costs of providing aid or assistance that, prior to October 1, 1995 (or March 31, 1996, in the case of a State exercising the option described in section 110(b) of the Family Self-Sufficiency Act of 1995) was provided under the aid to families with dependent children or the JOBS programs (as such programs were in effect on September 30, 1995) to—

"(1) counties;

"(2) localities;

"(3) school boards; or

"(4) other units of local government.".

AMENDMENT NO. 2498

(Purpose: To provide that existing civil rights laws shall not be preempted by this Act)

At the appropriate place at the end of Title I, add the following:

Nothing in this Act shall be interpreted to preempt the enforcement of existing civil rights laws.

AMENDMENT NO. 2466

Mr. BRADLEY. Mr. President, I rise to congratulate Senator MOYNIHAN for putting together the only welfare alternative that is really based on what we know about welfare, what the problems are, what we can fix, and what we can't fix.

As a member of the Finance Committee, I was struck by the fact that we held several months of hearings, heard from academic experts, State administrators, Governors, people who work with young mothers in residential programs, and job placement specialists. We heard all their suggestions about what could be improved, and then we proceeded to ignore all their advice. We simply ignored it.

Instead we adopted a solution that serves the political purpose of claiming that we've eliminated welfare, but in reality, does nothing. It turns over the whole thing, with all its problems, to the States, in the hopes that they can figure it out.

Senator MOYNIHAN took the right approach. He looked at his own greatest accomplishment, the Family Support Act of 1988, and was willing to acknowledge that it had fallen short of our expectations in some very distinct ways:

First, the JOBS Program overall was not successful at moving people into work. It put too little emphasis on real work and discouraged real education, leaving people to waste their time in empty job search programs and structured study halls. Some programs actually delayed recipients getting jobs longer than if they hadn't been in the program. But several counties and States found ways to do much better, by striving to place people directly into real jobs and building the training around those jobs. This amendment shifts the focus of the JOBS Program to build on its strengths rather than its shortcomings.

Second, AFDC overall, and the JOBS Program in particular, don't give States enough flexibility to find their own solutions. That's not an argument for handing the States a fixed pot of money and washing our hands of the whole thing. Instead, it's an argument for giving the States flexibility within clear standards, requiring the States to structure the JOBS Program as they see fit but requiring results. This amendment does just that.

Third, we made a mistake in 1988 that we are now on the verge of making all over again, in much greater magnitude: We made big promises and failed to invest. Taking individuals from the middle of the turmoil of America's cities, from the turmoil of their own families and neighborhoods, individuals who are caring for children, and helping them to become economically self-sufficient is an enormous challenge. It means giving each person almost constant attention, helping them find a way to balance work and family, helping them master new skills, compensating for the failures of the elementary and secondary school system. It means sticking with people after they find their first job, helping them keep that job and move on to a better one. It cannot be done with slogans or wishes. It requires an investment.

Since 1988, we have spent only $1 billion a year on the JOBS Program, and much of that has gone unspent because States have not been willing or able to come up with their share. This amendment is the only alternative that makes realistic promises about getting people to work and puts the investment behind it.

The argument I have heard against this amendment is simply that it retains the entitlement. That's an evil

work, but what does it really mean? It means that States will get an amount of money equal to what they need—when hardship increases because of the economy, States will have the resources they need. It means that individuals who need help will get it, as long as they make an effort to become self-sufficient. Nobody is entitled to anything if they don't follow the rules. And the States can set the rules with greater flexibility under this amendment.

Mr. President, I urge my colleagues to support Senator MOYNIHAN's alternative. It is the only welfare bill we will vote on that is based on reality and not slogans. It builds on the successful piece of legislation in 1988 by repairing its most glaring flaws. It will not end welfare as we know it, but it will reform welfare into a system that strengthens families, that connects parents to work, that brings fathers back into the family, and that promotes innovation.

Those may seem like modest expectations compared to the slogans that we hear on this floor throughout this debate. But if we can accomplish this much, we will have reason to be proud.

This amendment and this alternative deserves the Senate's support.

Mr. ROTH. Mr. President, we all owe a debt of gratitude to Senator MOYNIHAN for his tireless efforts to educate this body and indeed the American people about the causes of poverty in modern society. Spanning four decades, Senator MOYNIHAN has performed several roles in the effort to end poverty. Throughout his distinguished career, he has been a professor, a planner, an economist, a social scientist, an advocate, and an author, as well as a brilliant legislator and dedicated public servant.

But most of all, he has been right about the causes of poverty amidst the wealthiest nation on earth. He has given us, chapter and verse, the reasons why the number of children receiving AFDC has increased threefold since a small group in the Office of Economic Opportunity mapped out the War on Poverty 30 years ago.

Senator MOYNIHAN predicted the growing tragedy of the American welfare system. He was right because he knew then, as he maintains today that there are consequences to behavior.

But we are here today because knowing why something happens does not necessarily tell us how to modify the predictable results. In fact, we now have 30 years of experience which tells us that despite the best of intentions, the Federal Government cannot replace strong families. The needs of children and families cannot be reduced to mathematical diagrams. The wisdom of Solomon is rarely found in the Federal Register.

Under the present welfare system, we now have over 9 million children receiving AFDC benefits. If we do nothing, the Department of Health and Human Services projects there will be 12 million children on AFDC within 10 years. That is what the present system will bring. This fact alone should embolden us to act in a dramatic way to change the status quo.

Today, we have the choice between two different approaches to changing the welfare system. There are several important, fundamental differences between Senator MOYNIHAN's proposal and the Republican legislation. Perhaps the most important difference is the role of the Federal Government. It is time to release the grasp of Washington which for too long has choked off the initiative and creativity of the States in answering the challenges of the welfare system. If the States remain dependent on Washington, they will not take the bold steps we need and should encourage to the vexing problems of our welfare system. The States do not need another Washington-based approach. They do not need another revision based on a faulty premise. Our block grant approach will free the 50 sovereign States to serve their needy citizens in the most effective manner possible. It is time to leave the past behind and place our confidence in the states to meet the challenges of the future.

Mr. GRASSLEY. Mr. President, I yield back what time I have remaining.

Mr. MOYNIHAN. Mr. President, I yield back such time as we may have remaining.

The PRESIDING OFFICER. All time is yielded back.

Mr. GRASSLEY. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Mississippi [Mr. COCHRAN] and the Senator from Alaska [Mr. MURKOWSKI] are necessarily absent.

I also announce that the Senator from Tennessee [Mr. THOMPSON] is absent due to illness.

I further announce that, if present and voting, the Senator from Tennessee [Mr. THOMPSON] would each vote "nay."

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 41, nays 56, as follows:

[Rollcall Vote No. 403 Leg.]

YEAS—41

Akaka	Dorgan	Kennedy
Biden	Exon	Kerrey
Boxer	Feingold	Kerry
Bradley	Feinstein	Lautenberg
Breaux	Ford	Leahy
Bryan	Glenn	Levin
Bumpers	Graham	Lieberman
Byrd	Heflin	Mikulski
Conrad	Hollings	Moseley-Braun
Daschle	Inouye	Moynihan
Dodd	Johnston	Murray
Pell	Robb	Simon
Pryor	Rockefeller	Wellstone
Reid	Sarbanes	

NAYS—56

Abraham	Frist	Mack
Ashcroft	Gorton	McCain
Baucus	Gramm	McConnell
Bennett	Grams	Nickles
Bingaman	Grassley	Nunn
Bond	Gregg	Packwood
Brown	Harkin	Pressler
Burns	Hatch	Roth
Campbell	Hatfield	Santorum
Chafee	Helms	Shelby
Coats	Hutchison	Simpson
Cohen	Inhofe	Smith
Coverdell	Jeffords	Snowe
Craig	Kassebaum	Specter
D'Amato	Kempthorne	Stevens
DeWine	Kohl	Thomas
Dole	Kyl	Thurmond
Domenici	Lott	Warner
Faircloth	Lugar	

NOT VOTING—3

Cochran	Murkowski	Thompson

So the amendment (No. 2466) was rejected.

Mr. GRASSLEY. Mr. President, I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I yield to the Senator from Missouri to offer an amendment.

Mr. BOND addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

AMENDMENT NO. 2499 TO AMENDMENT NO. 2280

Mr. BOND. Mr. President, I will only take a moment. I want to offer an amendment. I will send it to the desk and ask it be set aside so it may be covered—may be discussed and acted upon next week.

Yesterday I told this Chamber about a situation in Sedalia, MO, where we are attempting to get people off of welfare into an employment situation. The program is working well except we found that when welfare recipients, AFDC recipients, went to the employer and tested positively for drugs and were refused a job, the State was prohibited under Federal regulations from cutting them off from their AFDC aid. So we have a situation where, if someone wants to stay on welfare and does not want to have to take a job, they could use drugs, be disqualified from taking a position because of drug tests, and could not be sanctioned by the State.

This measure very simply states that notwithstanding any other provision of law, a State shall not be prohibited by the Federal Government from sanctioning welfare recipients who test positive for use of controlled substances.

Mr. President, I send the amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Missouri [Mr. BOND] proposes an amendment numbered 2499 to amendment No. 2280.

Mr. BOND. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the bill, insert the following:

Notwithstanding any other provision of law, States shall not be prohibited by the federal government from sanctioning welfare recipients who test positive for use of controlled substances.

Mr. BOND. Mr. President, I ask unanimous consent the amendment be set aside to be called up pursuant to agreement by the manager and ranking member.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, the Senator from Ohio wishes to be recognized.

The PRESIDING OFFICER. The Senator from Ohio.

AMENDMENT NO. 2500 TO AMENDMENT NO. 2280

(Purpose: To ensure that training for displaced homemakers is included among workforce employment activities and workforce education activities for which funds may be used under this Act)

Mr. GLENN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Ohio [Mr. GLENN] proposes an amendment numbered 2500 to amendment No. 2280.

Mr. GLENN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 322, strike lines 8 through 14 and insert the following:

(8) DISPLACED HOMEMAKER.—The term "displaced homemaker" means an individual who—

(A) has been dependent—

(i) on assistance under part A of title IV of the Social Security Act and whose youngest child is not younger than 16; or

(ii) on the income of another family member, but is no longer supported by such income: and

(B) is unemployed or underemployed, and is experiencing difficulty in obtaining or upgrading employment.

On page 359, line 13, strike "and".

On page 359, line 16, strike the period and insert "; and".

On page 359, between lines 16 and 17, insert the following:

(P) preemployment training for displaced homemakers.

On page 364, between lines 9 and 10, insert the following:

(6) providing programs for single parents, displaced homemakers, and single pregnant women;

On page 364, line 10, strike "(6)" and insert "(7)".

On page 364, line 12, strike "(7)" and insert "(8)".

On page 412, line 4, strike "and".

On page 412, line 5, strike the period and inset "; and".

On page 412, between 5 and 6, insert the following:

(G) displaced homemakers.

Mr. GLENN. Mr. President, I rise today to offer this amendment because I am extremely concerned that the current provisions in this bill will neglect and ignore a very important segment of our population—displaced homemakers. Nationwide, there are over 17 million displaced homemakers with close to 700,000 in Ohio. The current Perkins Vocational programs for displaced homemakers and single parents has been extremely effective. Approximately 80 percent of women served in these programs are placed in employment and/or post-secondary education. I repeat, 80 percent. Now, if this is not considered a success story, I do not know what is.

This is a good example in which something that we created many years ago, works and works well. Recent statistics show that 85 percent of former program participants across the Nation rated the displaced homemakers programs excellent or very good. Over 75 percent said that these programs were better than other government-funded programs they had participated in.

You know why the success rate is so high? It's because people like Amber McDonald of Akron, OH take their training very seriously and are dead set on getting off welfare.

In a recent letter to me, Amber wrote:

I'd like to state that I am on public assistance at this time in my life and have one child. I don't take pride in the fact I receive welfare. I am grateful to the State of Ohio for their help. It has allowed me to survive and keep my child. It's a long hard road to getting off assistance. One I believe I'm on now. I am attending displaced homemaker classes and these classes have helped me make decisions—good solid decisions. Not the "please-the-system-decisions I've made in the past. The Displaced Homemaker classes educated me about where I could go, what I would need to succeed and how to go about it. We need this program and others like it. A lot of us want off welfare. We are as tired of being on the system as the system is of having us.

Before 1984, when States were not required to fund displaced homemakers' training activities, States unfortunately spent less than 1 percent of their funding on specialized services for displaced homemakers. This is unfortunate because programs for single parents and displaced homemakers have been effective in both preventing families from entering the welfare system and helping families move from the welfare system. And displaced homemakers remain an at-risk population. According to the 1980 census, more than half of the displaced homemakers live in or near poverty.

My amendment will not, I repeat, will not result in a set aside. This amendment will only make it permissible for States to fund for specialized vocational training programs. States will have the flexibility in determining the funding amount and the types of programs to institute. I just want to make sure that States are encouraged to continue these programs that are working.

I have been hearing from many people from Ohio who have benefited from these services. These women are now gainfully employed; they are off welfare. And they are providing for their families. Are these not the outcomes we want?

For example, Rebecca Richards from Fairfield, OH, wrote how her and her child's life changed since she participated in a displaced homemaker program. She said "As a result of the programs available, I was able to become a productive person in society." and she concluded by saying "With the program, I found a friend who counseled me, listened to complaints and successes, gave me useful information and training, and helped me meet with other single parents to form a network of friends." Let us face it, the traditional vocational training programs will not provide this type of training.

Mr. President, I urge my colleagues to support this amendment which is central to the welfare reform debate. Another Ohioan—Diane Cook—wrote me saying that "Everyone makes mistakes but they all should be allowed a second chance. Give us that second chance."

The bottom line is to get people off welfare and to keep them off welfare. What better way to accomplish this objective than encouraging the States to tailor training programs which will affect over 17 million women. Mr. President, let us give them that second chance. I yield the floor.

Mr. President, I ask unanimous consent the amendment be set aside pending consideration of the next amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

AMENDMENTS NOS. 2501 AND 2502 TO AMENDMENT NO. 2280

Mr. GRASSLEY. Mr. President, I send to the desk an amendment for Senator PRESSLER and an amendment for Senator COHEN.

I ask unanimous consent these amendments be read and filed and laid aside under the usual procedure.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The legislative clerk read as follows:

The Senator from Iowa [Mr. GRASSLEY], for Mr. PRESSLER, proposes an amendment numbered 2501 to amendment No. 2280 and, for Mr. COHEN, an amendment numbered 2502 to amendment No. 2280.

The amendments are as follows:

AMENDMENT NO. 2501

(Purpose: To provide a State option to use an income tax intercept to collect overpayments in assistance under the State program funded under part A of title IV of the Social Security Act)

On page 77, line 21, strike the end quotation marks and the end period.

On page 77, between lines 21 and 22, insert the following:

"SEC. 418. COLLECTION OF OVERPAYMENTS FROM FEDERAL TAX REFUNDS.

"(a) IN GENERAL.—Upon receiving notice from the Secretary of Health and Human Services that a State agency administering a plan approved under this part has notified the Secretary that a named individual has been overpaid under the State plan approved under this part, the Secretary of the Treasury shall determine whether any amounts as refunds of Federal taxes paid are payable to such individual, regardless of whether such individual filed a tax return as a married or unmarried individual. If the Secretary of the Treasury finds that any such amount is payable, the Secretary shall withhold from such refunds an amount equal to the overpayment sought to be collected by the State and pay such amount to the State agency.

"(b) REGULATIONS.—The Secretary of the Treasury shall issue regulations, after review by the Secretary of Health and Human Services, that provide—

"(1) that a State may only submit under subsection (a) requests for collection of overpayments with respect to individuals—

"(A) who are no longer receiving assistance under the State plan approved under this part,

"(B) with respect to whom the State has already taken appropriate action under State law against the income or resources of the individuals or families involved to collect the past-due legally enforceable debt; and

"(C) to whom the State agency has given notice of its intent to request withholding by the Secretary of the Treasury from the income tax refunds of such individuals;

"(2) that the Secretary of the Treasury will give a timely and appropriate notice to any other person filing a joint return with the individual whose refund is subject to withholding under subsection (a); and

"(3) the procedures that the State and the Secretary of the Treasury will follow in carrying out this section which, to the maximum extent feasible and consistent with the specific provisions of this section, will be the same as those issued pursuant to section 464(b) applicable to collection of past-due child support.".

(c) CONFORMING AMENDMENTS RELATING TO COLLECTION OF OVERPAYMENTS.—

(1) Section 6402 of the Internal Revenue Code of 1986 (relating to authority to make credits or refunds) is amended—

(A) in subsection (a), by striking "(c) and (d)" and inserting "(c), (d), and (e)";

(B) by redesignating subsections (e) through (i) as subsections (f) through (j), respectively; and

(C) by inserting after subsection (d) the following:

"(e) COLLECTION OF OVERPAYMENTS UNDER TITLE IV-A OF THE SOCIAL SECURITY ACT.—The amount of any overpayment to be refunded to the person making the overpayment shall be reduced (after reductions pursuant to subsection (c) and (d), but before a credit against future liability for an internal revenue tax) in accordance with section 418 of the Social Security Act (concerning recovery of overpayments to individuals under State plans approved under part A of title IV of such Act).".

(2) Paragraph (10) of section 6103(*l*) of such Code is amended—

(A) by striking "(c) or (d)" each place it appears and inserting "(c), (d), or (e)"; and

(B) by adding at the end of subparagraph (B) the following new sentence: "Any return information disclosed with respect to section 6402(e) shall only be disclosed to officers and employees of the State agency requesting such information.".

(3) The matter preceding subparagraph (A) of section 6103(p)(4) of such Code is amended—

(A) by striking "(5), (10)" and inserting "(5)"; and

(B) by striking "(9), or (12)" and inserting "(9), (10), or (12)".

(4) Section 552a(a)(8)(B)(iv)(III) of title 5, United States Code, is amended by striking "section 464 or 1137 of the Social Security Act" and inserting "section 418, 464, or 1137 of the Social Security Act."

AMENDMENT NO. 2502

(Purpose: To ensure that programs are implemented consistent with the first amendment)

On page 78, line 18, insert after "subsection (a)(2)" the following: "so long as the programs are implemented consistent with the Establishment Clause of the United States Constitution".

On page 80, line 13, add ";" after "governance" and delete lines 14-16.

The PRESIDING OFFICER. Without objection the amendments will be laid aside.

Mr. MOYNIHAN. Mr. President, I defer to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. WELLSTONE. Mr. President, I thank the Chair.

AMENDMENTS NUMBERED 2503, 2504, 2505, AND 2506 EN BLOC TO AMENDMENT NO. 2280

Mr. WELLSTONE. Mr. President, I send amendments en bloc to the desk and ask for their consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Minnesota [Mr. WELLSTONE], proposes amendments numbered 2503, 2504, 2505, and 2506 en bloc to amendment No. 2280.

Mr. WELLSTONE. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 2503

(Purpose: to prevent an increase in the number of hungry children in states that elect to participate in a food assistance block grant program)

On page 229, between lines 13 and 14, insert the following:

"(4) SUNSET OF ELECTION UPON INCREASE IN NUMBER OF HUNGRY CHILDREN.—

"(A) FINDINGS.—The Congress finds that—

"(i) on March 29, 1995 the Senate adopted a resolution stating that Congress should not enact or adopt any legislation that will increase the number of children who are hungry;

"(ii) it is not the intent of this bill to cause more children to be hungry;

"(iii) the Food Stamp Program serves to prevent child hunger;

"(iv) a State's election to participate in the optional state food assistance block grant program should not serve to increase the number of hungry children in that State; and

"(v) one indicator of hunger among children is the child poverty rate.

"(B) SUNSET.—If the Secretary of Health and Human Services makes two successive findings that the poverty rate among children in a State is significantly higher in a State that has elected to participate in a program established under subsection (a) than it would have been had there been no such election, 180 days after the second such finding such election shall be permanently and irreversibly revoked and the provisions of paragraphs (1) and (2) shall not be applicable to that State.

"(C) PROCEDURE FOR FINDING BY SECRETARY.—In making the finding described in subparagraph (B), the Secretary shall adhere to the following procedure:

"(i) Every three years, the Secretary shall develop data and report to Congress with respect to each State that has elected to participate in a program established under subsection (a) whether the child poverty rate in such State is significantly higher than it would have been had the State not made such election.

"(ii) The Secretary shall provide the report required under clause (i) to all States that have elected to participate in a program established under subsection (a), and the Secretary shall provide each State for which the Secretary determined that the child poverty rate is significantly higher than it would have been had the State not made such election with an opportunity to respond to such determination.

"(iii) If the response by a State under clause (ii) does not result in the Secretary reversing the determination that the child poverty rate in that State is significantly higher than it would have been had the State not made such election, then the Secretary shall publish a finding as described in subparagraph (B).

AMENDMENT NO. 2504

(Purpose: To prevent an increase in the number of hungry and homeless children in states that receive block grants for temporary assistance for needy families)

On page 124, between lines 12 and 13, insert the following:

"SEC. 113. SUNSET UPON OF INCREASE IN NUMBER OF HUNGRY OR HOMELESS CHILDREN.

"(a) FINDINGS.—The Congress finds that—

"(1) on March 29, 1995 the Senate adopted a resolution stating that Congress should not enact or adopt any legislation that will increase the number of children who are hungry or homeless;

"(2) it is not the intent of this bill to cause more children to be hungry or homeless;

"(3) the Aid to Families with Dependent Children program, which is repealed by this title, has helped prevent hunger and homelessness among children;

"(4) the operation of block grants for temporary assistance for needy families under this title should not serve to increase significantly the number of hungry or homeless children in any State; and

"(5) one indicator of hunger and homelessness among children is the child poverty rate.

"(b) SUNSET.—If the Secretary of Health and Human Services makes two successive findings that the poverty rate among children in a State is significantly higher in the State than it would have been had this title not been implemented, then all of the provisions of this title shall cease to be effective with regard to the State 180 days after the second such finding, making effective any provisions of law repealed by this title.

"(c) PROCEDURE FOR FINDING BY SECRETARY.—In making the finding described in subsection (b), the Secretary shall adhere to the following procedure:

"(1) Every three years, the Secretary shall develop data and report to Congress with respect to each State whether the child poverty rate in that State is significantly higher than it would have been had this title not been implemented.

"(2) The Secretary shall provide the report required under paragraph (1) to all States,

and the Secretary shall provide each State for which the Secretary determined that the child poverty rate is significantly higher than it would have been had this title not been implemented with an opportunity to respond to such determination.

"(3) If the response by a State under paragraph (2) does not result in the Secretary reversing the determination that the child poverty rate in that State is significantly higher than it would have been had this title not been implemented, then the Secretary shall publish a finding as described in subsection (b), and the State must implement a plan to decrease the child poverty rate."

AMENDMENT NO. 2505

(Purpose: To express the sense of the Senate regarding continuing medicaid coverage for individuals who lose eligibility for welfare benefits because of more earnings or hours of employment)

On page 86, between lines 3 and 4, insert the following:

SEC. 104A. SENSE OF THE SENATE REGARDING CONTINUING MEDICAID COVERAGE.

(a) FINDINGS.—The Senate finds that—

(1) the potential loss of medicaid coverage represents a large disincentive for recipients of welfare benefits to accept jobs that offer no health insurance;

(2) thousands of the Nation's employers continue to find the cost of health insurance out of reach;

(3) the percentage of working people who receive health insurance from their employer has dipped to its lowest point since the early 1980s; and

(4) children have accounted for the largest proportion of the increase in the number of uninsured in recent years.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that any medicaid reform enacted by the Senate this year should require that States continue to provide medicaid for 12 months to families who lose eligibility for welfare benefits because of more earnings or hours of employment.

AMENDMENT NO. 2506

(Purpose: To provide for an extension of transitional medicaid benefits)

On page 86, between lines 3 and 4, insert the following:

SEC. 104A. EXTENSION OF TRANSITIONAL MEDICAID BENEFITS.

(a) FINDINGS.—The Senate finds that—

(1) the potential loss of medicaid coverage represents a large disincentive for recipients of welfare benefits to accept jobs that offer no health insurance;

(2) thousands of the Nation's employers continue to find the cost of health insurance out of reach;

(3) the percentage of working people who receive health insurance from their employer has dipped to its lowest point since the early 1980s; and

(4) children have accounted for the largest proportion of the increase in the number of uninsured in recent years.

(b) EXTENSION OF MEDICAID ENROLLMENT FOR FORMER TEMPORARY EMPLOYMENT ASSISTANCE RECIPIENTS FOR 1 ADDITIONAL YEAR.—

(1) IN GENERAL.—Section 1925(b)(1) (42 U.S.C. 1396r-6(b)(1)) is amended by striking the period at the end and inserting the following: ", and shall provide that the State shall offer to each such family the option of extending coverage under this subsection for an additional 2 succeeding 6-month periods in the same manner and under the same conditions as the option of extending coverage under this subsection for the first succeeding 6-month period.".

(2) CONFORMING AMENDMENTS.—

(A) IN GENERAL.—Section 1925 (42 U.S.C. 1396r-6) is amended—

(i) in subsection (b)—

(I) in the heading, by striking "EXTENSION" and inserting "EXTENSIONS";

(II) in the heading of paragraph (1), by striking "REQUIREMENT" and inserting "IN GENERAL";

(III) in paragraph (2)(B)(ii)—

(aa) in the heading, by striking "PERIOD" and inserting "PERIODS"; and

(bb) by striking "in the period" and inserting "in each of the 6-month periods";

(IV) in paragraph (3)(A), by striking "the 6-month period" and inserting "any 6-month period";

(V) in paragraph (4)(A), by striking "the extension period" and inserting "any extension period"; and

(VI) in paragraph (5)(D)(i), by striking "is a 3-month period" and all that follows and inserting the following: "is, with respect to a particular 6-month additional extension period provided under this subsection, a 3-month period beginning with the first or fourth month of such extension period."; and

(ii) by striking subsection (f).

(B) FAMILY SUPPORT ACT.—Section 303(f)(2) of the Family Support Act of 1988 (42 U.S.C. 602 note) is amended—

(i) by striking "(A)"; and

(ii) by striking subparagraphs (B) and (C).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to medical assistance furnished for calendar quarters beginning on or after October 1, 1995.

AMENDMENT NO. 2507 TO AMENDMENT NO. 2280

(Purpose: To exclude energy assistance payments for one-time costs of weatherization or repair or replacement of unsafe or inoperative heating devices from income under the food stamp program)

Mr. WELLSTONE. Mr. President, I send an amendment to the desk and ask for its consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Minnesota (Mr. WELLSTONE), for himself and Mr. FEINGOLD, proposes an amendment numbered 2507 to amendment No. 2280.

Mr. WELLSTONE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Beginning on page 161, strike line 7 and all that follows through page 163, line 1, and insert the following:

SEC. 308. ENERGY ASSISTANCE.

(a) IN GENERAL.—Section 5(d)(11) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(11)) is amended by striking "any payments or allowances" and inserting the following: "a one-time payment or allowance for the costs of weatherization or emergency repair or replacement of an unsafe or inoperative furnace or other heating or cooling device,".

(b) CONFORMING AMENDMENTS.—Section 5(k)(1)(A) of the Act (7 U.S.C. 2014(k)(1)(A) is amended by striking "plan for aid to families with dependent children approved" and inserting "program funded".

Mr. WELLSTONE. I ask unanimous consent that the amendments be laid aside and be considered next week.

The PRESIDING OFFICER. Without objection, it is so ordered.

Several Senators addressed the Chair.

Mr. GRASSLEY. Mr. President, I defer to the Senator from Colorado for the purposes of offering an amendment.

The PRESIDING OFFICER. The Senator from Colorado.

AMENDMENT NO. 2508 TO AMENDMENT NO. 2280

(Purpose: To impose a cap on the amount of funds that can be used for administrative purposes)

Mr. BROWN. Mr. President, I send an amendment to the desk and ask for its consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Colorado (Mr. BROWN) proposes an amendment numbered 2508 to amendment No. 2280.

On page 25, strike line 4 and insert the following: "1, 1995;

except that not more than 15 percent of the grant may be used for administrative purposes.".

Mr. BROWN. Mr. President, I ask unanimous consent that the amendment be laid over until next week for consideration.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I will not interfere with people offering their amendments. But I wonder if I might be permitted to modify my amendment at a later time this afternoon.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, I defer to the Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois.

AMENDMENTS NOS. 2509 AND 2510 TO AMENDMENT NO. 2280

Mr. SIMON. Mr. President, I send two amendments to the desk and ask for their consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Illinois (Mr. SIMON) proposes amendments numbered 2509 and 2510 to amendment No. 2280.

Mr. SIMON. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

AMENDMENT NO. 2509

(Purpose: To eliminate retroactive deeming requirements for those legal immigrants already in the United States)

On page 289, lines 2 through 5, strike ", or for a period of 5 years beginning on the day such individual was first lawfully in the United States after the execution of such affidavit or agreement, whichever period is longer".

(The text of the amendment No. 2510 is printed in today's RECORD under "Amendments Submitted.")

Mr. SIMON. I ask unanimous consent that the amendments be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I defer to the Senator from Michigan for the purposes of offering an amendment.

AMENDMENTS NOS. 2511 AND 2512 TO AMENDMENT NO. 2280

Mr. ABRAHAM. Mr. President, I send two amendments to the desk and ask for their consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Michigan (Mr. ABRAHAM) proposes amendments numbered 2511 and 2512 to amendment No. 2280.

Mr. ABRAHAM. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 2511

At the appropriate place in the bill, add the following new section:

"SEC. . SENSE OF THE SENATE REGARDING ENTERPRISE ZONES.

(a) FINDINGS.—The Senate finds that—

(1) Many of the Nation's urban centers are places with high levels of poverty, high rates of welfare dependency, high crime rates, poor schools, and joblessness;

(2) Federal tax incentives and regulatory reforms can encourage economic growth, job creation and small business formation in many urban centers;

(3) Encouraging private sector investment in America's economically distressed urban and rural areas is essential to breaking the cycle of poverty and the related ills of crime, drug abuse, illiteracy, welfare dependency, and unemployment;

(4) The empowerment zones enacted in 1993 should be enhanced by providing incentives to increase entrepreneurial growth, capital formation, job creation, educational opportunities and homeownership in the designated communities and zones;

(b) SENSE OF THE SENATE.—Therefore, it is the Sense of the Senate that the Congress should adopt enterprise zone legislation in the 104th Congress, and that such enterprise zone legislation provide the following incentives and provisions:

(1) Federal tax incentives that expand access to capital, increase the formation and expansion of small businesses, and promote commercial revitalization;

(2) Regulatory reforms that allow localities to petition Federal agencies, subject to the relevant agencies' approval, for waivers or modifications of regulations to improve job creation, small business formation and expansion, community development, or economic revitalization objectives of the enterprise zones;

(3) Homeownership incentives and grants to encourage resident management of public housing and home ownership of public housing;

(4) School reform pilot projects in certain designated enterprise zones to provide low-income parents with new and expanded educational options for their children's elementary and secondary schooling.

AMENDMENT NO. 2512

(Purpose: To increase the block grant amount to States that reduce out-of-wedlock births)

On page 46, after line 24, insert the following:

"(a) GRANT INCREASED TO REWARD STATES THAT REDUCE OUT-OF-WEDLOCK BIRTHS.—

"(1) IN GENERAL.—The amount of the grant payable to a State under section 403(a)(1)(A) for fiscal years 1998, 1999, and 2000 shall be increased by—

"(A) 5 percent if—

"(i) the illegitimacy ratio of the State for the fiscal year is at least 1 percentage point lower than the illegitimacy ratio of the State for fiscal year 1995; and

"(ii) the rate of induced pregnancy terminations in the State for the same fiscal year is not higher than the rate of induced pregnancy terminations in the State for fiscal year 1995; or

"(B) 10 percent if—

"(i) the illegitimacy ratio of the State for the fiscal year is at least 2 percentage points lower than the illegitimacy ratio of the State for fiscal year 1995; and

"(ii) the rate of induced pregnancy terminations in the State for the same fiscal year is not higher than the rate of induced pregnancy termination in the State for fiscal year 1995.

"(2) DETERMINATION OF THE SECRETARY.—The Secretary shall not increase the grant amount under paragraph (1) if the Secretary determines that the relevant difference between the illegitimacy ratio of a State for an applicable fiscal year and the illegitimacy ratio of such State for fiscal year 1995 is the result of a change in State methods of reporting data used to calculate the illegitimacy ratio or if the Secretary determines that the relevant non-increase in the rate of induced pregnancy terminations for an applicable fiscal year as compared to fiscal year 1995 is the result of a change in State methods of reporting data used to calculate the rate of induced pregnancy terminations.

"(3) ILLEGITIMACY RATIO.—For purposes of this subsection, the term "illegitimacy ratio" means, with respect to a State and a fiscal year—

"(A) the number of out-of-wedlock births that occurred in the State during the fiscal year; divided by

"(B) the number of births that occurred in the State during the same fiscal year.

"(4) AVAILABILITY OF AMOUNTS.—There are authorized to be appropriated and there are appropriated such sums as may be necessary for fiscal years 1998, 1999, and 2000 for the purpose of increasing the amount of the grant payable to a State under section 403(a)(1) in accordance with this subsection.

Mr. ABRAHAM. I ask unanimous consent that the amendments be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, I defer to the distinguished Senator from California.

The PRESIDING OFFICER. The Senator from California.

Mrs. FEINSTEIN. I thank the Chair. I thank the Senator from New York.

AMENDMENT NO. 2513 TO AMENDMENT NO. 2280

(Purpose: To limit deeming of income to cash and cash-like programs, and to retain SSI eligibility and exempt deeming of income requirements for victims of domestic violence)

Mrs. FEINSTEIN. Mr. President, I send an amendment to the desk and ask for its consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from California (Mrs. Feinstein) proposes an amendment numbered 2513 to amendment No. 2280.

Mrs. FEINSTEIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 276, line 22, strike "or".

On page 276, line 23, insert ", or (VI)" after "(V)".

On page 277, line 10, strike "and".

On page 277, line 16, strike the period and insert a semicolon.

On page 277, between lines 16 and 17, insert the following:

(F) assistance or services provided to abused or neglected children and their families; and

(G) assistance or benefits under other Federal non-cash programs.

On page 278, line 22, strike "or".

On page 278, line 25, insert "; or (VI) an alien lawfully admitted to the United States for permanent residence who has been subjected to domestic violence, or whose household members have been subjected to domestic violence, by the alien's sponsor or by members of the sponsor's household" after "title II".

Mrs. FEINSTEIN. Mr. President, I ask unanimous consent that the amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. FEINSTEIN. I thank the Chair.

AMENDMENT NO. 2514 TO AMENDMENT NO. 2280

(Purpose: To establish a job placement performance bonus that provides an incentive for States to successfully place individuals in unsubsidized jobs, and for other purposes)

Mr. MOYNIHAN. Mr. President, on behalf of the Senator from Connecticut [Mr. LIEBERMAN], I send an amendment to the desk and ask for its consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from New York [Mr. MOYNIHAN], for Mr. LIEBERMAN, for himself and Mr. BREAUX and Mr. CONRAD, proposes amendment numbered 2514 to amendment No. 2280.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 17, line 8, insert "and for each of fiscal years 1998, 1999, and 2000, the amount of the State's job placement performance bonus determined under subsection (f)(1) for the fiscal year" after "year".

On page 17, line 22, insert "and the applicable percent specified under subsection (f)(2)(B)(ii) for such fiscal year" after "(B)".

On page 29, between lines 15 and 16, insert:

"(f) JOB PLACEMENT PERFORMANCE BONUS—

"(1) IN GENERAL.—The job placement performance bonus determined with respect to a State and a fiscal year is an amount equal to the amount of the State's allocation of the job placement performance fund determined in accordance with the formula developed under paragraph (2).

"(2) ALLOCATION FORMULA: BONUS FUND.—

"(A) ALLOCATION FORMULA.—

"(i) IN GENERAL.—Not later than September 30, 1996, the Secretary of Health and Human Services shall develop and publish in the Federal Register a formula for allocating amounts in the job placement performance bonus fund to States based on the number of families that received assistance under a State program funded under this part in the preceding fiscal year that became ineligible for assistance under the State program as a result of unsubsidized employment during such year.

"(ii) FACTORS TO CONSIDER.—In developing the allocation formula under clause (i), the Secretary shall—

"(I) provide a greater financial bonus for individuals in families described in clause (i) who remain employed for greater periods of time or are at greater risk of long-term welfare dependency; and

"(I) take into account the unemployment conditions of each State or geographic area.

"(B) JOB PLACEMENT PERFORMANCE BONUS FUND.—

"(i) IN GENERAL.—The amount in the job placement performance bonus fund for a fiscal year shall be an amount equal to—

"(I) the applicable percentage of the amount appropriated under section 403(a)(2)(A) for such fiscal year; and

"(II) the amount of the reduction in grants made under this section for the preceding fiscal year resulting from the application of section 407.

"(ii) APPLICABLE PERCENTAGE.—For purposes of clause (i)(I), the applicable percentage shall be determined in accordance with the following table:

	The applicable percentage is:
"For fiscal year:	
1998	3
1999	4
2000 and each fiscal year thereafter	5.

On page 29, line 16, strike "(f)" and insert "(g)".

On page 66, line 13, insert "and a preliminary assessment of the job placement performance bonus established under section 403(f)" before the end period.

AMENDMENT NO. 2515 TO AMENDMENT NO. 2280

(Purpose: To establish a national clearinghouse on teenage pregnancy, set national goals for the reduction of out-of-wedlock and teenage pregnancies, require States to establish a set-aside for teenage pregnancy prevention activities, and for other purposes)

Mr. MOYNIHAN. Mr. President, I send an amendment to the desk in behalf of Senator LIEBERMAN and I ask for its consideration.

The PRESIDING OFFICER. The Clerk will report.

The legislative clerk read as follows:

The Senator from New York [Mr. MOYNIHAN], for Mr. LIEBERMAN, proposes an amendment numbered 2515 to amendment No. 2280.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place, insert:

SEC. . NATIONAL CLEARINGHOUSE ON TEENAGE PREGNANCY.

(a) ESTABLISHMENT.—The Secretary of Education and the Secretary of Health and Human Services shall establish a national center for the collection and provision of information that relates to adolescent pregnancy prevention programs, to be known as the "National Clearinghouse on Teenage Pregnancy Prevention Programs".

(b) FUNCTIONS.—The national center established under subsection (a) shall serve as a national information and data clearinghouse, and as a material development source for adolescent pregnancy prevention programs. Such center shall—

(1) develop and maintain a system for disseminating information on all types of adolescent pregnancy prevention programs and on the state of adolescent pregnancy prevention program development, including information concerning the most effective model programs;

(2) identify model programs representing the various types of adolescent pregnancy prevention programs;

(3) develop networks of adolescent pregnancy prevention programs for the purpose of sharing and disseminating information;

(4) develop technical assistance materials to assist other entities in establishing and improving adolescent pregnancy prevention programs;

(5) participate in activities designed to encourage and enhance public media campaigns on the issue of adolescent pregnancy; and

(6) conduct such other activities as the responsible Federal officials find will assist in developing and carrying out programs or activities to reduce adolescent pregnancy.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this section.

SEC. . ESTABLISHING NATIONAL GOALS TO REDUCE OUT-OF WEDLOCK PREGNANCIES AND TO PREVENT TEENAGE PREGNANCIES.

(a) IN GENERAL.—Not later than January 1, 1997, the Secretary of Health and Human Services shall establish and implement a strategy for—

(1) reducing out-of-wedlock teenage pregnancies by at least 5 percent a year, and

(2) assuring that at least 25 percent of the communities in the United States have teenage pregnancy prevention programs in place.

(b) REPORT.—Not later than June 30, 1998, and annually thereafter, the Secretary shall report to the Congress with respect to the progress that has been made in meeting the goals described in paragraphs (1) and (2) of subsection (a).

(c) OUT-OF-WEDLOCK AND TEENAGE PREGNANCY PREVENTION PROGRAMS.—Section 2002 (42 U.S.C. 1397a) is amended by adding at the end the following new subsection:

"(f)(1) Beginning in fiscal year 1996 and each fiscal year thereafter, each State shall use at least 5 percent of its allotment under section 2003 for the fiscal year to develop and implement a State program to reduce the incidence of out-of-wedlock and teenage pregnancies in the State.

"(2) The Secretary shall conduct a study with respect to the State programs implemented under paragraph (1) to determine the relative effectiveness of the different approaches for reducing out-of-wedlock pregnancies and preventing teenage pregnancy utilized in the programs conducted under this subsection and the approaches that can be best replicated by other States.

"(3) Each State conducting a program under this subsection shall provide to the Secretary, in such form and with such frequency as the Secretary requires, data from the programs conducted under this subsection. The Secretary shall report to the Congress annually on the progress of the programs and shall, not later than June 30, 1998, submit to the Congress a report on the study required under paragraph (2).".

SEC. . SENSE OF THE SENATE REGARDING ENFORCEMENT OF STATUTORY RAPE LAWS.

It is the sense of the Senate that States and local jurisdictions should aggressively enforce statutory rape laws.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the amendments numbered 2514 and 2515 be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRASSLEY. Mr. President, we are waiting for a few minutes for Senator CRAIG to get here to offer the next amendment that will be considered this afternoon. So, until he arrives, I would like to have permission to speak as if in morning business to introduce a bill that Senator LEVIN and I are introducing.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The remarks of Mr. GRASSLEY pertaining to the introduction of S. 1224 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. GRASSLEY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. LOTT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEPARTMENT OF DEFENSE APPROPRIATIONS, 1996

The PRESIDING OFFICER. Under a previous order, the Chair lays before the Senate H.R. 2126. The clerk will report.

The legislative clerk read as follows:

A bill (H.R. 2126) making appropriations for the Department of Defense for the fiscal year ending September 30, 1996, and for other purposes.

The PRESIDING OFFICER. Under the order, all after the enacting clause is stricken and the language of S. 1087 is inserted.

The clerk will read the bill for the third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill is passed and the motion to reconsider is laid upon the table.

So the bill (H.R. 2126), as amended, was passed.

The PRESIDING OFFICER. Under the order, the Senate insists on its amendments, requests a conference with the House on the disagreeing votes of the two Houses, and the Chair is authorized to appoint conferees on the part of the Senate.

The PRESIDING OFFICER appointed Mr. STEVENS, Mr. COCHRAN, Mr. SPECTER, Mr. DOMENICI, Mr. GRAMM, Mr. BOND, Mr. MCCONNELL, Mr. MACK, Mr. SHELBY, Mr. HATFIELD, Mr. INOUYE, Mr. HOLLINGS, Mr. JOHNSTON, Mr. BYRD, Mr. LEAHY, Mr. BUMPERS, Mr. LAUTENBERG, and Mr. HARKIN conferees on the part of the Senate.

The PRESIDING OFFICER. Under the order, S. 1087 is indefinitely postponed.

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

Mr. BROWN addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. BROWN. Mr. President, what is the pending business before the Senate?

The PRESIDING OFFICER. The pending business is the Boxer amendment No. 2482.

AMENDMENT NO. 2508

Mr. BROWN. Mr. President, I ask unanimous-consent that the pending amendment be set aside and that the portion of the unanimous-consent agreement which laid aside consideration of the Brown amendment until next Monday be waived and that I be allowed to bring up the Brown amendment at this time.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BROWN. Mr. President, I therefore call up amendment No. 2508, the Brown amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BROWN. Mr. President, this is a very straightforward amendment. When it was initially offered, it was read.

Let me simply reiterate for the benefit of Members who may not have been here at the time, what it does is place a limit of 15 percent on the Federal funds that may be used for administrative expenditures under the temporary assistance block grant. This is under title I.

Mr. President, what this suggests is that at least 85 percent of the money that is given in a block grant go to actual assistance and only 15 percent, or a maximum of 15 percent go for bureaucracy or administrative costs.

History shows that the vast majority of our States can and do live within this limitation already. Frankly, my purpose in offering it is to make it clear that this money is not simply to be consumed in administrative costs but to go to programs and to go to the people where it will do some good.

One may reasonably ask, is 15 percent reasonable?

I might say that three-fourths of the States already operate within that for comparable programs. But I also might mention that the other parts of the welfare bill have limitations on administrative costs and that this is perhaps more generous than most of those.

Let me be specific. In the child care block grant the cap is 5 percent whereas this is 15 percent. Job training coordination for statewide work force education is a 1-percent cap—that is 5 percent of the 20 percent. The statewide work force employment program versus the education program is a 5-percent cap. The food stamp block grant option is a 6-percent cap. So by suggesting a 15-percent cap for administrative costs we are not trying to be overly tight with the States but we do think some upper limit with regard to administrative costs is appropriate, that is, essential.

How many times have we heard from our States and counties where we have said most of the money that was sent to them, or a large portion of the money that was sent to them, to deal with a problem is consumed at the State level for administrative costs, money that does not go to help people, money that may not go to directly dealing with the people at hand.

The 50-percent maximum limit is reasonable. It is one that States can live with. And, frankly, Mr. President, what it says is this money is meant to help people and goes to effect a program, not to simply be consumed by new bureaucracies at a State level.

With the broad new discretion given the States, this sort of reasonable upper limit for bureaucracy, I think, is appropriate and needed. The saddest commentary of all would be if delineating the money to the States, doing away with the Federal bureaucracy, ended up producing a whole new huge bureaucracy on the State level. So a reasonable limit is needed, appropriate.

I urge its adoption, Mr. President.

Mr. President, on this amendment I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. BROWN. Mr. President, I yield back the balance of my time.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. I would rise in support of the amendment by the Senator from Colorado. I think in this whole process of moving from categorical programs administered from Washington to more flexible programs, you can also call block grants to the States. I think we have an appropriate responsibility to the Federal taxpayers to make sure that money is not eaten up in excess administrative costs.

I think the Brown amendment is a step in the right direction. I do not think very many States would exceed that anyway, and probably very few States exceed that presently. But we are moving into a program of what we think is of considerable length. And I have always said that to meet the Federal responsibilities on block grants it is legitimate to put limits on administrative expenses, to have some national goals that ought to be met, and to have a targeted population described by the Federal taxpayers.

It seems to me that this solves one of those major, legitimate issues that we ought to deal with here, albeit at the same time we are going to give the maximum discretion to the States on the administering of the welfare program. So I compliment the Senator from Colorado for his amendment.

I yield the floor.

Mr. BIDEN. Mr. President, the Brown amendment to the welfare bill sounds good on the surface, and I suspect it will pass by a large margin. But, I will vote against it, and I want to explain why.

The fact is, this amendment would be prejudicial to my State of Delaware. It would require all States to treat their Federal welfare block grant funds as if they were State revenues, thus requiring the moneys to be appropriated by the State legislature.

However, Delaware is one of only six States where the General Assembly has decided that Federal moneys can bypass the State legislature and be directly appropriated to a State agency by the governor. In other words, State legislators in Delaware have decided themselves to forego the right to appropriate Federal funds.

I simply do not believe that this bill is the time or the place to change my State's budget law and longstanding appropriations process. If the Delaware General Assembly wants to appropriate the Federal funds that Delaware receives, the General Assembly is fully within its rights to change Delaware's law. But, I cannot support imposing that on my State—especially in a bill that is intended, according to its sponsors, to give States more rights and flexibility.

Mr. President, I thank the Chair, and I yield the floor.

Mr. MOYNIHAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that further proceedings under the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, this appears to me to be another amendment that will make the block grant unworkable. And I entirely support that.

I believe the yeas and nays have been requested?

Mr. GRASSLEY. Yes.

Mr. MOYNIHAN. I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 2508 offered by the Senator from Colorado.

The yeas and nays have been ordered.

The clerk will call the roll.

The bill clerk called the roll.

Mr. LOTT. I announce that the Senator from Colorado [Mr. CAMPBELL], the Senator from Mississippi [Mr.

COCHRAN], the Senator from Florida [Mr. MACK], the Senator from Arizona [Mr. MCCAIN], the Senator from Alaska [Mr. MURKOWSKI], and the Senator from Alabama [Mr. SHELBY] are necessarily absent.

I also announce that the Senator from Tennessee [Mr. THOMPSON] is absent due to illness.

Mr. FORD. I announce that the Senator from Arkansas [Mr. PRYOR] is necessarily absent.

The PRESIDING OFFICER (Mr. GRAMS). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 87, nays 5, as follows:

[Rollcall Vote No. 404 Leg.]

YEAS—87

Abraham	Feingold	Levin
Akaka	Feinstein	Lieberman
Baucus	Ford	Lott
Bennett	Frist	McConnell
Biden	Glenn	Mikulski
Bingaman	Graham	Moseley-Braun
Boxer	Gramm	Moynihan
Bradley	Grams	Murray
Breaux	Grassley	Nickles
Brown	Gregg	Nunn
Bryan	Harkin	Packwood
Bumpers	Hatfield	Pell
Burns	Heflin	Pressler
Byrd	Helms	Reid
Chafee	Hollings	Robb
Coats	Hutchison	Rockefeller
Cohen	Inhofe	Roth
Conrad	Inouye	Santorum
Coverdell	Jeffords	Sarbanes
Craig	Johnston	Simon
D'Amato	Kassebaum	Simpson
Daschle	Kempthorne	Smith
DeWine	Kennedy	Snowe
Dodd	Kerrey	Specter
Dole	Kerry	Stevens
Domenici	Kohl	Thomas
Dorgan	Kyl	Thurmond
Exon	Lautenberg	Warner
Faircloth	Leahy	Wellstone

NAYS—5

Ashcroft	Gorton	Lugar
Bond	Hatch	

NOT VOTING—8

Campbell	McCain	Shelby
Cochran	Murkowski	Thompson
Mack	Pryor	

So, the amendment (No. 2508) was agreed to.

Mr. HATCH. Mr. President, I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HATCH. Mr. President, pursuant to the previous agreement, I ask unanimous consent that the pending amendment be briefly set aside so that I and Senator HELMS, in that order, may send amendments to the desk and ask for their immediate consideration in accordance with the unanimous consent agreement already agreed to.

Mrs. BOXER. Reserving the right to object, I assume after those two are laid down we will go to my amendment. I need only 1 minute to explain it.

Mr. HATCH. As soon as we do this procedural matter and we conclude this, we will move right to the Senator from California. I include that in the unanimous consent agreement.

Mr. EXON. Reserving the right to object, may I please have an understanding of what the procedure is?

The Senator from Nebraska also has an amendment to offer that I have been waiting to offer for some time. I am not in any particular rush. Are we setting up an order?

If the unanimous consent request is granted, as I understand it, there would be some motion taken up offered by the Senators from North Carolina and Utah, and following that we will go to the Senator from California; is that correct?

Mr. HATCH. That is correct. We would be happy to have the Senator put his in, but we are not making arguments at this time.

Mr. MOYNIHAN. Mr. President, it is my understanding that the Senator from Nebraska would like to speak, and we had anticipated after the vote on the Boxer amendment other Senators would speak. I see the Senator from Idaho may wish to speak.

Mr. HATCH. My understanding is that the Boxer amendment will require a vote so we want to move forward as fast as we can.

Mr. EXON. With that understanding, I have no objection, and after the vote on the Boxer amendment I will proceed at that time.

Mr. HATCH. I have been informed immediately following the Boxer vote that Senator CRAIG has reserved some time; will the Senator from Nebraska wait until after Senator CRAIG?

Mr. EXON. Sure. With the understanding I be recognized sometime prior to 5 p.m.

Mr. HATCH. Mr. President, I ask unanimous consent that the pending amendment be briefly set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2516 TO AMENDMENT NO. 2280

(Purpose: To establish a block grant program for the provision of child care services)

Mr. HATCH. I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Utah [Mr. HATCH], for himself and Mr. KOHL, proposes an amendment numbered 2516 to amendment No. 2280.

Mr. HATCH. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. HATCH. Mr. President, I am pleased to be joined in this amendment by the Senator from Wisconsin, Senator KOHL. I invite all my colleagues to review this amendment and join us as cosponsors.

This is not a partisan proposal. It is intended to assist States in making child care services a key component of their title I temporary assistance programs.

We will be discussing this amendment in more detail later, but let me simply say today that I believe this amendment addresses a broadly recognized need for child care by families who are on welfare and struggling to get off.

Obviously, for a single parent, child care is necessary in order for that parent to work. A mother or father cannot leave a young child at home alone.

Mr. President, I believe in the work requirements incorporated in the Dole substitute. I happen to believe that work—and the sense of personal accomplishment that comes from it—is one of the single most important things we can provide to welfare recipients. But, we cannot do it without child care.

My amendment simply provides a child care block grant into the title I temporary assistance block grant. It is not complicated. It carries no new administrative requirements.

Mr. President, I will have more to say about this next week. I invite my colleagues to join Senator KOHL and me in sponsoring this important amendment.

Mr. President, I ask unanimous consent that the pending amendment be briefly set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENTS NOS. 2517, 2518, AND 2519, EN BLOC, TO AMENDMENT NO. 2280

Mr. HATCH. I send three amendments to the desk on behalf of Senator DEWINE.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Utah [Mr. HATCH], for Mr. DEWINE, proposes amendments, en bloc, numbered 2517 through 2519 to amendment No. 2280.

Mr. HATCH. I ask unanimous consent that reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 2517

(Purpose: To provide for quarterly reporting by banks with respect to common trust funds)

On page 712, between lines 9 and 10, insert the following:

SEC. . QUARTERLY REPORTS WITH RESPECT TO COMMON TRUST FUNDS.

(a) IN GENERAL.—Section 6032 of the Internal Revenue Code of 1986 (relating to returns of banks with respect to common trust funds) is amended by striking "each taxable year" and inserting "each quarter of the taxable year".

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

AMENDMENT NO. 2518

(Purpose: To modify the method for calculating participation rates to more accurately reflect the total case load of families receiving assistance in the State, and for other purposes)

On page 31, line 15, insert "and" after the semicolon.

On page 31, line 23, strike "and" and insert "divided by".

Beginning on page 31, line 24, strike all through page 32, line 10.

Beginning on page 33, line 10, strike all through page 34, line 5, and insert the following:

"(3) PRO RATA REDUCTION OF PARTICIPATION RATE DUE TO CASELOAD REDUCTIONS NOT REQUIRED BY FEDERAL LAW.—

"(A) IN GENERAL.—The Secretary shall prescribe regulations for reducing the minimum participation rate otherwise required by this section for a fiscal year by the number of percentage points equal to the number of percentage points (if any) by which—

"(i) the number of families receiving assistance during the fiscal year under the State program funded under this part is less than

"(ii) the number of families that received aid under the State plan approved under part A of this title (as in effect before October 1, 1995) during the fiscal year immediately preceding such effective date.

The minimum participation rate shall not be reduced to the extent that the Secretary determines that the reduction in the number of families receiving such assistance is required by Federal law.

"(B) ELIGIBILITY CHANGES NOT COUNTED.—The regulations described in subparagraph (A) shall not take into account families that are diverted from a State program funded under this part as a result of differences in eligibility criteria under a State program funded under this part and eligibility criteria under such State's plan under the aid to families with dependent children program, as such plan was in effect on the day before the date of the enactment of the Work Opportunity Act of 1995.

AMENDMENT NO. 2519

(Purpose: To provide for a rainy day contingency fund)

On page 29, between lines 17 and 18, insert the following:

"(g) RAINY DAY CONTINGENCY FUND.—

"(1) ESTABLISHMENT.—There is hereby established in the Treasury of the United States a fund which shall be known as the 'Rainy Day Contingency Fund' (hereafter in this section referred to as the 'Rainy Day Fund').

"(2) DEPOSITS INTO FUND.—Out of any money in the Treasury of the United States not otherwise appropriated, there are hereby appropriated for fiscal years 1996, 1997, 1998, 1999, and 2000 such sums as are necessary for payment to the Rainy Day Fund in a total amount not to exceed $525,000,000.

"(3) COMPUTATION OF GRANT.—

"(A) IN GENERAL.—The Secretary of the Treasury shall pay to each State for each quarter in a fiscal year following the quarter in which such State becomes an eligible State under this subsection, an amount equal to the Federal medical assistance percentage for such State for such fiscal year (as defined in section 1905(b)) of so much of the expenditures by the State in such year under the State program funded under this part as exceed the historic State expenditures for such State.

"(B) METHOD OF COMPUTATION, PAYMENT, AND RECONCILIATION.—

"(i) METHOD OF COMPUTATION.—The method of computing and paying such amounts shall be as follows:

"(I) The Secretary of Health and Human Services shall estimate the amount to be paid to the State for such quarter under the provisions of subparagraph (A), such estimate to be based on a report filed by the State containing its estimate of the total sum to be expended in such quarter and such other information as the Secretary may find necessary.

"(II) The Secretary of Health and Human Services shall then certify to the Secretary of the Treasury the amount so estimated by the Secretary of Health and Human Services.

"(ii) METHOD OF PAYMENT.—The Secretary of the Treasury shall thereupon, through the Fiscal Service of the Department of the Treasury and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Health and Human Services, the amount so certified.

"(iii) METHOD OF RECONCILIATION.—If at the end of each fiscal year, the Secretary of Health and Human Services finds that a State which received amounts from the Rainy Day Fund in such fiscal year did not meet the maintenance of effort requirement under paragraph (5)(B) for such fiscal year, the Secretary shall reduce the State family assistance grant for such State for the succeeding fiscal year by such amounts.

"(4) USE OF GRANT.—

"(A) IN GENERAL.—An eligible State may use the grant—

"(i) in any manner that is reasonably calculated to accomplish the purpose of this part; or

"(ii) in any manner that such State used amounts received under part A or F of this title, as such parts were in effect before October 1, 1995.

"(B) REFUND OF UNUSED PORTION.—Any amount of a grant under this subsection not used during the fiscal year shall be returned to the Rainy Day Fund.

"(5) ELIGIBLE STATE.—

"(A) IN GENERAL.—For purposes of this subsection, a State is an eligible State with respect to any quarter in a fiscal year, if such State—

"(i) has an average total unemployment rate for such quarter which exceeds by at least 2 percentage points such average total rate for the same quarter of either the preceding or second preceding fiscal year; and

"(ii) has met the maintenance of effort requirement under subparagraph (B) for the State program funded under this part for the preceding fiscal year.

"(B) MAINTENANCE OF EFFORT.—

"(i) IN GENERAL.—The maintenance of effort requirement for any State under this subparagraph for any fiscal year is the expenditure of an amount at least equal to 100 percent of the level of historic State expenditures for such State.

"(ii) HISTORIC STATE EXPENDITURES.—For purposes of this subparagraph, the term 'historic State expenditures' means payments of cash assistance to recipients of aid to families with dependent children under the State plan under part A of title IV for fiscal year 1994, as in effect during such fiscal year.

"(iii) DETERMINING STATE EXPENDITURES.—For purposes of this subparagraph, State expenditures shall not include any expenditures from amounts made available by the Federal Government.

Mr. HATCH. Mr. President, pursuant to the previous agreement, I ask unanimous consent that the pending amendment be briefly set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2520 TO AMENDMENT NO. 2280

Mr. HATCH. I send an amendment to the desk and ask for its immediate consideration for and on behalf of Senator BURNS.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Utah [Mr. HATCH] for Mr. BURNS, proposes an amendment numbered 2520 to amendment No. 2280.

Mr. HATCH. I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Amend section 105 (a) to read:

(a) IN GENERAL.—The Secretary of Health and Human Services shall take such actions as may be necessary, including reduction in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to ensure that at least 50 percent of the personnel in positions that relate to a covered activity are separated from service. Where possible, reductions should come from headquarters before reductions are made in the field. In the case of a program that is repealed, 100% of the positions shall be eliminated.

Elimination of positions may begin upon passage of this Act but shall be completed no later than six (6) months following the date of implementation.

Mr. HATCH. I ask unanimous consent the pending amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2521 TO AMENDMENT NO. 2280

(Purpose: To ensure state eligibility and benefit restrictions for immigrants are no more restrictive than those of the Federal Government)

Mr. HATCH. Mr. President, I send an amendment to the desk for and on behalf of Senator SIMPSON and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Utah [Mr. HATCH], for Mr. SIMPSON, proposes an amendment numbered 2521 to amendment No. 2280.

Mr. HATCH. I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 287, strike lines 13-17 and insert the following:

"(a) IN GENERAL.—(1) Subject to paragraph (2) and subsection (b), a State may, at its option, limit or restrict the eligibility of noncitizens of the United States for any means-tested public assistance program, whether funded by the Federal Government or by the State.

"(2)(A) The authority under subsection (a) may be exercised only to the extent that any prohibitions, limitations, or restrictions are not more restrictive or of a longer duration than comparable Federal programs.

"(B) For the purposes of this subsection, attribution to a noncitizen of the income or resources of any person who (as a sponsor of such noncitizen's entry into the United States) executed an affidavit of support or similar agreement with respect to such noncitizen, for purposes of determining the eligibility for or amount of benefits of such noncitizen, shall not be considered more restrictive than a prohibition of eligibility."

Mr. HATCH. I ask unanimous consent the pending amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2522 TO AMENDMENT NO. 2280

(Purpose: To modify provisions relating to funds for other child care programs)

Mr. HATCH. Mr. President, I send another amendment to the desk for and

on behalf of Senator KASSEBAUM and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Utah [Mr. HATCH], for Mrs. KASSEBAUM, proposes an amendment numbered 2522 to amendment No. 2280.

Mr. HATCH. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Beginning on page 313, strike line 13 and all that follows through line 5 on page 314, and insert the following new subsection:

(l) APPLICATION OF SUBCHAPTER.—The Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) is amended by adding at the end thereof the following new section:

"SEC. 658T. APPLICATION TO OTHER PROGRAMS.

"Notwithstanding any other provision of law, a State that uses funding for child care services under any Federal program shall ensure that activities carried out using such funds meet the requirements, standards, and criteria of this subchapter, except for the quality set-aside provisions of section 685G, and the regulations promulgated under this subchapter. Such sums shall be administered through a uniform State plan. To the maximum extent practicable, amounts provided to a State under such programs shall be transferred to the lead agency and integrated into the program established under this subchapter by the State.".

Mr. HELMS. I ask unanimous consent the pending amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2523 TO AMENDMENT NO. 2280

(Purpose: To require single, able-bodied individuals receiving food stamps to work at least 40 hours every 4 weeks)

Mr. HELMS. Mr. President, I send an amendment to the desk and ask it be stated.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from North Carolina [Mr. HELMS] for himself, Mr. FAIRCLOTH, Mr. SHELBY, and Mr. GRAMS, proposes an amendment numbered 2523 to amendment No. 2280.

Mr. HELMS. I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Beginning on page 195, strike line 22 and all that follows through page 198, line 14, and insert the following:

SEC. 319. WORK REQUIREMENT.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) (as amended by section 318) is further amended by inserting after subsection (m) the following:

"(n) WORK REQUIREMENT.—

"(1) IN GENERAL.—Subject to paragraph (3), no individual shall be eligible to participate in the food stamp program as a member of any household if the individual did not work at least 40 hours during the preceding 4-week period.

"(2) WORK PROGRAM.—For purposes of paragraph (1), an individual may perform community service or work for a State or political subdivision of a State through a program established by the State or political subdivision.

"(3) EXEMPTIONS.—Paragraph (1) shall not apply to an individual if the individual is—

"(A) a parent residing with a dependent child under 18 years of age;

"(B) a member of a household with responsibility for the care of an incapacitated person;

"(C) mentally or physically unfit;

"(D) under 18 years of age; or

"(E) 55 years of age or older.".

Mrs. BOXER. I ask unanimous consent the pending amendment be set aside.

The PRESIDING OFFICER. Without objection, the amendment is set aside.

AMENDMENT NO. 2482

The PRESIDING OFFICER. The question is on agreeing to the amendment of Senator BOXER, amendment No. 2482.

Mrs. BOXER. Mr. President, I understand I have 60 seconds. I will use 30 seconds to explain my amendment.

What we are saying here is if you are a deadbeat dad or a deadbeat mom and have fallen behind on your child support more than 2 months, you must not be eligible for means-tested Federal benefits.

I have modified that amendment with the help of Senator SANTORUM. We exclude emergency medical care and nutrition assistance for teenage parents, but basically if you do not sign a repayment schedule committing yourself to make up for those delinquent payments, you will not get benefits such as housing assistance or SSI or food stamps.

We feel it is very important to send a message to deadbeat parents. I ask Senators to give us an aye vote.

The PRESIDING OFFICER. The amendment is so modified.

The amendment (No. 2482), as modified, is as follows:

On page 712, between lines 9 and 10, insert the following:

SEC. 972. DENIAL OF MEANS-TESTED FEDERAL BENEFITS TO NONCUSTODIAL PARENTS WHO ARE DELINQUENT IN PAYING CHILD SUPPORT.

(a) IN GENERAL.—Notwithstanding any other provision of law, a non-custodial parent who is more than 2 months delinquent in paying child support shall not be eligible to receive any means-tested Federal benefits.

(b) EXCEPTION.—

(1) IN GENERAL.—Subsection (a) shall not apply to an unemployed non-custodial parent who is more than 2 months delinquent in paying child support if such parent—

(A) enters into a schedule of repayment for past due child support with the entity that issued the underlying child support order; and

(B) meets all of the terms of repayment specified in the schedule of repayment as forced by the appropriate disbursing entity.

(2) 2-YEAR EXCLUSION.—(A) A non-custodial parent who becomes delinquent in child support a second time or any subsequent time shall not be eligible to receive any means-tested Federal benefits for a 2-year period beginning on the date that such parent failed to meet such terms.

(B) At the end of that two-year period, paragraph (A) shall once again apply to that individual.

(c) MEANS-TESTED FEDERAL BENEFITS.—For purposes of this section, the term "means-tested Federal benefits" means benefits under any program of assistance, funded in whole or in part, by the Federal Government, for which eligibility for benefits is based on need.

Mrs. BOXER. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Colorado [Mr. CAMPBELL], the Senator from Mississippi [Mr. COCHRAN], the Senator from Florida [Mr. MACK], the Senator from Arizona [Mr. MCCAIN], the Senator from Kentucky [Mr. MCCONNELL], and the Senator from Arkansas [Mr. MURKOWSKI] are necessarily absent.

I also announce that the Senator from Tennessee [Mr. THOMPSON] is absent due to illness.

Mr. FORD. I announce that the Senator from Louisana [Mr. BREAUX] and the Senator from Arkansas [Mr. PRYOR] are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 91, nays 0, as follows:

[Rollcall Vote No. 405 Leg.]

YEAS—91

Abraham	Feinstein	Lieberman
Akaka	Ford	Lott
Ashcroft	Frist	Lugar
Baucus	Glenn	Mikulski
Bennett	Gorton	Moseley-Braun
Biden	Graham	Moynihan
Bingaman	Gramm	Murray
Bond	Grams	Nickles
Boxer	Grassley	Nunn
Bradley	Gregg	Packwood
Brown	Harkin	Pell
Bryan	Hatch	Pressler
Bumpers	Hatfield	Reid
Burns	Heflin	Robb
Byrd	Helms	Rockefeller
Chafee	Hollings	Roth
Coats	Hutchison	Santorum
Cohen	Inhofe	Sarbanes
Conrad	Inouye	Shelby
Coverdell	Jeffords	Simon
Craig	Johnston	Simpson
D'Amato	Kassebaum	Smith
Daschle	Kempthorne	Snowe
DeWine	Kennedy	Specter
Dodd	Kerrey	Stevens
Dole	Kerry	Thomas
Domenici	Kohl	Thurmond
Dorgan	Kyl	Warner
Exon	Lautenberg	Wellstone
Faircloth	Leahy	
Feingold	Levin	

NOT VOTING—9

Breaux	Mack	Murkowski
Campbell	McCain	Pryor
Cochran	McConnell	Thompson

So the amendment (No. 2482) was agreed to.

Mr. HATCH. Mr. President, I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2524 TO AMENDMENT NO. 2280

(Purpose: To provide for a good cause exception for hospital-based programs providing for voluntary acknowledgment of paternity)

Mr. CRAIG. Mr. President, I send an amendment to the desk for myself and Senator SHELBY.

The PRESIDING OFFICER. Without objection, the clerk will report.

The assistant legislative clerk read as follows.

The Senator from Idaho [Mr. CRAIG], for himself and Mr. SHELBY, proposes an amendment numbered 2524 to amendment No. 2280.

Mr. CRAIG. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 643, line 16, insert ", subject to such good cause and other exceptions as the State shall establish and taking into account the best interests of the child" before the end period.

Mr. CRAIG. Mr. President, it is my understanding that this amendment has received recognition from both sides and is acceptable.

The amendment would simply allow the States to establish good cause and other exceptions and thus will not override State laws defining paternity. Moreover, it requires all hospital bed programs providing for voluntary acknowledgment of paternity to take into account the best interests of the child. It provides consistency between Federal AFDC law and the laws regarding in-hospital paternity establishment.

Mr. HATCH. Mr. President, we think the amendment is an excellent amendment, and we are prepared to accept it on this side. I understand the other side is prepared to accept it. I turn to the distinguished Senator from New York.

Mr. MOYNIHAN. Mr. President, we surely agree this a commendable amendment. We thank the Senator from Idaho for offering it. It would be agreed to on this side if the question is asked.

Mr. HATCH. I urge adoption of the amendment.

The PRESIDING OFFICER. If there is no further debate, the question is on agreeing to amendment No. 2524.

So the amendment (No. 2524) was agreed to.

Mr. HATCH. Mr. President, I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. EXON. Mr. President, first, an inquiry of the Chair.

As I understand it, the present measure before the Senate is the amendment numbered 2280 by Senator DOLE. Is that correct?

The PRESIDING OFFICER. That is the first-degree amendment pending. There have been second-degree amendments offered that have been set aside.

Mr. EXON. That is what I wished to clarify. The Senator from Nebraska is ready to offer an amendment to that amendment.

AMENDMENT NO. 2525 TO AMENDMENT NO. 2280

(Purpose: To prohibit the payment of certain Federal benefits to any person not lawfully present within the United States, and for other purposes)

Mr. EXON. I send the amendment to the desk at this time and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, the clerk will report.

The assistant legislative clerk read as follows.

The Senator from Nebraska [Mr. EXON] proposes an amendment numbered 2525 to amendment No. 2280.

Mr. EXON. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 302, between lines 5 and 6, insert the following:

SEC. 506. PROHIBITION ON PAYMENT OF FEDERAL BENEFITS TO CERTAIN PERSONS.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), Federal benefits shall not be paid or provided to any person who is not a person lawfully present within the United States.

(b) EXCEPTIONS.—Subsection (a) shall not apply with respect to the following benefits:

(1) Emergency medical services under title XIX of the Social Security Act.

(2) Short-term emergency disaster relief.

(3) Assistance or benefits under the National School Lunch Act.

(4) Assistance or benefits under the Child Nutrition Act of 1966.

(5) Public health assistance for immunizations and, if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of a serious communicable disease, for testing and treatment of such disease.

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

(1) FEDERAL BENEFIT.—The term "Federal benefit" means—

(A) the issuance of any grant, contract, loan, professional license, or commercial license provided by an agency of the United States or by appropriated funds of the United States; and

(B) any retirement, welfare, Social Security, health, disability, veterans benefit, public housing, education, food stamps, unemployment benefit, or any other similar benefit for which payments or assistance are provided by an agency of the United States or by appropriated funds of the United States.

(2) VETERANS BENEFIT.—The term "veterans benefit" means all benefits provided to veterans, their families, or survivors by virtue of the service of a veteran in the Armed Forces of the United States.

(3) PERSON LAWFULLY PRESENT WITHIN THE UNITED STATES.—The term "person lawfully present within the United States" means a person who, at the time the person applies for, receives, or attempts to receive a Federal benefit, is a United States citizen, a permanent resident alien, an alien whose deportation has been withheld under section 243(h) of the Immigration and Nationality Act (8 U.S.C. 1253(h)), and asylee, a refugee, a parolee who has been paroled for a period of at least 1 year, a national, or a national of the United States for purposes of the immigration laws of the United States (as defined in section 101(a)(17) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(17)).

(d) STATE OBLIGATION.—Notwithstanding any other provision of law, a State that administers a program that provides a Federal benefit (described in section 506(c)(1)) or provides State bene fits pursuant to such a program shall not be required to provide such benefit to a person who is not a person lawfully present within the United States (as defined in section 506(c)(3)) through a State agency or with appropriated funds of such State.

(e) VERIFICATION OF ELIGIBILITY.—

(1) IN GENERAL.—Not later than 18 months after the date of the enactment of this Act, the Attorney General of the United States, after consultation with the Secretary of Health and Human Services, shall promulgate regulations requiring verification that a person applying for a Federal benefit, including a benefit described in section 506(b), is a person lawfully present within the United States and is eligible to receive such benefit. Such regulations shall, to the extent feasible, require that information requested and exchanged be similar in form and manner to information requested and exchanged under section 1137 of the Social Security Act.

(2) STATE COMPLIANCE.—Not later than 24 months after the date the regulations described in subsection (1) are adopted, a State that administers a program that provides a Federal benefit described in such subsection shall have in effect a verification system that complies with the regulations.

(3) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purpose of this section.

(f) SEVERABILITY.—If any provision of this title or the application of such provision to any person or circumstance is held to be unconstitutional, the remainder of this title and the application of the provisions of such to any person or circumstance shall not be affected thereby.

Mr. EXON. Mr. President, I rise today to offer an amendment to the pending welfare reform bill to address the issue of payment of Federal benefits to illegal aliens. I have talked with the managers of the bill, and I have agreed to offer it now, to briefly debate the matter, and we will schedule a vote and possibly limited debate sometime next week as we move through the whole series of amendments we have pending.

Mr. President, I introduced a similar measure, S. 918, earlier in this Congress. As many Senators know, I have long supported blocking Federal benefits to illegal aliens as a matter of both sound immigration policy and as a matter of sound fiscal policy. I have introduced this measure as either a stand-alone bill or as an amendment in every Congress since 1989.

In 1993, when we debated the comprehensive crime bill, the Senate accepted my amendment to restrict benefits to illegal aliens by a vote of 85 to 2. Unfortunately, Mr. President, the provision was dropped in conference with the House of Representatives. Simply stated, my amendment says that Federal benefits shall not be paid or provided to those not lawfully present within the United States. My

amendment is well crafted to only deny illegals the benefit of Federal support and specifically defines who is a person lawfully present within the United States.

My amendment also provides for a number of exemptions. Federal funds could be provided to illegal aliens for emergency medical services, disaster relief, school lunches, child nutrition and immunization. Sick people would not be turned away at the hospital emergency rooms, nor would the public health be threatened by a communicable disease.

We must draw the line and say that illegal aliens should not be receiving scarce resources except for true emergencies and public health concerns.

Also, States would not be obligated to provide benefits to those not lawfully present in our country. Following the publishing of the rules by the Attorney General, the States would have 2 years to comply with the verification requirements, and necessary funds would be authorized.

It should be noted that the long-awaited report of the U.S. Commission on Immigration Reform, headed by former Representative Barbara Jordan, has generally recommended that illegal aliens not receive publicly funded services or assistance.

Mr. President, it is true that many Federal programs specifically exclude by statute illegal aliens in their criteria for eligibility, but in many cases the benefits continue to flow to these illegal aliens due to the expansive and misguided agency regulations and court interpretation.

Many Federal programs allow benefits to go to aliens permanently residing in the United States under color of law. However, this category is not defined by statute, and the categories of aliens it covers vary from program to program because various court decisions have defined it differently. I am sure that my fellow colleagues are well aware of the published growing concern with our country's haphazard immigration policy and porous border. I believe this debate over welfare reform provides us with a golden opportunity to create a new and more coherent policy regarding immigrants and to stop, once and for all, the payment of benefits to illegal aliens.

The Senate appears ready to give the States more flexibility and responsibility to oversee Federal programs. I think it is only fair that in exchange for the increased flexibility and discretion, the Federal Government should ask the States to stand with us in verifying immigrant status and help identify illegal aliens.

With the assistance of the States in the verification process, few illegals will receive benefits. And both Federal and State budgets will reflect those savings. It is the simple fact that a deported alien will not be available to collect welfare benefits that are desperately needed by many of our citizens.

Mr. President, in my opinion, the Federal Government and the States have been working at cross-purposes in enforcing our immigration laws. The States have decried the inability of the Federal Government to police our borders. Yet when Congress proposes dropping the payment of benefits to illegal aliens, the States complain that they will be saddled with the full cost of providing these services.

It is only reasonable to require States to verify the status of applicants provided we help give them the resources to do the job. By allowing States to deny benefits to these not lawfully present and providing funds for States to set up verification systems, my amendment is actually a fully funded mandate.

I believe we must do more regarding immigration reform itself. I feel strongly that deportation proceedings should be expedited, and there needs to be greater enforcement when holders of temporary visas intentionally overstay their visit. I also believe that there needs to be a stricter enforcement of sponsor affidavits and the deeming provision to ensure that immigrants will not be a burden to taxpayers. Efforts to provide better border patrols and to attack asylum abuse are also needed. The widespread abuse of identification cards by illegal aliens is a major problem. The production of false resident alien cards, drivers' licenses, and Social Security cards is a multimillion dollar national crime which only aids illegal aliens receiving Government benefits. It must be stopped.

The word is out, if you want to receive welfare benefits more generous than any, come to America. Do not even bother to enter legally. By allowing the payment of benefits to illegal aliens, we have become a magnet. In the past, immigrants came to America to work hard and prosper under freedom, but today too many are coming to receive the free ride.

Finally, and in closing, Mr. President, I must address briefly the overall context in which this issue is being discussed. Right now we are debating the welfare bill which will have great impact on those in our country who are in need. While I believe that our welfare system needs a major overhaul, I am concerned that those who are truly in need will bear an undue share of the burden. In these times of massive budget reductions, I must remind all that our Government is still there. It still has the responsibility to help its needy citizens. By providing Federal funds to those that are in our country illegally, we are misusing scarce resources. We simply cannot justify nor can we afford giving Federal benefits to people who are in our country illegally.

Mr. President, I thank the Chair. And I will make an understanding with the managers of the bill when we will take up this matter again at the beginning of next week.

I thank the Chair. I yield the floor.

Mr. SHELBY addressed the Chair.

The PRESIDING OFFICER (Mr. INHOFE). The Senator from Alabama.

AMENDMENTS NOS. 2526 AND 2527 TO AMENDMENT NO. 2280

Mr. SHELBY. I ask unanimous consent that the pending amendment be set aside so that I may send two amendments to the desk.

I ask for their immediate consideration.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The clerk will report the amendments.

The assistant legislative clerk read as follows:

The Senator from Alabama [Mr. SHELBY] proposes amendments, en bloc, numbered 2526 and 2527 to amendment No. 2280.

Mr. SHELBY. Mr. President, I ask unanimous consent that the reading of the amendments be dispensed with.

The amendments are as follows:

AMENDMENT NO. 2526

At the appropriate place, insert:

SEC. . **REFUNDABLE CREDIT FOR ADOPTION EXPENSES.**

(a) IN GENERAL.—Subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to refundable credits) is amended by redesignating section 35 as section 36 and by inserting after section 34 the following new section:

"SEC. 35. ADOPTION EXPENSES.

"(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this subtitle for the taxable year the amount of the qualified adoption expenses paid or incurred by the taxpayer during such taxable year.

"(b) LIMITATIONS.—

"(1) DOLLAR LIMITATION.—The aggregate amount of qualified adoption expenses which may be taken into account under subsection (a) with respect to the adoption of a child shall not exceed $5,000.

"(2) INCOME LIMITATION.—The amount allowable as a credit under subsection (a) for any taxable year shall be reduced (but not below zero) by an amount which bears the same ratio to the amount so allowable (determined without regard to this paragraph but with regard to paragraph (1)) as—

"(A) the amount (if any) by which the taxpayer's adjusted gross income exceeds $60,000, bears to

"(B) $40,000.

"(3) DENIAL OF DOUBLE BENEFIT.—

"(A) IN GENERAL.—No credit shall be allowed under subsection (a) for any expense for which a deduction or credit is allowable under any other provision of this chapter.

"(B) GRANTS.—No credit shall be allowed under subsection (a) for any expense to the extent that funds for such expense are received under any Federal, State, or local program.

"(c) QUALIFIED ADOPTION EXPENSES.—For purposes of this section, the term 'qualified adoption expenses' means reasonable and necessary adoption fees, court costs, attorney fees, and other expenses which are directly related to the legal and finalized adoption of a child by the taxpayer and which are not incurred in violation of State or Federal law or in carrying out any surrogate parenting arrangement. The term 'qualified adoption expenses' shall not include any expenses in connection with the adoption by an individual of a child who is the child of such individual's spouse.

"(d) MARRIED COUPLES MUST FILE JOINT RETURNS.—Rules similar to the rules of paragraphs (2), (3), and (4) of section 21(e) shall apply for purposes of this section."

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting before the period ", or from section 35 of such Code".

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

"Sec. 35. Adoption expenses.
"Sec. 36. Overpayments of tax.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

SEC. . EXCLUSION OF ADOPTION ASSISTANCE.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by redesignating section 137 as section 138 and by inserting after section 136 the following new section:

"SEC. 137. ADOPTION ASSISTANCE.

"(a) IN GENERAL.—Gross income of an employee does not include employee adoption assistance benefits, or military adoption assistance benefits, received by the employee with respect to the employee's adoption of a child.

"(b) DEFINITIONS.—For purposes of this section—

"(1) EMPLOYEE ADOPTION ASSISTANCE BENEFITS.—The term 'employee adoption assistance benefits' means payment by an employer of qualified adoption expenses with respect to an employee's adoption of a child, or reimbursement by the employer of such qualified adoption expenses paid or incurred by the employee in the taxable year.

"(2) EMPLOYER AND EMPLOYEE.—The terms 'employer' and 'employee' have the respective meanings given such terms by section 127(c).

"(3) MILITARY ADOPTION ASSISTANCE BENEFITS.—The term 'military adoption assistance benefits' means benefits provided under section 1502 of title 10, United States Code, or section 514 of title 14, United States Code.

"(4) QUALIFIED ADOPTION EXPENSES.—

"(A) IN GENERAL.—The term 'qualified adoption expenses' means reasonable and necessary adoption fees, court costs, attorney fees, and other expenses—

"(i) which are directly related to, and the principal purpose of which is for, the legal and finalized adoption of an eligible child by the taxpayer, and

"(ii) which are not incurred in violation of State or Federal law or in carrying out any surrogate parenting arrangement.

"(B) ELIGIBLE CHILD.—The term 'eligible child' means any individual—

"(i) who has not attained age 18 as of the time of the adoption, or

"(ii) who is physically or mentally incapable of caring for himself.

"(c) COORDINATION WITH OTHER PROVISION.—The Secretary shall issue regulations to coordinate the application of this section with the application of any other provision of this title which allows a credit or deduction with respect to qualified adoption expenses."

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter 1 of such Code is amended by striking the item relating to section 137 and inserting the following new items:

"Sec. 137. Adoption assistance.
"Sec. 138. Cross references to other Acts."

(c) EFFECTIVE DATE.—The amendments made this section shall apply to taxable years beginning after December 31, 1995.

SEC. . WITHDRAWAL FROM IRA FOR ADOPTION EXPENSES.

(a) IN GENERAL.—Subsection (d) of section 408 of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

"(8) QUALIFIED ADOPTION EXPENSES.—

"(A) IN GENERAL.—Any amount which is paid or distributed out of an individual retirement plan of the taxpayer, and which would (but for this paragraph) be includible in gross income, shall be excluded from gross income to the extent that—

"(i) such amount exceeds the sum of—

"(I) the amount excludable under section 137, and

"(II) any amount allowable as a credit under this title with respect to qualified adoption expenses; and

"(ii) such amount does not exceed the qualified adoption expenses paid or incurred by the taxpayer during the taxable year.

"(B) QUALIFIED ADOPTION EXPENSES.—For purposes of this paragraph, the term 'qualified adoption expenses' has the meaning given such term by section 137, except that such term shall not include any expense in connection with the adoption by an individual of a child who is the child of such individual's spouse."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1995.

AMENDMENT NO. 2527

On page 216, strike lines 4 thorough 6 and insert the following:

"(3) at the option of a State, funds to—

"(A) operate an employment and training program for needy individuals under the program; or

"(B) operate a work program under section 404 of the Social Security Act:

"(4) at the option of a State, funds to provide benefits to individuals with incomes below 185 percent of the poverty line under subsection (d)(3)(B)(v); and

On line 216, line 7, strike "(4)" and insert "(5)".

On page 216, strike lines 13 through 17 and insert the following:

"(2) FOUR-YEAR ELECTION.—

"(A) PERIOD.—A State may elect to participate in the program established under subsection (a) for a period of not less than 4 years.

"(B) ELECTION.—At the end of each 4-year period, a State may elect to participate in the program established under subsection (a) or in the food stamp program in accordance with the other sections of this Act.

On page 219, strike lines 11 through 13 and insert the following:

"(iii) at the option of a State—

"(I) to operate an employment and training program for needy individuals under the program; or

"(II) to operate a work program under section 404 of the Social Security Act:;

On page 219, line 15, strike the period at the end and insert "; and".

On page 219, between lines 15 and 16, insert the following:

"(v) to provide other forms of benefits to individuals with incomes below 185 percent of the poverty line, as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), except that not more than 20 percent of the amount allotted to a State under subsection (l)(2) may be used under this clause.

On page 220, strike line 14 and insert the following:

"(E) NOTICE AND HEARINGS.—

"(i) IN GENERAL.—The State

On page 220, between lines 20 and 21, insert the following:

"(ii) LIMITATION.—Clause (i) shall not impeded the ability of the State to promptly and efficiently alter or reduce benefits in response to a failure by a recipient to perform work or other required activities.

On page 223, strike lines 7 and 8 and insert the following:

"(g) EMPLOYMENT AND TRAINING.—No individual or

On page 223, strike lines 14 through 17.

On page 227, strike line 8 and insert the following:

"(5) PROVISION OF FOOD ASSISTANCE.—

"(A) IN GENERAL.—A

On page 227, strike lines 14 and 15 and insert the following:

"to food purchases, direct provision of commodities or cash aid in lieu of coupons under subparagraph (B).

"(B) CASH AID IN LIEU OF COUPONS.—

"(i) ELIGIBLE INDIVIDUALS.—An individual shall be eligible under this subparagraph if the individual is—

"(I) receiving benefits under this Act;

"(II) receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); and

"(III) participating in unsubsidized employment, subsidized employment, on-the-job training, or a community services program under section 404 of the Social Security Act.

"(ii) STATE OPTION.—In the case of an individual described in clause (i), a State may—

"(I) convert the food stamp benefits of the household in which the individual is a member to cash, and provide the cash in a single integrated payment with cash aid under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); and

"(II) sanction an individual, or a household that contains an individual, or reduce the benefits of the individual or household under the same rules and procedures as the State uses under part A of title IV of the Act (42 U.S.C. 601 et seq.).

On page 229, strike line 24 and all that follows through page 231, line 2, and insert the following: "97 percent of the federal funds the Director of the Office of Management and Budget estimates would have been expended under the food stamp program in the State for the fiscal year if the State had not elected to participate in the program under this section.".

Mr. SHELBY. Mr. President, I ask unanimous consent that the amendments be set aside until next week.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SHELBY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, I have a number of amendments which I am going to send forward and then ask to be laid aside. I am doing this at the request of colleagues.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENTS NOS. 2528 THROUGH 2532, EN BLOC, TO AMENDMENT NO. 2280

Mr. MOYNIHAN. First, Mr. President, on behalf of Senators CONRAD and LIEBERMAN, an amendment designed to combat teen pregnancy; second, an amendment from Mr. CONRAD and Mr. BRADLEY to provide State flexibility; third, an amendment by Mr. CONRAD

alone to create second-chance homes; and, further, an amendment by Mr. CONRAD to encourage States to move people to payrolls; and, finally, a complete substitute by Mr. CONRAD that provides employees with work, protects children and promotes family and State flexibility.

I send them to the desk.

The PRESIDING OFFICER. Without objection, the clerk will report the amendments by number only.

The assistant legislative clerk read as follows:

The Senator from New York [Mr. MOYNIHAN], for others, proposes amendments, en bloc, numbered 2528 through 2532 to amendment No. 2280.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the reading of the amendments, en bloc, be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2528

(Purpose: To provide that a State that provides assistance to unmarried teenage parents under the State program require such parents as a condition of receiving such assistance to live in an adult-supervised setting and attend high school or other equivalent training program.)

On page 50, strike line 6 and all that follows through page 51, line 11, and insert the following:

"(d) REQUIREMENT THAT TEENAGE PARENTS LIVE IN ADULT-SUPERVISED SETTINGS.—

"(1) IN GENERAL.—

"(A) REQUIREMENT.—Except as provided in paragraph (2), if a State provides assistance under the State program funded under this part to an individual described in subparagraph (B), such individual may only receive assistance under the program if such individual and the child of the individual reside in a place of residence maintained by a parent, legal guardian, or other adult relative of such individual as such parent's, guardian's, or adult relative's own home.

"(B) INDIVIDUAL DESCRIBED.—For purposes of subparagraph (A), an individual described in this subparagraph is an individual who is—

"(i) under the age of 18; and

"(ii) not married and has a minor child in his or her care.

"(2) EXCEPTION.—

"(A) PROVISION OF, OR ASSISTANCE IN LOCATING, ADULT-SUPERVISED LIVING ARRANGEMENT.—In the case of an individual who is described in subparagraph (B), the State agency shall provide, or assist such individual in locating, an appropriate adult-supervised supportive living arrangement, including a second chance home, another responsible adult, or a foster home, taking into consideration the needs and concerns of the such individual, unless the State agency determines that the individual's current living arrangement is appropriate, and thereafter shall require that such parent and the child of such parent reside in such living arrangement as a condition of the continued receipt of assistance under the plan (or in an alternative appropriate arrangement, should circumstances change and the current arrangement cease to be appropriate).

"(B) INDIVIDUAL DESCRIBED.—For purposes of subparagraph (A), an individual is described in this subparagraph if the individual is described in paragraph (1)(B) and—

"(ii) such individual has no parent or legal guardian of his or her own who is living or whose whereabouts are known;

"(iii) no living parent or legal guardian of such individual allows the individual to live in the home of such parent or guardian;

"(iv) the State agency determines that the physical or emotional health of such individual or any minor child of the individual would be jeopardized if such individual and such minor child lived in the same residence with such individual's own parent or legal guardian; or

"(v) the State agency otherwise determines that it is in the best interest of the minor child to waive the requirement of paragraph (1) with respect to such individual.

"(C) SECOND-CHANCE HOME.—For purposes of this paragraph, the term 'second-chance home' means an entity that provides individuals described in subparagraph (B) with a supportive and supervised living arrangement in which such individuals are required to learn parenting skills, including child development, family budgeting, health and nutrition, and other skills to promote their long-term economic independence and the well-being of their children.

"(3) ASSISTANCE TO STATES IN PROVIDING OR LOCATING ADULT-SUPERVISED SUPPORTIVE LIVING ARRANGEMENTS FOR UNMARRIED TEENAGE PARENTS.—

"(A) IN GENERAL.—For each of fiscal years 1998 through 2002, each State that provides assistance under the State program to individuals described in paragraph (1)(B) shall be entitled to receive a grant in an amount determined under subparagraph (B) for the purpose of providing or locating adult-supervised supportive living arrangements for individuals described in paragraph (1)(B) in accordance with this subsection.

"(B) AMOUNT DETERMINED.—

"(i) IN GENERAL.—The amount determined under this subparagraph is an amount that bears the same ratio to the amount specified under clause (ii) as the amount of the State family assistance grant for the State for such fiscal year (described in section 403(a)(2)) bears to the amount appropriated for such fiscal year in accordance with section 403(a)(4)(A).

"(ii) AMOUNT SPECIFIED.—The amount specified in this subparagraph is—

"(I) for fiscal year 1998, $20,000,000;

"(II) for fiscal year 1999, $40,000,000; and

"(III) for each of fiscal years 2000, 2001, and 2002, $80,000,000.

"(C) ASSISTANCE TO STATES IN PROVIDING OR LOCATING ADULT-SUPERVISED SUPPORTIVE LIVING ARRANGEMENTS FOR UNMARRIED TEENAGE PARENTS.—There are authorized to be appropriated and there are appropriated for fiscal years 1998, 1999, and 2000 such sums as may be necessary for the purpose of paying grants to States in accordance with the provisions of the paragraph.

"(e) REQUIREMENT THAT TEENAGE PARENTS ATTEND HIGH SCHOOL OR OTHER EQUIVALENT TRAINING PROGRAM.—If a State provides assistance under the State program funded under this part to an individual described in subsection (d)(1)(B) who has not successfully completed a high-school education (or its equivalent) and whose minor child is at least 12 weeks of age, the State shall not provide such individual with assistance under the program (or, at the option of the State, shall provide a reduced level of such assistance) if the individual does not participate in—

"(1) educational activities directed toward the attainment of a high school diploma or its equivalent; or

"(2) an alternative educational or training program that has been approved by the State.

On page 51, strike "(e)" and insert "(f)".

At the appropriate place, insert the following:

SEC. . NATIONAL CLEARINGHOUSE ON TEENAGE PREGNANCY.

(a) ESTABLISHMENT.—The Secretary of Education and the Secretary of Health and Human Services shall establish a national center for the collection and provision of information that relates to adolescent pregnancy prevention programs, to be known as the "National Clearninghouse on Teenage Pregnancy Prevention Programs".

(b) FUNCTIONS.—The national center established under subsection (a) shall serve as a national information and data clearinghouse, and as a material development source for adolescent pregnancy prevention programs. Such center shall—

(1) develop and maintain a system for disseminating information on all types of adolescent pregnancy prevention programs and on the state of adolescent pregnancy prevention program development, including information concerning the most effective model programs;

(2) identify model programs representing the various types of adolescent pregnancy prevention programs;

(3) develop networks of adolescent pregnancy prevention programs for the purpose of sharing and disseminating information;

(4) develop technical assistance materials to assist other entities in establishing and improving adolescent pregnancy prevention programs;

(5) participate in activities designed to encourage and enhance public media campaigns on the issue of adolescent pregnancy; and

(6) conduct such other activities as the responsible Federal officials find will assist in developing and carrying out programs or activities to reduce adolescent pregnancy.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this section.

SEC. . ESTABLISHING NATIONAL GOALS TO REDUCE OUT-OF-WEDLOCK PREGNANCIES AND TO PREVENT TEENAGE PREGNANCIES.

(a) IN GENERAL.—Not later than January 1, 1997, the Secretary of Health and Human Services shall establish and implement a strategy for—

(1) reducing out-of-wedlock teenage pregnancies by at least 2 percent a year, and

(2) assuring that at least 25 percent of the communities in the United States have teenage pregnancy prevention programs in place.

(b) REPORT.—Not later than June 30, 1998, and annually thereafter, the Secretary shall report to the Congress with respect to the progress that has been made in meeting the goals described in paragraphs (1) and (2) of subsection (a).

(b) OUT-OF-WEDLOCK AND TEENAGE PREGNANCY PREVENTION PROGRAMS.—Section 2002 of the Social Security Act (42 U.S.C. 1397a) is amended by adding at the end the following new subsection:

"(f)(1) Beginning in fiscal year 1996 and each fiscal year thereafter, each State shall use at least 5 percent of its allotment under section 2003 for the fiscal year to develop and implement a State program to reduce the incidence of out-of-wedlock and teenage pregnancies in the State.

"(2) The Secretary shall conduct a study with respect to the State programs implemented under paragraph (1) to determine the relative effectiveness of the different approaches for reducing out-of-wedlock pregnancies and preventing teenage pregnancy utilized in the programs conducted under this subsection and the approaches that can be best replicated by other States.

"(3) Each State conducting a program under this subsection shall provide to the Secretary, in such form and with such frequency as the Secretary requires, data from

the programs conducted under this subsection. The Secretary shall report to the Congress annually on the progress of the programs and shall, not later than June 30, 1998, submit to the Congress a report on the study required under paragraph (2).".

SEC. . SENSE OF THE SENATE REGARDING ENFORCEMENT OF STATUTORY RAPE LAWS.

It is the sense of the Senate that States and local jurisdictions should aggressively enforce statutory rape laws.

AMENDMENT NO. 2529

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

AMENDMENT NO. 2530

(Purpose: To provide that a State that provides assistance to unmarried teenage parents under the State program require such parents as a condition of receiving such assistance to live in an adult-supervised setting and attend high school or other equivalent training program)

On page 50, strike line 6 and all that follows through page 51, line 11, and insert the following:

"(d) REQUIREMENT THAT TEENAGE PARENTS LIVE IN ADULT-SUPERVISED SETTINGS.—

"(1) IN GENERAL.—

"(A) REQUIREMENT.—Except as provided in paragraph (2), if a State provides assistance under the State program funded under this part to an individual described in subparagraph (B), such individual may only receive assistance under the program if such individual and the child of the individual reside in a place of residence maintained by a parent, legal guardian, or other adult relative of such individual as such parent's, guardian's, or adult relative's own home.

"(B) INDIVIDUAL DESCRIBED.—For purposes of subparagraph (A), an individual described in this subparagraph is an individual who is—

"(i) under the age of 18; and

"(ii) not married and has a minor child in his or her care.

"(2) EXCEPTION.—

"(A) PROVISION OF, OR ASSISTANCE IN LOCATING, ADULT-SUPERVISED LIVING ARRANGEMENT.—In the case of an individual who is described in subparagraph (B), the State agency shall provide, or assist such individual in locating, an appropriate adult-supervised supportive living arrangement, including a second chance home, another responsible adult, or a foster home, taking into consideration the needs and concerns of the such individual, unless the State agency determines that the individual's current living arrangement is appropriate, and thereafter shall require that such parent and the child of such parent reside in such living arrangement as a condition of the continued receipt of assistance under the plan (or in an alternative appropriate arrangement, should circumstances change and the current arrangement cease to be appropriate).

"(B) INDIVIDUAL DESCRIBED.—For purposes of subparagraph (A), an individual is described in this subparagraph if the individual is described in paragraph (1)(B) and—

"(ii) such individual has no parent or legal guardian of his or her own who is living or whose whereabouts are known;

"(iii) no living parent or legal guardian of such individual allows the individual to live in the home of such parent or guardian;

"(iv) the State agency determines that the physical or emotional health of such individual or any minor child of the individual would be jeopardized if such individual and such minor child lived in the same residence with such individual's own parent or legal guardian; or

"(v) the State agency otherwise determines that it is in the best interest of the minor child to waive the requirement of paragraph (1) with respect to such individual.

"(C) SECOND-CHANCE HOME.—For purposes of this paragraph, the term 'second-chance home' means an entity that provides individuals described in subparagraph (B) with a supportive and supervised living arrangement in which such individuals are required to learn parenting skills, including child development, family budgeting, health and nutrition, and other skills to promote their long-term economic independence and the well-being of their children.

"(3) ASSISTANCE TO STATES IN PROVIDING OR LOCATING ADULT-SUPERVISED SUPPORTIVE LIVING ARRANGEMENTS FOR UNMARRIED TEENAGE PARENTS.—

"(A) IN GENERAL.—For each of fiscal years 1998 through 2002, each State that provides assistance under the State program to individuals described in paragraph (1)(B) shall be entitled to receive a grant in an amount determined under subparagraph (B) for the purpose of providing or locating adult-supervised supportive living arrangements for individuals described in paragraph (1)(B) in accordance with this subsection.

"(B) AMOUNT DETERMINED.—

"(i) IN GENERAL.—The amount determined under this subparagraph is an amount that bears the same ratio to the amount specified under clause (ii) as the amount of the State family assistance grant for the State for such fiscal year (described in section 403(a)(2)) bears to the amount appropriated for such fiscal year in accordance with section 403(a)(4)(A).

"(ii) AMOUNT SPECIFIED.—The amount specified in this subparagraph is—

"(I) for fiscal year 1998, $20,000,000;

"(II) for fiscal year 1999, $40,000,000; and

"(III) for each of fiscal years 2000, 2001, and 2002, $80,000,000.

"(C) ASSISTANCE TO STATES IN PROVIDING OR LOCATING ADULT-SUPERVISED SUPPORTIVE LIVING ARRANGEMENTS FOR UNMARRIED TEENAGE PARENTS.—There are authorized to be appropriated and there are appropriated for fiscal years 1998, 1999, and 2000 such sums as may be necessary for the purpose of paying grants to States in accordance with the provisions of this paragraph.

"(e) REQUIREMENT THAT TEENAGE PARENTS ATTEND HIGH SCHOOL OR OTHER EQUIVALENT TRAINING PROGRAM.—If a State provides assistance under the State program funded under this part to an individual described in subsection (d)(1)(B) who has not successfully completed a high-school education (or its equivalent) and whose minor child is at least 12 weeks of age, the State shall not provide such individual with assistance under the program (or, at the option of the State, shall provide a reduced level of such assistance) if the individual does not participate in—

"(1) educational activities directed toward the attainment of a high school diploma or its equivalent; or

"(2) an alternative educational or training program that has been approved by the State."

On page 51, strike "(e)" and insert "(f)".

AMENDMENT NO. 2531

On page 31, line 23, strike "and".

On page 32, line 10, strike "divided by" and insert "and".

On page 32, between lines 10 and 11, insert the following:

"(V) the number of all families that became ineligible to receive assistance under the State program during the previous 6-month period as a result of section 405(b) that include an adult who is engaged in work (in accordance with subsection (c)) for the month: divided by".

On page 32, strike lines 11 through 15, and insert the following:

"(ii) the sum of—

"(I) the total number of all families receiving assistance under the State program funded under this part during the month that include an adult; and

"(II) the number of all families that became ineligible to receive assistance under the State program during the previous 6-month period as a result of section 405(b) that do not include an adult who is engaged in work (in accordance with subsection (c)) for the month.

AMENDMENT NO. 2532

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

AMENDMENT NO. 2533 TO AMENDMENT NO. 2280

(Purpose: To improve the provisions relating to incentive grants)

Mr. MOYNIHAN. Mr. President, I offer an amendment for Mr. LEVIN to the underlying amendment 2280.

The PRESIDING OFFICER. Without objection, it is so ordered.

The pending amendments are set aside.

The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from New York [Mr. MOYNIHAN], for Mr. LEVIN, proposes an amendment numbered 2533 to amendment No. 2280.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

AMENDMENT NO. 2533

On page 417, line 15, strike "or" and insert "and".

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENTS NOS. 2491 AND 2492, AS MODIFIED

Mr. MOYNIHAN. Mr. President, on behalf of Senator ROCKEFELLER, I send to the desk the following modifications to amendments Nos. 2491 and 2492.

The PRESIDING OFFICER. Without objection, the amendments will be so modified.

The amendments (No. 2491 and No. 2492), as modified, are as follows:

AMENDMENT NO. 2491

On page 40, between lines 16 and 17, insert the following:

"(4) AREAS OF HIGH UNEMPLOYMENT.—

"(A) IN GENERAL.—At the State's option, the State may, on a uniform basis, exempt a family from the application of paragraph (1) if—

"(i) such family resides in an area of high unemployment designated by the State under subparagraph (B); and

"(ii) the State makes available, and requires an individual in the family to participate in, work activities described in subparagraphs (B), (D), or (F) of section 404(c)(3).

"(B) AREAS OF HIGH UNEMPLOYMENT.—The State may designate a sub-State area as an area of high unemployment if such area—

"(i) is a major political subdivision (or is comprised of 2 or more geographically contiguous political subdivisions);

"(ii) has an average annual unemployment rate (as determined by the Bureau of Labor Statistics) of at least 10 percent; and

"(iii) has at least 25,000 residents. The State may waive the requirement of clause (iii) in the case of a sub-State area that is an Indian reservation.

AMENDMENT NO. 2492

On page 35, between lines 2 and 3, insert the following:

"(6) STATE OPTION FOR PARTICIPATION REQUIREMENT EXEMPTIONS.—For any fiscal year, a State may opt to not require an individual described in subclause (I) or (II) of section 405(a)(3)(B)(ii) to engage in work activities and may exclude such an individual from the determination of the minimum participation rate specified for such fiscal year in subsection (a).

On page 40, strike lines 10 through 16, and insert the following:

"(B) LIMITATION.—

"(i) 15 Percent.—In addition to any families provided with exemptions by the State under clause (ii), the number of families with respect to which an exemption made by a State under subparagraph (A) is in effect for a fiscal year shall not exceed 15 percent of the average monthly number of families to which the State is providing assistance under the program operated under this part.

"(ii) CERTAIN FAMILIES.—At the State's option, the State may provide an exemption under subparagraph (A) to a family—

"(I) of an individual who is ill, incapacitated, or of advanced age; and

"(II) of an individual who is providing full-time care for a disabled dependent of the individual.

AMENDMENT NO. 2475 TO AMENDMENT NO. 2280

(Purpose: To clarify that each State must carry out activities through at least one Job Corps center)

Mr. MOYNIHAN. Mr. President, on behalf of Senator PELL, I call up amendment No. 2475.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from New York [Mr. MOYNIHAN], for Mr. PELL, proposes an amendment numbered 2475 to amendment No. 2280.

Mr. MOYNIHAN. I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 439, strike lines 10 through 15.

On page 439, line 16, strike "(C)" and insert "(B)".

On page 440, between lines 14 and 15, insert the following new subsection:

(d) COVERAGE OF STATES.—Notwithstanding any other provision of this subtitle, prior to July 1, 1998, the Secretary shall ensure that all States have at least 1 Job Corps center in the State.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the amendment be laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENTS NOS. 2534 AND 2535 TO AMENDMENT NO. 2280

Mr. MOYNIHAN. Mr. President, on behalf of Senator DODD and Senator PELL, I send forth an amendment, and an amendment by Senator DORGAN to the underlying Dole amendment. I will just send those up at this time.

The PRESIDING OFFICER. Without objection, the clerk will report the amendments.

The assistant legislative clerk read as follows:

The Senator from New York [Mr. MOYNIHAN], proposes amendments numbered 2534 and 2535 to amendment No. 2280.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 2534

(Purpose: To award national rapid response grants to address major economic dislocations, and for other purposes)

On page 397, strike lines 5 and 6 and insert the following:

"(1) 90 percent shall be reserved for making allotments under section 712:".

On page 397, line 15, strike "and" at the end thereof.

On page 397, line 17, strike the period and insert ": and".

On page 397, between lines 17 and 18, insert the following:

"(7) 2 percent shall be reserved for carrying out sections 775 and 776.".

On page 461, between lines 18 and 19, insert the following new sections, and redesignate the remaining sections and cross references thereto, accordingly:

SEC. 775. NATIONAL RAPID RESPONSE GRANTS FOR DISLOCATED WORKERS.

(a) IN GENERAL.—From amounts reserved under section 734(b), the Secretary of Labor may award national rapid response grants to eligible entities to enable the entities to provide adjustment assistance to workers affected by major economic dislocations that result from plant closures, base closures, or mass layoffs.

(b) PROJECTS AND SERVICES.—

(1) IN GENERAL.—Amounts provided under grants awarded under this section shall be used to provide employment, training and related services through projects that relate to—

(A) industry-wide dislocations;

(B) multistate dislocations;

(C) dislocations resulting from reductions in defense expenditures;

(D) dislocations resulting from international trade actions;

(E) dislocations resulting from environmental laws and regulations, including the Clean Air Act (42 U.S.C. 7401 et seq.), and the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.);

(F) dislocations affecting Indian Tribes and tribal organizations; and

(G) other dislocations that result from special circumstances or that State and local resources are insufficient to address.

(2) COMMUNITY PROJECTS.—The Secretary of Labor may award grants under this section for projects that provide comprehensive planning services to assist communities in addressing and reducing the impact of an economic dislocation.

(c) ADMINISTRATION.—

(1) APPLICATION.—To be eligible to receive a grant under this section, an eligible entity shall submit an application to the Secretary of Labor at such time, in such manner, and accompanied by such information as the Secretary of Labor determines to be appropriate.

(2) ELIGIBLE ENTITIES.—The Secretary of Labor may award a grant under this section to—

(A) a State;

(B) a local entity administering assistance provided under title I;

(C) an employer or employer association;

(D) a worker-management transition assistance committee or other employer-employee entities;

(E) a representative of employees;

(F) a community development corporation or community-based organization; or

(G) an industry consortium.

(d) USE OF FUNDS IN EMERGENCIES.—

(1) IN GENERAL.—Where the Secretary of Labor and the chief executive officer of a State determine that an emergency exists with respect to any particular distressed industry or any particularly distressed area within a State, the Secretary may use amounts made available under this section to provide emergency financial assistance to dislocated workers in the form of employment, training, and related services.

(2) ARRANGEMENTS.—The Secretary of Labor may enter into arrangements with eligible entities in a State described in paragraph (1) for the immediate provision of emergency financial assistance under paragraph (1) for the purposes of this section with any necessary supportive documentation to be submitted at a date agreed to by the chief executive officer and the Secretary.

SEC. 776. DISASTER RELIEF EMPLOYMENT ASSISTANCE.

(a) QUALIFICATION FOR FUNDS.—From amounts reserved under section 734(b), the Secretary of Labor may provide assistance to the chief executive officer of a State within which is located an area that has suffered an emergency or a major disaster as defined in paragraphs (1) and (2), respectively, of section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122(1) and (2)) (hereafter referred to in this section as the "disaster area").

(b) USE OF FUNDS.—

(1) PROJECTS RESTRICTED TO DISASTER AREAS.—Funds provided to a State under subsection (a)—

(A) shall be used solely to provide eligible individuals with employment in projects to provide clothing, shelter, and other humanitarian assistance for disaster victims and in projects regarding the demolition, cleanup, repair, renovation, and reconstruction of damaged and destroyed structures, facilities, and lands located within the disaster area; and

(B) may be expended through public and private agencies and organizations administering such projects.

(2) ELIGIBILITY REQUIREMENTS.—An individual shall be eligible for employment in a project under this section if such individual is a dislocated worker or is temporarily or permanently laid off as a result of an emergency or disaster referred to in subsection (a).

(3) LIMITATIONS ON DISASTER RELIEF EMPLOYMENT.—No individual may be employed using assistance provided under this section for a period of more than 6 months if such employment is related to recovery from a single emergency or disaster.

Mr. DODD. Mr. President, I am pleased to offer this amendment to the Workforce Development Act, which is contained in this larger welfare reform measure, for myself and Mr. PELL.

This amendment is very similar to one I offered in the Labor Committee when we considered the Workforce Development bill. While I certainly believe there is much that can be improved upon in the Workforce Development bill, this amendment is quite modest and accepts the basic premise of the bill of moving Federal job training programs to the States.

However, even in a block grant environment, I believe that we should preserve a small amount of money for the

Federal Government to respond quickly to concentrated economic dislocations—the kind no one State can predict or pay for.

Highly concentrated economic dislocations can be caused by plant closings, base realignments, or natural disasters. These major economic dislocations often cross State lines and effect thousands of workers. Moreover, many mass dislocations, such as base closures, are in fact precipitated by Federal actions and therefore clearly merit a Federal response.

The House Workforce Development bill includes a provision on mass layoffs and natural disasters, and my amendment draws heavily from that language. I actually cut down on the scope of national activities found in the House bill.

NEED WILL NOT GO AWAY

Mr. President, we need to understand that the need for such assistance will not diminish in the coming years. Indeed, in some areas of the country it could increase.

Defense-related layoffs in the private sector alone are continuing, with up to an additional 25 to 30 percent reduction expected within the next 2 to 3 years.

Mr. President, this amendment is not about the ups and downs of the normal business cycle. This amendment is about the out-of-the-ordinary event involving hundreds or thousands of workers in a dramatic and sudden way.

It is vitally important that we be prepared for such hopefully rare occurrences. Natural disasters, like the recent flooding in the Midwest, cannot be predicted, and yet have grown more and more devastating over the years. When these catastrophes occur, we cannot just turn our backs on Americans in need. We need to have the resources available to provide emergency funds in order to get these people back on their feet.

EXAMPLES

So that my colleagues know what I am talking about, here are a few examples of the kinds of activities that have been funded through such a program in the past:

Recently, the State of Connecticut was awarded a $4.3 million grant to provide work force development services for more than 1,400 workers laid off by Allied Signal as a result of Defense downsizing.

The State of Washington received $14.6 million to assist workers laid off by Boeing.

More than $4 million in retraining dollars have been made available for 9,500 GTE employees expected to be dislocated from their jobs in 22 States, including Missouri, Washington, and Illinois.

More than $100 million have been spent over the last 4 years in response to natural disasters. For example, for the 1993 Mid-west floods, funding was provided to Missouri, Illinois, Iowa, Minnesota, and Kansas.

MODEST AMENDMENT

My amendment would create a modest, 2 percent set-aside for these activities: rapid response grants for mass dislocations and employment services for those affected by natural disasters. This 2 percent set-aside of the Workforce Development Program's $6.1 billion total authorization would come to roughly $120 million. That would represent a sizeable cut to what is currently spent on these activities. And even after my set-aside, over 90 percent of this bill's funds would still go directly to the States.

AMENDMENT NO. 2535

(Purpose: To express the sense of the Senate on legislative accountability for the unfunded mandates imposed by welfare reform legislation)

At the appropriate place, add the following new section:

SEC. . SENSE OF THE SENATE ON LEGISLATIVE ACCOUNTABILITY FOR UNFUNDED MANDATES IN WELFARE REFORM LEGISLATION.

(a) FINDINGS.—The Senate finds that the purposes of the Unfunded Mandates Reform Act of 1995 are:

(1) "to strengthen the partnership between the Federal Government and State, local and tribal governments";

(2) "to end the imposition, in the absence of full consideration by Congress, of Federal mandates on State, local and tribal governments without adequate Federal funding, in a manner that may displace other essential State, local and tribal governmental priorities";

(3) "to assist Congress in its consideration of proposed legislation establishing or revising Federal programs containing Federal mandates affecting State, local and tribal governments, and the private sector by—

(A) providing for the development of information about the nature and size of mandates in proposed legislation; and

(B) establishing a mechanism to bring such information to the attention of the Senate and the House of Representatives before the Senate and the House of Representatives vote on proposed legislation";

(4) "to promote informed and deliberate decisions by Congress on the appropriateness of Federal mandates in any particular instance"; and

(5) "to require that Congress consider whether to provide funding to assist State, local and tribal governments in complying with Federal mandates".

(b) SENSE OF THE SENATE.—It is the sense of the Senate that prior to the Senate acting on the conference report on either H.R. 4 or any other legislation including welfare reform provisions, the Congressional Budget Office shall prepare an analysis of the conference report to include:

(1) estimates, over each of the next seven fiscal years, by state and in total, of—

(A) the costs to states of meeting all work requirements in the conference report, including those for single-parent families, two-parent families, and those who have received cash assistance for 2 years;

(B) the resources available to the states to meet these work requirements, defined as federal appropriations authorized in the conference report for this purpose in addition to what states are projected to spend under current welfare law;

(C) the amount of any additional revenue needed by the states to meet the work requirements in the conference report, beyond resources available as defined under subparagraph (b)(1)(B);

(2) an estimate, based on the analysis in paragraph (b)(1), of how many states would opt to pay any penalty provided for by the conference report rather than raise the additional revenue needed to meet the work requirements in the conference report; and

(3) estimates, over each of the next 7 fiscal years, of the costs to States of any other requirements imposed on them by such legislation.

AMENDMENTS NOS. 2536 AND 2537 TO AMENDMENT NO. 2280

Mr. MOYNIHAN. Mr. President, a final sequence. On behalf of Mr. LIEBERMAN, I send to the desk an amendment concerning the reduction of illegitimacy and control of welfare spending and an amendment to create a national clearing house on teenage pregnancy.

The PRESIDING OFFICER. Without objection, the clerk will report.

The assistant legislative clerk read as follows:

The Senator from New York [Mr. MOYNIHAN], for Mr. LIEBERMAN, proposes amendments numbered 2536 and 2537 to amendment No. 2280.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 2536

(Purpose: To establish bonus payments for States that achieve reductions in out-of-wedlock pregnancies, establish a national clearinghouse on teenage pregnancy, set national goals for the reduction of out-of-wedlock and teenage pregnancies, require States to establish a set-aside for teenage pregnancy prevention activities, and for other purposes)

On page 17, line 8, insert "and for each of fiscal years 1998, 1999, and 2000, the amount of the State's share of the out-of-wedlock pregnancy reduction bonus determined under subsection (f) for the fiscal year" after "year".

On page 17, line 22, insert "and the applicable percent specified under subsection (f)(3)(B)(ii) for such fiscal year" after "(B)".

On page 29, between lines 15 and 16, insert:

"(f) OUT-OF-WEDLOCK PREGNANCY REDUCTION BONUS.—

"(1) IN GENERAL.—Any State that meets the applicable percentage reduction with respect to the out-of-wedlock pregnancies in the State for a fiscal year shall be entitled to receive a share of the out-of-wedlock pregnancy reduction bonus for the fiscal year in accordance with the formula developed under paragraph (3).

"(2) APPLICABLE PERCENTAGE REDUCTION; PERCENTAGE OF OUT-OF-WEDLOCK PREGNANCIES.—

"(A) APPLICABLE PERCENTAGE REDUCTION.—The term 'applicable percentage reduction' means with respect to any fiscal year, a reduction of 2 or more whole percentage points of the percentage of out-of-wedlock pregnancies in the State for the preceding fiscal year over the percentage of out-of-wedlock pregnancies in the State for fiscal year 1995.

"(B) PERCENTAGE OF OUT-OF-WEDLOCK PREGNANCIES.—For purposes of this subsection, the term 'percentage of out-of-wedlock pregnancies' means—

"(i) the total number of abortions, live births, and spontaneous abortions among single teenagers in a State in a fiscal year, divided by—

"(ii) the total number of single teenagers in the State in the fiscal year.

"(3) ALLOCATION FORMULA; BONUS FUND.—

"(A) ALLOCATION FORMULA.—Not later than September 30, 1996, the Secretary of Health and Human Services shall develop and publish in the Federal Register a formula for allocating amounts in the out-of-wedlock pregnancy reduction bonus fund to States that achieve the applicable percentage reduction described in paragraph (2)(A)

"(B) OUT-OF-WEDLOCK PREGNANCY REDUCTION BONUS FUND.—

"(i) IN GENERAL.—The amount in the out-of-wedlock pregnancy reduction bonus fund for a fiscal year shall be an amount equal to—

"(I) the applicable percentage of the amount appropriated under section 403(a)(2)(A) for such fiscal year; and

"(II) the amount of the reduction in grants made under this section for the preceding fiscal year resulting from the application of section 407.

"(ii) APPLICABLE PERCENTAGE.—For purposes of clause (i)(I), the applicable percentage shall be determined in accordance with the following table:

"For fiscal year:	*The applicable percentage is:*
1998	3
1999	4
2000 and each fiscal year thereafter	5

On page 29, line 16, strike "(f)" and insert "(g)".

At the appropriate place, insert:

SEC. . NATIONAL CLEARINGHOUSE ON TEENAGE PREGNANCY.

(a) ESTABLISHMENT.—The Secretary of Education and the Secretary of Health and Human Services shall establish a national center for the collection and provision of information that relates to adolescent pregnancy prevention programs, to be known as the "National Clearinghouse on Teenage Pregnancy Prevention Programs".

(b) FUNCTIONS.—The national center established under subsection (a) shall serve as a national information and data clearninghouse, and as a material development source for adolescent pregnancy prevention programs. Such center shall—

(1) develop and maintain a system for disseminating information on all types of adolescent pregnancy prevention programs and on the state of adolescent pregnancy prevention program development, including information concerning the most effective model programs;

(2) identify model programs representing the various types of adolescent pregnancy prevention programs;

(3) develop networks of adolescent pregnancy prevention programs for the purpose of sharing and disseminating information;

(4) develop technical assistance materials to assist other entities in establishing and improving adolescent pregnancy prevention programs;

(5) participate in activities designed to encourage and enhance public media campaigns on the issue of adolescent pregnancy; and

(6) conduct such other activities as the responsible Federal officials find will assist in developing and carrying out programs or activities to reduce adolescent pregnancy.

(c) APPOINTMENT OF FEDERAL COORDINATOR AND SPOKESPERSON.—The Secretary of Health and Human Services, after consultation with the President, shall appoint an employee of the Department of Health and Human Services to coordinate all the activities of the Federal Government relating to the reduction of teenage pregnancies and to serve as the spokesperson for the Federal Government on issues related to teenage pregnancies.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this section.

SEC. . ESTABLISHING NATIONAL GOALS TO REDUCE OUT-OF-WEDLOCK PREGNANCIES AND TO PREVENT TEENAGE PREGNANCIES.

(a) IN GENERAL.—Not later than January 1, 1997, the Secretary of Health and Human Services shall establish and implement a strategy for—

(1) reducing out-of-wedlock teenage pregnancies by at least 2 percent a year, and

(2) assuring that at least 25 percent of the communities in the United States have teenage pregnancy prevention programs in place.

(b) REPORT.—Not later than Jan 30, 1998, and annually thereafter, the Secretary shall report to the Congress with respect to the progress that has been made in meeting the goals described in paragraphs (1) and (2) of subsection (a).

(b) OUT-OF-WEDLOCK AND TEENAGE PREGNANCY PREVENTION PROGRAMS.—Section 2002 (42 U.S.C. 1397a) is amended by adding at the end the following new subsection:

"(f)(1) Beginning in fiscal year 1996 and each fiscal year thereafter, each State shall use at least 5 percent of its allotment under section 2003 for the fiscal year to develop and implement a State program to reduce the incidence of out-of-wedlock and teenage pregnancies in the State.

"(2) The Secretary shall conduct a study with respect to the State programs implemented under paragraph (1) to determine the relative effectiveness of the different approaches for reducing out-of-wedlock pregnancies and preventing teenage pregnancy utilized in the programs conducted under this subsection and the approaches that can be best replicated by other States.

"(3) Each State conducting a program under this subsection shall provide to the Secretary, in such form and with such frequency as the Secretary requires, data from the programs conducted under this subsection. The Secretary shall report to the Congress annually on the progress of the programs and shall, not later than June 30, 1998, submit to the Congress a report on the study required under paragraph (2).".

SEC. . SENSE OF THE SENATE REGARDING ENFORCEMENT OF STATUTORY RAPE LAWS.

It is the sense of the Senate that States and local jurisdiction should aggressively enforce statutory rape laws.

AMENDMENT NO. 2537

(Purpose: To establish a national clearinghouse on teenage pregnancy, set national goals for the reduction of out-of-wedlock and teenage pregnancies, require States to establish a set-aside for teenage pregnancy prevention activities, and for other purposes)

At the appropriate place, insert:

SEC. . NATIONAL CLEARINGHOUSE ON TEENAGE PREGNANCY.

(a) ESTABLISHMENT.—The Secretary of Education and the Secretary of Health and Human Services shall establish a national center for the collection and provision of information that relates to adolescent pregnancy prevention programs, to be known as the "National Clearinghouse on Teenage Pregnancy Prevention Programs".

(b) FUNCTIONS.—The national center established under subsection (a) shall serve as a national information and data clearinghouse, and as a material development source for adolescent pregnancy prevention programs. Such center shall—

(1) develop and maintain a system for disseminating information on all types of adolescent pregnancy prevention programs and on the state of adolescent pregnancy prevention program development, including information concerning the most effective model programs;

(2) identify model programs representing

(3) develop networks of adolescent pregnancy prevention programs for the purpose of sharing and disseminating information;

(4) develop technical assistance materials to assist other entities in establishing and improving adolescent pregnancy prevention programs;

(5) participate in activities designed to encourage and enhance public media campaigns on the issue of adolescent pregnancy; and

(6) conduct such other activities as the responsible Federal officials find will assist in developing and carrying out programs or activities to reduce adolescent pregnancy.

(c) APPOINTMENT OF FEDERAL COORDINATOR AND SPOKESPERSON.—The Secretary of Health and Human Services, after consultation with the President, shall appoint an employee of the Department of Health and Human Services to coordinate all the activities of the Federal Government relating to the reduction of teenage pregnancies and to serve as the spokesperson for the Federal Government on issues related to teenage pregnancies.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this section.

SEC. . ESTABLISHING NATIONAL GOALS TO REDUCE OUT-OF-WEDLOCK PREGNANCIES AND TO PREVENT TEENAGE PREGNANCIES.

(a) IN GENERAL.—Not later than January 1, 1997, the Secretary of Health and Human Services shall establish and implement a strategy for—

(1) reducing out-of-wedlock teenage pregnancies by at least 2 percent a year, and

(2) assuring that at least 25 percent of the communities in the United States have teenage pregnancy prevention programs in place.

(b) REPORT.—Not later than June 30, 1998, and annually thereafter, the Secretary shall report to the Congress with respect to the progress that has been made in meeting the goals described in paragraphs (1) and (2) of subsection (a).

(c) OUT-OF-WEDLOCK AND TEENAGE PREGNANCY PREVENTION PROGRAMS.—Section 2002 (42 U.S.C. 1397a) is amended by adding at the end the following new subsection:

"(f)(1) Beginning in fiscal year 1996 and each fiscal year thereafter, each State shall use at least 5 percent of its allotment under section 2003 for the fiscal year to develop and implement a State program to reduce the incidence of out-of-wedlock and teenage pregnancies in the State.

"(2) The Secretary shall conduct a study with respect to the State programs implemented under paragraph (1) to determine the relative effectiveness of the different approaches for reducing out-of-wedlock pregnancies and preventing teenage pregnancy utilized in the programs conducted under this subsection and the approaches that can be best replicated by other States.

"(3) Each State conducting a program under this subsection shall provide to the Secretary, in such form and with such frequency as the Secretary requires, data from the programs conducted under this subsection. The Secretary shall report to the Congress annually on the progress of the programs and shall, not later than June 30, 1998, submit to the Congress a report on the study required under paragraph (2).".

SEC. . SENSE OF THE SENATE REGARDING ENFORCEMENT OF STATUTORY RAPE LAWS.

It is the sense of the Senate that States and local jurisdictions should aggressively enforce statutory rape laws.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the amendments be laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2538 TO AMENDMENT NO. 2280

(Purpose: To strike the provisions repealing trade adjustment assistance, and for other purposes)

Mr. MOYNIHAN. Mr. President, finally, in this seemingly endless sequence, I send an amendment of my own to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New York [Mr. MOYNIHAN] proposes an amendment numbered 2538 to amendment No. 2280.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In section 781(b), strike paragraph (1) (relating to the Trade Act of 1974).

In section 781(b)(2), strike "(2)" and insert "(1)".

In section 781(b)(3), strike "(3)" and insert "(2)".

In section 781(b)(4), strike "(4)" and insert "(3)".

In section 781(b)(5), strike "(5)" and insert "(4)".

In section 781(b)(6), strike "(6)" and insert "(5)".

In section 781(b)(7), strike "(7)" and insert "(6)".

In section 781(b)(8), strike "(8)" and insert "(7)".

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2539 TO AMENDMENT NO. 2280

(Purpose: To provide a tax credit for charitable contributions to organizations providing poverty assistance, and for other purposes)

Mr. HATCH. Mr. President, I send an amendment to the desk for and on behalf of Senators COATS and ASHCROFT.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Utah [Mr. HATCH], for Mr. COATS, for himself and Mr. ASHCROFT, proposes an amendment numbered 2539 to amendment No. 2280.

Mr. HATCH. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the amendment, add the following new title:

TITLE XIII—MISCELLANEOUS PROVISIONS

SEC. 1301. CREDIT FOR CHARITABLE CONTRIBUTIONS TO CERTAIN PRIVATE CHARITIES PROVIDING ASSISTANCE TO THE POOR.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to nonrefundable personal credits) is amended by inserting after section 22 the following new section:

"SEC. 23. CREDIT FOR CERTAIN CHARITABLE CONTRIBUTIONS.

"(a) IN GENERAL.—In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the qualified charitable contributions which are paid by the taxpayer during the taxable year.

"(b) LIMITATION.—The credit allowed by subsection (a) for the taxable year shall not exceed $500 ($1,000 in the case of a joint return under section 6013).

"(c) ELIGIBLE INDIVIDUAL; QUALIFIED CHARITABLE CONTRIBUTION.—for purposes of this section—

"(1) ELIGIBLE INDIVIDUAL.—The term 'eligible individual' means, with respect to any charitable contribution, an individual who is certified by the qualified charity to whom the contribution was made by the individual as having performed at least 50 hours of volunteer service for the charity during the calendar year in which the taxable year begins.

"(2) QUALIFIED CHARITABLE CONTRIBUTION.—The term 'qualified charitable contribution' means any charitable contribution (as defined in section 170(c)) made in cash to a qualified charity but only if the amount of each such contribution, and the recipient thereof, are identified on the return for the taxable year during which such contribution is made.

"(d) QUALIFIED CHARITY.—

"(1) IN GENERAL.—For purposes of this section, the term 'qualified charity' means, with respect to the taxpayer, any organization—

"(A) which is described in section 501(c)(3) and exempt from tax under section 501(a), and

"(B) which, upon request by the organization, is certified by the Secretary as meeting the requirements of paragraphs (2) and (3).

"(2) CHARITY MUST PRIMARILY ASSIST THE POOR.—An organization meets the requirements of this paragraph only if the Secretary reasonably expects that the predominant activity of such organization will be the provision of services to individuals and families which are designed to prevent or alleviate poverty among individuals and families whose incomes fall below 150 percent of the official poverty line (as defined by the Office of Management and Budget).

"(3) MINIMUM EXPENSE REQUIREMENT.—

"(A) IN GENERAL.—An organization meets the requirements of this paragraph only if the Secretary reasonably expects that the annual poverty program expenses of such organization will not be less than 70 percent of the annual aggregate expenses of such organization.

"(B) POVERTY PROGRAM EXPENSE.—For purposes of subparagraph (A)—

"(i) IN GENERAL.—The term 'poverty program expense' means any expense in providing program services referred to in paragraph (2).

"(ii) EXCEPTIONS.—Such term shall not include—

"(I) any management or general expense,

"(II) any expense for the purpose of influencing legislation (as defined in section 4911(d)),

"(III) any expense primarily for the purpose of fundraising, and

"(IV) any expense for a legal service provided on behalf of any individual referred to in paragraph (2).

"(4) ELECTION TO TREAT POVERTY PROGRAMS AS SEPARATE ORGANIZATION.—

"(A) IN GENERAL.—An organization may elect to treat one or more programs operated by it as a separate organization for purposes of this section.

"(B) EFFECT OF ELECTION.—If an organization elects the application of this paragraph, the organization, in accordance with regulations, shall—

"(i) maintain separate accounting for revenues and expenses of programs with respect to which the election was made,

"(ii) ensure that contributions to which this section applies be used only for such programs, and

"(iii) provide for the proportional allocation of management, general, and fund-raising expenses to such programs to the extent not allocable to a specific program.

"(C) REPORTING REQUIREMENTS.—

"(i) ORGANIZATION NOT OTHERWISE REQUIRED TO FILE.—An organization not otherwise required to file any return under section 6033 shall be required to file such a return with respect to any poverty program treated as a separate organization under this paragraph.

"(ii) ORGANIZATIONS REQUIRED TO FILE.—An organization otherwise required to file a return under section 6033—

"(I) shall file a separate return with respect to any poverty program treated as a separate organization under this section, and

"(II) shall include on its own return the percentages equivalent to those required of qualified charities under the last sentence of section 6033(b) and determined with respect to such organization (without regard to the expenses of any poverty program under subclause (I)).

"(e) COORDINATION WITH DEDUCTION FOR CHARITABLE CONTRIBUTIONS.—

"(1) CREDIT IN LIEU OF DEDUCTION.—The credit provided by subsection (a) for any qualified charitable contribution shall be in lieu of any deduction otherwise allowable under this chapter for such contribution.

"(2) ELECTION TO HAVE SECTION NOT APPLY.—A taxpayer may elect for any taxable year to have this section not apply."

(b) RETURNS.—

(1) QUALIFIED CHARITIES REQUIRED TO PROVIDE COPIES OF ANNUAL RETURN.—Subsection (e) of section 6104 of such Code (relating to public inspection of certain annual returns and applications for exemption) is amended by adding at the end the following new paragraph:

"(3) QUALIFIED CHARITIES REQUIRED TO PROVIDE COPIES OF ANNUAL RETURN.—

"(A) IN GENERAL.—Every qualified charity (as defined in section 23(d)) shall, upon request of an individual made at an office where such organization's annual return filed under section 6033 is required under paragraph (1) to be available for inspection, provide a copy of such return to such individual without charge other than a reasonable fee for any reproduction and mailing costs. If the request is made in person, such copies shall be provided immediately and, if made other than in person, shall be provided within 30 days.

"(B) PERIOD OF AVAILABILITY.—Subparagraph (A) shall apply only during the 3-year period beginning on the filing date (as defined in paragraph (1)(D) of the return requested)."

(2) ADDITIONAL INFORMATION.—Section 6033(b) of such Code is amended by adding at the end the following new flush sentence:

"Each qualified charity (as defined in section 23(d)) to which this subsection otherwise applies shall also furnish each of the percentage determined by dividing each of the following categories of the organization's expenses for the year by its total expenses for the year: program services; management and general; fundraising; and payments to affiliates."

(c) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is

amended by inserting after the item relating to section 22 the following new item:

"Sec. 23. Credit for certain charitable contributions."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made after the 90th day after the date of the enactment of this Act in taxable years ending after such date.

Mr. COATS. Mr. President, I rise to offer on behalf of myself and Senator ASHCROFT, the charity tax credit amendment. This amendment is designed to expand the ability of private and faith based charities to serve the poor by making it easier for taxpayers to make donations to these organizations. It is an important, urgently needed reform, but it also symbolizes a broader point.

The Congress is currently focused on the essential task of clearing away the ruins of the Great Society. Centralized, bureaucratic anti-poverty programs have failed—and that failure has had a human cost. It is measured in broken homes and violent streets. Our current system has undermined families and fostered dependence.

This is undeniable. But while our Great Society illusions have ended, the suffering of many of our people has not. Indifference to that fact is not an option. We cannot retreat into the cocoon of our affluence. We cannot accept the survival of the fittest. No society can live without hope—hope that its suffering and anguish are not endless.

I think we have seen the shape of that hope it is not found in the ivory towers of academia. It is not found in the marble temples of official Washington. I found it five blocks from here, in a place so distant from Congress it is almost another world.

The Reverend John Woods came to a desolate Washington neighborhood in 1990 to take over the Gospel Mission, a shelter and drug treatment center for homeless men. The day he arrived, he found crack cocaine being processed in the back yard. A few days later, the local gang fired shots into his office to scare him away. Instead of leaving, he hung a sign on the door extending this invitation: "If you haven't got a friend in the world you can find one here. Come in."

The Gospel Mission is a place that offers unconditional love, but accepts no excuses. Men in rehabilitation are given random drug tests. If they violate the rules, they are told to leave the program. But the success of the mission comes down to something simple: It does more than provide a meal and treat an addiction, it offers spiritual challenge and renewal.

Listen to one addict who came to Reverend Woods after failing in several governmental rehabilitation programs:

Those programs generally take addictions from you, but don't place anything within you. I needed a spiritual lifting. People like Reverend Woods are like God walking into your life. Not only am I drug-free, but more than that, I can be a person again.

Reverend Woods's success is particularly clear compared to government approaches. The Gospel Mission has a 12-month rehabilitation rate of 66 percent, while a once heralded government program just 3 blocks away rehabilitates less than 10 percent of those it serves—while spending 20 times as much as Reverend Woods.

This is just one example. It is important, not because it is rare, but because it is common. It takes place in every community, in places distant from the center of government. But it is the only compassion that consistently works—a war on poverty that marches from victory to victory. It makes every new deal, new frontier and new covenant look small in comparison.

Several months ago, I asked a question: How can we get resources into the hands of these private and religious institutions where individuals are actually being helped? And, How can we do this without either undermining their work with restrictions, or offending the first amendment? I introduced S. 1120, the Comprehensive Charity Reform Act, a major portion of which we have incorporated in today's amendment. Our amendment has two central features.

First, it provides a $500 charity tax credit ($1,000 for married taxpayers filing jointly) which will provide more generous tax benefits to taxpayers who decide to donate a portion of their tax liability to charities that focus on fighting or preventing poverty.

Second, it requires that individuals volunteer their time, as well as donate their money, to qualify for the credit.

The purpose of this legislation is twofold: First, we want to take a small portion of welfare spending in America and give it through the Tax Code to private and religious institutions that effectively provide individuals with hope, dignity, help and independence. Without eliminating a public safety net, we want to focus some attention and resources where it can make all the difference.

Second, we want to promote an ethic of giving in America. When individuals make these contributions to effective charities, it is a form of involvement beyond writing a check to the Federal Government. It encourages a new definition of citizenship, one in which men and women examine and support the programs in their own communities that serve the poor. This amendment adopts Senator ASHCROFT's proposal that requires individuals to volunteer their time, as well as donate their money, to local poverty relief programs.

I hope that my colleagues take a careful look at this new approach to compassion. It is important for us not only to spread authority and resources within the levels of Government, but to spread them beyond Government altogether—to institutions that can not only feed the body but touch the soul. It is an issue I look forward to debating more fully next week.

Mr. HATCH. Mr. President, I ask unanimous consent that the amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENTS NOS. 2540 THROUGH 2544, EN BLOC, TO AMENDMENT NO. 2280

Mr. HATCH. Mr. President, I send five amendments to the desk for and on behalf of the honorable JOHN MCCAIN of Arizona, and I ask unanimous consent that they be considered en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Utah [Mr. HATCH], for Mr. MCCAIN, proposes amendments numbered 2540 through 2544, en bloc, to amendment No. 2280.

Mr. HATCH. Mr. President, I ask unanimous consent that the reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 2540

(Purpose: To remove barriers to interracial and interethnic adoptions, and for other purposes)

At the appropriate place, insert the following:

SEC. . REMOVAL OF BARRIERS TO INTERRACIAL AND INTERETHNIC ADOPTIONS.

(a) FINDINGS.—Congress finds that—

(1) nearly 500,000 children are in foster care in the United States;

(2) tens of thousands of children in foster care are waiting for adoption;

(3) 2 years and 8 months is the median length of time that children wait to be adopted, and minority children often wait twice as long as other children to be adopted; and

(4) child welfare agencies should work to eliminate racial, ethnic, and national origin discrimination and bias in adoption and foster care recruitment, selection, and placement procedures.

(b) PURPOSE.—The purpose of this section is to promote the best interests of children by—

(1) decreasing the length of time that children wait to be adopted; and

(2) preventing discrimination in the placement of children on the basis of race, color, or national origin.

(c) REMOVAL OF BARRIERS TO INTERRACIAL AND INTERETHNIC ADOPTIONS.—

(1) PROHIBITION.—A State or other entity that receives funds from the Federal Government and is involved in adoption or foster care placements may not—

(A) deny to any person the opportunity to become an adoptive or a foster parent, on the basis of the race, color, or national origin of the person, or of the child, involved; or

(B) delay or deny the placement of a child for adoption or into foster care, or otherwise discriminate in making a placement decision, on the basis of the race, color, or national origin of the adoptive or foster parent, or the child, involved.

(2) PENALTIES.—

(A) STATE VIOLATORS.—A State that violates paragraph (1) shall remit to the Secretary of Health and Human Services all funds that were paid to the State under part E of title IV of the Social Security Act (42 U.S.C. 670 et seq.) (relating to foster care and adoption assistance) during the period of the violation.

(B) PRIVATE VIOLATORS.—Any other entity that violates paragraph (1) shall remit to the Secretary of Health and Human Services all funds that were paid to the entity during the

period under part E of title IV of the Social Security Act.

(3) PRIVATE CAUSE OF ACTION.—

(A) IN GENERAL.—Any individual or class of individuals aggrieved by a violation of paragraph (1) by a State or other entity may bring an action seeking relief in any United States district court or State court of appropriate jurisdiction.

(B) STATUTE OF LIMITATIONS.—An action under this subsection may not be brought more than 2 years after the date the alleged violation occurred.

(4) ATTORNEY'S FEES.—In any action or proceeding under this Act, the court, in the discretion of the court, may allow the prevailing party, other than the United States, a reasonable attorney's fee, including litigation expenses and costs, and the States and the United States shall be liable for the fee to the same extent as a private individual.

(5) STATE IMMUNITY.—A State not be immune under the 11th amendment to the Constitution from an action in Federal or State court of appropriate jurisdiction for a violation of this section.

(6) NO EFFECT ON INDIAN CHILD WELFARE ACT OF 1978.—Nothing in this Act shall be construed to affect the application of the Indian Child Welfare Act of 1978 (25 U.S.C. 1901 et seq.).

(d) REPEAL.—Subpart 1 of part E of title V of the Improving America's Schools Act of 1994 (42 U.S.C. 5115a) is amended—

(1) by repealing sections 551 through 553; and

(2) by redesignating section 554 and section 551.

(e) EFFECTIVE DATE.—This section, and the amendments made by this section, shall take effect 90 days after the date of enactment of this Act.

AMENDMENT NO. 2541

(Purpose: To provide that States are not required to comply with excessive data collection and reporting requirements unless the Federal Government provides sufficient funding to allow States to meet such excessive requirements)

On page 122, between lines 11 and 12, insert the following:

SEC. 110A. FEDERAL FUNDING FOR EXCESSIVE DATA REPORTING REQUIREMENTS.

Notwithstanding any other provision of law, a State shall not be required to comply with any data collection or data reporting requirement added by this Act that the General Accounting Office determines is in excess of normal Federal management needs (including systems development costs) unless the Federal Government provides the State with funding sufficient to allow States to comply with such requirements.

AMENDMENT NO. 2542

(Purpose: To remove the maximum length of participation in the work supplementation or support program)

On page 215, line 24, add closing quotation marks and a period at the end.

On page 216, strike lines 1 through 5.

AMENDMENT NO. 2543

(Purpose: To make job readiness workshops as work activity)

On page 36, line 10, strike "and".

On page 36, line 13, strike the end period.

On page 36, between lines 13 and 14, insert the following:

"(G) job readiness workshops in which an individual attends pre-employment classes to obtain business or industry specific training required to meet employer-specific needs (not to exceed 4 weeks with respect to any individual)."

AMENDMENT NO. 2544

(Purpose: To permit States to enter into a corrective action plan prior to the deduction of penalties from the block grant)

On page 122, between lines 11 and 12, insert the following:

SEC. 110A. CORRECTIVE ACTION PLAN.

(a) IN GENERAL.—

(1) NOTIFICATION OF VIOLATION.—Notwithstanding any other provision of law, the Federal Government shall, prior to assessing a penalty against a State under any program established or modified under this Act, notify the State of the violation of law for which such penalty would be assessed and allow the State the opportunity to enter into a corrective action plan in accordance with this section.

(2) 60-DAY PERIOD TO PROPOSE A CORRECTIVE ACTION PLAN.—Any State notified under paragraph (1) shall have 60 days in which to submit to the Federal Government a corrective action plan to correct any violations described in such paragraph.

(3) ACCEPTANCE OF PLAN.—The Federal Government shall have 60 days to accept or reject the State's corrective action plan and may consult with the State during this period to modify the plan. If the Federal Government does not accept or reject the corrective action plan during the period, the corrective action plan shall be deemed to be accepted.

(b) 90-DAY GRACE PERIOD.—If a corrective action plan is accepted by the Federal Government, no penalty shall be imposed with respect to a violation described in subsection (a) if the State corrects the violation pursuant to the plan within 90 days after the date on which the plan is accepted (or within such other period specified in the plan).

Mr. HATCH. Mr. President, I yield the floor.

AMENDMENT NO. 2545 TO AMENDMENT NO. 2280

(Purpose: To require each family receiving assistance under the State program funded under part A of title IV of the Social Security Act to enter into a personal responsibility contract or a limited benefit plan)

Mr. HARKIN. Mr. President, I have an amendment which I send to the desk and ask for its consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Iowa [Mr. HARKIN] proposes an amendment numbered 2545 to amendment No. 2280.

Mr. HARKIN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 39, strike lines 4 through 10, and insert the following:

"(a) STATE REQUIRED TO ENTER INTO A PERSONAL RESPONSIBILITY CONTRACT WITH EACH FAMILY RECEIVING ASSISTANCE.—

"(1) IN GENERAL.—Each State to which a grant is made under section 403 shall require each family receiving assistance under the State program funded under this part to enter into—

"(A) a personal responsibility contract (as developed by the State) with the State; or

"(B) a limited benefit plan.

"(2) PERSONAL RESPONSIBILITY CONTRACT.—For purposes of this subsection, the term 'personal responsibility contract' means a binding contract between the State and each family receiving assistance under the State program funded under this part that—

"(A) outlines the steps each family and the State will take to get the family off of welfare and to become self-sufficient;

"(B) specifies a negotiated time-limited period of eligibility for receipt of assistance that is consistent with unique family circumstances and is based on a reasonable plan to facilitate the transition of the family to self-sufficiency;

"(C) provides that the family will automatically enter into a limited benefit plan if the family is out of compliance with the personal responsibility contract; and

"(D) provides that the contract shall be invalid if the State agency fails to comply with the contract.

"(3) LIMITED BENEFIT PLAN.—For purposes of this subsection, the term 'limited benefit plan' means a plan which provides for a reduced level of assistance and later termination of assistance to a family that has entered into the plan in accordance with a schedule to be determined by the State.

"(4) ASSESSMENT.—The State agency shall provide, through a case manager, an initial and thorough assessment of the skills, prior work experience, and employability of each parent for use in developing and negotiating a personal responsibility contract.

"(5) DISPUTE RESOLUTION.—The State agency described in section 402(a)(6) shall establish a dispute resolution procedure for disputes related to participation in the personal responsibility contract that provides the opportunity for a hearing."

Mr. HARKIN. Mr. President, when an individual is hired for a job, they are handed a job description. A job description outlines their responsibilities. On day one, they know what is expected of them in order to earn a paycheck.

However, when an individual goes into the welfare office to sign up for benefits, they fill out an application and then the Government sends them a check. There is no job description. Nothing is expected on day one. The individual simply goes home and collects a paycheck.

I believe that is wrong, and I believe it saps an individual's self-esteem and makes the family dependent.

Mr. President, we must fundamentally change the way we think about welfare, not just to reform welfare, but we have to change the way we think about it. We should be guided by common sense and build a system based on a foundation of responsibility. If you want a check, you must work for it. You must follow a job description. We must stop looking at welfare as a Government giveaway program. Instead, it should be a contract demanding mutual responsibility between the Government and the individual receiving benefits. The contract should outline the steps a recipient will take to become self-sufficient and also a date certain by which they will be off welfare.

Responsibility should start on day one with benefits conditioned on compliance with the terms of the contract. Essentially, the contract should outline the responsibilities for an individual in the same manner that a job description describes a worker's duties. It would build greater accountability in the welfare system and it would send the clear message that welfare, as

usual, is history. Mr. President, a binding contract of this nature not only makes common sense, it works.

As I have noted previously, the State of Iowa has a relatively new welfare reform program. The centerpiece of the Iowa Family Investment Program is just such a contract which charts an individual's course off welfare and a date when welfare benefits will end. Failure to follow the contract means the elimination of welfare benefits.

Over the past 18 months, I have held numerous meetings with welfare recipients, case managers and others to discuss welfare. I often hear that the Iowa contract really does make a difference. Dennette Kellogg of Dubuque can receive benefits for several years before the new program began. She served honorably in the U.S. Marines and then married and started a family. But she was an unfortunate victim of domestic abuse and left California for her hometown with one child and pregnant with a second child. She ended up on welfare and wanted out but felt she had few options and felt she was trapped.

She recently told me:

"The family investment contract gave me a sense of self-worth, something the old system lacks. . .and now I had a reason to look forward to the future instead of feeling being trapped."

She has escaped. She is now working as a housing specialist and is no longer on welfare. But for her, she had a contract which outlined what she was expected to do. The contract also outlined what the State of Iowa was going to do. So both sides knew what was expected.

In addition to making it clear what is expected of individuals on welfare, a contract of mutual responsibility also makes it possible not only for families to simply move off welfare but to stay off permanently.

Self-sufficiency is the only way to end the cycle of dependency and poverty that is claiming more and more victims each year. A well-designed and enforced contract is a way to make families self-sufficient, not Government dependent. It is the way to stop treating the symptoms of the disease and to go after the cause.

The proposal that we have before us, the amendment offered by Senator DOLE, at least recognizes the important principle of a contract. However, it does not define the personal responsibility contract in any way. It could be anything or it could be nothing.

My amendment, which I just sent to the desk, would add clarity to make sure that it works as envisioned and does not become just another failed promise for welfare recipients and the taxpayers.

Without further definition, I am concerned that the provision in the Dole-Packwood bill will not provide us with the desired result in terms of a contract.

My amendment is simple. It just says that a State would provide an assessment to determine the strengths and the barriers to employment. That information then would be used to draw up a binding contract that outlines the steps a family would take to move off welfare and a date certain when welfare benefits would end.

Failure to follow the terms of the contract would result in serious consequences—the elimination of cash welfare benefits. The experience we have had in Iowa has shown us that individuality is critical. Families have different needs, and a cookie cutter that stamps out one plan for everyone will fail. You cannot force families into a preshaped mold. But instead, we need to form the mold around the family. The last thing we need is a one size fits all contract. My amendment would clarify that individual family characteristics must be paramount in negotiating the terms of the contract.

Accountability, responsibility, and common sense must guide us as we reform the welfare system. Strengthening the personal responsibility contract will send a clear message that the rules have changed and that responsibility is required from day one on welfare—just as a worker knows the rules on the first day of a new job.

We have a responsibility for the taxpayers' money. The taxpayers of Iowa want to make sure that their money is well spent, whether it is in Oklahoma, Nevada, California, or Pennsylvania. A contract such as I have outlined here will ensure greater accountability in the welfare system.

Mr. President, I have an editorial from the Omaha World Herald entitled "Welfare Contract a Worthwhile Idea." I ask unanimous consent that it be printed in the RECORD at the end of my statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HARKIN. I thought I might take a few minutes to buttress my remarks for the need for a well-defined contract by once again bringing to my colleagues an illustration of what has happened in Iowa since we changed our welfare system.

I always point with pride to the fact that in Iowa, we now have the distinction of having a higher percentage of people on welfare who work than any State in the Nation.

Mr. President, before we started our welfare reform program, about 18 percent of the people on welfare worked. It is now up to about 35 percent, which is just about double. So what we have is more people on welfare who are also working. Again, that is one of the objectives of welfare reform.

What has happened to our caseload? We knew at the beginning that, in changing the rules, the initial thing that would happen is that we would have more people on welfare. Everyone knew that. Sure enough, after we enacted the bill, we went from 36,000 to almost 40,000 in the space of just about a year. But look at what has happened since then. Our caseload has come down, and we now have fewer people by about 2,000 caseload 2 years after we started our program. The first year it went up, and then it came down dramatically. So in 2 years we have done two things. We have more people on welfare working—we doubled it—and we have cut the total caseload of people on welfare in Iowa.

With all the talk about what all of the States are doing, I point out that Iowa, to this date, as far as I know, is the only State that has actually cut people off of welfare. We did it with the contract. People have a contract. They sign it and they have to live up to it. If they do not, they are cut off. The chart shows that we have less of a caseload than we did when we started.

How much are we spending on welfare in Iowa? Has the cost gone up or down? Here is total what we spend in Iowa. The yellow, blue, and green lines are 1992, 1993 and 1994. The amount we totally spent on welfare basically stayed about the same in the State of Iowa. We enacted a welfare reform program in October 1993, and almost 2 years later you can see what happened. Our total spending on welfare has dropped, and dropped dramatically, since we have had our welfare reform program.

So, again, people say, No. 1, we want more people to work. Well, in Iowa we have doubled it. Second, we want fewer people on welfare. Well, we have fewer people on welfare, as I have shown. Third, we want to spend less money. Well, here it is, we are spending less money on welfare.

The average grant—now, we had the total, and this is the total amount of money the State of Iowa is spending on welfare. It has come down dramatically. What happened to the average person on welfare? It was about $373 average per family, and we are now down to $336. That is about a 10, 11, 12 percent drop in what we are spending per caseload in the State of Iowa. So, by any yardstick of measuring, the Iowa experiment has worked and has worked well.

Some people might say that in Iowa you do not have high unemployment and all that kind of stuff. Mr. President, when we enacted welfare reform, the Department of Health and Human Services insisted—and I admit I fought this for some time—that we have a control group, a certain group of individuals in Iowa who would not come under the new reform program. They would stay under the old system. So, 2 years later, we were able to compare the control group to the new group. What we have found is that under the old group, they are still down to about 18 percent of those who are working, not 36 percent. The average caseload cost is still high. And so we have that control group to show that it is not just because of the Iowa circumstance, it is because of how we reformed the system.

That brings me back to my amendment. The central feature of the Iowa welfare reform program is a contract. When the person comes in to get welfare, an assessment is done. Who are you? What are you? What is your background? Do you have disabilities? How many children do you have? Tests are given; assessments are made by a case manager. Based upon that, an individual contract is drawn up. That person signs that contract. It is a binding contract. That contract spells out, from day one, what that individual must do to continue to receive benefits. It also spells out what the State will do in terms of child care and that type of thing. As I stated, if the welfare recipient does not live up to the terms of the contract, after 3 months benefits are ended. And that has happened in the State of Iowa. That is why I feel so strongly about having a contract as a part of whatever welfare reform program passes here.

As I stated, the Dole proposal does mention a contract, but it does not say what it is. All my amendment seeks to do is to further define and outline what the personal responsibility contract is, and to make sure that it is a contract that is molded around the family. Under the proposal that we have before us, the Dole-Packwood proposal, it just states a contract. Well, the State can set up one contract for everybody. Again, that just will not work.

We need a contract for each individual family that is on welfare. It needs to be molded around that family. So that is why I feel that the provision for a personal responsibility contract needs to be strengthened. It is in the bill and that is what my amendment seeks to do.

With that, Mr. President, I will inquire of the managers of the bill. I would like to ask for the yeas and nays on my amendment. I do not know if they are in the mode of accepting amendments or not. I have not checked.

I yield the floor.

EXHIBIT 1

[From the Omaha World Herald]

WELFARE CONTRACT A WORTHWHILE IDEA

The idea that welfare should involve a form of social contract continues to deserve attention.

Sen. Tom Harkin, D-Iowa, has introduced a bill in the Senate that reflects ideas from a welfare reform plan enacted by Governor Branstad and the Iowa Legislature. One idea is that welfare isn't an automatic entitlement. A recipient must sign a contract with state government. The contract spells out the services the government will provide, and it contains specific steps to be taken by the recipient to become self-reliant.

A similar provision has been included in the welfare reform program under consideration in Nebraska. Jerry Oligmueller of the State Department of Social Services said that recipients would sign a "self-sufficiency contract" charting a two-year course to self-sufficiency.

Emphasis on personal responsibility, he said, is part of the state's effort to recognize and encourage a change in attitudes about welfare.

The idea of changing society's thinking about welfare is all to the good. In the case of people who have no physical or mental ailments, welfare should not be an open-ended arrangement. It's not fair for the government to take money from tax-paying citizens to provide for the permanent support of an able-bodied person. State and federal officials who are trying to re-establish welfare as a temporary, rehabilitative program are doing the right thing.

Mr. MOYNIHAN. Mr. President, if the Senator from Iowa would be good enough, it would seem to me that we could put the amendment over until Monday. We will begin voting Monday at 5 o'clock. We can arrange for him to have a vote after 5 o'clock if that is possible. I see the majority leader on the floor.

Mr. HARKIN. If I might inquire, Mr. President, if the Senator would yield, would now be the appropriate time to ask for the yeas and nays?

Mr. MOYNIHAN. Yes.

Mr. HARKIN. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. MOYNIHAN. The Republican manager would have to agree to any sequence on the Senator's vote. If he could be patient, that will be done.

Mr. DOLE. I think under the agreement they did want to vote on the Dodd amendment first.

Mr. MOYNIHAN. I said the sequence depends on the Republican manager.

Mr. DOLE. I say to my colleagues, hopefully in the next minute or so we will be able to get a consent agreement that is now being cleared by the Democratic leader. If it is clear, there will be no further votes.

AMENDMENT NO. 2546 TO AMENDMENT NO. 2280

(Purpose: To maintain the welfare partnership between the States and the Federal Government)

Mr. CHAFEE. Mr. President, I send to the desk an amendment, and ask for its immediate consideration.

The PRESIDING OFFICER. The pending amendment is set aside.

The legislative clerk read as follows:

The Senator from Rhode Island [Mr. CHAFEE] proposes an amendment numbered 2546 to amendment No. 2280.

Mr. CHAFEE. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 23, beginning on line 7, strike all through page 24, line 18, and insert the following:

"(5) WELFARE PARTNERSHIP.—

"(A) IN GENERAL.—The amount of the grant otherwise determined under paragraph (1) for fiscal year 1997, 1998, 1999, or 2000 shall be reduced by the amount by which State expenditures under the State program funded under this part for the preceding fiscal year is less than 75 percent of historic State expenditures.

"(B) HISTORIC STATE EXPENDITURES.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'historic State expenditures' means expenditures by a State under parts A and F of title IV for fiscal year 1994, as in effect during such fiscal year.

"(ii) HOLD HARMLESS.—In no event shall the historic State expenditures applicable to any fiscal year exceed the amount which bears the same ratio to the amount determined under clause (i) as—

"(I) the grant amount otherwise determined under paragraph (1) for the preceding fiscal year (without regard to section 407), bears to

"(II) the total amount of Federal payments to the State under section 403 for fiscal year 1994 (as in effect during such fiscal year).

"(C) DETERMINATION OF STATE EXPENDITURES FOR PRECEDING FISCAL YEAR.—

"(i) IN GENERAL.—For purposes of this paragraph, the expenditures of a State under the State program funded under this part for a preceding fiscal year shall be equal to the sum of the State's expenditures under the program in the preceding fiscal year for—

"(I) cash assistance;

"(II) child care assistance;

"(III) education, job training, and work; and

"(IV) administrative costs.

"(ii) TRANSFERS FROM OTHER STATE AND LOCAL PROGRAMS.—In determining State expenditures under clause (i), such expenditures shall not include funding supplanted by transfers from other State and local programs.

"(D) EXCLUSION OF FEDERAL AMOUNTS.—For purposes of this paragraph, State expenditures shall not include any expenditures from amounts made available by the Federal Government.

Mr. CHAFEE. Mr. President, just a brief explanation.

Under the rules that we are operating, as I understand it, we are required to file any amendments that we have reserved spots for by 5 o'clock this evening. As such, this is that type of amendment.

I do not seek its immediate consideration now. I will call it up in some sequence next week, whenever is a proper time. Basically, this amendment is the maintenance-of-effort amendment that requires 75 percent maintenance of effort based on 1964 State expenditures, and the maintenance of effort shall continue for 5 years. The State expenditures shall only be for those existing categories that State expenditures are now made for, to qualify for matching funds under the AFDC and the other payments. In other words, the Federal contribution.

The point I am making here is that the State maintenance-of-efforts funds cannot be used, for example, for Medicaid, which they are not currently committed to be used for.

Mr. President, I ask that the amendment be set aside and we take it up in whatever sequence is deemed proper next week.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS-CONSENT AGREEMENT

Mr. DOLE. Mr. President, I understand this consent agreement has been cleared by my colleagues on the other side. I will propound it. I ask unanimous consent when the Senate completes its business today, it stand in recess until 10 a.m. Monday, September 11, 1995, and immediately resume consideration of the welfare bill, H.R. 4.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. I further ask at 10 o'clock a.m. Senator KASSEBAUM be recognized to offer an amendment concerning block grants, and following the conclusion of debate the amendment be laid aside and the vote occur on or in relation to the amendment second in the voting sequence to be outlined before for Monday, September 11.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. I further ask that following the debate on the above-mentioned amendment, Senator HELMS be recognized to offer an amendment regarding work for food stamps, and following conclusion of the debate the amendment be laid aside and the vote occur on or in relation to the amendment third in the voting sequence on Monday.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. I further ask following debate, Senator DODD be recognized to offer an amendment regarding child care, and that debate be limited to 4 hours to be equally divided in the usual form and the vote occur on or in relation to that amendment at 5 p.m. on September 11.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. That would be the first vote.

We need to work out additional time, I think, on the Feinstein amendments. We can do that on Monday.

I also ask there be 4 minutes for debate to be equally divided in the usual form between the second and third rollcall votes ordered on Monday.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. And that the first vote be for 15 minutes and the other two or any other subsequent votes be limited to 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. I say to my colleagues I think we are making progress. We have had five votes today. We have been able to dispose of other amendments. Members are offering their amendments to be considered and they still have until 5:00 p.m. to do so.

In light of this agreement, in lining up the three rollcall votes beginning at 5 p.m. on Monday, there will be no further votes today.

Members are reminded if you intend to offer an amendment to this bill, those amendments must be offered by 5 p.m. this evening.

AMENDMENT NO. 2280, AS FURTHER MODIFIED

Mr. DOLE. At this time, I have consent to modify my amendment. I send that modification to the desk.

The PRESIDING OFFICER. Under the previous order, the amendment is so modified.

The amendment (No. 2280), as further modified, is as follows:

On page 23, beginning on line 7, strike all through page 24, line 18, and insert the following:

"(5) MAINTENANCE OF EFFORT.—

"(A) IN GENERAL.—The amount of the grant otherwise determined under paragraph (1) for fiscal year 1997, 1998, or 1999 shall be reduced by the amount by which State expenditures under the State programs described in subparagraph (B) for the preceding fiscal year is less than 75 percent of historic State expenditures.

"(B) PROGRAMS DESCRIBED.—The programs described in this subparagraph are—

"(i) the State program funded under this part; and

"(ii) any other program for low-income individuals (other than the medicaid program under title XIX of this Act) established or modified under the Work Opportunity Act of 1995.

"(C) HISTORIC STATE EXPENDITURES.—For purposes of this paragraph, the term 'historic State expenditures' means amounts expended by the State under parts A and F of this title for fiscal year 1994, as in effect during such fiscal year.

"(D) DETERMINING STATE EXPENDITURES.—For purposes of this paragraph, State expenditures shall not include any expenditures from amounts made available by the Federal Government.".

On page 36, strike lines 14 through 25, and insert the following:

"(d) PENALTIES AGAINST INDIVIDUALS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), if an adult in a family receiving assistance under the State program funded under this part refuses to engage in work required under subsection (c)(1) or (c)(2), a State to which a grant is made under section 403 shall—

"(A) reduce the amount of assistance otherwise payable to the family pro rata (or more, at the option of the State) with respect to any period during a month in which the adult so refuses; or

"(B) terminate such assistance,

subject to such good cause and other exceptions as the State may establish.

"(2) EXCEPTION.—Notwithstanding paragraph (1), a State may not reduce or terminate assistance under the State program based on a refusal of an adult to work if such adult is a single custodial parent caring for a child age 5 or under and has a demonstrated inability (as determined by the State) to obtain needed child care, for one or more of the following reasons:

"(A) Unavailability of appropriate child care within a reasonable distance of the individual's home or work site.

"(B) Unavailability or unsuitability of informal child care by a relative or under other arrangements.

"(C) Unavailability of appropriate and affordable formal child care arrangements.".

On page 49, beginning with line 20, strike all through page 50, line 5, and insert the following:

"(c) NO ADDITIONAL CASH ASSISTANCE FOR CHILDREN BORN TO FAMILIES RECEIVING ASSISTANCE.—

"(1) GENERAL RULE.—A State to which a grant is made under section 403 may not use any part of the grant to provide cash assistance for a minor child who is born to—

"(A) a recipient of assistance under the program operated under this part: or

"(B) a person who received such assistance at any time during the 10-month period ending with the birth of the child.

"(2) EXCEPTION FOR VOUCHERS.—Paragraph (1) shall not apply to vouchers which are provided in lieu of cash assistance and which may be used only to pay for particular goods and services specified by the State as suitable for the care of the child involved.

"(3) EXCEPTION FOR RAPE OR INCEST.—Paragraph (1) shall not apply with respect to a child who is born as a result of rape or incest.".

On page 51, between lines 11 and 12, insert the following:

"(e) GRANT INCREASED TO REWARD STATES THAT REDUCE OUT-OF-WEDLOCK BIRTHS.—

"(1) IN GENERAL.—The amount of the grant payable to a State under section 403(a)(1)(A) for fiscal years 1998, 1999, and 2000 shall be increased by—

"(A) 5 percent if—

"(i) the illegitimacy ratio of the State for the fiscal year is at least 1 percentage point lower than the illegitimacy ratio of the State for fiscal year 1995; and

"(ii) the rate of induced pregnancy terminations for the fiscal year in the State is not higher than the rate of induced pregnancy terminations in the State for fiscal year 1995; or

"(B) 10 percent if—

"(i) the illegitimacy ratio of the State for the fiscal year is at least 2 percentage points lower than the illegitimacy ratio of the State for fiscal year 1995; and

"(ii) the rate of induced pregnancy terminations in the State for the same fiscal year is not higher than the rate of induced pregnancy terminations in the State for fiscal year 1995.

"(2) DETERMINATION OF THE SECRETARY.—The Secretary shall not increase the grant amount under paragraph (1) if the Secretary determines that the relevant difference between the illegitimacy ratio of a State for an applicable fiscal year and the illegitimacy ratio of such State for fiscal year 1995 is the result of a change in State methods of reporting data used to calculate the illegitimacy ratio or if the Secretary determines that the relevant non-increase in the rate of induced pregnancy terminations for an applicable fiscal year as compared to fiscal year 1995 is the result of a change in State methods of reporting data used to calculate the rate of induced pregnancy terminations.

"(3) ILLEGITIMACY RATIO.—For purposes of this subsection, the term 'illegitimacy ratio' means, with respect to a State and a fiscal year—

"(A) the number of out-of-wedlock births that occurred in the State during the most recent fiscal year for which such information is available; divided by

"(B) the number of births that occurred in the State during the most recent fiscal year for which such information is available.

"(4) AVAILABILITY OF AMOUNTS.—There are authorized to be appropriated and there are appropriated such sums as may be necessary for fiscal years 1998, 1999, and 2000 for the purpose of increasing the amount of the grant payable to a State under section 403(a)(1) in accordance with this subsection.

On page 51, line 12, strike "(e)" and insert "(f)".

On page 77, strike line 22 and all that follows through page 83, line 15, and insert the following:

SEC. 102. SERVICES PROVIDED BY CHARITABLE, RELIGIOUS, OR PRIVATE ORGANIZATIONS.

(a) GENERAL.—

(1) STATE OPTIONS.—Notwithstanding any other provision of law, a State may—

(A) administer and provide services under the programs described in subparagraphs (A) and (B)(i) of paragraph (2) through contracts with charitable, religious, or private organizations; and

(B) provide beneficiaries of assistance under the programs described in subparagraphs (A) and (B)(ii) of paragraph (2) with certificates, vouchers, or other forms of disbursement which are redeemable with such organizations.

(2) PROGRAMS DESCRIBED.—The programs described in this paragraph are the following programs:

(A) A State program funded under part A of title IV of the Social Security Act (as amended by section 101).

(B) Any other program that is established or modified under titles, I, II, or X that—

(i) permits contracts with organizations; or

(ii) permits certificates, vouchers, or other forms of disbursement to be provided to, beneficiaries, as a means of providing assistance.

(b) RELIGIOUS ORGANIZATIONS.—The purpose of this section is to allow religious organizations to contract, or to accept certificates, vouchers, or other forms of disbursement under any program described in subsection (a)(2), on the same basis as any other provider without impairing the religious character of such organizations, and without diminishing the religious freedom of beneficiaries of assistance funded under such program.

(c) NONDISCRIMINATION AGAINST RELIGIOUS ORGANIZATIONS.—Religious organizations are eligible, on the same basis as any other private organization, as contractors to provide assistance, or to accept certificates, vouchers, or other forms of disbursement, under any program described in subsection (a)(2). Neither the Federal Government nor a State receiving funds under such programs shall discriminate against an organization which is or applies to be a contractor to provide assistance, or which accepts certificates, vouchers, or other forms of disbursement, on the basis that the organization has a religious character.

(d) RELIGIOUS CHARACTER AND FREEDOM.—

(1) RELIGIOUS ORGANIZATIONS.—Notwithstanding any other provision of law, any religious organization with a contract described in subsection (a)(1)(A), or which accepts certificates, vouchers, or other forms of disbursement under subsection (a)(1)(B), shall retain its independence from Federal, State, and local governments, including such organization's control over the definition, development, practice, and expression of its religious beliefs.

(2) ADDITIONAL SAFEGUARDS.—Neither the Federal Government nor a State shall require a religious organization to—

(A) alter its form of internal governance;

(B) form a separate, nonprofit corporation to receive and administer the assistance funded under a program described in subsection (a)(2) solely on the basis that it is a religious organization; or

(C) remove religious art, icons, scripture, or other symbols;

in order to be eligible to contract to provide assistance, or to accept certificates, vouchers, or other forms of disbursement, funded under a program described in subsection (a)(2).

(e) RIGHTS OF BENEFICIARIES OF ASSISTANCE.—

(1) IN GENERAL.—If an individual described in paragraph (2) has an objection to the religious character of the organization or institution from which the individual receives, or would receive, assistance funded under any program described in subsection (a)(2), the State in which the individual resides shall provide such individual (if otherwise eligible for such assistance) with assistance from an alternative provider the value of which is not less than the value of the assistance which the individual would have received from such organization.

(2) INDIVIDUAL DESCRIBED.—An individual described in this paragraph is an individual who receives, applies for, or requests to apply for, assistance under a program described in subsection (a)(2).

(f) NONDISCRIMINATION IN EMPLOYMENT.—

(1) IN GENERAL.—Except as provided in paragraph (2), nothing in this section shall be construed to modify or affect the provisions of any other Federal or State law or regulation that relates to discrimination in employment on the basis of religion.

(2) EXCEPTION.—A religious organization with a contract described in subsection (a)(1)(A), or which accepts certificates, vouchers, or other forms of disbursement under subsection (a)(1)(B), may require that an employee rendering service pursuant to such contract, or pursuant to the organization's acceptance of certificates, vouchers, or other forms of disbursement adhere to—

(A) the religious tenets and teachings of such organization; and

(B) any rules of the organization regarding the use of drugs or alcohol.

(g) NONDISCRIMINATION AGAINST BENEFICIARIES.—Except as otherwise provided in law, a religious organization shall not discriminate against an individual in regard to rendering assistance funded under any program described in subsection (a)(2) on the basis of religion, a religious belief, or refusal to actively participate in a religious practice.

(h) FISCAL ACCOUNTABILITY.—

(1) IN GENERAL.—Except as provided in paragraph (2), any religious organization contracting to provide assistance funded under any program described in subsection (a)(2) shall be subject to the same regulations as other contractors to account in accord with generally accepted auditing principles for the use of such funds provided under section programs.

(2) LIMITED AUDIT.—If such organization segregates Federal funds provided under such programs into separate accounts, then only the financial assistance provided with such funds shall be subject to audit.

(i) COMPLIANCE.—A religious organization which has its rights under this section violated may enforce its claim exclusively by asserting a civil action for such relief as may be appropriate, including injunctive relief or damages, in an appropriate State court against the entity or agency that allegedly commits such violation.

SEC. 103. LIMITATIONS ON USE OF FUNDS FOR CERTAIN PURPOSES.

No funds provided directly to institutions or organizations to provide services and administer programs described in section 102(a)(2) and programs established or modified under this Act shall be expended for sectarian worship or instruction. This section shall not apply to financial assistance provided to or on behalf of beneficiaries of assistance in the form of certificates, vouchers, or other forms of disbursement, if such beneficiary may chose where such assistance shall be redeemed.

On page 20, beginning on line 8, strike all through line 17 and insert in lieu thereof the following:

"(ii) CERTAIN STATES DEEMED QUALIFYING STATES—For purposes of this paragraph, a State shall be deemed to be a qualifying State for fiscal years 1997, 1998, 1999, and 2000 if—

"(I) the level of State welfare spending per poor person in fiscal year 1996 was less than 35 percent of the national average level of State welfare spending per poor person in fiscal year 1996; or

"(II) a State has extremely high population growth (which for purposes of this clause shall be defined as a greater than ten percent increase in population from April 1, 1990 to July 1, 1994, as determined by the Bureau of the Census).".

On page 17, line 8, insert "and for fiscal year 2000, the amount of the State's share of the performance bonus and high performance bonus determined under section 418 for such fiscal year" after "year".

On page 17, line 22, insert "and for fiscal year 2000, reduced by the percent specified in section 418(a)(3)" after "(B)".

On page 59, between lines 22 and 23, insert the following:

"(14) Any other data necessary to measure the progress the State is making in achieving performance with respect to the measurement categories described in section 418(c)(1).".

On page 77, line 21, strike the end quotes and the end period.

On page 77, between lines 21 and 22, insert the following:

"SEC. 418. PERFORMANCE BONUS AND HIGH PERFORMANCE BONUS.

"(a) IN GENERAL.—

"(1) PERFORMANCE BONUS.—In addition to the State family assistance grant, for fiscal year 2000, the Secretary shall pay to each qualified State an amount equal to the State's share of the performance bonus fund described in paragraph (3).

"(2) QUALIFIED STATE.—For purposes of this subsection, the term 'qualified State' means a State that during the measurement period—

"(A) exceeds the overall average performance achieved by all States with respect to a measurement category, or

"(B) improves the State's performance in a measurement category by at least 15 percent over the State's baseline period.

"(3) BONUS FUND.—The amount of the bonus fund for fiscal year 2000 shall be an amount equal to 5 percent of the amount appropriated under section 403(a)(2)(A) for such fiscal year.

"(b) HIGH PERFORMANCE BONUS.—

"(1) IN GENERAL.—In addition to the amount provided under subsection (a), each of the 10 high performance States in each measurement category shall be entitled to receive a share of the high performance bonus fund described in paragraph (3).

"(2) HIGH PERFORMANCE STATES.—For purposes of this subsection, the term 'high performance States' means with respect to each measurement category during the measurement period—

"(A) the 5 States that have the highest percentage of improvement with respect to the State's performance in the measurement category over the State's baseline period; and

"(B) the 5 States that have the highest overall average performance with respect to the measurement category.

"(3) HIGH PERFORMANCE BONUS FUND.—There are authorized to be appropriated and there are appropriated the amount of the high performance bonus fund for fiscal year 2000 equal to—

"(A) the amount of the reduction in State family assistance grants for all States for fiscal years 1996, 1997, 1998, and 1999 resulting from the application of section 407; plus

"(c) DEFINITIONS AND SPECIAL RULES.—For purposes of this section:

"(1) MEASUREMENT CATEGORY.—A measurement category means any of the following categories:

"(A) A reduction in the average length of time families in the State receive assistance during a fiscal year under the State program funded under this part.

"(B) An increase in the percentage of families receiving such assistance under this part that receive child support payments under part D.

"(C) An increase in the percentage of families receiving assistance under this part that earn an income.

"(D) An increase in the amount earned by families that receive assistance under this part.

"(E) A reduction in the percentage of families that become eligible for assistance under

this part within 18 months after becoming ineligible for such assistance.

"(2) MEASUREMENT PERIOD; BASELINE PERIOD.—

"(A) MEASUREMENT PERIOD.—The term 'measurement period' means the period beginning not later than 6 months after the date of the enactment of the Work Opportunity Act of 1995 and ending on September 30, 1999.

"(B) BASELINE PERIOD.—The term 'base-line period' means fiscal year 1994.

"(3) ALLOCATION FORMULA.—For purposes of determining a State's share of the performance bonus fund under subsection (a)(1), and the State's share of the high performance bonus fund under subsection (b)(1), the Secretary shall, not later than June 30, 1999, develop and publish in the Federal Register a formula for allocating amounts in the performance bonus fund to qualified States and a formula for allocating amounts in the high performance bonus fund to high performance States. Such formulas shall be based on each State's proportional share of the total amount appropriated under section 403(a)(2)(A) for fiscal year 2000.".

Mr. DOLE. I will briefly explain the first modification which provides no additional cash assistance for children born of families receiving assistance. States may provide vouchers in lieu of cash assistance, and they may be used to pay for particular goods and services suitable for the care of the child involved.

The second one provides a bonus to States reducing out-of-wedlock births.

Third is a maintenance of effort. We are still trying to reconcile that with the distinguished Senator from Rhode Island. He just offered an amendment. We have a little different amendment. We are very close to an agreement. Maybe we can agree on something by Monday.

The fourth would be a work family provision relating to child care. States cannot sanction a single custodial parent for failure to work if the parent shows a demonstrated need for child care and the States define what constitutes demonstrated need.

No. 5, services provided by charitable, religious, or private organizations, limitation on the use of funds for certain purposes—just a modification of the current provision, and a modification of the supplemental growth fund.

And finally, a performance bonus fund that provides additional money for States that exceed performance goals.

These are modifications to the amendment. There will still be other amendments.

I ask unanimous consent to have this printed in the RECORD.

There being no objection, the modifications ordered to be printed in the RECORD, are as follows:

MODIFICATIONS TO LEADERSHIP WELFARE BILL

TITLE I—TEMPORARY ASSISTANCE TO NEEDY FAMILIES BLOCK GRANT

1. Provides No Additional Cash Assistance for Children Born to Families Receiving Assistance ("Family Cap"). States may not provide additional cash assistance for children born to families receiving assistance. States may provide vouchers in lieu of cash assistance. Vouchers may be used only to pay for particular goods and services that are suitable for the care of the child involved.

2. Out-of-Wedlock Birth Ratio. Provides a bonus to States that reduce out-of wedlock births.

3. Maintenance of Effort. For the first three years, States must spend 75 percent of what the State spent on AFDC benefits including JOBS and child care, for the preceding fiscal year. This is a modification to current provisions.

4. Work Penalty Provisions Relating to Child Care. States can not sanction a single custodial parent for failure to work if the parent shows a demonstrated need for child care. The States define what constitutes demonstrated need.

5. Services Provided by Charitable, Religious or Private Organizations and Limitations on Use of Funds for Certain Purposes. Modifications to current provisions.

6. Modification to Supplemental Growth Fund. Qualifies States with extraordinary population increases for the supplemental growth fund.

7. Performance Bonus Fund. Provides additional money for States that exceed performance goals.

Mr. DOLE. There may be other amendments. Senator HATCH is here, Senator CHAFEE is here, both members of the Finance Committee, the distinguished Senator from New York, ranking member on the committee is here. If there are some amendments that can be taken, I assume we would be open for business for a while. Otherwise, as I indicated, there are no further votes today. There may be additional debate, and Members are reminded of the 5 o'clock deadline.

In my view, I do not see why we cannot complete action on this bill by Wednesday or perhaps early Thursday because we would like to do the State, Justice Department appropriations bill on Thursday and Friday.

We have done seven appropriations bills. That gives us No. 8. That would leave five to do before the end of this month. The only one available to us next week will be State, Justice, Commerce appropriations bill. The others come out the following week.

I do not think it will be necessary because I think we have had good cooperation—we would rather not file cloture. We like to have a good debate and let everybody have a chance to debate their amendments up or down and then have a vote on final passage.

Of course, if there should be some effort to frustrate the process, then it would be my suggestion we wrap all this up and put it in reconciliation. Welfare reform is very important, and if we are frustrated here, we will try to do it in another way.

So far, we have had good cooperation on both sides. Members have been offering amendments. We have had good debates. I think we are making progress.

Mr. KENNEDY. Would the Senator yield for a brief question?

Mr. DOLE. I yield.

Mr. KENNEDY. The changes included in the amendment are those child care provisions which will give the State, even, an option, open to the States, that will exclude the parent from the sanctions if the child is less than 1 year old? As I understand it, that was going to be the intention of the Senator. I am just asking now whether that was—if the Senator will just be kind enough to repeat the provisions dealing with day care?

We had inquired of the majority leader a week or so ago, or just before the break, about the child care provisions and the Senator had indicated that there would be some modifications. I had understood, in the modification that was sent to the desk, it did provide for the State's flexibility to exclude from the punitive provisions of the legislation if the child was less than 1 year old.

But that was one provision. I am just inquiring of the leader if that is the only change that was made with regard to child care? I think later on in the afternoon, Senator DODD and myself, and I think others, are going to be introducing an amendment on the child care which the majority leader referenced, which we will dispose of early next week. I just want to try to understand exactly what modification has been included by the leader relating to the child care, which I consider to be, perhaps, the most important provisions, along with the work requirements, in the bill.

Mr. DOLE. I might say in response, this is an amendment suggested by the Senator from Maine, Senator SNOWE. The State would not sanction if they are of preschool age, which I think is a step in the direction the Senator would want us to go.

Mr. KENNEDY. I see. So, as I understand it, then——

Mr. DOLE. I will be happy to furnish the Senator with a copy of the legislative language, too.

Mr. KENNEDY. Fine. I will not, then, take up the time. As I understand the amendment of the Senator from Maine, it will, therefore, increase the age of the child? I think it is up to 5 years of age, which effectively will—5 years of age——

Mr. DOLE. Five?

Mr. KENNEDY. Exclude 60 percent of those who are currently on welfare today, since 60 percent of those who are on welfare have children under that age.

The purpose of the legislation, as I understood it, was to try to get people to work and also to provide for their children with day care. We will have a chance later to debate this, but as I understand the changes in the child care provision, they effectively will say those welfare mothers can stay home and continue to take care of the children. Then, after that child gets to 6, they will be subject to the other provisions of the legislation.

I hope we will have a chance to debate that because it seems to me to be both undermining the thrust of the legislation, in terms of moving people from welfare to work, because they will

be excluded and we do not have additional kinds of child care provisions that will permit them to move to work, which I know is the objective of the majority leader.

So I thank the Senator for his explanation, but this is the kind of issue I hope we will have an opportunity to debate before we get to closure.

Mr. DOLE. I thank the Senator from Massachusetts for his statement, as I understood his statement on the participation rates. But we do not sanction a single custodial parent for failure to work if the parent shows a demonstrated need for child care. And that would be determined by the States, what constitutes a demonstrated need.

We will have that debate on Monday. Senator SNOWE will be here, and I am certain she will be happy to go into it in more detail.

Mr. CHAFEE. Mr. President, I have just a procedural question. We are open for business for filing the amendments until 5, and to have an amendment count you have to send it to the desk. That is what offering an amendment is.

So, as I understand it—so, therefore, presumably, the establishment has to stay in business until 5?

Mr. DOLE. Oh, yes. We will be around until 5. The Senator from Utah suggests maybe we can go into recess until a quarter of 5. But we are not going to try to shut off anybody because there may be Members now in the process of drafting amendments. So I hope we could continue to maybe accept amendments, maybe have some debate. There may be other amendments to be offered.

In fact, if some have been offered where we could do the debate this afternoon and take up the votes on Monday, we will be happy to do that, too.

Mr. CHAFEE. Mr. President, if this is complete, I have an amendment on behalf of Mr. COHEN. I will send it to the desk.

Mr. MOYNIHAN. There is a Moynihan-Dole amendment we can accept right now.

The PRESIDING OFFICER. The Senator from Rhode Island.

AMENDMENT NO. 2502, AS MODIFIED

Mr. CHAFEE. Mr. President, on behalf of Senator COHEN, I send to the desk a modification to a prior amendment.

The PRESIDING OFFICER. The amendment will be modified.

The amendment (No. 2502), as modified, is as follows:

On page 79, line 18, insert after "subsection (a)(2)" the following: "so long as the programs are implemented consistent with the Establishment Clause of the United States Constitution".

On page 80, line 13, after "governance" replace "." with ";" and delete lines 14-16.

AMENDMENT NO. 2547 TO AMENDMENT NO. 2280

(Purpose: To deny supplemental security income cash benefits by reason of disability to drug addicts and alcoholics, to require beneficiaries with accompanying addiction to comply with appropriate treatment requirements as determined by the Commissioner, and for other purposes)

Mr. CHAFEE. Now, Mr. President, on behalf of Senator COHEN I send an amendment to the desk dealing with supplemental security income benefits, so-called SSI, and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows;

The Senator from Rhode Island [Mr. CHAFEE], for Mr. COHEN, proposes an amendment numbered 2547 to amendment No. 2280.

The PRESIDING OFFICER. Without objection, further reading will be dispensed with.

The amendment is as follows:

Beginning on page 112, line 13, strike all through page 114, line 23, and insert the following:

SEC. 201. DRUG ADDICTS AND ALCOHOLICS UNDER THE SUPPLEMENTAL SECURITY INCOME PROGRAM.

(a) TERMINATION OF SSI CASH BENEFITS FOR DRUG ADDICTS AND ALCOHOLICS.—Section 1611(e)(3) (42 U.S.C. 1382(e)(3)) is amended—

(1) by striking "(B)" and inserting "(C)";

(2) by striking "(3)(A) and inserting "(B)"; and

(3) by inserting before subparagraph (B) as redesignated by paragraph (2) the following new subparagraph:

"(3)(A) No cash benefits shall be payable under this title to any individual who is otherwise eligible for benefits under this title by reason of disability, if such individual's alcoholism or drug addiction is a contributing factor material to the Commissioner's determination that such individual is disabled.".

(b) TREATMENT REQUIREMENTS.—

(1) Section 1611(e)(3)(B)(i)(I) (42 U.S.C. 1382(e)(3)(B)(i)(I)), as redesignated by subsection (a), is amended to read as follows:

"(B)(i)(I)(aa) Any individual who would be eligible for cash benefits under this title but for the application of subparagraph (A) may elect to comply with the provisions of this subparagraph."

"(bb) Any individual who is eligible for cash benefits under this title by reason of disability (or whose eligibility for such benefits is suspended) or is eligible for benefits pursuant to section 1619(b), and who was eligible for such benefits by reason of disability, for which such individual's alcoholism or drug addiction was a contributing factor material to the Commissioner's determination that such individual was disabled, for the month preceding the month in which section 201 of the Work Opportunity Act of 1995 takes effect, shall be required to comply with the provisions of this subparagraph."

(2) Section 1611(e)(3)(B)(i)(II) (42 U.S.C. 1382(e)(3)(B)(i)(II)), as so redesignated, is amended by striking "who is required under subclause (I)" and inserting "described in division (bb) of subclause (I) who is required".

(3) Subclauses (I) and (II) of section 1611(e)(3)(B)(ii) (42 U.S.C. 1382(e)(3)(B)(ii)), as so redesignated, are each amended by striking "clause (i)" and inserting "clause (i)(I)".

(4) Section 1611(e)(3)(B) (42 U.S.C. 1382(e)(3)(B)), as so redesignated, is amended by striking clause (v) and by redesignating clause (vi) as clause (v).

(5) Section 1611(e)(3)(B)(v) (42 U.S.C. 1382(e)(3)(B)(v)), as redesignated by paragraph (4), is amended—

(A) in subclause (I), by striking "who is eligible" and all that follows through "is disabled" and inserting "described in clause (i)(I)"; and

(B) in subclause (V), by striking "or v".

(6) Section 1611(e)(3)(C)(i) (42 U.S.C. 1382(e)(3)(C)(i)), as redesignated by subsection (a), is amended by striking "who are receiving benefits under this title and who as a condition of such benefits" and inserting "described in subparagraph (B)(i)(I)(aa) who elect to undergo treatment; and the monitoring and testing of all individuals described in subparagraph (B)(i)(I)(bb) who".

(7) Section 1611(e)(3)(C)(iii)(II)(aa) (42 U.S.C. 1382(e)(3)(C)(iii)(II)(aa)), as so redesignated, is amended by striking "residing in the State" and all that follows through "they are disabled" and inserting "described in subparagraph (B)(i)(I) residing in the State".

(8) Section 1611(e)(3)(C)(iii) (42 U.S.C. 1382(e)(3)(C)(iii)), as so redesignated, is amended by adding at the end the following:

"(III) The monitoring requirements of subclause (II) shall not apply in the case of any individual described in subparagraph (B)(i)(I)(aa) who fails to comply with the requirements of subparagraph (B).".

(9) Section 1611(e)(3) (42 U.S.C. 1382(e)(3)), as amended by subsection (a), is amended by adding at the end the following new subparagraphs:

"(D) The Commissioner shall provide appropriate notification to each individual subject to the limitation on cash benefits contained in subparagraph (A) and the treatment provisions contained in subparagraph (B).

"(E) The requirements of subparagraph (B) shall cease to apply to any individual—

"(i) after three years of treatment, or

"(ii) if the Commissioner determines that such individual no longer needs treatment.".

(c) REPRESENTATIVE PAYEE REQUIREMENTS.—

(1) Section 1631(a)(2)(A)(ii)(II) (42 U.S.C. 1383(a)(2)(A)(ii)(II)) is amended to read as follows:

"(II) In the case of an individual eligible for benefits under this title by reason of disability, if such individual also has an alcoholism or drug addiction condition (as determined by the Commissioner of Social Security), the payment of such benefits to a representative payee shall be deemed to serve the interest of the individual. In any case in which such payment is so deemed under this subclause to serve the interest of an individual, the Commissioner shall include, in the individual's notification of such eligibility, a notice that such alcoholism or drug addiction condition accompanies the disability upon which such eligibility is based and that the Commissioner is therefore required to pay the individual's benefits to a representative payee.".

(2) Section 1631(a)(2)(B)(vii) (42 U.S.C. 1383(a)(2)(B)(vii)) is amended by striking "eligible for benefits" and all that follows through "is disabled" and inserting "described in subparagraph (A)(ii)(II)".

(3) Section 1631(a)(2)(B)(ix)(II) (42 U.S.C. 1383(a)(2)(B)(ix)(II)) is amended by striking all that follows "15 years, or" and inserting "described in subparagraph (A)(ii)(II)".

(4) Section 1631(a)(2)(D)(i)(II) (42 U.S.C. 1383(a)(2)(D)(i)(II)) is amended by striking "eligible for benefits" and all that follows through "is disabled" and inserting "described in subparagraph (A)(ii)(II)".

(d) PRESERVATION OF MEDICAID ELIGIBILITY.—Section 1634(e) (42 U.S.C. 1382(e)) is amended—

(1) by striking "clause (i) or (v) of section 1611(e)(3)(A)" and inserting "subparagraph (A) or subparagraph (B)(i)(II) of section 1611(e)(3)"; and

(2) by adding at the end the following: "This subsection shall not apply to any such person—

"(i) after three years of treatment, or

"(ii) if earlier, if the Commissioner determines that such individual no longer needs treatment, or

"(iii) if such person has previously received such treatment.".

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to applicants for benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) APPLICATION TO CURRENT RECIPIENTS.—Notwithstanding any other provision of law, in the case of an individual who is receiving supplemental security income benefits under title XVI of the Social Security Act as of the date of the enactment of this Act and whose eligibility for such benefits would terminate by reason of the amendments made by this section, such amendments shall apply with respect to the benefits of such individual for months beginning after the cessation of the individual's treatment provided pursuant to such title as in effect on the day before the date of such enactment, and the Commissioner of Social Security shall so notify the individual not later than 90 days after the date of the enactment of this Act.

The PRESIDING OFFICER. The Senator from New York.

AMENDMENT NO. 2548 TO AMENDMENT NO. 2280

(Purpose: To direct the Commissioner of Social Security to develop a prototype of a counterfeit-resistant social security card, and to provide for a study and report on the development of such card)

Mr. MOYNIHAN. Mr. President, I send an amendment to the desk for myself and Senator DOLE. It is an amendment for the development of a prototype counterfeit resistant Social Security card. I ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, we will set aside the pending amendment.

The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from New York [Mr. MOYNIHAN], for himself and Mr. DOLE, proposes an amendment numbered 2548 to Amendment No. 2280.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 87, between lines 5 and 6, insert the following:

SEC. 105A. DEVELOPING OF PROTOTYPE OF COUNTERFEIT-RESISTANT SOCIAL SECURITY CARD REQUIRED.

(a) DEVELOPMENT.—

(1) IN GENERAL.—The Commissioner of Social Security (hereafter in this section referred to as the "Commissioner") shall in accordance with the provisions of this section develop a prototype of a counterfeit-resistant social security card. Such prototype card shall—

(A) be made of a durable, tamper-resistant material such as plastic or polyester,

(B) employ technologies that provide security features, such as magnetic stripes, holograms, and integrated circuits, and

(C) be developed so as to provide individuals with reliable proof of citizenship or legal resident alien status.

(2) ASSISTANCE BY ATTORNEY GENERAL.—The Attorney General of the United States shall provide such information and assistance as the Commissioner deems necessary to achieve the purposes of this section.

(b) STUDY AND REPORT.—

(1) IN GENERAL.—The Commissioner shall conduct a study and issue a report to Congress which examines different methods of improving the social security card application process.

(2) ELEMENTS OF STUDY.—The study shall include an evaluation of the cost and work load implications of issuing a counterfeit-resistant social security card for all individuals over a 3, 5, and 10 year period. The study shall also evaluate the feasibility and cost implications of imposing a user fee for replacement cards and cards issued to individuals who apply for such a card prior to the scheduled 3, 5, and 10 year phase-in options.

(3) DISTRIBUTION OF REPORT.—Copies of the report described in this subsection along with a facsimile of the prototype card as described in subsection (a) shall be submitted to the Committees on Ways and Means and Judiciary of the House of Representatives and the Committees on Finance and Judiciary of the Senate within 1 year of the date of the enactment of this Act.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated and are appropriated from the Federal Old-Age and Survivors Insurance Trust Fund such sums as may be necessary to carry out the purposes of this section.

Mr. MOYNIHAN. Mr. President, it was 18 years ago that I first proposed we produce a new tamper-resistant Social Security card to reduce fraud and enhance public confidence in our Social Security system. This has been an ongoing battle, and I think there should be a new sense of urgency about this issue in light of the current welfare debate.

The amendment I offer today is very simple. It would require two things. First, it would require the Commissioner of the Social Security Administration to develop a prototype of a counter-proof Social Security card. The prototype card would be designed with the security features necessary so that it could be used reliably to confirm U.S. citizenship or legal resident alien status.

Second, it would require the Commissioner to study and report to Congress on ways to improve the Social Security card application process so as to reduce the process' vulnerability to fraud. An evaluation of cost and workload implications of issuing a counterfeit-resistant Social Security card is also required.

The Congressional Budget Office has informed me that this amendment would result in an insignificant increase—less than $500,000—in administrative expenses for the Social Security Administration.

When the Social Security amendments were before us in 1983, we approved a provision to require the production of a new tamper-resistant Social Security card. The law, section 345 of Public Law 98-21, stated:

The social security card shall be made of banknote paper, and (to the maximum extent practicable) shall be a card which cannot be counterfeited.

What a disappointment when late in 1983, the Social Security Administration began to issue the new card, and it became clear that the agency simply had not understood what Congress intended. The new card looks much like the old, a pasteboard card really much like the first ones produced by Social Security in 1936. It has the same design framing the name and nearly the same colors. It feels the same. An expert examining a card with a magnifying glass can certainly detect whether or not one of the new ones is genuine, but therein lies the problem. We should have a distinguished, durable card that can hold vital information and can be authenticated easily.

There is a history here. The Social Security Administration, from its earlier years, has resisted any use of the Social Security card for identification purposes. In fact, the card actually said it could not be so used.

In 1977, when I first proposed that we produce a new card, the Social Security Administration objected and the proposal was not adopted. I tried again and again, and succeeded only on the fifth try.

Or so I thought. Until the card was introduced.

A new Social Security card—one very difficult to counterfeit and easily verified as genuine—could be manufactured at a low cost. The major expense, if we were to approve new cards, would be the cost of the interview process and that is why the amendment requires a study to include the cost and workload implications of a new card. Let us explore our options—we must try to improve the system.

A Social Security card could be designed along the lines of today's high technology credit cards. The card could be highly tamper-resistant, and its authenticity could be readily discerned by the untrained eye. It must be seen as a special document; one which would be visually and tactilely more difficult to counterfeit than the current paper card.

The magnetic stripe would contain the Social Security number, encoded with an algorithm known only to the Social Security Administration. A so-called watermark stripe could be placed over it, making it nearly impossible to counterfeit without technology that currently costs $10 million. The decoding algorithm could be integrated with the Social Security Administration computers.

The new cards will not eliminate all fraudulent use of Social Security cards. But it will close down the shopfront operations that flood America with false Social Security cards.

That is what the Congress intended in the 1983 legislation.

Let us try again. We have seen that it can be done. It is what the Clinton

administration intended last year when they introduced the health security card. As many of you remember, it has a magnetic stripe to hold whatever information may be necessary.

A key reform in our ongoing welfare debate is the restriction of benefits to U.S. citizens. I think it is safe to say that when this restriction is enforced there will be a revitalized black market for documentation of U.S. citizenship. It would be wise to head off this foreseeable problem. A high technology Social Security card would also facilitate the disbursement of benefits to our citizens. A simpler, more effective way of providing citizenship would strengthen public confidence in our immigration system and improve the efficiency of our welfare system.

I offer the present amendment, which as I said earlier, would require only the development of a prototype counterfeit-resistant card and a study on ways to reduce the vulnerability of the card application process to fraud. The Attorney General would assist the Commissioner of Social Security with determining what is needed here.

I ask for the support of my colleagues on this important matter once again—this time for a simple prototype card and a study.

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment.

The amendment (No. 2548) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, I have just a short list of amendments to be called up and set aside, on behalf of other Senators.

AMENDMENT NO. 2549 TO AMENDMENT NO. 2280

(Purpose: To allow a State to revoke an election to participate in the optional State food assistance block grant)

Mr. MOYNIHAN. Mr. President, Senator KERREY has an amendment on the Food Stamp Program which I send to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New York [Mr. MOYNIHAN] for Mr. KERREY, proposes an amendment numbered 2549 to amendment No. 2280.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 229, strike lines 4 through 8 and insert the following:

"(2) ELECTION REVOCABLE.—A State that elects to participate in the program established under subsection (a) may subsequently elect to participate in the food stamp program in accordance with the other sections of this Act.

Mr. MOYNIHAN. Mr. President, I ask that amendment be laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENTS NOS. 2550 AND 2551 TO AMENDMENT NO. 2280

Mr. MOYNIHAN. Mr. President, I have two amendments I send forward on behalf of Senator KOHL. Each concerns the Food Stamp Program.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New York [Mr. MOYNIHAN], for Mr. KOHL, proposes amendments numbered 2550 and 2551 to amendment No. 2280.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 2550

(Purpose: To exempt the elderly, disabled, and children from an optional State food assistance block grant)

On page 244, strike lines 3 through 13 and insert the following:

"(B) REDUCTIONS IN ALLOTMENTS.—

"(i) REDUCTION FOR EXEMPTED INDIVIDUALS.—

"(I) DETERMINATION.—The Secretary shall determine the Federal costs of providing benefits to and administering the food stamp program for exempted individuals in each State participating in the program established under this section.

"(II) REDUCTION.—The Secretary shall reduce the allotment to each State participating in the program established under this section by the amount determined under subclause (I).

"(ii) INSUFFICIENT FUNDS.—If the Secretary finds that the total amount of allotments to which States would otherwise be entitled for a fiscal year under subparagraph (A) will exceed the amount of funds that will be made available to provide the allotments for the fiscal year, the Secretary shall reduce the allotments made to States under this subsection, on a pro rata basis, to the extent necessary to allot under this subsection a total amount that is equal to the funds that will be made available.

"(m) EXEMPTED INDIVIDUALS.—

"(1) DEFINITION.—Subject to paragraph (2), in this subsection, the term 'exempted individual' means an individual who is—

"(A) elderly;

"(B) a child; or

"(C) disabled.

"(2) EXEMPTION.—Notwithstanding any other provision of this section, an exempted individual shall not be subject to this section and shall be subject to the other sections of this Act.".

AMENDMENT NO. 2551

(Purpose: To expand the food stamp employment and training program)

On page 158, between lines 14 and 15, insert the following:

SEC. 301. DECLARATION OF POLICY.

Section 2 of the Food Stamp Act of 1977 (7 U.S.C. 2011) is amended by adding at the end the following: "Congress intends that the food stamp program support the employment focus and family strengthening mission of public welfare and welfare replacement programs by—

"(1) facilitating the transition of low-income families and households from economic dependency to economic self-sufficiency through work;

"(2) promoting employment as the primary means of income support for economically dependent families and households and reducing the barriers to employment of economically dependent families and households; and

"(3) maintaining and strengthening healthy family functioning and family life.".

On page 185, line 7, strike "and".

On page 185, between lines 13 and 14, insert the following:

(D) by redesignating clauses (vi) and (vii) as clauses (vii) and (viii), respectively; and

(E) by inserting after clause (v) the following:

"(vi) Case management, casework, and other services necessary to support healthy family functioning, enable participation in an employment and training program, or otherwise facilitate the transition from economic dependency to self-sufficiency through work.";

Mr. MOYNIHAN. Mr. President, I ask unanimous consent the amendments be laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENTS NOS. 2552 THROUGH 2555 TO AMENDMENT NO. 2280

Mr. MOYNIHAN. Finally, Mr. President, I have four amendments concerning the legislation before us on the American family, restoring the American family, which I send to the desk on behalf of Mr. BRYAN. I ask for their immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New York [Mr. MOYNIHAN], for Mr. BRYAN, proposes amendments numbered 2552 through 2555 to amendment No. 2280.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 2552

(Purpose: To provide that a recipient of welfare benefits under a means-tested program for which Federal funds are appropriated is not unjustly enriched as a result of defrauding another means-tested welfare or public assistance program)

At the appropriate place in the title X, insert the following new section:

SEC. . FRAUD UNDER MEANS-TESTED WELFARE AND PUBLIC ASSISTANCE PROGRAMS.

(a) IN GENERAL.—If an individual's benefits under a Federal, State, or local law relating to a means-tested welfare or a public assistance program are reduced because of an act of fraud by the individual under the law or program, the individual may not, for the duration of the reduction, receive an increased benefit under any other means-tested welfare or public assistance program for which Federal funds are appropriated as a result of a decrease in the income of the individual (determined under the applicable program) attributable to such reduction.

(b) WELFARE OR PUBLIC ASSISTANCE PROGRAMS FOR WHICH FEDERAL FUNDS ARE APPROPRIATED.—For purposes of subsection (a), the term "means-tested welfare or public assistance program for which Federal funds are

appropriated" shall include the food stamp program under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), any program of public or assisted housing under title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), and State programs funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

AMENDMENT NO. 2553

(Purpose: To require a recipient of assistance based on need, funded in whole or in part by Federal funds, and the noncustodial parent to cooperate with paternity establishment and child support enforcement in order to maintain eligibility for such assistance)

On page 87, between lines 5 and 6, insert the following:

SEC. . COOPERATION REQUIRED WITH RESPECT TO PATERNITY ESTABLISHMENT AND CHILD SUPPORT ENFORCEMENT FOR ELIGIBILITY FOR ASSISTANCE.

Subject to the provisions of titles IV and XIX of the Social Security Act and the Food Stamp Act of 1977, and notwithstanding any other provision of law, no Federal funds may be used to provide assistance based on need to, or on behalf of, a child in a family that includes an individual (including the noncustodial parent, if any) whom the agency responsible for administering such assistance determines is not cooperating in establishing the paternity of such child, or in establishing, modifying, or enforcing a support order with respect to such child, without good cause as determined by such agency in accordance with standards prescribed by such agency which shall take into consideration the best interests of the child.

AMENDMENT NO. 2554

(Purpose: To provide that State welfare and public assistance agencies can notify the Internal Revenue Service to intercept Federal income tax refunds to recapture overpayments of welfare or public assistance benefits)

At the appropriate place in the amendment, insert the following new section:

SEC. . COLLECTION OF WELFARE OR PUBLIC ASSISTANCE BENEFIT OVERPAYMENTS FROM FEDERAL TAX REFUNDS.

(a) IN GENERAL.—Paragraph (1) of section 6402(d) of the Internal Revenue Code of 1986 (relating to collection of debts owed to Federal agencies) is amended by inserting "or upon receiving notice from any State agency that a named person owes a past-due legally enforceable debt arising out of an overpayment under an applicable welfare program," before "the Secretary shall".

(b) APPLICABLE WELFARE PROGRAMS.—Section 6402(d) of such Code is amended by adding at the end the following new paragraph:

"(4) APPLICABLE WELFARE PROGRAM.—For purposes of this subsection, the term 'applicable welfare program' means any program established or significantly modified by the Work Opportunity Act of 1995."

(c) CONFORMING AMENDMENTS.—

(1) Section 6402(d)(2) of such Code is amended by inserting "or State" after "Federal".

(2) The heading for section 6402(d) of such Code is amended by inserting "or certain State" after "Federal".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to refunds payable after December 31, 1995.

AMENDMENT NO. 2555

(Purpose: To provide state welfare or public assistance agencies an option to determine eligibility of a household containing an ineligible individual under the Food Stamp program)

At the appropriate place in the amendment, insert the following new section:

SEC. . Section 6(f) of the Food Stamp Act of 1977 (7 U.S.C. 2015(f)) is amended by striking the third sentence and inserting the following:

The state agency shall, at its option, consider either all income and financial resources of the individual rendered ineligible to participate in the food stamp program under this subsection, or such income, less a pro rata share, and the financial resources of the ineligible individual, to determine the eligibility and the value of the allotment of the household of which such individual is a member.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, I ask unanimous consent the pending amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2467 TO AMENDMENT NO. 2280

(Purpose: To increase the participation of teachers, parents, and students in developing and improving workforce education activities)

Mr. HATCH. Mr. President, I ask unanimous consent amendment No. 2467 be called up and sent to the desk for immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Utah [Mr. HATCH], for Mr. HATFIELD, for himself, Mr. DODD and Mr. GLENN, proposes an amendment numbered 2467 to amendment No. 2280.

Mr. HATCH. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In section 714(d)(1)(K), strike "and".

In section 714(d)(1)(L), strike the semicolon and insert "; and".

In section 714(d)(1), insert after subparagraph (L) the following:

"(M) representatives of secondary school students involved in workforce education activities carried out under this title and parents of such students;".

In section 716(b)(6) strike "and".

In section 716(b)(7) strike the period and insert "; and".

In section 716(b), add at the end the following:

(8) with respect to secondary education activities—

(A) establishing effective procedures, including an expedited appeals procedure, by which secondary school teachers, secondary school students involved in workforce education activities carried out under this title, parents of such students, and residents of substate areas will be able to directly participate in State and local decisions that influence the character of secondary education activities carried out under this title that affect their interests;

(B) providing technical assistance, and designing the procedures described in subparagraph (A), to ensure that the individuals described in subparagraph (A) obtain access to the information needed to use such procedures; and

(C) subject to subsection (h), carrying out the secondary education activities, and implementing the procedures described in subparagraph (A), so as to implement the programs, activities, and procedures for the involvement of parents described in section 1118 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6319) in accordance with the requirements of such section.

In section 716, add at the end the following:

(h) PARENTAL INVOLVEMENT.—

(1) COMPARABLE REQUIREMENTS.—For purposes of implementing the requirements of section 1118 of the Elementary and Secondary Education Act (20 U.S.C. 6319) with respect to secondary education activities as required in subsection (b)(8)(C), a reference in such section 1118—

(A) to a local educational agency shall refer to an eligible entity, as defined in subsection (a)(2) of section 727;

(B) to part A of title I of such Act (20 U.S.C. 6311 et seq.) shall refer to this subtitle;

(C) to a plan developed under section 1112 of such Act (20 U.S.C. 6312) shall refer to a local application developed under such section 727;

(D) to the process of school review and improvement under section 1116 of such Act (20 U.S.C. 6317) shall refer to the performance improvement process described in subsection (b)(4) of such section 727;

(E) to an allocation under part A of title I of such Act shall refer to the funds received by an eligible entity under this subtitle;

(F) to the profiles, results, and interpretation described in section 118(c)(4)(B) of such Act (20 U.S.C. 6319(c)(4)(B)) shall refer to information on the progress of secondary school students participating in workforce education activities carried out under this subtitle, and interpretation of the information; and

(G) to State content or student performance standards shall refer to the State benchmarks of the State.

(2) NONCOMPARABLE REQUIREMENTS.—For purposes of carrying out the requirements of such section 1118 as described in paragraph (1), the requirements of such section relating to a schoolwide program plan developed under section 1114(b) of such Act (20 U.S.C. 6314(b)) or to section 1111(b)(8) of such Act (20 U.S.C. 6311(b)(8)), and the provisions of section 1118(e)(4) of such Act (20 U.S.C. 6319(e)(4)), shall not apply.

In section 728(a)(2)(A), strike "and veterans" and insert "veterans, secondary school students (including such students who are at-risk youth) involved in workforce education activities carried out under this title, and parents of such students".

In section 728(b)(2)(B)(iv), strike "and".

In section 728(b)(2)(B)(v), strike the period and insert "; and".

In section 728(b)(2)(B), add at the end the following:

"(vi) representatives of secondary school students involved in workforce education activities carried out under this title and parents of such students.".

In section 728(b)(4)(A)(iii), strike "participation" and all that follows and insert "participation, in the development and continuous improvement of the workforce development activities carried out in the substate area—

"(I) of business, industry, and labor; and

"(II) with regard to workforce education activities, of secondary school teachers, secondary school students involved in workforce education activities carried out under this title, and parents of such students;".

Mr. HATCH. Mr. President, I ask unanimous consent the amendment be laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2556 TO AMENDMENT NO. 2280

(Purpose: Transmission of quarterly wage reports in order to relay information to the State Directory of New Hires to assist in locating absent parents)

Mr. HATCH. Mr. President, I send an amendment to the desk and in behalf of

Senator NICKLES of Oklahoma and I ask for its consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Utah [Mr. HATCH], for Mr. NICKLES, proposes an amendment numbered 2556.

Mr. HATCH. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Sec. 913 page 601 of the amendment, strike line 8 thru line 21 and insert in lieu thereof the following:

"(2) TIMING OF REPORT.—Each report required by paragraph (1) shall be made in accordance with the requirements of Section 1320b-7 (3), Title 42 of U.S.C."

(c) REPORTING FORMAT.—Each report required under Section 1320b-7(3), Title 42 of U.S.C. shall include an indication of those employees newly hired during such quarter."

Mr. HATCH. Mr. President, I see the distinguished Senator from Alabama.

Mr. HEFLIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. HEFLIN. I thank the Chair.

(The remarks of Mr. HEFLIN pertaining to the introduction of S. 1227 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. HATCH. Mr. President, I ask unanimous consent that the pending amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENTS NOS. 2557 AND 2558, EN BLOC, TO AMENDMENT NO. 2280.

Mr. HATCH. I send two amendments to the desk and ask for their immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendments.

The assistant legislative clerk read as follows:

The Senator from Utah [Mr. HATCH], for Mr. JEFFORDS, proposes amendments, en bloc, numbered 2557 and 2558 to amendment No. 2280.

Mr. HATCH. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 2557

(Purpose: To amend the definition of work activities to include vocational education training that does not exceed 24 months)

On page 36, line 12, strike "12" and insert "24".

AMENDMENT NO. 2558

(Purpose: To provide for the State distribution of funds for secondary school vocational education, postsecondary and adult vocational education, and adult education)

On page 381, strike lines 18 through 21, and insert the following:

(3) STATE DETERMINATIONS.—From the amount available to a State educational agency under paragraph (2)(B) for a fiscal year, such agency shall distribute such funds for workforce education activities in such State as follows:

(A) 75 percent of such amount shall be distributed for secondary school vocational education in accordance with section 722, or for postsecondary and adult vocational education in accordance with section 723, or for both; and

(B) 25 percent of such amount shall be distributed for adult education in accordance with section 724.

Mr. HATCH. I also ask unanimous consent that those amendments be set aside for later consideration.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2559 TO AMENDMENT NO. 2280

(Purpose: To require the establishment of local work force development boards)

Mr. HATCH. Mr. President, I send another amendment to the desk for and on behalf of Senator KYL and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows.

The Senator from Utah [Mr. HATCH], for Mr. KYL, proposes an amendment numbered 2559.

Mr. HATCH. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In section 728, strike subsections (a) and (b) and insert the following:

(a) LOCAL AGREEMENTS.—

(1) IN GENERAL.—After a Governor submits the State plan described in section 714 to the Federal Partnership, the Governor shall negotiate and enter into a local agreement regarding the workforce employment activities, school-to-work activities, and economic development activities (within a State that is eligible to carry out such activities, as described in subsection (c)) to be carried out in each substate area in the State with local workforce development boards described in subsection (b).

(2) CONTENTS.—

(A) STATE GOALS AND STATE BENCHMARKS.—Such an agreement shall include a description of the manner in which funds allocated to a substate area under this subtitle will be spent to meet the State goals and reach the State benchmarks in a manner that reflects local labor market conditions.

(B) COLLABORATION.—The agreement shall also include information that demonstrates the manner in which—

(i) the Governor; and

(ii) the local workforce development board; collaborated in reaching the agreement.

(3) FAILURE TO REACH AGREEMENT.—If, after a reasonable effort, the Governor is unable to enter into an agreement with the local workforce development board, the Governor shall notify the board, and provide the board with the opportunity to comment, not later than 30 days after the date of the notification, on the manner in which funds allocated to such substate area will be spent to meet the State goals and reach the State benchmarks.

(4) EXCEPTION.—A State that indicates in the State plan described in section 714 that the State will be treated as a substate area for purposes of the application of this subtitle shall not be subject to this subsection.

(b) LOCAL WORKFORCE DEVELOPMENT BOARDS.—

(1) IN GENERAL.—There shall be a local workforce development board for every substate area in a State that receives assistance under this title.

(2) DUTIES.—Such a local workforce development board shall—

(A) have principal responsibility for implementing local workforce development activities (other than economic development activities), including one-stop centers or systems, school-to-work activities, and workfare activities; and

(B) shall have authority over economic development activities if no comparable oversight or policy group exists within the substate area.

(3) APPOINTMENT.—

(A) IN GENERAL.—A local workforce development board shall be appointed by the chief elected official of a unit of general purpose local government within the substate area involved, based on guidelines established by the Governor, in consultation with local elected officials in the substate area.

(B) CHIEF ELECTED OFFICIAL.—Such chief elected official shall be selected by the elected officials of 1 or more units of general purpose local government within the substate area.

(C) MEMBERSHIP.—A majority of the members of the board shall be representatives of business. The remainder of the board shall consist of such other members as the Governor may determine to be appropriate.

(4) REFERENCES.—Notwithstanding any other provision of this title, any reference in this title to a local partnership shall be deemed to be a reference to a local workforce development board established under this subsection.

Mr. HATCH. I ask unanimous consent that the amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, at long last, the Senate turns its attention to an issue at the heart of the availability of any real welfare proposal and close to the heart of all working families, and that is access to safe, affordable child care in the next period of time. I see in the Chamber my friend and colleague, the Senator from Connecticut, who will offer the amendment for himself and for myself.

Mr. President, somehow amidst all the tough talk and political posturing about welfare reform, talk of block grants and State flexibility, funding formulas and family caps, this debate seems to have lost sight of the clear and simple fact that a single parent with a preschool-aged child cannot hold down a job if there is no one to care for that child.

I think over the long course of the hearings that have been held on the question of welfare reform in the time that I have been in the Senate, it is very clear what the elements of a successful welfare reform bill must be. There has to be, obviously, a job at the end of the line for an individual, hopefully in the private sector, public sector if necessary. There has to be some training for that individual. There also has to be some care for the child of that parent. And when we realize that two-thirds of those recipients today of welfare have small children, we understand the importance of providing the child care. And there also has to be an element of health care for that child and for that family.

Those are essentially the elements. And what is an intolerable situation is to present welfare reform legislation

and pretend that it is really, truly a reform program without addressing the enormously important issue of who is going to care for the children that will be affected by this debate.

Of those that are on welfare, about 10 million of them are children, 4 to 5 million are adults. So when we talk about the welfare issue and welfare reform, we are really talking about children and families in this country. Many of those children are the sons and daughters of working families. Children are always the most vulnerable individuals. They are not here to speak for themselves. As responsible policymakers, we must consider the impact of any legislative effort on the most vulnerable in our society.

So throughout this debate we intend to ask over and over again the key questions that should guide this entire debate: Who will care for the children? As families enter the job search, who will care for the children? As families enter workfare programs, who will care for the children? As a single parent is mandated to take a job, who will care for the children?

I would like to just take a few moments before my friend and colleague from Connecticut introduces legislation that will address this issue, and I think in an important way remedy this glaring defect in the majority leader's proposal, to consider where we are with the proposal that is before the Senate this afternoon.

First of all, if we look at the current situation under the existing legislation, legislation that passed in 1988 with virtually unanimous support in the Senate, which recognized the importance of child care programs, there is $1 billion to take care of 643,000 children.

Under the bill that is before the Senate at the present time, that particular funding, the $1.1 billion, which is the total of three different child care programs, is effectively eliminated, crossed out as separately designated child care funding.

There is an additional child care program in current law that is provided under discretionary spending for the child care programs which also amounts to $1 billion—some $935 million spent in the year 1995 to take care of 750,000 children. This is $935 million for 750,000 versus $1.1 billion for 643,000 children. These are the sons and daughters of low-income working families and need care for a short period of time, and that is why there is some disparity.

The majority leader's proposal not only eliminates the $1 billion which will currently provide for the 643,000 children—eliminates that—but also takes a third of the $1 billion which was appropriated for child care and allows 30 percent of it to be transferred for other purposes.

We have to ask ourselves, who is going to care for all of these children? Who is going to care for the children who are being taken care of under the existing discretionary program if these funds are diverted away? Who will care for the children who would have been cared for through the mandatory programs that would otherwise be expended in 1996 but have been effectively?

We have to ask ourselves, what is going to be the response?

When this issue was raised just before the break, the leader indicated what his response was going to be.

In the exchange on the floor of the Senate, the majority leader said:

> Let me just respond this way to the Senator from Massachusetts. I said just a few moments ago—I do not think the Senator was on the floor—that was an area of concern raised by the White House, the same general area. As I said, it is a concern raised by a number of my colleagues on this side of the aisle.
>
> We had our first meeting on Friday. And Senator KASSEBAUM, the chairman of the committee, who did a lot of work in this area, was present.
>
> It is certainly true that Senator KASSEBAUM has been very dedicated to child care. It was Senator DODD who was the leader of the development of the discretionary program, with strong support of the Senator from Utah, Mr. HATCH, and it was Senator KASSEBAUM who ensured that this valuable program was reauthorized.

It continues on:

> So I can say to the Senator in all candor, it is something we are looking at. We know there is a problem, and we are looking at it because under the present provision of S. 1120 it would be block granted to the States. But there is a great deal of concern expressed. I can only say that we are going to sit down, I think, again either tonight or tomorrow morning to try to address that on this side.

Now, what happened? First of all, we have what I call under the existing Dole proposal effectively the home alone program. We are telling parents that they are going to have to leave their children home alone. We are saying if the parent of this family does not go out and take a job, they are going to lose any kind of support benefits and we are going to leave the child alone at home.

That was the issue brought before the majority leader just before the August recess and he responded that he was going to address that particular proposal. So what happened? In the proposal sent to the Senate just before the break, he included a provision providing the discretion to the States the option to exempt a parent with a child less than 1 year old—but completely at the discretion of the States. If the State did not choose to do it, infants could find themselves home alone again.

The new bill did not provide additional child care for families with young children. The bill did not provide additional funding to help and assist those families in achieving self sufficiency, allowing them to go to work with good quality day care. All it did was say that those families would be exempt. You will not be denied the benefits of the program if you do not participate in the work program. And effectively what you are saying is happy birthday to the child when they turn 1, because that parent is going to be required to go on out and leave that child at home alone when they are 13 months old.

I call that "Home Alone II." You left the children home alone in the initial proposal. And now we are saying we are leaving it up to the States to exempt 10 percent of families from having to leave their children home alone. But what about getting those parents into the work force, which is part of the desire of this particular legislation? We are not providing child care. All we are saying is that if you have young children, you can stay home and do not have to work.

Mr. President, this chart gives a real reflection of what the needs are and what the realities are under the day care proposal. We are taking the $1 billion that was spent on child care for welfare families and under the Dole proposal it is eliminated. But we will have to spend $4.8 billion in the year 2000 alone to provide for day care for welfare recipients mandated to work under the Home Alone bill. That means that if the Dole bill is implemented and all the people required to work actually go to work, you will need $4.8 billion to provide the day care for them in that one single year—one single year.

This assumes that only half of the parents that are going to work will need help finding and affording child care. It says that the others will be able to get child care on their own, which is an extraordinary assumption. I mean, it defies what is happening in all of our States. I am interested in listening to Senators who have had a different experience in their State, finding scores of people receiving welfare that are able to get child care and pay for it. But that is one of the assumptions.

Even with that assumption, HHS says that the Dole bill will cost $4.8 billion for child care in the year 2000. Cumulatively, under the Dole proposal, it will be $11.2 billion from 1996 to the year 2000. And States will only be provided $16.8 billion flat funding over that period of time. If you are going to need all of this for day care, where is the money going to be on job search? Where is the money going to be in providing for the health care needs of the children? Where is the money going to be for job training and education? Where is it going to be? It is just not going to be there. That is why this is so fraudulent. That is why this legislation is so basically and fundamentally flawed when you think about the needs of the poor children of this country.

Mr. President, I will join with my colleague and friend from Connecticut in an amendment to address this particular problem by restoring the existing $1 billion and making up the rest to make sure this legislation addresses the issue of child care for the children

of this country, as well as the requirements in terms of job needs.

So, Mr. President, I welcome the opportunity, as we come into the weekend, to join with our leader here in the Senate, Senator DODD, who has provided leadership in this child care area. It has been a bipartisan effort, in our committee and on the floor, with Senator HATCH and Senator KASSEBAUM and others, very much involved in this effort.

Let me just say, finally, we heard just a few moments ago, additional changes proposed by the majority leader. As I understand, this includes an amendment to raise the age of children whose families are exempt from 1 to 5 years of age. This effectively will mean that sixty percent of those who are on welfare will be excluded from welfare reform because that many have children under 5.

So that raises some serious issues and questions about what we are doing here if we go about excluding people from the requirements rather than assisting them. As a way of trying to respond to this particular need, I think this raises some serious questions about what this legislation is all about.

Mr. SANTORUM. Will the Senator yield?

Mr. KENNEDY. I will in a second. I prefer that we provide the kind of support that is included in the Dodd amendment because if we do that, what we are going to do to get people to work—by providing the training for them, the day care, and help them to find a job. That is the objective, to care for children and to promote work. That is the desirable end.

But certainly, if we are not going to have the kind of support and help and the funding for the day care, as a matter of policy, it is a lot better to have the parent at home taking care of very small children than requiring them to make a choice between leaving a child who is 2, 3, 4, or 5 home alone and complying with the requirements of this legislation.

So this is a very important discussion and debate. I hope that we will have the chance on Monday, to get into greater detail both on the changes that have been made. But just at the opening of this, because I see my friend and colleague from Connecticut on the floor who wants to make a presentation, I think it is important that we understand exactly where we are with regard to the child care proposals.

I will be glad to yield briefly for a question from the Senator, and then I want to yield the floor so that the Senator from Connecticut can——

Mr. SANTORUM. I just wanted to respond to the comments of the Senator from Massachusetts about the Snowe amendment. I think there is a mischaracterization. Maybe it is not a mischaracterization. I know the amendment has not been presented. You received a summary. But what the Snowe amendment does is say that the parents with children under 5 who can demonstrate to the State—the States will determine what the demonstration requirements would be—that their child care is either unaffordable to them or unavailable to them, whatever, would not be sanctioned for not working.

That does not mean that anyone who has a child under 5 would be exempt from the work requirement. That is not the case. In fact, they would be required to work unless they can prove that there is no child care available. So what happens, since the Snowe amendment does not change the participation standard, which is that 50 percent have to be in the work program, what the Snowe amendment really attempts to do by keeping the denominator the same is to encourage States to provide more child care so they can increase work participation by families with children under 5. So it is, in a sense, a roundabout way of getting States to come up with more child care dollars so we can, in fact, give opportunities for women, in most cases women, who have children under 5.

Mr. KENNEDY. Mr. President, I appreciate that, and I will make a brief comment. That is the very basis of the difference among the Dole, Senator Santorum, and other proposals. You are not providing child care for that mother that wants to be able to go out and work. What you are saying is that mothers will have to work unless they are able to demonstrate that for some means they cannot quite get that child care, that they do not have the resources to do it.

I say to the Senator from Pennsylvania, travel around your own State or my State or any of the other States and talk to those mothers and ask them. We already know what is happening out there. We already have that kind of information, and we just know of the availability of child care.

I hope it is not quite as punitive as described by the Senator to say because we know what the shortage is and what the cost is in terms of quality child care. I do not know how many working families that are trying to go out and work and provide for their families, let alone those that are caught in the misfortunes of life and have a life of dependency, are able to go on out there and get the child care and afford to pay it, have someone tell them, "Well, maybe your situation is not desperate enough and you are able to stay home. You are able to stay home. We are not going to do anything for you to get child care so you can get off welfare, we are just going to say you can still get your check."

I do not think that is really what this bill should be about.

I look forward to the opportunity later this afternoon and Monday to get into greater detail on this.

Mr. DODD addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

AMENDMENT NO. 2560 TO AMENDMENT NO. 2280

(Purpose: To provide for the establishment of a supplemental child care grant program)

Mr. DODD. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Connecticut [Mr. DODD], for himself, Mr. KENNEDY, Mr. KOHL, Ms. MIKULSKI, Ms. MOSELEY-BRAUN, Mrs. MURRAY, Mrs. BOXER, Mr. LEAHY, and Mr. KERREY, proposes an amendment numbered 2560 to amendment No. 2280.

Mr. DODD. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 17, line 22, strike "subparagraph (B)" and insert "subparagraphs (B) and (C)".

On page 18, between lines 15 and 16, insert the following new subparagraph:

"(C) AMOUNT ATTRIBUTABLE TO CERTAIN CHILD CARE PAYMENTS.—For purposes of subparagraph (A), the amount determined under this subparagraph is an amount equal to the Federal payments to the State under subsections (g)(1)(A)(i), (g)(1)(A)(ii), and (i) of section 402 for fiscal year 1994 (as in effect during such fiscal year).".

On page 18, line 16, strike "(C)" and insert "(D)".

On page 22, line 12, strike "$16,795,323,000" and insert "$15,795,323,000".

At the end of title VI, add the following new section:

SEC. . WORK PROGRAM RELATED CHILD CARE.

(a) ESTABLISHMENT.—The Secretary of Health and Human Services shall, upon the application of a State under subsection (c), provide a grant to such State for the provision of child care services to individuals.

(b) FUNDING.—For the purpose of providing child care services for eligible children through the awarding of grants to States under this section for a fiscal year, the Secretary of Health and Human Services shall pay, from funds in the Treasury not otherwise appropriated, an amount equal to the sum of—

(1) the outlays for child care services under sections 402(g)(1)(A)(i), 402(g)(1)(A)(ii), and 402(i) of the Social Security Act (as such sections existed on the day before the date of enactment of this Act) for fiscal year 1994; and

(2)(A) for fiscal year 1996, $246,000,000;

(B) for fiscal year 1997, $311,000,000;

(C) for fiscal year 1998, $570,000,000;

(D) for fiscal year 1999, $1,122,000,000; and

(E) for fiscal year 2000, $3,776,000,000.

(c) APPLICATION.—To be eligible to receive a grant under this section, a State shall prepare and submit to the Secretary of Health and Human Services an application at such time, in such manner, and containing such information as the Secretary may require.

(d) AMOUNT OF GRANT.—From the amounts available under subsection (b) for a fiscal year, the Secretary of Health and Human Services shall allot to each State (with an application approved under subsection (c)) an amount which bears the same relationship to such amounts as the total number of eligible children in the State bears to the total number of eligible children in all States (with applications approved under subsection (c)).

(e) USE OF FUNDS.—

(1) IN GENERAL.—Amounts received by a State under a grant awarded under this section shall be used to carry out programs and activities to provide child care services to eligible children residing within such State.

(2) ELIGIBLE CHILDREN.—For purposes of this section, the term "eligible child" means an individual—

(A) who is less than 13 years of age; and

(B) who resides with a parent or parents who are working pursuant to a work requirement contained in section 404 of the Social Security Act (as amended by section 101), are attending a job training or educational program, or are at risk of falling into welfare.

(3) GUARANTEE.—Notwithstanding any other provision of this Act, or of part A of title IV of the Social Security Act—

(A) no parent of a preschool age child shall be penalized or sanctioned for failure to participate in a job training, educational, or work program if child care assistance in an appropriate child care program is not provided for the child of such parent; and

(B) no parent of an elementary school age child shall be penalized or sanctioned for failure to participate in a job training, educational, or work program before or after normal school hours if assistance in an appropriate before or after school program is not provided for the child of such parent.

(f) GENERL PROVISIONS.—

(1) OTHER REQUIREMENTS.—The requirements, standards, and criteria under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) except for the provisions of section 658G of such Act, shall apply to the funds appropriated under this section to the extent that such requirements, standards, and criteria do not directly conflict with the provisions of this section.

(2) MAINTENANCE OF EFFORT.—A State, in utilizing the proceeds of a grant received under this section, shall maintain the expenditures of the State for child care activities at a level that is equal to not less than the level of such expenditures maintained by the State under the provisions of law referred to in subsection (b) for fiscal year 1994.

(g) SENSE OF THE SENATE REGARDING FINANCING.—

(1) FINDINGS.—The Senate finds that—

(A) child care is essential to the success of real welfare reform and this Act dramatically reduces the funds designated for child care while at the same time increasing the need for such care; and

(B) obsolete corporate subsidies and tax expenditures consume a larger and growing portion of the funds in the Treasury.

(2) SENSE OF THE SENATE.—It is the sense of the Senate that the new investment in child care, above the amounts appropriated under the provisions of law referred to in subsection (b)(1) for fiscal year 1994, provided under this section should be offset by corresponding reductions in corporate welfare.

Mr. DODD. Mr. President, this is the child care amendment. As I understand it, we will take some time this afternoon, and on Monday we will resume the debate and have a vote on this amendment, I think, at 5 p.m. I stand corrected if that is not correct. My colleague from Pennsylvania is indicating that that is the situation procedurally. We will have people over the weekend take a look at the amendment, decide either to support it or offer ideas to change it. But I think it is a critically important amendment. It is one of the two or three, I think, most significant amendments we will have during the consideration of this bill, because it is such an important linchpin to the whole debate on welfare. It determines whether or not the so-called welfare reform proposal can actually work.

Let me, first of all, thank my colleague from Massachusetts for his support in putting this amendment together, and for his support not just today and recently, but over the years.

As he has pointed out, Mr. President, going back some 5, 6, 7 years ago, we were able to fashion a child care proposal, the very first, I might add, ever adopted by a Congress with the exception of the period in about 1942 or 1943 when, in the middle of World War II, the Congress appropriated $50 million for a national child care program for the obvious reasons.

We had young men in uniform who were fighting in the European and Pacific theaters. War production was critical. Women went to work in war production facilities and, obviously, taking care of their children was something that needed to be done.

In fact, I invite my colleagues to look at a fascinating exhibit at the Library of Congress. There are marvelous photographs and stories about these child care facilities and how sophisticated they were with doctors and nurses, wonderful feeding programs and the like. In fact, one of them still is in operation in Santa Monica, CA, the only one I know of that is still operating from that period of time.

Obviously, that was a time of national emergency. Once World War II was over, young men came back from the war, women left war production, men went to work in our companies and factories across the country, and these child care facilities, many of them, closed their doors.

It is intriguing to note, because it was, obviously, a recognized need that we could not very well ask people to go to work in war production without a parent being home and to leave children home alone.

I have gone back and examined that legislation. There was no criteria established in that bill based on the age of the children or exemptions from work and war production. It was designed to take care of kids, and it was a wonderful educational process as well, where those children actually had a good education experience while being in that child care setting.

At any rate, we are again engaged in a debate. This time another emergency, not of the magnitude of World War II, but an emergency. We have far too many people who are living on public assistance of one kind or another. We are trying to break that cycle. We are trying to make it possible for people to go back to work or to go to work for the first time ever, and we are faced not with a dissimilar fact situation.

In World War II, the men in those families were fighting a war. Today, in many cases, there are not any men at all in these households, just women raising children alone. And yet we want them to go to work, not in war production today, but we want them to get into the work force, because we think it is not only good for them, it is good for the country. But the issue regarding the children is the same, it is the common denominator. In 1942 and 1943, we reached the collective conclusion those kids should not be left home alone. We needed women in war production; take care of the kids.

Today we are saying collectively, I think, we ought to get people to work in this country. We are tired of watching two and three generations and four generations live on public assistance. We want to get them to work, and yet we know we have a staggering number of children who need care.

What this amendment is designed to do is to come up with a means by which we make the work requirements in this particular bill be effective. So that is what we have crafted with this amendment. We take $5 billion as part of the block grant—it is already in the bill—and dedicate that to child care. We then recognize, as a result of HHS's numbers, that you cannot possibly meet the criteria outlined in the Dole legislation that requires that a certain percentage of people on welfare get to work, if you do not have a child care component. So 44 States would not be in compliance according to CBO. We come up with $6 billion to come out of a corporate welfare approach that is designated by a sense-of-the-Senate resolution.

Some will argue you do not need $6 billion, you can do with a sum less than that. I, frankly, will be listening and more than happy to entertain some discussion of that. Health and Human Services says roughly $6 billion. CBO says less than that, depending on what numbers you use as the base.

The point is, what presently exists in the bill does not meet the criteria at all. You need to have more resources. I will get into why that is the case in a moment.

As I pointed out yesterday during our debate, and when the distinguished majority leader, Senator DOLE, pulled his welfare reform bill 3 weeks ago, that, in my view, the bill pretended to be serious about work but ignored how children would fit into that equation.

At that point, I described the legislation as "child care—less." There has been a lot of talk, obviously, in the past several weeks about a modified proposal. But as far as I can tell, not much has changed in the legislation.

The Republican proposal is still, as Senator KENNEDY has pointed out, a home alone bill. The Republican proposal amounts, in my view, to nothing more than a bitter taste for thousands of families across the country. You cannot throw a dab of budgetary so-called gravy on it and call it tasty or a success. It is just window dressing, Mr. President, and Americans simply, I think, will not take it.

The Republican proposal still imposes significant new work requirements without acknowledging that child care is essential if people are going to go to work. Funds previously designated for child care and child care only disappear.

I point out, on one of the charts that we have here, that in 1994, we designated $1 billion for child care assistance in our welfare reform programs. That was only done a year or so ago. The Dole bill, as presently crafted, as Senator KENNEDY pointed out a moment ago, takes that money previously earmarked for child care, lumps it into general welfare, a pool. One can argue that the States may decide to use those resources.

Let us assume, if you want to, that they may. But there is no requirement. They may decide to do something else with it. If you say we are going to insist that that $1 billion be left in the bill for child care, the fact is, that with the changes in the Dole bill we are going to increase the need for child care slots by 165 percent. So the $1 billion is going to be totally inadequate in order to meet this increased demand that we have. So it is not even going to come close to the demands that we will have on us. The bottom line here is that no money is guaranteed at all. Not a single penny is guaranteed here at all.

In fact, even under previous legislation, you had a requirement that States had to dedicate some of their own resources for child care. We even stripped that out of the bill. So there was no requirement there at all either. So we have taken out the Federal money, and the State requirement too. We have said that you have to go to work quickly, and we do not provide the resources to allow that to happen.

Let me quickly add that we are seeing add-ons or modifications now. We had the provision that was added that said if you had children under the age of 1, you would be exempted from the work requirement. Now, that has been raised to the age of 5. I appreciate the point of our colleague from Pennsylvania that that exemption only exists if child care is not available. The fact of the matter is, if you are on welfare and you do not have any dedicated resources, child care is de facto not going to be available.

A point I think that needs to be made here is that we need to remind ourselves what the essence of this bill is. That is, to try and get people to work. If we start exempting people because they have children under the age of 1 or 5—while I appreciate the motivations behind it—it is going to run counter to what we should be trying to do. Does that mean if you have three children above the age of 5 and one under, that you are exempt? Is that going to be an inducement to some families—at a time of trying to discourage more children, is it in fact going to be an inducement in some ways for people to have a child in order to avoid the work requirements? I would much rather see us stick with the criteria that you try and get people to work and then provide the child care for them. That, it seems to me, makes more sense and goes to the essence and heart of what we are trying to achieve, instead of trying to come up with an exemption for each age group here. I think we ought to be trying to assist these families to become self sufficient, independent, and to give them the resources to achieve those goals.

As we know right now, we have been told that as a result of no additional funds, we will have to find an $4.8 billion in the year 2000 just to meet the child care requirements. States would be required to spend totally, we are reminded, some $11 billion over the next 5 years.

Let me emphasize again that I think there is general consensus here that if there is one common theme in all of the various proposals that are being discussed regarding welfare reform it is that we want to get people to work. We are trying to figure out the best way to do that, the most efficient way to do it.

What those who agree with that proposition are suggesting is that if we are going to get people on public assistance to work, there are several things we have to do.

First, we have to see if they have the training and the education in order to meet the criteria of the job market, which is critically important. Second, we have to recognize the reality that almost everyone in the country understands; that is, it is difficult to get to work if you have young children and you have no place to leave them where they will be cared for and adequately protected.

That is an issue that everyone understands. You certainly do not have to be on welfare to understand that. As I said yesterday and the day before, every single family in this country whether two parents who work, or a single parent works, knows of the anxiety of child care.

Even if you have a good child care system today in place for your children, every week you wonder whether it will be there next week, and how much more it may cost. Will there be a problem for one reason or another?

Child care for working families with young children is an issue that everyone understands, regardless of their economic situation.

What I am suggesting here and what we successfully passed a few years ago, with the tremendous help of my colleague from Utah, Senator HATCH, in a very strong, bipartisan way, with the ultimate support of President Bush and the Bush administration, was the recognition that we need to have some support for child care, for families, as we try to move them into the workplace, and for the working poor.

What we are doing with this amendment is trying to come up with adequate resources that make it possible for the work requirements of this bill to become effective. If we are really going to get people from welfare to work, where two-thirds of these families have children that are very young, then you will have to deal with the child care issue.

That does not require any great leap of faith. It does not require a great understanding of the complexity of law. It merely states what everyone ought to be able to appreciate and understand. That is what we are trying to do with this amendment.

Now we are being told, as it stands right now, the Governors would have to come up with $4.8 billion in the year 2000. If we are going to just provide for the welfare recipients mandated under the home alone bill, if you are going to get to the year 2000, you will need a total amount of roughly $11 billion between now and then.

You can take out of the block grant $5 billion, but you have to come up with $6 billion more, roughly, to meet the criteria. Am I absolutely certain of the $6 billion? No, I am not. I am listening to a lot of people who spend a lot of time on these issues, and they tell me that is roughly the number. It could be somewhat less. But the point is, it is roughly in that ballpark if you are going to meet the work criteria.

Now, it is being suggested by the majority leader and others, rather than do that, why not just exempt these families that have very young children?

First, the proposal was under age 1. Now the proposal is up to 5 years.

My suggestion here is, rather than start exempting people with young children right and left, why not try to come up with the resources so we get back to the heart of the welfare proposals, and that is to make it possible for people to get to work? That seems to me to be a more logical step to take, rather than retreating from those obligations of work requirements.

So that is what we do with this amendment. We try to make it possible for that to happen. Otherwise, I do not know what these Governors are going to do. They do not have the resources, Mr. President. We are shifting the problem to them. We are saying, you come up with the resources or you face the penalties, because we have penalties in the bill. And if you do not get a certain percentage of your welfare recipients into the work force in the first year or two and then at a higher percentage a year or two after that, then there are penalties that we at the Federal Government levy on these States.

So what are the options? Either you do not get the child care, you do not get people to work, and then you have a penalty, which means you have to raise taxes to pay it; or you have to come up with $4.8 billion in 2000, or more over the next 5 years in one form of taxation or another.

Why not try to come up here with a means by which we make it possible for people to make that transition, so we get from the dependency on welfare to work by providing adequate child care for these children?

I have recommended here corporate welfare as an offset—I cannot identify choices specifically because then you end up with bill being transferred immediately to various committees. We have in the amendment—because the obvious question is how do you pay for

it—a section. We asked people to look at corporate welfare. There is a lot in there. We talk about deductions and availability of certain things. There is a lot that exists. We have a tax proposal that is going to be submitted to us that calls for $250 billion in tax cuts, the bulk of which will go to upper-income families. If we would just modify that by $6 billion, I might add, or take a look at the literally billions of dollars that exist in corporate welfare and find $6 billion in order to achieve this desirable goal of getting people to work, it seems to me to be a modest request. I am confident that people who are committed to this will be able to find the resources over the next 5 years to do so.

This ought to be, in my view, an issue which people can gather around. We may disagree on other aspects of this bill, but I do not believe there ought to be the kind of partisan debate over child care, over coming up with the resources to make it possible for people to go to work and have their kids well taken care of. That is an issue everybody understands. As I said a moment ago, anybody who is at work today and has young children understands the problem, the worry, the concern, the anxiety that people have.

Frankly, with all due respect to those who have made the proposal of 1 year or 5 years, you have a child that is 5 years and 6 months, or 6 years old, 7 years old, you are not going to leave that child home alone and go to work. That is just unrealistic.

In fact, even when those children are in school, the great anxiety that parents have at 2 or 3 o'clock in the afternoon is hoping the child gets home safely. Look at the number of phone calls that get made at 3:30 and 4 o'clock when people are at work to find out whether or not that young child has made it home, and then worrying when they are home what happens to them. Who is watching them? What are they doing?

Again, I have to believe most of my colleagues understand these issues because they have certainly heard the general worry and concern outside of the welfare debate when it comes to the issue of care for children. It's obviously compared to the other things we do—my God, we come up with criteria for parking places. We take care of people's cars better. We have criteria for pets in this country to make sure they are not going to get harmed. All I am saying is what about our kids? In this day and age, we just increased the defense budget by $7 billion for next year, $7 billion more than the Pentagon wanted. That is $1 billion more than would take care of all the child care needs under the Dole bill for 5 years—for 5 years. One year of increased spending that was not asked for by the Pentagon.

In a just and fair society, with the tremendous and legitimate demand of the constituencies of this country that said we ought to get people off of welfare and to work, understanding the element of child care, we ought to be able to do that. And this ought to be a unanimous vote. There ought to be no great split here on that issue, and that is what I am offering with this amendment.

We can have, over the weekend, a talk about it. Staffs may meet. Maybe somebody will have some other ideas how we can fashion this to the satisfaction of everyone. I am not rigidly holding onto every dotted "i" and crossed "t." If there are some other numbers people want to use, I am open to them. I am not looking for an acrimonious debate on this issue. I am just telling you flatout that a welfare reform bill that demands that people go to work and does not have a child care factor to it, an element to it to allow for that transition to occur, is just unworkable.

I promise that you can threaten families all you want, they are not going to abandon their children. They just will not do it. I do not care what income category, what part of the country you are talking about. These families are not going to walk out of the house and leave that child alone. We would condemn them if they did. You get arrested in parts of this country if you do it. We have had cases in Connecticut in recent times where people have gone to casinos and left children in parked cars. We arrest them. It is a headline story when it happens.

Does anyone think that we are going to have a law that requires that people go to work and leave their kids locked up in their houses, and that we are not going to have a sense of outrage about it? And we are then going to penalize those States because they have not met the criteria because people have refused to obey the law and leave their children alone? That is insanity. That does not make any sense at all.

So I do not know why people have so much difficulty with this concept. This ought to be a 20-minute debate, not a great source of controversy. If you do not understand the linkage between child care and welfare reform, then you do not have the vaguest notion about welfare and what needs to be done to make it work better.

So, Mr. President, I hope over the coming 2 or 3 days before we come back on Monday afternoon, that people will take a good look at this, come together, and see if we cannot either support this amendment or some modifications to it so it roughly will allow the Dole bill provisions to actually take effect and make it possible for these States to meet the criteria without raising taxes.

In the absence of doing it, you have the biggest unfunded mandate I have seen so far. It was S. 1, I think, the unfunded mandate bill, where we said you cannot put mandates on States without coming up with the resources so they do not have to raise their own taxes. Here we are going to have a mandate that you take your welfare recipients and put them to work or face penalties. That is an unfunded mandate if we do not help them provide the resources to meet those criteria that we are laying out in this legislation.

So, Mr. President, again, I thank my colleagues for listening here this afternoon. I know I have probably bored them over the years on this subject matter, going back 7 and 8 years ago when we started the child care debates. But I think most people recognize today—certainly the corporate community does. The business community has had tremendous sophistication in understanding its employees' needs. They understanding the value of productive workers and having good, adequate child care alleviates worries so those employees can pay full attention to their jobs. Every sector of our society seems to appreciate the relationship between people's worries about their children, the priorities that people place on their children and their children's needs and the simultaneous need to be a productive and successful worker.

As we now talk about getting people off public assistance and moving them into the work force for the benefit of everyone, most importantly that individual, the element of dealing with their young children is something that we have to take into consideration.

I think exempting the families, as appealing as that may be to some, confuses the issue rather than sticking to the point of trying to make it possible for people to get to work and help them stay there through an adequate and appropriate child care system or structure.

So with that, Mr. President I urge my colleagues to take a look at this. We will reengage the debate on Monday and hopefully come up with an adequate solution that will make it possible for all of us to begin to support the DOLE proposal on welfare reform.

I know, in speaking with others, that the administration is very interested in supporting a bill that will truly be a welfare reform bill. That is the strong desire of President Clinton. He wants to do it. He believes that can be done if an issue like this can be adequately addressed and several others. But this is certainly an important element in all of that.

With that, I thank my colleagues and I yield the floor.

SENATOR PACKWOOD'S RESIGNATION EFFECTIVE AS OF OCTOBER 1, 1995

Mr. DOLE. Mr. President, there have been a number of inquiries last night and today about when the resignation of Senator PACKWOOD would be effective. I think I can best answer that in the exchange of letters I have had with Senator PACKWOOD if my colleagues will permit me.

This is my letter to Senator PACKWOOD:

DEAR BOB: As I said on the Senate floor yesterday, it is my belief that you made the

right and honorable decision to resign from the United States Senate.

I believe that it is in the best interests of the Senate and of the State of Oregon to reach closure on this matter as soon as possible.

Therefore, it is my recommendation that your resignation become effective no later than October 1, 1995. I would further recommend that you relinquish the Chairmanship of the Senate Committee on Finance effective today.

I know of your deep concern for your personal and committee staff, and I will work to provide them with an appropriate period of time to complete their own transition.

Sincerely,

BOB DOLE.

This is Senator PACKWOOD's reply:

DEAR BOB: I hereby tender my resignation as of October 1, 1995. I also am relinquishing today, Friday, September 8, my chairmanship of the Senate Committee on Finance.

I appreciate very much your concern and willingness to help the Personal and Committee staff in having an appropriate period of time to complete their own transition.

Thanks so much.

Sincerely,

BOB PACKWOOD.

Mr. President, I ask unanimous consent that those letters be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

U.S. SENATE,
OFFICE OF THE REPUBLICAN LEADER,
Washington, DC, September 8, 1995.

Senator BOB PACKWOOD,
259 Russell, Washington, DC.

DEAR BOB: As I said on the Senate floor yesterday, it is my belief that you made the right and honorable decision to resign from the United States Senate.

I believe that it in the best interests of the Senate and of the State of Oregon to reach closure on this matter as soon as possible.

Therefore, it is my recommendation that your resignation become effective no later than October 1, 1995. I would further recommended that you relinquish the Chairmanship of the Senate Committee on Finance effective today.

I know of your deep concern for your personal and committee staff, and I will work to provide them with an appropriate period of time to complete their own transition.

Sincerely,

BOB DOLE.

U.S. SENATE,
Washington, DC, September 8, 1995.

Hon. BOB DOLE,
Senate, Washington, DC.

DEAR BOB: I hereby tender my resignation as of October 1, 1995. I also am relinquishing today, Friday, September 8, my chairmanship of the Senate Committee on Finance.

I appreciate very much your concern and willingness to help the Personal and Committee staff in having an appropriate period of time to complete their own transition.

Thanks so much.

Sincerely,

BOB PACKWOOD.

Mr. DOLE. Mr. President, I think that answers any questions anybody may have had.

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

Mr. ASHCROFT. I thank the Senator from Connecticut. I am delighted to have this opportunity to make a few remarks and to offer two amendments to the Dole modified amendment for the welfare reform proposal.

Mr. President, the Dole modified amendment which is offered today is a substantial improvement, a very substantial and significant step toward the right kind of operation in terms of reforming welfare. I am pleased to see that the mechanism for delivering block grants—which was first recommended in the proposal I made on welfare reform called CIVIC, Senate bills 842, 843, 844 and 845, the proposal for delivering block grants directly from the Department of the Treasury to the States—is included and that will vastly reduce the Federal welfare bureaucracy, which I considered to be a bureaucratic tax upon the poor, and make resources available to the truly needy. It should limit Washington's interference in the States' welfare reform efforts.

As I have spoken many times on the floor, ending the micromanagement and intermeddling involvement of HHS to the extent possible, and giving States the opportunity to craft and shape welfare reform so that it meets the needs of the people in the States, is very important. We do need to replace the failed system of welfare which has been a Washington-run system, and the modified amendment proposed by Senator DOLE would help achieve this, in part, by adopting the proposal which is for direct block grants to the States that bypass much of the redtape of Washington.

Also, it is important that the Dole amendment includes an independent audit provision which will eliminate much of the Washington micromanagement and prevent funds from being consumed needlessly on bureaucratic oversight. Under this provision, States would supply to the Department of the Treasury audits conducted by independent auditors demonstrating their compliance and that block grant funds have been used properly in serving the needy populations.

I want to also say how pleased I am to see that the modified amendment includes a provision adapted from my welfare reform bill, which recognizes that Government programs alone will never solve all of our welfare needs. We have to allow States to involve a number of nongovernmental charitable organizations, including faith-based organizations, in serving the poor. Organizations like the Salvation Army and Boys and Girls Clubs are often more successful in serving people in need than are governmental institutions. We need to be able to tap these resources effectively. There is a character in the programs like the Boys and Girls Clubs and the Salvation Army that is important in meeting needs. It is a character associated with charity, which provides for a kind of compassion and caring that instills hope and aspiration in the lives of people.

The modified amendment includes very important provisions in this respect, which will ensure that such organizations that are selected to participate in meeting the needs of the poor are not forced to compromise their character. Furthermore, any person eligible for assistance who would be offended by going to one of these organizations to receive assistance would have an opportunity to receive alternative services from the state. There have been clear guidelines set to protect individual rights and to protect the rights of the organization.

While these are important provisions included in the modified Dole amendment, Mr. President, the modified amendment still I think needs adjustment and falls shorts of being a comprehensive welfare reform bill.

That is why I intend to send a pair of amendments to the desk which would broaden the bill to include block grants for two major welfare programs: Food stamps and supplemental security income, or the SSI program.

Block grants are essential for these programs because if you leave welfare partially open ended as entitlement programs, and partially block granted, there is a tendency on the part of jurisdictions to shift the welfare caseload from the areas which are block granted to the areas that are open ended and entitlements.

As a result, rather than controlling and managing welfare effectively, you just push from one area of the welfare population to another, move people from AFDC over to SSI. In some cases, that move would be far more expensive.

A single child on SSI gets $448 a month. There are AFDC programs which provide $200 or $300 a month, and a shift in that population would not be a reform at all in terms of cost containment, but a way of just dramatically increasing our welfare costs. As a matter of fact, it would make it very difficult for us to control costs.

In addition, when you have a program which has no limit on it, totally entitlement and totally federally funded, the incentives on the part of State and local instrumentalities to combat fraud and abuse are low. If we give the items in block grants to the States, the incentive to contain fraud and abuse, to detect it, to root it out of the system, is elevated.

Mr. President, fraud and abuse are rampant in the Food Stamp Program and SSI today because as the rolls grow, the money flows. There is no incentive to the welfare industry to reduce the problem. The only way we will be able to combat fraud and abuse is to give States the ability to design and enforce these programs and the incentive for them to limit the expenditures in these programs. I intend to send two amendments to the desk regarding SSI and food stamps.

Finally, Mr. President, I join today Senator COATS in introducing an

amendment which also recognizes we must look beyond Government to solve the welfare problems. Specifically, we need to encourage people to get involved personally in helping the needy. Our amendment combines proposals which we have offered in the past to accomplish this goal. It would provide a nonrefundable tax credit to individuals who volunteer time as well as money to give to charitable organizations so that individuals who contributed at least 50 hours per year at nonprofit private or religious charitable organizations which serve the needy would be eligible for not just the tax deduction regarding a $500 contribution, but if they also have a $500 contribution. they would be eligible for a tax credit of up to $500.

Mr. President, let me emphasize that simply rearranging the deck chairs on the "Welfare Titanic" would be turning our backs on the most pressing issues facing our future. We must fundamentally reform the entirety of our welfare system.

We simply cannot tinker around the margins. We cannot afford to repeat the mistakes we made in the past. We must all admit that Government alone has failed miserably and will continue to fail.

We must, I believe, have these expanded block grants so we do not have a partial system of block grants which invites cost-shifting and does not provide incentives for fraud and abuse containment.

I believe we must invite a far broader band of our society to participate in meeting the needs of the needy, and for that reason we need to encourage involvement by a far broader group of individuals in society.

AMENDMENTS NOS. 2561 AND 2562 TO AMENDMENT NO. 2280

Mr. ASHCROFT. Mr. President, I send two amendments to the desk and I ask unanimous consent they be considered as having been offered individually.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The legislative clerk read as follows:

The Senator from Missouri [Mr. ASHCROFT] proposes amendments numbered 2561 and 2562 to amendment No. 2280.

Mr. ASHCROFT. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendments are printed in today's RECORD under "Amendments Submitted.")

Mr. ASHCROFT. I wish to thank the Senator from Connecticut for his courtesy.

Mr. DODD. I send my apologies to the Senator from Missouri and the people of Missouri for saying the State of Ohio.

Mr. ASHCROFT. Perhaps the Senator needs to apologize to the Senator from Ohio if he is offended.

I yield to my colleague from Florida.

AMENDMENTS NOS. 2563 AND 2564 TO AMENDMENT NO. 2280

Mr. GRAHAM. Mr. President, I thank the Senator from Connecticut. On behalf of Senator KENNEDY, I send two amendments to the desk to be offered, and I ask the pending amendment be set aside.

The PRESIDING OFFICER. Without objection, the pending amendment is set aside.

The clerk will report.

The legislative clerk read as follows:

The Senator from Florida [Mr. GRAHAM], for Mr. KENNEDY, proposes amendments numbered 2563 and 2564 to amendment No. 2280.

Mr. GRAHAM. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 2563

(Purpose: To terminate sponsor responsibilities upon the date of naturalization of the immigrant)

On page 289, line 5, strike the period and insert ", but in no event shall such period extend beyond the date (if any) on which the alien becomes a citizen of the United States under chapter 2 of title III of the Immigration and Nationality Act."

On page 291, line 14, strike the period and insert ", but in no event shall such period extend beyond the date (if any) on which the alien becomes a citizen of the United States under chapter 2 of title III of the Immigration and Nationality Act."

On page 293, line 16, insert "but in no event shall the sponsor be required to provide financial support beyond the date (if any) on which the alien becomes a citizen of the United States under chapter 2 of title III of the Immigration and Nationality Act." after "quarters".

AMENDMENT NO. 2564

(Purpose: To grant the Attorney General flexibility in certain public assistance determinations for immigrants)

On page 292, line 5, strike "and".

On page 292, line 11, strike the period and insert ": and".

On page 292, between lines 11 and 12, insert the following new subparagraph:

(F) benefits or services which serve a compelling humanitarian or compelling public interest as specified by the Attorney General in consultation with appropriate Federal agencies and departments.

AMENDMENTS NOS. 2565 THROUGH 2569 TO AMENDMENT NO. 2280

Mr. GRAHAM. Mr. President, I ask the pending amendment be set aside, and on behalf of myself and cosponsors, I send to the desk five amendments.

The PRESIDING OFFICER. The amendment is set aside. The clerk will report.

The legislative clerk read as follows:

The Senator from Florida [Mr. GRAHAM] proposes amendments numbered 2565 through 2569 to amendment No. 2280.

Mr. GRAHAM. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 2565

(Purpose: To provide a formula for allocating funds that more accurately reflects the needs of States with children below the poverty line, and for other purposes)

On page 17, line 2, strike "paragraphs (3) and (5), section 407 (relating to penalties)." and insert "section 407 (relating to penalties)".

On page 17, beginning on line 16, strike all through line 22, and insert the following: "equal to the amount determined under paragraph (3), reduced by the amount (if any) determined under subparagraph (B)."

On page 18, beginning on line 22, strike all through page 22, line 8, and insert the following:

"(3) STATE FAMILY ASSISTANCE GRANT.—

"(A) IN GENERAL.—Subject to subparagraphs (B) and (C), for purposes of paragraph (2), the amount of the State family assistance grant to a State for a fiscal year is an amount which bears the same ratio to the amount appropriated for such fiscal year under paragraph (4)(A) as the average number of minor children in families within the State having incomes below the poverty line for the 3-preceding fiscal years bears to the average number of minor children in families within all States having incomes below the poverty line for such 3-preceding fiscal years.

"(B) SPECIAL RULES.—

"(i) CEILING.—Except as provided in clause (ii), the amount of the State family assistance grant for a fiscal year to a State shall not exceed—

"(I) for fiscal year 1996, an amount equal to 150 percent of the total amount of Federal payments to the State under section 403 for fiscal year 1994 (as such section was in effect before October 1, 1995); and

"(II) for each fiscal year thereafter, an amount equal to 150 percent of the total amount of the State family assistance grant to the State for the preceding fiscal year.

"(ii) MINIMUM ALLOCATION.—

"(I) IN GENERAL.—Subject to subclause (II), if the amount of the State family assistance grant determined under subparagraph (A) for a fiscal year is less than 0.6 percent of the total amount appropriated for such fiscal year under paragraph (4)(A), the amount of such grant for such fiscal year shall be an amount equal to the lesser of—

"(aa) 0.6 percent of the amount appropriated under paragraph (4)(A) for such fiscal year, or

"(bb) an amount equal to two times the total amount of Federal payments to the State under section 403 for fiscal year 1994 (as such section was in effect before October 1, 1995).

"(II) REDUCTION IF AMOUNTS NOT AVAILABLE.—If the aggregate amount by which State family assistance grants for States is increased for a fiscal year under subclause (I) exceeds the aggregate amount by which State family assistance grants for States is decreased for the fiscal year under clause (i), the amount of the State family assistance grant to a State to which this clause applies shall be reduced by an amount which bears the same ratio to the aggregate amount of such excess as the average number of minor children in families within the State having incomes below the poverty line for the 3-preceding fiscal years bears to the average number of minor children in families within all States to which this clause applies having incomes below the poverty line for such 3-preceding fiscal years.

"(C) ALLOCATION OF REMAINDER.—

"(i) IN GENERAL.—A State that is an eligible State for a fiscal year shall be entitled to an increase in the State family assistance grant equal to the additional allocation amount determined under clause (ii) (if any) for such State for the fiscal year.

"(ii) ADDITIONAL ALLOCATION AMOUNT.—The additional allocation amount for an eligible State for a fiscal year determined under this clause is the amount which bears the same ratio to the remainder allocation amount for the fiscal year determined under clause (iii) as the average number of minor children in families within the eligible State having incomes below the poverty line for the 3-preceding fiscal years bears to the average number of minor children in families within all eligible States having incomes below the poverty line for such 3-preceding fiscal years.

"(iii) REMAINDER ALLOCATION AMOUNT.—The remainder allocation amount determined under this clause is the amount (if any) that is equal to the difference between—

"(I) the amount appropriated for the fiscal year under paragraph (4)(A), and

"(II) an amount equal to the sum of the family assistance grants determined under this paragraph (without regard to this subparagraph) for all States for such fiscal year.

"(iv) ELIGIBLE STATE.—For purposes of this subparagraph, the term 'eligible State' means a State whose State family assistance grant for the fiscal year, as determined under this paragraph (without regard to this subparagraph), is less than the total amount of Federal payments to the State under section 403 for fiscal year 1994 (as such section was in effect before October 1, 1995).

"(D) OPTION TO BASE ALLOCATIONS ON PRECEDING FISCAL YEAR DATA.—The Secretary may in lieu of using data for the 3-preceding fiscal years, allocate funds under this paragraph based on data for the most recent fiscal year for which accurate data are available.

"(E) DEFINITIONS AND SPECIAL RULES.—For purposes of this paragraph—

"(i) POVERTY LINE.—The term "poverty line" has the same meaning given such term in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

"(ii) 3-PRECEDING FISCAL YEARS.—The term '3-preceding fiscal years' means the 3 most recent fiscal years preceding the current fiscal year for which data are available.

"(iv) PUBLICATION OF ALLOCATIONS.—Not later than January 15th of each calendar year, the Secretary shall publish in the Federal Register the amount of the family assistance grant to which each State is entitled under this subsection for the fiscal year that begins in such calendar year.

On page 23, beginning on line 7, strike all through page 24, line 18.

AMENDMENT NO. 2566

(Purpose: To require each responsible Federal agency to determine whether there are sufficient appropriations to carry out the Federal intergovernmental mandates required by this Act, provide that the mandates will not be effective under certain conditions, and for other purposes)

At the appropriate place, insert the following new section:

SEC. . UNFUNDED FEDERAL INTERGOVERNMENTAL MANDATES.

(a) IN GENERAL.—Notwithstanding any other provision of law—

(1) no later than 15 days after the beginning of fiscal year 1996, and annually thereafter through fiscal year 2000, the Director of the Congressional Budget Office shall, in a manner similar to section 424(a) (1) and (2) of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 658c(a) (1) and (2)), estimate the direct costs for the fiscal year of each Federal intergovernmental mandate resulting from the enactment of this Act or any other legislation that includes welfare reform provisions and determine whether there are sufficient appropriations for the fiscal year to provide for the direct costs,

(2) each responsible Federal agency shall, for each fiscal year described in paragraph (1), identify any appropriations bill or other legislation that provides Federal funding of the direct costs described in paragraph (1) which relate to each Federal intergovernmental mandate within the agency's jurisdiction and shall determine whether there are insufficient appropriations for the fiscal year to provide such direct costs, and

(3) no later than 30 days after the beginning of each fiscal year described in paragraph (1), the responsible Federal agency shall notify the appropriate authorizing committees of Congress of the agency's determination under paragraph (2) and submit either—

(A) a statement that the agency has determined based on a re-estimate of the direct costs of such mandate, after consultation with State, local, and tribal governments, that the amount appropriated is sufficient to pay for the direct costs of such Federal intergovernmental mandate for the fiscal year, or

(B) legislative recommendations for—

(i) implementing a less costly Federal intergovernmental mandate, or

(ii) making such mandate ineffective for the fiscal year.

(b) LEGISLATIVE ACTION.—

(1) IN GENERAL.—The Congress shall consider on an expedited basis, under procedures similar to the procedures set forth in section 425 of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 658d), the statement or legislative recommendations described in subsection (a)(3) no later than 30 days after the statement or recommendations are submitted to Congress.

(2) LEGISLATIVE ACTION REQUIRED.—The Federal intergovernmental mandate to which a statement described in subsection (a)(2) relates shall—

(i) cease to be effective on the date that is 60 days after the date the statement is submitted under subsection (a)(3)(A) unless Congress has approved the agency's determination under subsection (a)(3)(A) by joint resolution during the 60-day period;

(ii) cease to be effective on the date that is 60 days after the date the legislative recommendations described in subsection (a)(3)(B) are submitted to the Congress, unless Congress provides otherwise by law; or

(iii) in the case that such mandate has not yet taken effect, continue not to be effective unless Congress provides otherwise by law.

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

(1) RESPONSIBLE FEDERAL AGENCY.—The term "responsible Federal agency" means the agency that has jurisdiction with respect to a Federal intergovernmental mandate created by the provisions of this Act or any other legislation that is enacted that includes welfare reform provisions.

(2) FEDERAL INTERGOVERNMENTAL MANDATE; DIRECT COSTS.—The terms "Federal intergovernmental mandate" and "direct costs" have the meanings given such terms by section 421 of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 658).

(3) WELFARE REFORM PROVISIONS.—The term "welfare reform provisions" means provisions of Federal law relating to any Federal benefit for which eligibility is based on need.

AMENDMENT NO. 2567

(Purpose: To provide that the Secretary, in ranking States with respect to the success of their work programs, shall take into account the average number of minor children in families in the State that have incomes below the poverty line and the amount of funding provided each State for such families)

On page 64, line 10, after the period, insert the following: "In ranking States under this subsection, the Secretary shall take into account the average number of minor children in families in the State that have incomes below the poverty line and the amount of funding provided each State for such families."

AMENDMENT NO. 2568

(Purpose: To set national work participation rate goals and to provide that the Secretary shall adjust the goals for individual States based on the amount of Federal funding the State receives for minor children in families in the State that have incomes below the poverty line, and for other purposes)

On page 12, strike lines 10 and 11, and insert the following:

"(C) Satisfy the work participation rate goals established for the State pursuant to section 404(b)(6).

On page 29, beginning with line 19, strike all through the table preceding line 3, on page 30, and insert the following:

SEC. 404. NATIONAL WORK PARTICIPATION RATE GOALS.

"(a) NATIONAL GOALS FOR WORK PARTICIPATION RATES.—A State to which a grant is made under section 403 shall make every effort to achieve the national work participation rate goals specified in the following tables for the fiscal year with respect to—

"(1) all families receiving assistance under the State program funded under this part:

"If the fiscal year is:	*The national participation rate goal for all families is:*
1996	25
1997	30
1998	35
1999	40
2000 or thereafter	50;

and

"(2) with respect to 2-parent families receiving such assistance:

"If the fiscal year is:	*The national participation rate goal is:*
1996	60
1997 or 1998	75
1999 or thereafter	90.

On page 35, between lines 2 and 3, insert the following:

"(6) MODIFICATIONS TO NATIONAL PARTICIPATION RATE GOALS TO REFLECT THE NUMBER OF FAMILIES RECEIVING ASSISTANCE IN EACH STATE.—The Secretary, after consultation with the States, shall establish specific work participation rate goals for each State by adjusting the national participation rate goals to reflect the level of Federal funds a State is receiving under this part for the fiscal year and the average number of minor children in families having incomes below the poverty line that are estimated for the State for the fiscal year. Not later January 15, 1996, and each year thereafter, the Secretary shall publish in the Federal Register the participation rate goals for each State for the current fiscal year.

On page 52, beginning on line 24, strike all through "fiscal year," on page 53, line 4, and insert the following:

"(3) FAILURE TO SATISFY PARTICIPATION RATE.—

"(A) IN GENERAL.—If the Secretary determines that a State has failed to satisfy the work participation rate goals specified for the State pursuant to section 404(b)(6) for a fiscal year,

AMENDMENT NO. 2569

(Purpose: To provide for the perspective application of the provisions of title V)

On page 300, line 10, insert "other than section 506 of this Act." after "law.".

On page 302, between lines 5 and 6, insert the following:

SEC. 506. APPLICATION OF TITLE TO CERTAIN BENEFICIARIES.

The provisions of, and amendments made by, this title shall not apply to any noncitizen who is lawfully present in the U.S. and receiving benefits under a program on the date of the enactment of this Act.

Mr. GRAHAM. Mr. President, I offered several amendments which I will explain in brief.

My first amendment would change the formula for distributing Federal welfare funds to the States.

I am offering this amendment with Senator DALE BUMPERS. I would ask for unanimous consent to add Senators BRYAN, MOSELEY-BRAUN, PRYOR, JOHNSTON, and REID as cosponsors.

In sum, our formula amendment would distribute funds under this bill on the basis of a State's number of children in poverty.

In the interest of time, I ask unanimous consent to have printed in the RECORD at this point a description of the Graham-Bumpers formula amendment. Thank you.

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

GRAHAM-BUMPERS CHILDREN'S FAIR SHARE PROPOSAL

The Graham-Bumpers Children's Fair Share proposal allocates funding based on the number of poor children in each state.

The amendment would be needs based, adjusts for population and demographic changes, treats all poor children equitably does not permanently disadvantage states based on previous year's spending in a system that is being dismantled, and allows all states a more equitable chance at achieving the work requirements in S. 1120. The Graham-Bumpers Children's Fair Share measure would establish a fair, equitable and level playing field for poor children in America, regardless of where they live.

Disparities in funding would be narrowed in the short-run and eliminated over time—in sharp contrast to S. 1120.I11*Children's Fair Share Allocation Formula:* The Children's Fair Share formula would allocate funding based on a three-year average of the number of children in poverty. This information would come from the Bureau of the Census in its annual estimate through sampling data. With the latest data available, the Secretary would determine the state-by-state allocations and publish the data in the Federal Register on January 15 of every year.

Small State Minimum Allocation: For any State whose allocation was less than 0.6%, the minimum allocation would be set at the lesser of 0.6% of the total allocation or twice the actual FY 1994 expenditure level.

Allocation Increase Ceiling: For all states except those covered by the small state minimum allocation, the amount of the allocation would be restricted to increase not more than 50% over FY 1994 expenditure levels in the first year and to 50% increases for every subsequent year.

Final Adjustment to Minimize Adverse Impact: The savings from the "allocation increase ceiling" would exceed that for "small state minimum allocation". The net effect of these adjustments would be reallocated among the states who receive less than their FY 1994 actual expenditures.

Mr. GRAHAM. My second amendment addresses the issue of unfunded mandates. In the spirit of S. 1, the first bill of this session that will seek to limit unfunded mandates in the future, a bill which was passed with bipartisan support and signed into law by the President, I am offering an amendment to apply the principles of S. 1—the unfunded mandates bill—to the welfare reform bill.

My third amendment deals with the section of the Dole bill the calls for a ranking of States' compliance with the provisions of this bill. My thesis is that this ranking system would be inherently unfair, because of the disparate amounts that would flow to States under this bill. Therefore, if we're going to give the States a grade, my amendment would require the Secretary to take into account the number of poor children in each State.

My fourth amendment deals with the work-participation goals in the Dole bill. My amendment would allow those work goals to be modified, based on the amount of funding a State receives. My final amendment would allow legal aliens currently receiving benefits to continue to be eligible under this legislation.

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER (Mr. SMITH). The Senator from Pennsylvania is recognized.

Mr. SANTORUM. Mr. President, I ask unanimous consent that the pending amendment be set aside.

Mr. DODD. Will my colleague yield for a second?

AMENDMENT NO. 2570 TO AMENDMENT NO. 2280

(Purpose: To reduce fraud and trafficking in the Food Stamp program by providing incentives to States to implement Electronic Benefit Transfer systems)

Mr. DODD. Mr. President, in behalf of my colleague from Vermont, I would like to send an amendment to the desk

The PRESIDING OFFICER. Without objection, the pending amendment is set aside and the clerk will report.

The legislative clerk read as follows:

The Senator from Connecticut [Mr. DODD], for Mr. LEAHY, proposes an amendment numbered 2570.

Mr. DODD. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

AMENDMENT NO. 2571 TO AMENDMENT 2280

(Purpose: To modify the maintenance of effort provision)

Mr. JEFFORDS. Mr. President, I send an amendment to the desk and ask for its consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Vermont [Mr. JEFFORDS] proposes an amendment numbered 2571 to amendment number 2280.

Mr. JEFFORDS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In section 403(a)(5) of the amendment, strike B-D, and insert the following:

"(B) HISTORIC STATE EXPENDITURES.—For purposes of this paragraph, the term 'historic State expenditures' means expenditures by a State under parts A and F of title IV for fiscal year 1994, as in effect during such fiscal year.

"(C) DETERMINATION OF STATE EXPENDITURES FOR PRECEDING FISCAL YEAR.—

"(i) IN GENERAL.—For purposes of this paragraph, the expenditures of a State under the State program funded under this part for a preceding fiscal year shall be equal to the sum of the State's expenditures under the program in the preceding fiscal year for—

"(I) cash assistance;

"(II) child care assistance;

"(III) job education, training, and work; and

"(IV) administrative costs.

"(ii) TRANSFERS FROM OTHER STATE AND LOCAL PROGRAMS.—In determining State expenditures under clause (i), such expenditures shall not include funding supplanted by transfers from other State and local programs.

"(D) EXCLUSION OF FEDERAL AMOUNTS.—For purposes of this paragraph, State expenditures shall not include any expenditures from amounts made available by the Federal Government.

Mr. JEFFORDS. Mr. President, there is a little confusion. Some time ago the Senator from Utah offered three amendments on my behalf. Only two were delivered in that package. This is the third amendment, so there is no confusion.

This amendment will clarify the definition of maintenance of effort.

I ask unanimous consent that my amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENTS NOS. 2572 THROUGH 2576 TO AMENDMENT NO. 2280

Mr. SANTORUM. Mr. President, I send the following five amendments to the desk on behalf of the Senator from New Mexico [Mr. DOMENICI] and ask for their consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Pennsylvania [Mr. SANTORUM], for Mr. DOMENICI, proposes amendments numbered 2572 through 2576 to amendment No. 2280.

Mr. SANTORUM. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 2572

(Purpose: To improve the child support enforcement system by giving States better incentives to improve collections)

On page 590, after line 23, strike (a) incentive Payments and all that follows through page 595, line 2 and insert the following:

Share collections 50/50 with all States.

Set national standards that all states must reach before incentives are made.

National standards will be set up for Paternity Establishment, Support Order establishment, Percentage of cases with collections, ratio of support due to support collected and cost effectiveness.

Set basic matching rate at 50 percent and allow incentive matching rates up to 90 percent of expenditures for the performance categories.

Change audit process to invoke audit sanctions if States do not meet 50 percent of the performance standard.

Require IRS COBRA notices to be sent to the State Child Support Agency.

AMENDMENT NO. 2573

(Purpose: To maintain the welfare partnership between the States and the Federal Government)

On page 21, after line 25, insert the following:

"(5) Welfare partnership.—

"(A) In general.—Beginning with fiscal year 1997, if a State does not maintain the expenditures of the State under the program for the preceding fiscal year at a level equal to or greater than 75% of the level of historic State expenditures, the amount of the grant otherwise determined under paragraph (1) shall be reduced in accordance with subparagraph (B).

"(B) Reduction.—The amount of the reduction determined under this subparagraph shall be equal to—

(i)(I) the difference between the historic State expenditures and the expenditures of the State under the State program for the preceding fiscal year;

(ii) the amount determined under clause (i)(I)

"(C) Historic state expenditures.—For purposes of this paragraph, the term "historic State expenditures" means expenditures by a State under parts A and F of title IV for fiscal year 1994, as in effect during such fiscal year.

"(D) Determining state expenditures.—

"(i) In general.—Subject to (ii) and (iii), for purposes of this paragraph the expenditures of a State under the State program funded under this part for a preceding fiscal year shall be determined by adding the expenditures of that State under its State program for—

"(I) cash assistance;

"(II) child care assistance;

"(III) job education and training, and work; and

"(IV) administrative costs;

in that fiscal year.

"(ii) Exclusion of grant amounts.—The determination under (i) shall not include grant amounts paid under paragraph (1) (or, in the case of historic State expenditures, amounts paid in accordance with section 403, as in effect during fiscal year 1994).

"(iii) Reservation of federal amounts.—For any fiscal year, if a State has expended amounts reserved in accordance with subsection (b)(3), such expenditure shall not be considered a State expenditure under the State program."

AMENDMENT NO. 2574

(Purpose: To express the Sense of the Senate regarding the inability of the non-custodial parent to pay child support)

At the appropriate place in the bill, insert the following new provision:

"SEC. . SENSE OF THE SENATE.

"It is the sense of the Senate that—

"(a) States should diligently continue their efforts to enforce child support payments by the non-custodial parent to the custodial parent, regardless of the employment status or location of the non-custodial parent; and

"(b) States are encouraged to pursue pilot programs in which the parents of a non-adult, non-custodial parent who refuses to or is unable to pay child support must

"(1) pay or contribute to the child support owned by the non-custodial parent; or

"(2) otherwise fulfill all financial obligations and meet all conditions imposed on the non-custodial parent, such as participation in a work program or other related activity."

AMENDMENT NO. 2575

(Purpose: To allow States maximum flexibility in designing their Temporary Assistance programs)

On page XX, after line XX, strike and all that follows through page XX, Line XX.

AMENDMENT NO. 2576

(Purpose: To create a national child custody database, and to clarify exclusive continuing jurisdiction provisions of the Parental Kidnapping Prevention Act)

On page 792, after line 22, add the following new title:

TITLE —CHILD CUSTODY REFORM

SEC. 01. SHORT TITLE.

This title may be cited as the "Child Custody Reform Act of 1995".

SEC. 02. REQUIREMENTS FOR EXCLUSIVE CONTINUING JURISDICTION MODIFICATION

Section 1738A of title 28, United States Code, is amended—

(1) in subsection (d) to read as follows:

"(d)(1) Subject to paragraph (2) the jurisdiction of a court of a State that has made a child custody or visitation determination in accordance with this section continues exclusively as long as such State remains the residence of the child or of any contestant.

"(2) Continuing jurisdiction under paragraph (1) shall be subject to any applicable provision of law of the State that issued the initial child custody determination in accordance with this section, when such State law establishes limitations on continuing jurisdiction when a child is absent from such State.";

(2) in subsection (f)

(A) by redesignating paragraphs (1) and (2) as paragraphs (2) and (1), respectively and transferring paragraph (2) (as so redesignated) so as to appear after paragraph (1) (as so redesignated); and

(B) in paragraph (1) (as so redesignated), by inserting "pursuant to subsection (d)," after "the court of the other State no longer has jurisdiction,"; and

(3) in subsection (g), by inserting "or continuing jurisdiction" after "exercising jurisdiction".

SEC. 03. ESTABLISHMENT OF NATIONAL CHILD CUSTODY REGISTRY.

Section 453 of the Social Security Act (42 U.S.C. 653) (as amended by section 916) is further amended by adding at the end the following new subsection:

"(p)(1) Not later than 1 year after the date of enactment of this subsection, the Secretary, in consultation with the Attorney General, shall conduct and conclude a study regarding the most practicable and efficient way to create a national child custody registry to carry out the purposes of paragraph (3). Pursuant to this study, and subject to the availability of appropriations, the Secretary shall create a national child custody registry and promulgate regulations necessary to implement such registry. The study and regulations shall include—

"(A) a determination concerning whether a new national database should be established or whether an existing network should be expanded in order to enable courts to identify child custody determinations made by, or proceedings filed before, any court of the United States, its territories or possessions;

"(B) measures to encourage and provide assistance to States to collect and organize the data necessary to carry out subparagraph (A);

"(C) if necessary, measures describing how the Secretary will work with the related and interested State agencies so that the database described in subparagraph (A) can be linked with appropriate State registries for the purpose of exchanging and comparing the child custody information contained therein;

"(D) the information that should be entered in the registry (such as the court of jurisdiction where a child custody proceeding has been filed or a child custody determination has been made, the name of the presiding officer of the court in which a child custody proceeding has been filed, the telephone number of such court, the names and social security numbers of the parties, the name, date of birth, and social security numbers of each child) to carry out the purposes of paragraph (3);

"(E) the standards necessary to ensure the standardization of data elements, updating of information, reimbursement, reports, safeguards for privacy and information security, and other such provisions as the Secretary determines appropriate;

"(F) measures to protect confidential information and privacy rights (including safeguards against the unauthorized use or disclosure of information) which ensure that—

"(i) no confidential information is entered into the registry;

"(ii) the information contained in the registry shall be available only to courts or law enforcement officers to carry out the purposes in paragraph (3); and

"(iii) no information is entered into the registry (or where information has previously been entered, that other necessary means will be taken) if there is a reason to believe that the information may result in physical harm to a person; and

"(G) an analysis of costs associated with the establishment of the child custody registry and the implementation of the proposed regulations.

"(2) As used in this subsection—

"(A) the term 'child custody determination' means a judgment, decree, or other order of a court providing for custody or visitation of a child, and includes permanent and temporary orders, and initial orders and modifications; and

"(B) the term 'custody proceeding'—

"(i) means a proceeding in which a custody determination is one of several issues, such as a proceeding for divorce or separation, as well as neglect, abuse, dependency, wardship, guardianship, termination of parental rights, adoption, protective action from domestic violence, and Hague Child Abduction Convention proceedings; and

"(ii) does not include a judgment, decree, or other order of a court made in a juvenile delinquency, or status offender proceeding.

"(3) The purposes of this subsection are to—

"(A) encourage and provide assistance to State and local jurisdictions to permit—

"(i) courts to identify child custody determinations made by, and proceedings in, other States, local jurisdictions, and countries;

"(ii) law enforcement officers to enforce child custody determinations and recover parentally abducted children consistent with State law and regulations;

"(B) avoid duplicative and or contradictory child custody or visitation determinations by assuring that courts have the information they need to—

"(i) give full faith and credit to the child custody or visitation determination made by a court of another State as required by section 1738A of title 28, United States Code; and

"(ii) refrain from exercising jurisdiction when another court is exercising jurisdiction consistent with section 1738A of title 28, United States Code.

"(4) There are authorized to be appropriated such sums as may be necessary to establish the child custody registry and implement the regulations pursuant to paragraph (1).".

SEC. 04. SENSE OF THE SENATE REGARDING SUPERVISED CHILD VISITATION CENTERS.

It is the sense of the Senate that local governments should take full advantage of the Local Crime Prevention Block Grant Program established under subtitle B of title III of the Violent Crime Control and Law Enforcement Act of 1994, to establish supervised visitation centers for children who have been removed from their parents and placed outside the home as a result of abuse or neglect or other risk of harm to such children, and for children whose parents are separated or divorced and the children are at risk because of physical or mental abuse or domestic violence.

Mr. SANTORUM. Mr. President, I ask unanimous consent that those amendments be set aside for later consideration.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2577, 2578 AND 2579 TO AMENDMENT NO. 2280

Mr. SANTORUM. Mr. President, I send to the desk three amendments on behalf of the Senator from New York, Senator D'AMATO and ask for their consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Pennsylvania [Mr. SANTORUM], for Mr. D'AMATO, proposes amendments numbered 2577, 2578, and 2579 to amendment No. 2280.

Mr. SANTORUM. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 2577

(Purpose: Changing the date for the determination of fiscal year 1994 expenditures)

On page 17, line 20, strike "February 14" and insert "May 15".

AMENDMENT NO. 2578

(Purpose: Claims arising before effective date)

On page 124, between lines 9 and 10, insert:

(3) CLOSING OUT ACCOUNT FOR THOSE PROGRAMS TERMINATED OR SUBSTANTIALLY MODIFIED BY THIS TITLE.—In closing out accounts, Federal and State officials may use scientifically acceptable statistical sampling techniques. Claims made under programs which are repealed or substantially amended in this title and which involve State expenditures in cases where assistance or services were provided during a prior fiscal year, shall be treated as expenditures during fiscal year 1995 for purposes of reimbursement even if payment was made by a State on or after October 1, 1995. States shall complete the filing of all claims no later than September 30, 1997. Federal department heads shall—

(A) use the single audit procedure to review and resolve any claims in connection with the close out of programs, and

(B) reimburse States for any payments made for assistance or services provided during a prior fiscal year from funds for fiscal year 1995, rather than the funds authorized by this title.

AMENDMENT NO. 2579

(Purpose: Terminating efforts to recover funds for prior fiscal years)

On page 124, between lines 9 and 10, insert: Notwithstanding the preceding sentence, the Secretary of Health and Human Services shall cease efforts to recover previously granted funds, shall pay any amounts being deferred, and shall forgive any disallowance pending appeal before the Departmental Appeals Board or before any Federal court unless the Secretary determines that there was not substantial compliance with the program requirements underlying the claims or, upon probable cause, believes that there is evidence of fraud on the part of the State. The preceding sentence shall not be construed as diminishing the right of a State to administrative or judicial review of a disallowance of funds.

Mr. SANTORUM. Mr. President, I ask unanimous consent that those amendments be set aside for later consideration.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2580 TO AMENDMENT NO. 2280

(Purpose: To limit vocational education activities counted as work)

Mr. SANTORUM. Mr. President, I send an amendment to the desk in behalf of Senator Grams of Minnesota and ask for its consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Pennsylvania [Mr. SANTORUM], for Mr. GRAMS, proposes an amendment numbered 2580 to amendment No. 2280.

Mr. SANTORUM. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 36, between lines 13 and 14, insert the following:

"(4) LIMITATION ON VOCATIONAL EDUCATION ACTIVITIES COUNTED AS WORK.—For purposes of determining monthly participation rates under paragraphs (1)(B)(i)(I) and (2)(B)(i) of subsection (b), not more than 20 percent of adults in all families and in 2-parent families determined to be engaged in work in the State for a month may meet the work activity requirement through participation in vocational educational training.

Mr. SANTORUM. Mr. President, I ask unanimous consent that that amendment be set aside for later consideration.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2560

Mr. SANTORUM. Mr. President, seeing no other Senators present, I would like to respond to the comments of the Senator from Connecticut.

As I said, yesterday when I made comments on the issue of child care, I have sympathy for what he is talking about. I was a member of the Ways and Means Committee which last year worked on the Republican Task Force on Welfare and came up with a bill, H.R. 3,500, with the Senator from Massachusetts spoke to and came over and said we should adopt the Santorum bill over here from last session because indeed in the last session we introduced a bill that, as chairman of the task force, will provide more money for child care recognizing the need that if we are going to put people into work that we would in fact be required to come up with some more money for child care.

I say that under H.R. 3,500 we did not block grant the program. We did not give States the kind of flexibility that we do in this bill, and that Governors from across the country—as I said, yesterday, 80 percent of the people who are on welfare today are represented by Republican Governors. Those Governors have almost unanimously—I think there is one Governor so far that has not come out and endorsed this proposal—said that they are willing to take the allocation of resources provided in this bill and can in fact run programs that will put people to work and provide day care and the other support services that are necessary to get people into work.

So while we did provide money in that bill in the House, we did not provide the flexibility that the Governors wanted. They believe, as sort of the age-old tradeoff, as most Governors will tell you, if you are going to give us all these requirements give us the money to live with them. If you are going to give us responsibility, give us the flexibility and we will not need as much money.

That is pretty much the bottom line here. We believe we are actually able to provide more money overall if we give more flexibility to run the programs and not have the bureaucratic hoops to jump through here in Washington which cost a lot of money for the States to comply with. So that is one comment.

The other comment I would make is that in the programs that have in fact required work and in fact did put people into work. I cite the example of Riverside, CA, Grand Rapids, MI and Atlanta. In those programs where you had these work requirements you had substantial cost savings from the existing programs as a result of implementing this program.

You had I believe about a 15 percent reduction in food stamps, over 20 percent reduction in AFDC payments and over 25 percent reduction in AFDC caseload. So you got a lot of people off welfare who maybe should not have been on welfare in the first place and you had a reduction in the expenditures which that pool of resources

could be used to provide the supplemental benefits that are necessary to put people to work. In fact, that is what was done in these experimental cities that I referenced.

So it is a matter of better targeting resources. It is not a matter that we have to keep putting up more and more money.

The final point I wanted to make on child care, and it is a sensitive one, is that I share the concern, and in fact I support the Snowe amendment which now is the modified Dole package which would provide for mothers who have children under 5 to be able to be exempted from the work requirement if they can demonstrate that they simply do not have child care available or the child care available is simply unaffordable under the circumstances that they are in.

I support that because I think we first have to make sure that before we create an entitlement for someone to get child care we have to make sure there are not any other sources of day care available. There are people on welfare who have parents and grandparents who can help provide day care for children, who have neighbors, who have other situations in which they can in fact find child care for their children without resorting to government entitlement. The government entitlement and the big concern I have with the Government entitlement is it becomes the first resort for day care, not the last, and that it becomes another program that just simply grows and grows and grows and we continue to break down the family, the need for parents and grandparents as we have done historically not just in this country, in every civilization known, to have parents and grandparents of the mother be able to be there and help provide for the extended family.

We can continue to say that is not as important, or the Government is going to take their place now, that the Government is going to be in there first to provide this day care. I think that is harmful. I do not think that should be the first resort. I think we should say that families should continue to work together and not look to the Government to provide day care for children. If you are going to have children, there should be a responsibility of not only the parents but the grandparents involved to be a participant in helping. And in fact that is what happens today in most cases in America.

If we create this entitlement, which is what has been talked about, I think we really potentially damage. Unintended as it may be, I think we damage the nucleus of the relationships of families in America, and the dependency which I think is so necessary between generations to hold families together.

The other point I would want to make on that is that if we provided an entitlement for mothers—and it is predominantly mothers—for mothers on welfare, we say if you go on welfare and then go to work under a work program, we will provide you day care, but if you do not go on welfare and you just are trying to make ends meet as a single mom, you are on your own, wow. What are we saying here? What are we saying to single mothers who are out there, as they are, in the millions today just trying to get kids to day care and get to work and not be late and get home on time and the rest, and we say if you get on welfare, we will make it easy for you; the Government will pay for it? What are we saying?

Mr. DODD. Will my colleague yield?

Mr. SANTORUM. I will be happy to yield.

Mr. DODD. It is an interesting point because presently we provide about 640,000 children in a program with assistance. What we need to talk about is not just people on welfare but people going to work at 125 percent or so of poverty. And there is a transition where people should start to contribute to their own child care needs.

I did not mention this in my remarks, but one of the dangers I think of what is going to happen here is that you have people working right now that are out there, they are getting help with their child care. If we are now going to say to the welfare recipient that you have got to go to work, and we are going to say, take what exists out there today, we may be taking care from some of the very people working right now, managing to stay at work because they are getting help with child care. They are going to be put into a second-class status because the person on welfare is going to utilize that dollar.

My colleague is correct. We have provided, not to any great extent, for some families to try and keep them off of welfare because even if you get off welfare, you have to stay off and staying off requires a bit of time so you can get up to a point where you can afford the rent. Setting aside health care and looking just at food, rent and so forth, average day care costs, private costs are $80, $100 a week, for the least expensive programs in many cases, and if you are pulling down something a bit above minimum wage that gets almost impossible.

So it is a good point, but it seems to me it does not necessarily argue against trying to get people off welfare and providing that transitional assistance. I think the Senator was making that point.

Mr. SANTORUM. I am not making the point that we should not provide child care for women who are on welfare who want to work. I am not saying we should not do that. The point I was making is I do not think we should create a guaranteed entitlement for it. There is a difference. The Senator mentioned in fact for working mothers today there is no entitlement to day care. There simply is not. We do, as the Senator mentioned, have some 600,000 people who are in need of day care assistance, that assistance, but it is a very tough program. You have to walk through the hoops to be able to qualify. You have to prove that there is no family or other kind of support necessary.

It is not easy to qualify. And even at that, even if you qualify, you are not guaranteed a slot.

Mr. DODD. Will my colleague yield on that point?

Mr. SANTORUM. Sure.

Mr. DODD. Just to make the case. We have no entitlement. This amendment is not an entitlement. There is no provision here saying that you are entitled to it. We have been told this is the rough amount of money—with the 165 percent increase under the Dole work provisions, this is the amount of money we have been told would be adequate to provide for child care. There is no entitlement here at all. In the past, I have argued for entitlement.

Mr. SANTORUM. The Senator has.

Mr. DODD. But not on this one. This is no entitlement.

Mr. SANTORUM. If you provide the amount of money that will be necessary to fully fund the program, in a sense you have not created an entitlement but you have created a slot for everyone.

Mr. DODD. Hopefully. But you do not have a right to go to court, as you do under an entitlement program, and say I have met the criteria; therefore, you must provide me.

Mr. SANTORUM. I think that is a distinction without a difference.

Mr. DODD. That is an entitlement program.

Mr. SANTORUM. OK. Then if we are going to provide sufficient money for everyone to get child care as a first resort and a last resort, while it may not be an entitlement, it has in effect the same consequence which is everyone will have a day care slot, and that is a Federal day care slot which I think is a dangerous precedent and a counterproductive one.

Again, I want to emphasize that I think through the Snowe amendment we are going to without a doubt encourage States—and I think a lot of States would do this without our encouragement—encourage States to move forward and to provide day care support for working single parents. And I will go through that rationale again. I think it is important.

Under the Dole provision, we are going to require eventually 50 percent of all people who participate in this program, the welfare program, 50 percent will have to be in the work program. There will be a substantial number, roughly a third is usually the number, a third considered to be incapacitated, disabled, whatever the term you want to use, who will never be in a work program because of either their own incapacity or disability of a child that would make that parent really ineligible to have to leave that child and go to work.

So you are setting aside a third that you pretty well know are not ever going to be in that program. So you have 50 percent of the whole thing and

again a third of that is gone, so you have a pretty good chunk of the remaining caseload that are going to be required to work.

If you say that single parents are going to be required to work irrespective of the age of the child, so they are going to be in the denominator of the equation, but they are not required to work if they can demonstrate that child care is not available to them—and again the State will set the criteria—that means they are not going to be in the enumerator, and if you have a pool here of roughly 67 percent of the whole group, and you have to get 50 percent to work, you have a pretty slim margin to work with to exclude people because they cannot get day care.

So what you are going to do is to meet your 50 percent number the State really is going to be forced to go out and provide day care opportunities for younger mothers, and I think that is what we want to do. We want to make sure that as efficiently as possible we can direct the States to in effect go out and provide those dollars.

So we think we have gotten around the problem without getting into the—I will not use the term entitlement because it is not entitlement—without getting used to, I would say, the guaranteed slot that is being provided for in the Dodd amendment, however well-intentioned I think—I know the Senator from Connecticut has been a champion in trying to expand the number of day care guarantees for parents. However well-intentioned that is, I do not think that is the right direction we should be taking at this time.

Mr. DODD. If my colleague will yield for just one more point, I appreciate his concerns, and I was not aware of his efforts in the previous Congress in the other body with H.R. 3500, with the Senator's own welfare reform and child care proposals, but I will take a look at them. Maybe I will offer that as an amendment, the Santorum bill—

Mr. SANTORUM. Do not put me on the spot.

Mr. DODD. From the previous Congress. I just raise this because it is a good point. States under the Dole proposals I suspect—I am sure they are going to be wanting to do what they can in child care, but I suspect they are also going to weigh the cost of doing that, through whatever mechanism they have to do it, either by cutting spending in other areas or raising taxes, and the penalties imposed upon them if they do not meet the criteria of the legislation regarding a certain percentage of the welfare recipients going to work. They will decide which they would rather do, pay the penalty, which I presume would be lower—I do not know exactly, but I suspect it is lower than what it would be to come up with the resources to see to it that the welfare recipient makes the transition. That is one of my concerns here. So we will end up with States paying the penalties in some cases because it is cheaper to pay the penalties than it is to meet that criteria, or that race to the bottom approach where they will say: Look, we are going to lower this thing so that people will not stay around in this State and they will find some other State, Pennsylvania, New Hampshire, some other place to go to, so you will have a competition as to who will get this thing done and we have another national problem.

Mr. SANTORUM. I would say to the Senator again in the Dole bill as recently modified there is a provision that States have to do 75 percent maintenance of effort over 3 years. There really is no attempt to race to the bottom. I do not know how many States are going to be willing to sort of give back dollars as opposed to reallocating existing dollars.

We are not really asking to spend more money. We are telling them to reallocate dollars to child care, to implement the work program. And that is not costing them any Federal funds to do that. If they violate and suffer penalties, they will lose Federal dollars. And that is a pretty powerful incentive, I think. I will get those numbers as to what the penalties will be.

Mr. DODD. Yes.

Mr. SANTORUM. I think it is important to look. If, in fact, we see the penalties are not particularly stiff, I would look at dealing with that down the road.

I thank the Senator.

Mr. DODD. I thank the Senator.

Mr. JEFFORDS addressed the Chair.

The PRESIDING OFFICER. The Senator from Vermont.

AMENDMENT NO. 2581 TO AMENDMENT NO. 2280

(Purpose: To strike the increase to the grant to reward States that reduce out-of-wedlock births)

Mr. JEFFORDS. I have an amendment at the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, the clerk will report.

The assistant legislative clerk read as follows:

The Senator from Vermont [Mr. JEFFORDS], proposes an amendment numbered 2581.

Mr. JEFFORDS. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike the matter between lines 11 and 12 of page 51 (as inserted by the modification of September 8, 1995).

Mr. DODD. Will my colleague yield for one second?

Mr. JEFFORDS. I will be happy to.

AMENDMENT NOS. 2582, 2583, AND 2584, EN BLOC, TO AMENDMENT NO. 2280

Mr. DODD. I send to the desk three amendments on behalf of Senator WELLSTONE.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report the amendments.

To assistant legislative clerk read as follows:.

The Senator from Connecticut [Mr. DODD] for Mr. WELLSTONE proposes amendments numbered 2582, 2583, and 2584, en bloc.

Mr. DODD. Mr. President, I ask unanimous consent that the reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 2582

(Purpose: To amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate under such Act)

On page 576, between lines 12 and 13, insert the following:

Subtitle D—Minimum Wage Rate

SEC. 841. INCREASE IN THE MINIMUM WAGE RATE.

Section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended to read as follows:

"(1) except as otherwise provided in this section, not less than $4.25 an hour during the period ending December 31, 1995, not less than $4.70 an hour during the year beginning January 1, 1996, and not less than $5.15 an hour after December 31, 1996;".

AMENDMENT NO. 2583

(Purpose: To exempt women and children who have been battered or subject to extreme cruelty from certain requirements of the bill)

On page 14, between lines 12 and 13, insert the following:

"(8) CERTIFICATION REGARDING BATTERED INDIVIDUALS.—A certification from the chief executive officer of the State specifying that—

"(A) the State will exempt from the requirements of sections 404, 405 (a) and (b), and 406 (b), (c), and (d), or modify the application of such sections to, any woman, child, or relative applying for or receiving assistance under this part, if such woman, child, or relative was battered or subjected to extreme cruelty and the physical, mental, and emotional well-being of the woman, child, or relative will be endangered by application of such sections to such woman, child, or relative, and

"(B) the State will take into consideration the family circumstances and the counseling and other supportive service needs of the woman, child, or relative.

On page 14, line 13, strike "(8)" and insert "(9)".

On page 16, between lines 22 and 23, insert the following:

"(6) BATTERED OR SUBJECTED TO EXTREME CRUELTY.—The term 'battered or subjected to extreme cruelty' includes, but is not limited to—

"(A) physical acts resulting in, or threatening to result in physical injury;

"(B) sexual abuse, sexual activity involving a dependent child, forcing the caretaker relative of a dependent child to engage in nonconsensual sexual acts or activities, or threats of or attempts at physical or sexual abuse;

"(C) mental abuse; and

"(D) neglect or deprivation of medical care.

On page 35, between lines 2 and 3, insert the following:

"(6) CERTAIN INDIVIDUALS EXCLUDED IN CALCULATION OF PARTICIPATION RATES.—An individual who is battered or subjected to extreme cruelty and with respect to whom an exemption or modification is in effect at any time during a fiscal year by reason of section 402(a)(8) shall not be included for purposes of calculating the State's participation rate for the fiscal year under this subsection.

On page 36, after line 25, add the following:

The penalties described in paragraphs (1) and (2) shall not apply with respect to an individual who is battered or subjected to extreme cruelty and with respect to whom an exemption or modification is in effect by reason of section 402(a)(8).

On page 74, between lines 2 and 3, insert: Such requirements, limits, and penalties shall contain exemptions described in section 402(a)(8) for individuals who have been battered or subject to extreme cruelty.

On page 175, line 16, strike "and".

On page 175, line 20, strike the period and insert "; and".

On page 175, between lines 20 and 21, insert the following:

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

"(F) The provisions of this subsection shall not apply with respect to any alien who has been battered or subjected to extreme cruelty (within the meaning of section 402(d)(6) of the Social Security Act (42 U.S.C. 602(d)(6))."

On page 183, line 11, strike the end quotation marks and the end period.

On page 183, between lines 11 and 12, insert:

"(E) EXCEPTION FOR BATTERED INDIVIDUALS.—The requirements of this paragraph shall not apply to an individual who has been battered or subjected to extreme cruelty (within the meaning of section 402(d)(6) of the Social Security Act) if such application would endanger the physical, mental, or emotional well-being of the individual.".

On page 192, between line 16 insert at the end: "The standards shall provide a good cause exception to protect individuals who have been battered or subjected to extreme cruelty (within the meaning of section 402(d)(6) of the Social Security Act)."

On page 197, line 13, after "section" insert "6(d)(1)(E) or".

On page 287, line 21, strike "or (V)" and insert "(V), or (VI)".

On page 291, lines 18 and 19, strike "or (V)" and insert "(V), or (VI)".

On page 299, line 11, strike "or".

On page 299, line 14, strike "title II" and insert "title II; or (VI) a noncitizen who has been battered or subjected to extreme cruelty (within the meaning of section 402(d)(6))".

On page 612, line 24, strike "rights" and inserting "rights, and only if such resident parent or such resident parent's child is not an individual who has been battered or subjected to extreme cruelty (within the meaning of section 402(d)(6)) by such absent parent".

On page 715, line 8, strike "arrangements." and insert "arrangements. Such programs shall not provide for access or visitation if any individual involved is an individual who has been battered or subjected to extreme cruelty (within the meaning of section 402(d)(6)) by the absent parent.".

AMENDMENT NO. 2584

(Purpose: To exempt women and children who have been battered or subject to extreme cruelty from certain requirements of the bill)

At the end of the amendment, insert the following new title:

TITLE —PROTECTION OF BATTERED INDIVIDUALS

SEC. 01. EXEMPTION OF BATTERED INDIVIDUALS FROM CERTAIN REQUIREMENTS.

(a) IN GENERAL.—Notwithstanding any other provision of, or amendment made by, this Act, the applicable administering authority of any specified provision shall exempt from (or modify) the application of such provision to any individual who was battered or subjected to extreme cruelty if the physical, mental, or emotional well-being of the individual would be endangered by the application of such provision to such individual. The applicable administering authority shall take into consideration the family circumstances and the counseling and other supportive service needs of the individual.

(b) SPECIFIED PROVISIONS.—For purposes of this section, the term "specified provision" means any requirement, limitation, or penalty under any of the following:

(1) Sections 404, 405 (a) and (b), 406 (b), (c), and (d), 414(d), 453(c), 469A, and 1614(a)(1) of the Social Security Act.

(2) Sections 5(i) and 6 (d), (j), and (n) of the Food Stamp Act of 1977.

(3) Sections 501(a) and 502 of this Act.

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

(1) BATTERED OR SUBJECTED TO EXTREME CRUELTY.—The term "battered or subjected to extreme cruelty" includes, but is not limited to—

(A) physical acts resulting in, or threatening to result in, physical injury;

(B) sexual abuse, sexual activity involving a dependent child, forcing the caretaker relative of a dependent child to engage in nonconsensual sexual acts or activities, or threats of or attempts at physical or sexual abuse;

(C) mental abuse; and

(D) neglect or deprivation of medical care.

(2) CALCULATION OF PARTICIPATION RATES.—An individual exempted from the work requirements under section 404 of the Social Security Act by reason of subsection (a) shall not be included for purposes of calculating the State's participation rate under such section.

Mr. DODD. I thank my colleague.

Mr. JEFFORDS addressed the Chair.

The PRESIDING OFFICER. The Senator from Vermont is recognized.

Mr. JEFFORDS. I ask unanimous consent that my amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska.

AMENDMENT NO. 2585 TO AMENDMENT NO. 2280

Mr. STEVENS. I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Alaska [Mr. STEVENS], for himself and Mr. MURKOWSKI, proposes an amendment numbered 2585.

Mr. STEVENS. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 16 of the pending amendment, beginning on line 13, strike all through line 17 and insert in lieu thereof the following:

"(4) INDIAN, INDIAN TRIBE, AND TRIBAL ORGANIZATION.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the terms 'Indian', 'Indian tribe', and 'tribal organization' have the meaning given such terms by section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

"(B) IN ALASKA.—For purposes of grants under section 414 on behalf of Indians in Alaska, the term 'Indian tribe' shall mean only the following Alaska Native regional non-profit corporations—

"(i) Arctic Slope Native Association,

"(ii) Kawerak, Inc.,

"(iii) Maniilaq Association,

"(iv) Association of Village Council Presidents,

"(v) Tanana Chiefs Conference,

"(vi) Cook Inlet Tribal Council,

"(vii) Bristol Bay Native Association,

"(viii) Aleutian and Pribilof Island Association,

"(ix) Chugachmuit,

"(x) Tlingit Haida Central Council,

"(xi) Kodiak Area Native Association, and

"(xii) Copper River Native Association.

Mr. STEVENS. I want to make a brief explanation of this amendment. I hope it will be adopted as a technical amendment. I have provided a copy to each side.

I think this is a necessary change in the provision that is in the Dole amendment dealing with Indians, Indian tribes and tribal organizations. It will provide in Alaska there be a specific regional framework for block granting welfare funds. We think that is necessary to meet the circumstances of our State. After all, it is one-fifth the size of the United States.

The administrative costs of just having the welfare assistance programs administered from Juneau are almost the same as administering the whole east coast of the United States from Washington, DC. It is something we are trying to get away from through block granting.

This amendment would apply only to Alaska and specify that there are 12 Alaska Native regional nonprofit corporations that are the only native organizations in Alaska which would be eligible to receive family subsistence block grants directly under the concepts of this bill. I think that this will limit the eligible organizations. There are some 170 different organizations that would be entitled otherwise if we would block grant directly to those organizations.

We prefer to do it on a regional basis to keep administrative costs to a minimum and it is my hope that having decided to do this, if it is approved by Congress, that within each region the regional nonprofits themselves will work with the villages so that these moneys can be administered with the very least administrative costs and will not be spending money on people flying planes or going to visit these individual areas from far distant places. Let the people of the area determine what the basic family assistance money should be used for.

It is consistent with the law. We are not changing the law at all. It merely changes the concept of the tribal organization that is specified in the previous subsection (a) of subsection 4, which is the Indian tribe and tribal organization section. I am hopeful that it will be accepted as a technical amendment.

I ask that the amendment be set aside temporarily until there is a report from the two sides.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2586 TO AMENDMENT NO. 2280

(Purpose: To modify the religious provider provision)

Mr. SANTORUM. Mr. President, I send the following amendment to the desk, and ask for its immediate consideration on behalf of the Senator from Maine, Senator COHEN.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Pennsylvania [Mr. SANTORUM] for Mr. COHEN proposes an amendment numbered 2586.

Mr. SANTORUM. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In section 102(c) of the amendment, insert "so long as the programs are implemented consistent with the Establishment Clause of the United States Constitution" after "subsection (a)(2)".

In section 102(d)(2) of the amendment, strike subparagraph (B), and redesignate subparagraph (C) as subparagraph (B).

Mr. SANTORUM. I ask unanimous consent that that amendment be set aside for later consideration.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2587 TO AMENDMENT NO. 2280

(Purpose: To maintain a national Job Corps program, carried out in partnership with States and communities)

Mr. SANTORUM. Mr. President, I send to the desk an amendment on behalf of the Senator from Pennsylvania, Senator SPECTER, and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Pennsylvania [Mr. SANTORUM] for Mr. SPECTER proposes an amendment numbered 2587.

Mr. SANTORUM. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. SANTORUM. I ask unanimous consent that the amendment be set aside for later consideration.

Mr. LAUTENBERG. Mr. President, I rise in strong opposition to the Dole-Packwood welfare reform bill.

Mr. President, we live in the greatest nation on Earth. We are the wealthiest country in the world. But it is clear that some in our society do not share in this wealth. They are poor. They are jobless and in some cases homeless. And they must rely on public assistance to survive. In America, this is unacceptable. And we should be committed to improving their lives.

Mr. President, there is no question that the current welfare system needs reform. But the central goal for any welfare reform bill should be to move welfare recipients into productive work.

This will only happen if we provide welfare recipients with education and job training to prepare them for employment. It will only happen if we provide families with affordable child care. It will only happen if we can place them into jobs, preferably in the private sector or—as a last resort—in community service.

But the Dole-Packwood bill is not designed to help welfare recipients get on their feet and go to work. It is only designed to cut programs—pure and simple.

It is designed to take money from the poor so that Republicans can provide huge tax cuts for the rich. That is what is really going on here!

Unfortunately, Mr. President, the radical experiment proposed in this legislation will inflict problems on our society while producing defenseless victims. Those victims are not represented in the Senate offices. They are not here lobbying against this bill. They do not even know they are at risk.

The victims will be America's children. And there will be millions of them.

Mr. President, the AFDC Program provides a safety net for 9 million children. These young people are innocent. They did not ask to be born into poverty. And they do not deserve to be punished.

These children are African-American, Hispanic, Asian, and white. They live in urban areas and rural areas. But, most importantly, they are American children. And we as a Nation have a responsibility to provide them with a safety net.

The children we are talking about are desperately poor, Mr. President, They are not living high off the hog. These kids live in poverty.

Consider the following:

The median AFDC grant for a family of three is $366 per month. This is the same amount a Member of Congress makes in one day; $366 per month does not buy much these days. As a matter of fact, it gets a family of three to 38 percent of the Federal poverty level.

Mr. President, this is the median. Consider the conditions some children live under in certain States.

In Mississippi, the maximum a family of three can receive is $120 per month. This will get a family to 13 percent of the poverty level.

In Texas, the maximum a family of three can receive is $184 per month. This will get a family to 19 percent of the poverty level.

Mr. President, it is hard for many of us to appreciate what life is like for the 9 million children who live in poverty and who benefit from AFDC.

I grew up to a working class family in Paterson, NJ, in the heart of the Depression. Times were tough. And I learned all too well what it meant to struggle economically.

But as bad as things were for my own family, they still were not as bad as for millions of today's children.

These are children who are not always sure whether they will get their next meal. Not always sure that they will have a roof over their heads. Not always sure they will get the health care they need.

Mr. President, these children are vulnerable. They are living on the edge of homelessness and hunger. And they did not do anything to deserve this fate.

Mr. President, if we are serious about reforming a program that keeps these children afloat, we will not adopt a radical proposal like the Dole-Packwood bill. We will not put millions of American children at risk. And we will not simply give a blank check to States and throw up our hands.

Mr. President, this Republican bill is not a serious policy document. It is a budget document. It's a down payment on a Republican tax cut that targets huge benefits for millionaires and other wealthy Americans. A tax cut that, as passed by the House, would provide $20,000 to those who make $350,000 per year.

Mr. President, if the Republicans were serious about improving opportunities for those on welfare, they would be talking about increasing our commitment to education and job training. In fact, only last year, the House Republican welfare reform bill, authored in part by Senator SANTORUM, would have increased spending on education and training by $10 billion.

This year, by contrast, the House Republican welfare bill actually cuts $65 billion, including huge reductions in education and training.

So what has changed? The answer is simple. This year, the Republicans need the money for their tax cuts for the rich.

Mr. President, shifting our welfare system to 50 State bureaucracies may give Congress more money to provide tax cuts. But it is not going to solve the serious problems facing our welfare system, or the people it serves.

To really reform welfare, Mr. President, we first must emphasize a very basic American value: the value of work.

We should expect recipients to work. In fact, we should demand that they work, if they can.

Of course, Mr. President, that kind of emphasis on work is important. But it is not enough. We also have to help people get the skills they need to get a job in the private sector. I am not talking about handouts.

I am talking about teaching people to read. Teaching people how to run a cash register or a computer. Teaching people what it takes to be self-sufficient in today's economy.

We also have to provide child care.

Mr. President, how is a woman with several young children supposed to find a job if she can not find someone to take care of her kids? It is simply impossible. There is just no point in pretending otherwise.

Unfortunately, the Dole-Packwood bill does not even begin to address these kind of needs. It does not even try to promote work. It does not even try to give people job training. It does not even try to provide child care.

All it does is throw up its hands and ship the program to the States. That is it.

Mr. President, that is not real welfare reform. It is simply passing the buck to save a buck. And who's going to get the buck that's saved? The people the Republicans really care about: the rich.

Mr. President, if we are serious about welfare reform, I would suggest that we start with adopting provisions that were contained in the "Work First" alternative developed by Senators DASCHLE, BREAUX, and MIKULSKI. Unlike the Dole-Packwood bill, this proposal addresses the real problems facing our welfare system.

It emphasizes moving people into productive work by providing education, training, child care, and health care for those who leave the welfare rolls. And after 2 years, recipients would have to work, either in the private sector or in community service.

It provides flexibility for States to run welfare experiments, while preserving the Federal commitment to poor children.

It encourages families to stay together and discourages teen pregnancy.

It contains tough new measures to better collect child support.

Finally, it makes savings in the Food Stamp and SSI Programs by cracking down on waste, fraud, and abuse.

This is a much preferable approach to welfare reform, Mr. President. It emphasizes work and protects the safety net for children. It is the type of balance we need to truly reform our welfare system.

Therefore, I will work with my colleagues to try to improve this Dole-Packwood bill through amendments.

Mr. President, we have an enormous opportunity to improve the welfare system. President Clinton has made welfare reform a priority, and the American people are demanding action.

But to do the job right, we are going to have to work on a bipartisan basis. That means that my Republican colleagues will have to sit down with Senate Democrats and the administration and produce a balanced reform bill. A bill that protects children. And a bill that promotes work.

Mr. President, there is a precedent for such a bipartisan effort, and it can happen again. In 1988, the Senate passed the Family Support Act which provided funds for States to train AFDC recipients so that they could move permanently into the work force.

We passed that legislation by a vote of 96 to 1 when the Democrats controlled both Houses of Congress. It was signed by President Reagan. And you know who attended the bill signing ceremony at the White House? Then-Gov. Bill Clinton.

I would hope that we could repeat this kind of bipartisanship. But to do so, we are going to have to move well beyond budget-driven proposals that simply shift the welfare problem to the States, and that threaten millions of children in the process.

So I would strongly urge my colleagues to reject the Dole-Packwood bill. Let us reform our welfare system. But let us do it right.

I yield the floor.

TRIBAL BLOCK GRANTS AND WELFARE REFORM

Mr. MCCAIN. Mr. President, I rise in strong support of the Indian provisions contained in the Dole substitute to H.R. 4, the Work Opportunity Act of 1995. I commend the distinguished majority leader, Senator DOLE, and the chairman of the Senate Finance Committee, Senator PACKWOOD, for their efforts to overhaul our Nation's welfare system and for including provisions which responsibly address the unique needs and requirements of Indian country. Senators DOLE and PACKWOOD have taken great care to draft a welfare plan that effects real change in a system that is greatly in need of repair while ensuring that all citizens, including our Nation's Indian population, receive equitable access to necessary welfare assistance. It is important to point out that the Dole substitute bill honors in many practical ways the special relationship that the United States has with Indian tribal governments.

Clearly, our welfare system has failed to meet its goals. Dependency is the off-spring of the current welfare system. In order to foster independence, we must completely replace the welfare system that breeds this dependency.

Let me put it plain and simple—the great social programs of the past have failed American Indians as much or even more than they have failed the rest of America's citizens. These programs have failed Indians because they have largely ignored the existence of Indian tribal governments and the unique needs and of the Indian population. Recent attempts to fix this problem have been like placing a bandaid on a gaping wound. Under existing programs, Indians remain the worst-off and yet benefit the least. If we are to truly reform welfare then we cannot ignore Indians, who year-after-year rank the highest in poverty and unemployment.

I believe that the Dole substitute bill promises greater hope for Indians because it allows their own tribal governments to serve Indians now living in poverty. It empowers tribes themselves to assist in ending the welfare dependency often created by existing programs by placing resources necessary to fight local welfare problems into the hands of local tribal governments. Mr. President, I believe this bill demonstrates a real commitment to ending welfare as Indians have known it. As I have said on many occasions, our successes as a nation should be measured by the impact that we have made in the lives of our most vulnerable citizens—American Indians.

Early in the 104th Congress, the Senate Committee on Indian Affairs held several hearings on the potential impact to Indians of various welfare reform proposals such as block grants. During these hearings, tribal leaders spoke out in strong favor of direct Federal funding which would allow tribal governments flexibility in administering local welfare assistance programs and stated their hopes of receiving no less authority than the Congress chooses to give to State governments in this regard. The committee also received testimony from the Inspector General of the U.S. Department of Health and Human Services who testified to how poorly Indians fare under block grants as currently administered by State governments. In response to the record adduced at these hearings, the Indian Affairs Committee developed provisions for direct, block grant funding to tribal governments which are now contained in the Dole substitute bill. These provisions reflect the efforts of many members on both the Indian Affairs and Finance Committees, and to them I express my gratitude.

Let me take several minutes to explain the Indian provisions related to temporary assistance for needy families contained in the leader's bill and the goals and purposes of those governments. In general terms, the bill authorizes Indian governments, like State governments, to receive direct Federal funding to design and administer local tribal welfare programs. Let me be clear—an Indian tribe retains the complete freedom to choose whether or not it will exercise this authority. If it does not, the State retains the authority and the funds it otherwise has under the Dole substitute bill.

Section 402(b) requires a State to certify, as it does with several other important Federal priorities, that it will provide equitable access to Indians not covered by a tribal plan. This provision expressly recognizes the Federal Government's trust responsibility to, and government-to-government relationship with Indian tribes.

Section 402(d) provides standard definitions of the terms "Indian", "Indian tribe", and "tribal organization" in order to clarify the respective limits of State and tribal government responsibilities under the bill.

Section 403(a) establishes the method by which tribal plans are funded, basing tribal grants on the amount attributable to Federal funds spent by a State in fiscal year 1994 on Indian families residing in the service area of an approved tribal plan. Under this Section, States are given advance notice before the tribal grant amounts are deducted from their quarterly payment. Once deducted, the State has no responsibility under the bill for those Indian families and service areas so identified in an approved tribal plan.

Section 403(e) provides that the secretary shall continue to provide direct

funding, for fiscal years 1996 through 2000, to those Indian tribes or tribal organizations who conducted a job opportunities and basic skills training program in fiscal year 1995, in an amount equal to the amount received by such tribal JOBS programs in fiscal year 1995.

Section 404(b)(4) provides that a state may, at its option, count those Indian families receiving assistance under a tribal family assistance plan as part of the calculation of a State's monthly participation rates in accordance with paragraphs (1)(B) and (2)(B) of section 404.

Section 414 is the main Indian provision setting forth the basic authority for tribal direct funding and the express requirements of tribal family assistance plans. It requires the Secretary to make direct funding available to Indian tribes exercising this option in order to strengthen and enhance the control and flexibility of local governments over local programs, consistent with well-settled principles of Indian self-determination. In particular, section 414(a) describes how the goals of welfare reform pursued under this bill and the goals of Indian self-determination and self-governance authorized under separate authority are consistent. Section 414(b) establishes the methodology for funding an approved tribal family assistance plan, including the use of data submitted by State and tribal governments. This provision anticipates that the data involved is already collected or the added burden of data collection required will be de minimus. Section 414(c) provides that in order to be eligible to receive direct funding, an Indian tribe must submit a 3-year family assistance plan. Each approved plan must outline the tribe's approach to providing welfare-related services consistent with the purposes of this section. Each plan must specify whether the services provided by the tribe will be provided through agreements, contracts, or compacts with intertribal consortia, States, or other entities. This allows small tribes to join with other tribes in order to economize on administrative costs and pool their talents to address their common problems. Each plan must identify with specificity the population and service area or areas which the tribe will serve. This requirement is designed to ensure that there is no overlap in service administration and to provide a clear outline to affected State administrations of the boundaries of their responsibilities under the Act. Each plan must also provide guarantees that tribal administration of the plan will not result in families receiving duplicative assistance from other State or tribal programs funded under this part. Each plan must identify employment opportunities in or near the service area of the tribe and the manner in which the tribe will cooperate and participate in enhancing such opportunities for recipients of assistance under the plan consistent with any applicable State standards. And finally, each plan must apply fiscal accounting principles in accordance with chapter 75 of title 31, United States Code. This last requirement is consistent with other Federal authority governing the administration by tribes and tribal organizations of similar block grant programs under authority of the Indian Self-Determination and Education Assistance Act of 1975, as amended. Section 414(d) requires the establishment of minimum work participation requirements, time limits on receipt of welfare-related services, and individual penalties consistent with the purposes of this section and the economic conditions of a tribe's service area and the availability to a tribe of other employment-related resources. These restrictions must be developed with the full participation of the tribes and tribal organizations, and must be similar to comparable provisions in Section 404(d). The remaining provisions of Section 414 further ensure that funding accountability will be maintained by tribes and tribal organizations in administering funds under an approved tribal family assistance plan.

The funds provided to a tribe under section 414 are deducted from the State allocation, but only after advance notice to the State. Having lost the Federal support for temporary assistance to needy Indian families in a tribal plan's service area, the State no longer has any responsibility under the bill for those families. The Indian Affairs Committee has been informed by various State representatives that it is administratively more difficult and costly for States to provide services to Indians who reside in remote locations of their States. While these States acknowledge a responsibility to provide services, circumstances such as geographic isolation make it more difficult to do so. States are, therefore, well-served by these provisions, because if Indian families in a geographical area are identified in an approved and funded tribal plan, a State government no longer has the responsibility to serve those families unless the tribe and the State agree otherwise.

Some tribal representatives have pointed out that some tribes may choose not to exercise the option to administer a tribal plan, because the bill does not require a State to provide State funding to supplement the Federal funding provided to a tribe. As originally drafted, the Indian provisions expressly permitted States to agree to provide State funding or services to an Indian tribe with an approved plan in order to maintain equitable services. It is my understanding that this language was deleted because other provisions in the bill provide sufficient guarantees that States will ensure the delivery of equitable services. But under the bill's current provisions, a State is not prohibited from entering into an agreement with a tribe for the transfer of State funds or the provision of specific State services to a tribe for the benefit of Indians within that State. Indeed, a State government may choose to enter into an agreement with a tribal government to induce the tribe to take over administration of these programs, and one of the inducements could be a transfer of State funds to the tribe that would otherwise have been used by the State to serve those who would now be served under the tribal plan. If State administrators are sincere about making real progress on welfare reform, and I think they are, I expect they will act responsibly and sensitively with tribes that wish to join the State in administering programs that end welfare dependency.

Mr. President, it is important to point out that these Indian provisions are consistent with the purposes of the Dole substitute bill. They do not seek to circumvent these purposes nor give preferable treatment to Indian tribal governments. The tribal plans remain subject to minimum requirements and penalties similar to those applied to State governments. The Dole substitute also requires a tribe to comply with the fiscal accountability requirements of chapter 75 of title 31, United States Code and the Indian Self-Determination and Education Assistance Act of 1975, as amended. I would also submit that giving tribal governments the authority to administer a tribal welfare program is consistent with our goal of empowering local government control over local programs. It only stands to reason that, like States, Indian tribal governments are most familiar with the problems that plague their local communities.

Many of my colleagues in the Senate know that some Indian tribal governments may not have existing capacity or infrastructure to administer complex welfare programs. Consequently, the Dole substitute bill includes provisions authorizing tribes to enter into cooperative agreements with States or other tribal governments for the provision of welfare assistance. This will allow small tribes to join with other tribes in order to economize on administrative costs and pool their talents and resources to address their common problems. However, I believe it is very important to permit and encourage those Indian tribal governments that do possess such capacity to participate in these new welfare initiatives by addressing welfare issues at a local level.

It should go without saying that any State may enter into any agreement it chooses with a tribe for the transfer of State funds to that tribe for the purpose of administering a welfare program that benefits Indians within that State. In my view, it is in both a State and tribe's best interest to work out supplemental agreements for funding and services where necessary because to do otherwise could undermine the goals of the bill.

I know that many Members in this body are aware that Indian Country has historically been plagued by high

unemployment and therefore its residents suffer from extremely high poverty rates. Therefore, I was pleased to learn that the Finance Committee Chairman drafted provisions that enable Indian tribes that are currently administering tribal JOBS programs to continue to do so. Section 403 of the Dole substitute provides that the Secretary shall provide direct funding in an amount equal to the amount received by the existing tribal JOBS programs in fiscal year 1995. By keeping the JOBS programs in Indian country intact, we will acknowledge the positive impact it has made in the lives of thousands of Indians. Indians residing in communities where a tribal JOBS program is in operation have experienced a new sense of hope by developing basic job skills that have helped them to secure stable job opportunities both on and off the reservation. The Dole substitute bill also contains provisions in titles VI and VIII which provide continuing resources for programs that have proven successful in Indian country, such as the Child Care and Development Block Program as well as new programs that are critical to ending the high Indian unemployment rates such as the proposed workforce development and training activities. These provisions, along with the JOBS component will greatly assist in helping Indian country contribute to the goals of welfare reform and the purposes of the act.

Mr. President, I believe it is important to point out that with passage of these provisions in the Dole substitute bill the Senate will discharge some of its continuing responsibilities under the U.S. Constitution—the very foundation of our treaty, trust, and legal relationship with the Nation's Indian tribes, and which vests the Congress with plenary power over Indian affairs. I was deeply troubled to learn that H.R. 4, as passed by the House, did not address the unique status of Indian tribal governments or the trust responsibility of the Federal Government to the Indian tribes. There was no House debate on the status of the welfare state on many Indian reservations nor the impact that the proposed changes to welfare programs would have on access to services already in existence in Indian country. Nor was there any mention made in the House welfare debate of the significant legal and trust responsibility that the Federal Government has to the Indian tribes. Therefore, it is extremely important that the Senate do so, to do otherwise would be to abrogate our responsibilities. I was pleased to learn that the distinguished chairman of the House Ways and Means Committee has acknowledged with some regret the failure of the House to address the Indian issues and has given his assurance to address this oversight during conference on the bill.

As the chairman of the Indian Affairs Committee, I feel it is my responsibility to take a moment to briefly expand my remarks to a discussion of the responsibilities of the Congress toward Indians under the U.S. Constitution. The Constitution provides that the Congress has plenary power to prescribe Federal Indian policy. These powers are provided for pursuant to the Commerce and the Treaty Power clauses. Sadly, over the last two centuries, the Congress has poorly exercised its power and responsibility—subjecting Indian tribal governments to inconsistent or contradictory policies—policies of termination and assimilation. These policies have served to weaken well established Indian systems of government and, in my view, have greatly contributed to the welfare state that exists today on most Indian reservations.

I know that time and time again, I have stood on this floor to recite grim statistics revealing that Indians are, and consistently remain—even in 1995—the poorest of the poor and always the last to benefit. Today, I will withhold from reciting that data because I believe that this bill begins to turn the tide in this Nation's treatment of Indians and their tribal governments. Similar to the unfunded mandates bill we enacted into law earlier their year, the Dole substitute bill under consideration will treat tribal governments like State governments by allowing them the flexibility and authority to directly administer their own programs free of Federal bureaucratic intrusion and control. Due in large part to the leadership of the late President Nixon, the Congress for more than two decades have responsibly exercised its plenary authority by replacing the distorted and dismal policy of termination of Indian tribal governments with empowering policies of tribal self-determination and self-governance—policies that respect and honor the government-to-government relationship between the Federal Government and the Indian tribes—policies that are consistent with the Federal trust responsibility and that set a new course of fairness in the Federal Government's dealings with Indian tribal governments.

Given the renewed commitment by Congress to deal fairly with the Indian tribes, I fully understood why many tribal leaders became concerned when the Congress earlier this year began moving toward a system of block grants to States. The concerns were that if the Congress did not revise the block grant model to reflect its responsibility to Indian tribal governments, the government-to-government relationship between the tribes and the United States would be soon eroded and the Federal trust responsibility held sacred in our Constitution and the decisions of our Supreme Court would be relegated to the States.

These tribal concerns are likewise valid in a practical sense. A Federal Inspector General's report issued in August 1994 found that Federal block grants to States, in some instances have not resulted in equitable services being provided to Indians. That report found that in 15 of the 24 States with the largest Indian populations, eligible Indian tribes did not receive funds even though Indian population figures were used to justify the State's receipt of Federal funding. In addition, findings of the Senate Committee on Indian Affairs revealed that even when States were attempting to serve Indians, the programmatic and administrative costs of providing welfare services to Indians are often greater than providing local services to others. What these findings revealed to me is that when either the Federal or State governments have administered programs for Indians, Indians have not received an equitable share of services.

Mr. President, the whole purpose of welfare reform is to provide the tools to State governments to design and administer local welfare programs. After all, we have come to understand that local governments want and have the ability to create local solutions to address what are, in essence, local problems. I would suggest that this policy is no different than the Federal Indian policies of tribal self-determination and self-governance. I also know that elected tribal officials have a great love of country and an incredible desire to contribute to the Nation's goal of elevating members of their communities out of the depths of poverty. Given the tools to do so, I believe that Indian tribes will make great contribution to the Nation's war on poverty.

Mr. President, before I conclude my remarks, I would like to acknowledge a group of Senators that I believe have demonstrated a great level of understanding and commitment to the importance of addressing the needs of Indian tribes in the Nation's welfare reform movement. Senators HATCH, INOUYE, DOMENICI, SIMON, MURKOWSKI, PRESSLER, CAMPBELL, and KASSEBAUM have contributed to ensuring that Indian tribes are not overlooked and abandoned in the current welfare reform efforts.

Two members of the Indian Affairs Committee deserve particular recognition: my good friend from Kansas, Senator NANCY LANDON KASSEBAUM and my good friend from Utah, Senator ORRIN HATCH. Senator KASSEBAUM, as chairwoman of the Labor and Human Resources Committee, worked closely with the Indian Affairs Committee and Senator SIMON to ensure that provisions for direct Federal funding would be available to Indian tribes in her committee's employment consolidation bill and that tribes would continue to receive funding through the Child Care and Development Block Grant Program. Senator KASSEBAUM'S leadership has greatly contributed to the fairness with which Indian tribes are treated under H.R. 4 and the progress that has been made by the Congress in its treatment of Indian tribes.

I want to give particular thanks to my good friend from Utah, Senator ORRIN HATCH. Senator HATCH has

worked tirelessly with me over the last several months to shape and enhance tribal welfare provisions that could be acceptable in any welfare reform plan. Senator HATCH is a member of the Senate Finance Committee and he is a new member of the Senate Committee on Indian Affairs. He has demonstrated a great level of understanding and commitment to the betterment of the lives of Indian people, and I commend Senator HATCH for his steadfast leadership in ensuring that Indian tribal governments are fairly treated in the welfare reform debate.

Mr. President, I understand that other major welfare reform proposals make an effort to similarly address the needs of Indian tribes. While I have placed my full support behind the provisions of H.R. 4 related to Indian tribal governments, I want to make sure to recognize the attention that has been paid and the work that has been done on behalf of Indian tribal governments by my colleague so the other side of the aisle. For example, I know that S. 1117 would have provided a 3-percent allocation of funds to Indian tribes under the JOBS Program and would have authorized new funding for teen pregnancy prevention and for teen parent group homes, and like the Dole substitute bill, provides continued funding for child care and development block grants to tribes.

The spirit in which the Senate has acted has adhered to a principle that I believe should guide the Congress in matters of Indian affairs: Indian issues are neither Republican, nor Democratic. They are not even bipartisan issues—they are nonpartisan issues. They are day-to-day human issues which call for a level of understanding on both sides of the aisle. While this body is not in total agreement with just how to reform welfare, the one thing we all agree upon is that whatever new form this Nation's welfare system takes, providing equal access to the Nation's Indian population is not only the right thing to do, it honorably discharges some of our continuing responsibilities under the U.S. Constitution.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SANTORUM. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

SENATE ETHICS COMMITTEE PERFORMED WITH HONOR

Mr. BYRD. Mr. President, one definition given for the word "ethics" by the Random House Dictionary is—and I quote—"The branch of philosophy dealing with values relating to human conduct, with respect to the rightness and wrongness of certain actions and to the goodness and badness of the motives and ends of such actions."

Members of this body who are called to service on the Ethics Committee are asked to make judgments quite unlike the judgments required by service on any other committee of the Senate. These individuals are called upon to grapple not only with public policy and legal and constitutional questions, but also with the deeper philosophical questions which have confronted the human race since Adam and Eve found themselves tempted in the Garden—namely "the rightness and wrongness of certain actions" by their own colleagues. There is no more daunting task than this.

To be asked to sit in judgment of another's actions and motives is, in one sense, an honor, but it is also an humbling experience for those who are so honored to sit in judgment. And with that charge must come the certain inner realization that no one among us is without fault, that none of us is free from errors in judgment, weakness, and at times failings of character. Such task is made all the more difficult in a body such as this, where politics too easily intrudes, and where friendships developed over long years can cloud one's objectivity.

I am deeply saddened by the tragedy that has befallen our colleague, Senator PACKWOOD. However, he has done the right thing in choosing to spare the Senate further agony over his fate. Although this experience has been difficult for all concerned, one thing is clear. The Senate Ethics Committee has again performed its most arduous function with honor, thoroughness and professionalism. I commend the chairman of the committee, Senator MCCONNELL, vice chairman, Senator BRYAN, Senator MIKULSKI, Senator SMITH, Senator DORGAN, and Senator CRAIG for their handling of this extremely contentious matter. I commend the very professional staff of the Ethics Committee for their diligent work stretching over some 2½ years. I understand that the staff read 16,000 pages of documents, spent approximately 1,000 hours in meetings and interviewed over 260 witnesses during the investigation of this matter. That staff has served the Senate well.

We live in times which are, unfortunately, more politically charged and ruthlessly partisan than I have ever witnessed in my tenure in the Senate. And it is nothing short of amazing that the Ethics Committee, evenly split among Democrats and Republicans, could come to a unanimous decision on this very unfortunate and highly politically charged matter. They were pulled and they were tugged by the media, by other colleagues, by an enormous workload, by political forces outside this body, and I am sure by their own personal inner turmoil over judging the actions and determining the fate of a fellow human being. Still and all, they came through. The ability of the Senate to police itself has been questioned time and time again. In this instance, perhaps the committee's toughest test in many years, I believe that the question has certainly been answered in the affirmative.

. I yield the floor and suggest the absence of a quorum.

Mr. SANTORUM. If the Senator will withhold.

Mr. BYRD. I withhold my request.

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

The PRESIDING OFFICER. The Senator from Pennsylvania.

AMENDMENT NO. 2588 TO AMENDMENT NO. 2280

(Purpose: To require States to provide voucher assistance for children born to families receiving assistance)

Mr. SANTORUM. Mr. President, I send to the desk an amendment on behalf of the Senator from Rhode Island, Senator CHAFEE.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Pennsylvania [Mr. SANTORUM], for Mr. CHAFEE, proposes an amendment numbered 2588 to amendment No. 2280.

Mr. SANTORUM. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 50, beginning with line 12, strike all through line 17, and insert the following:

(2) Vouchers for children born to families receiving assistance—States must provide vouchers in lieu of cash assistance which may be used only to pay for particular goods and services specified by the State as suitable for the care of the child.

Mr. SANTORUM. Mr. President, I ask unanimous consent that that amendment be set aside for later consideration.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2589 TO AMENDMENT NO. 2280

(Purpose: To provide for child support enforcement agreements between the States and Indian tribes or tribal organizations)

Mr. SANTORUM. Mr. President, I send to the desk an amendment on behalf of the Senator from Arizona, Senator MCCAIN, and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Pennsylvania [Mr. SANTORUM], for Mr. MCCAIN, proposes an amendment No. 2589 to amendment No. 2280.

Mr. SANTORUM. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 583, between lines 6 and 7, insert the following:

"(4) FAMILIES UNDER CERTAIN AGREEMENTS.—In the case of a family receiving assistance from an Indian tribe, distribute the amount so collected pursuant to an agreement entered into pursuant to a State plan under section 454(32).

On page 712, between lines 9 and 10, insert the following:

SEC. 972. CHILD SUPPORT ENFORCEMENT FOR INDIAN TRIBES.

(a) CHILD SUPPORT ENFORCEMENT AGREEMENTS.—Section 454 (42 U.S.C. 654), as amended by sections 901(b), 904(a), 912(b), 913(a), 933, 943(a), and 970(a)(2) is amended—

(1) by striking "and" at the end of paragraph (30);

(2) by striking the period at the end of paragraph (31) and inserting "; and"; and

(3) by adding after paragraph (31) the following new paragraph:

"(32) provide that a State that receives funding pursuant to section 429 and that has within its borders Indian country (as defined in section 1151 of title 18, United States Code) shall, through the State administering agency, make reasonable efforts to enter into cooperative agreements with an Indian tribe or tribal organization (as defined in paragraphs (1) and (2) of section 428(c)), if the Indian tribe or tribal organization demonstrates that such tribe or organization has an established tribal court system or a Court of Indian Offenses with the authority to establish paternity, establish and enforce support orders, and to enter support orders in accordance with child support guidelines established by such tribe or organization, under which the State and tribe or organization shall provide for the cooperative delivery of child support enforcement services in Indian country and for the forwarding of all funding collected pursuant to the functions performed by the tribe or organization to the State agency, or conversely, by the State agency to the tribe or organization, which shall distribute such funding in accordance with such agreement.".

(b) DIRECT FEDERAL FUNDING TO INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—Section 455 (42 U.S.C. 655) is amended by adding at the end the following new subsection:

"(b) The Secretary may, in appropriate cases, make direct payments under this part to an Indian tribe or tribal organization which has an approved child support enforcement plan under this title. In determining whether such payments are appropriate, the Secretary shall, at a minimum, consider whether services are being provided to eligible Indian recipients by the State agency through an agreement entered into pursuant to section 454(32). The Secretary shall provide for an appropriate adjustment to the State allotment under this section to take into account any payments made under this subsection to Indian tribes or tribal organizations located within such State.

(c) COOPERATIVE ENFORCEMENT AGREEMENTS.—Paragraph (7) of section 454 (42 U.S.C. 654) is amended by inserting "and Indian tribes or tribal organizations (as defined in section 450(b) of title 25, United States Code)" after "law enforcement officials".

Mr. SANTORUM. Mr. President, I ask unanimous consent that that amendment be set aside for later consideration.

The PRESIDING OFFICER. Without objection, it is so ordered.

The PRESIDING OFFICER. The Senator from New York.

AMENDMENT NO. 2590 TO AMENDMENT NO. 2280

(Purpose: To provide that case record data submitted by the States be disaggregated, to provide funding for certain research, demonstration, and evaluation projects, and for other purposes)

Mr. MOYNIHAN. Mr. President, I send to the desk an amendment for myself, Ms. SNOWE, Mr. ROCKEFELLER, and Mr. BYRD.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from New York [Mr. MOYNIHAN], for himself, Ms. SNOWE, Mr. ROCKEFELLER, and Mr. BYRD, proposes an amendment No. 2590 to amendment No. 2280.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 26, between lines 21 and 22, insert the following:

"(f) ADDITIONAL AMOUNT FOR STUDIES AND DEMONSTRATIONS.—

"(1) IN GENERAL.—There are authorized to be appropriated and there are appropriated for each fiscal year described in subsection (a)(1) an additional amount equal to 0.20 percent of the amount appropriated under subparagraph (A) of subsection (a)(4) for the purpose of paying—

"(A) the Federal share of any State-initiated study approved under section 410(g);

"(B) an amount determined by the Secretary to be necessary to operate and evaluate demonstration projects, relating to part A of title IV of this Act, that are in effect or approved under section 1115 as of October 1, 1995, and are continued after such date;

"(C) the cost of conducting the research described in section 410(a); and

"(D) the cost of developing and evaluating innovative approaches for reducing welfare dependency and increasing the well-being of minor children under section 410(b).

"(2) ALLOCATION.—Of the amount appropriated under paragraph (1) for a fiscal year—

"(A) 50 percent shall be allocated for the purposes described in subparagraphs (A) and (B) of paragraph (1), and

"(B) 50 percent shall be allocated for the purposes described in subparagraphs (C) and (D) of paragraph (1).

On page 26, line 22, strike "(f)" and insert "(g)".

On page 53, beginning on line 7, strike all through page 55, line 7, and insert the following:

"(a) IN GENERAL.—The Secretary, in consultation with State and local government officials and other interested persons, shall develop a quality assurance system of data collection and reporting that promotes accountability and ensures the improvement and integrity of programs funded under this part.

"(b) STATE SUBMISSIONS.—

"(1) IN GENERAL.—Not later than the 15th day of the first month of each calendar quarter, each State to which a grant is made under section 403 shall submit to the Secretary the data described in paragraphs (2) and (3) with respect to families described in paragraph (4).

"(2) DISAGGREGATED DATA DESCRIBED.—The data described in this paragraph with respect to families described in paragraph (4) is a sample of monthly disaggregated case record data containing the following:

"(A) The age of the adults and children (including pregnant women) in each family.

"(B) The marital and familial status of each member of the family (including whether the family is a 2-parent family and whether a child is living with an adult relative other than a parent).

"(C) The gender, educational level, work experience, and race of the head of each family.

"(D) The health status of each member of the family (including whether any member of the family is seriously ill, disabled, or incapacitated and is being cared for by another member of the family).

"(E) The type and amount of any benefit or assistance received by the family, including—

"(i) the amount of and reason for any reduction in assistance, and

"(ii) if assistance is terminated, whether termination is due to employment, sanction, or time limit.

"(F) Any benefit or assistance received by a member of the family with respect to housing, food stamps, job training, or the Head Start program.

"(G) The number of months since the family filed the most recent application for assistance under the program and if assistance was denied, the reason for the denial.

"(H) The number of times a family has applied for and received assistance under the State program and the number of months assistance has been received each time assistance has been provided to the family.

"(I) The employment status of the adults in the family (including the number of hours worked and the amount earned).

"(J) The date on which an adult in the family began to engage in work, the number of hours the adult engaged in work, the work activity in which the adult participated, and the amount of child care assistance provided to the adult (if any).

"(K) The number of individuals in each family receiving assistance and the number of individuals in each family not receiving assistance, and the relationship of each individual to the youngest child in the family.

"(L) The citizenship status of each member of the family.

"(M) The housing arrangement of each member of the family.

"(N) The amount of unearned income, child support, assets, and other financial factors considered in determining eligibility for assistance under the State program.

"(O) The location in the State of each family receiving assistance.

"(P) Any other data that the Secretary determines is necessary to ensure efficient and effective program administration.

"(3) AGGREGATED MONTHLY DATA.—The data described in this paragraph is the following aggregated monthly data with respect to the families described in paragraph (4):

"(A) The number of families.

"(B) The number of adults in each family.

"(C) The number of children in each family.

"(D) The number of families for which assistance has been terminated because of employment, sanctions, or time limits.

"(4) FAMILIES DESCRIBED.—The families described in this paragraph are—

"(A) families receiving assistance under a State program funded under this part for each month in the calendar quarter preceding the calendar quarter in which the data is submitted,

"(B) families applying for such assistance during such preceding calendar quarter, and

"(C) families that became ineligible to receive such assistance during such preceding calendar quarter.

"(5) APPROPRIATE SUBSETS OF DATA COLLECTED.—The Secretary shall determine appropriate subsets of the data described in

paragraphs (2) and (3) that a State is required to submit under paragraph (1) with respect to families described in subparagraphs (B) and (C) of paragraph (4).

"(6) SAMPLING AND OTHER METHODS.—The Secretary shall provide the States with such case sampling plans and data collection procedures as the Secretary deems necessary to produce statistically valid estimates of each State's program performance. The Secretary is authorized to develop and implement procedures for verifying the quality of data submitted by the States.

On page 58, between lines 5 and 6, insert the following:

"(j) REPORT TO CONGRESS.—Not later than 6 months after the end of fiscal year 1997, and each fiscal year thereafter, the Secretary shall transmit to the Congress a report describing—

"(1) whether the States are meeting—

"(A) the participation rates described in section 404(a); and

"(B) the objectives of—

"(i) increasing employment and earnings of needy families, and child support collections; and

"(ii) decreasing out-of-wedlock pregnancies and child poverty;

"(3) the demographic and financial characteristics of families applying for assistance, families receiving assistance, and families that become ineligible to receive assistance;

"(4) the characteristics of each State program funded under this part; and

"(5) the trends in employment and earnings of needy families with minor children.

On page 58, beginning on line 8, strike all through page 58, line 21, and insert the following:

"(a) RESEARCH.—The Secretary shall conduct research on the benefits, effects, and costs of operating different State programs funded under this part, including time limits relating to eligibility for assistance. The research shall include studies on the effects of different programs and the operation of such programs on welfare dependency, illegitimacy, teen pregnancy, employment rates, child well-being, and any other area the Secretary deems appropriate.

"(b) DEVELOPMENT AND EVALUATION OF INNOVATIVE APPROACHES TO REDUCING WELFARE DEPENDENCY AND INCREASING CHILD WELL-BEING.—

"(1) IN GENERAL.—The Secretary may assist States in developing, and shall evaluate, innovative approaches for reducing welfare dependency and increasing the well-being of minor children with respect to recipients of assistance under programs funded under this part. The Secretary may provide funds for training and technical assistance to carry out the approaches developed pursuant to this paragraph.

"(2) EVALUATIONS.—In performing the evaluations under paragraph (1), the Secretary shall, to the maximum extent feasible, use random assignment as an evaluation methodology.

On page 58, line 22, strike "(d)" and insert "(c)".

On page 59, line 4, strike "(e)" and insert "(d)".

On page 59, line 22, strike "(f)" and insert "(e)".

On page 60, between lines 13 and 14, insert the following:

"(g) STATE-INITIATED STUDIES.—A State shall be eligible to receive funding to evaluate the State's family assistance program funded under this part if—

"(1) the State submits a proposal to the Secretary for such evaluation,

"(2) the Secretary determines that the design and approach of the evaluation is rigorous and is likely to yield information that is credible and will be useful to other States, and

"(3) unless otherwise waived by the Secretary, the State provides a non-Federal share of at least 10 percent of the cost of such study.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the amendment be laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NOS. 2591 THROUGH 2593, EN BLOC, TO AMENDMENT NO. 2280

Mr. MOYNIHAN. Mr. President, I now send to the desk three amendments by Senator BOXER and ask unanimous consent that they be considered en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report the amendments.

The assistant legislative clerk read as follows:

The Senator from New York [Mr. MOYNIHAN], for Mrs. BOXER, proposes amendments numbered 2591 through 2593, en bloc, to amendment No. 2280.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 2591

(Purpose: To provide for a child care maintenance of effort)

On page 17, line 2, strike "and (5)" and insert "(5), and (6)".

On page 24, between lines 18 and 19, and insert the following:

"(6) CHILD CARE MAINTENANCE OF EFFORT.—

"(A) IN GENERAL.—The amount of the grant otherwise determined under paragraph (1) for fiscal year 1997, 1998, 1999, and 2000 shall be reduced by the amount by which State expenditures under the State program funded under this part for child care for the preceding fiscal year is less than historic State child care expenditures.

"(B) HISTORIC STATE CHILD CARE EXPENDITURES.—For purposes of this paragraph, the term 'historic State child care expenditures' means amounts expended for fiscal year 1994 for child care under—

"(i) section 402(g)(1)(A)(i) of this Act (relating to AFDC-JOBs child care) (as in effect during such year);

"(ii) section 402(g)(1)(A)(ii) of this Act (relating to transitional child care) (as so in effect); and

"(iii) section 402(i) of this Act (relating to at-risk child care) (as so in effect).

"(C) DETERMINING STATE EXPENDITURES.—For purposes of this paragraph, State expenditures shall not include any expenditures from amounts made available by the Federal Government.

"(D) BONUS FOR STATES WITH HIGH WORK PARTICIPATION RATES.—The Secretary shall distribute (in a manner to be determined by the Secretary) amounts by which State grants are reduced under this section to States that exceed the minimum participation rates specified under section 404(a). If no State qualifies for such distribution, the Secretary may retain such amounts for distribution in succeeding years.

AMENDMENT NO. 2592

(Purpose: To provide that State authority to restrict benefits to noncitizens does not apply to foster care or adoption assistance programs)

On page 292, line 5, strike "and".

On page 292, line 11, strike the end period and insert ", and".

On page 292, between lines 11 and 12, insert:

(F) payments for foster care and adoption assistance under part E of title IV of the Social Security Act.

AMENDMENT NO. 2593

(Purpose: Expressing the sense of the Senate on restrictions on providing medical information by recipients of Federal aid)

At the appropriate place, insert the following new section:

SEC. . SENSE OF SENATE REGARDING GAG RULE.

It is the sense of the Senate that, notwithstanding any other provision of law, receipt of Federal funding by providers of health care or social services shall not permit the Federal Government, States, counties, or any other political subdivisions to restrict the content of any medical information provided by those providers in furtherance of the provision of health care or social services to their patients or clients.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the amendments be laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. SANTORUM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENTS NOS. 2594 THROUGH 2609, EN BLOC, TO AMENDMENT NO. 2280

Mr. SANTORUM. Mr. President, I send 16 amendments, en bloc, on behalf of Senator FAIRCLOTH and ask for their immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Pennsylvania [Mr. SANTORUM], for Mr. FAIRCLOTH, proposes amendments numbered 2594 through 2609, en bloc.

Mr. SANTORUM. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 2594

(Purpose: To prohibit direct cash benefits for out of wedlock births to minors except under certain condition)

On page 49, strike line 13 through line 19 and insert the following.

"(b) NO ASSISTANCE FOR OUT-OF-WEDLOCK BIRTHS TO MINORS UNLESS CERTAIN CONDITIONS ARE MET.—Notwithstanding subsection (d), a State to which a grant is made under section 403 may not use any part of the grant to provide cash benefits for a child born out-of-wedlock to an individual who has not attained 18 years of age, or for the individual, until the individual attains such age or unless the following conditions are met:

"(A) The individual is in, or has graduated from, a secondary school or a program offering the equivalent of vocational or technical training, or has obtained a certificate of high school equivalency.

"(B) Any cash benefits for the child or the individual are provided only to—

"(i) an adult with whom the individual or child reside, and whom the State recognizes as acting in loco parentis with respect to the individual; or

"(ii) the maternity home, foster home, or other adult-supervised supportive living arrangement in which the individual lives.

"(C) Any vouchers provided in lieu of cash benefits for the individual or the child may be used only to pay for—

"(i) particular goods and services specified by the State as suitable for the care of the child (such as diapers, clothing, or cribs); or

"(ii) the costs associated with a maternity home, foster home, or other adult supervised supportive living arrangement in which the individual and child live.

"(D) EXCEPTION FOR RAPE OR INCEST.—Subparagraph (A) shall not apply with respect to a child who is born as a result of rape or incest."

AMENDMENT NO. 2595

(Purpose: To require the Secretary of Housing and Urban Development to submit a report regarding disqualification of illegal aliens from housing assistance programs)

At the appropriate place, insert the following:

SEC. ___. REPORT ON DISQUALIFICATION OF ILLEGAL ALIENS FROM HOUSING ASSISTANCE PROGRAMS.

(a) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, the Secretary of Housing and Urban Development shall submit to the Committees on the Judiciary of the House of Representatives and the Senate, the Committee on Banking and Financial Services of the House of Representatives, and the Committee on Banking, Housing, and Urban Affairs of the Senate, a report describing the manner in which the Secretary is enforcing section 214 of the Housing and Community Development Act of 1980.

(b) CONTENTS.—The report submitted under subsection (a) shall include statistics with respect to the number of aliens denied financial assistance under such section.

Amend the table of contents accordingly.

AMENDMENT NO. 2596

(Purpose: To express the sense of the Congress regarding a work requirement for public housing residents)

At the appropriate place, insert the following:

SEC. . SENSE OF THE CONGRESS REGARDING A WORK REQUIREMENT FOR PUBLIC HOUSING RESIDENTS.

It is the sense of the Congress that able-bodied residents of public housing (as such term is defined in section 3(b) of the United States Housing Act of 1937) should be required to perform work service to improve and maintain the facilities in which they live.

Amend the table of contents accordingly.

AMENDMENT NO. 2597

(Purpose: To require ongoing State evaluations of activities carried out through statewide workforce development systems)

At the end of section 731, insert the following:

(f) EVALUATIONS.—

(1) COVERED ACTIVITIES.—The activities referred to in this subsection are activities carried out under this subtitle or subtitle C.

(2) IN GENERAL.—Each State that carries out activities described in paragraph (1) shall conduct ongoing evaluations of such activities.

(3) METHODS.—The State shall conduct such evaluations through controlled experiments using experimental and control groups chosen by random assignment. In conducting the evaluations, the State shall, at a minimum, determine whether activities described in paragraph (1) effectively raise the hourly wage rates of participants in such activities.

(4) ONGOING NATURE OF EVALUATIONS.—At any given time during the 2-year period of the program, the State shall conduct at least 1 such evaluation of the activities described in paragraph (1).

AMENDMENT NO. 2598

(Purpose: To provide for transferability of funds)

At the end of section 712, insert the following:

(d) TRANSFERABILITY TO OPERATE WORK PROGRAMS.—

(1) TRANSFERS TO OTHER WORK AND TRAINING ACTIVITIES.—The Governor of a State that receives an allotment under this section may use 25 percent of the funds made available through the allotment—

(A) to enable the State to meet the minimum participation rates described in section 404(a) of the Social Security Act (as amended by section 101), including the provision of such child care services as the Governor may determine to be necessary to meet the rates; or

(B) for the implementation of work and training programs for recipients of Federal means tested assistance (as defined by the Federal Partnership), including the provision of the child care services described in subparagraph (A).

(2) TRANSFERS FROM OTHER WORK AND TRAINING ACTIVITIES.—The Governor of a State that receives funds under part A of title IV of the Social Security Act, or Federal financial assistance to carry out the programs described in paragraph (1)(B), may use 25 percent of the funds or financial assistance to carry out the activities described in this subtitle.

AMENDMENT NO. 2599

(Purpose: To provide for transferability of funds allotted for workforce preparation activities for at-risk youth)

In section 759(b), add at the end the following:

(3) TRANSFERS TO OTHER WORK AND TRAINING ACTIVITIES.—The Governor of a State that receives an allotment under this section may use 25 percent of the funds made available through the allotment—

(A) to enable the State to meet the minimum participation rates described in section 404(a) of the Social Security Act (as amended by section 101), including the provision of such child care services as the Governor may determine to be necessary to meet the rates; or

(B) for the implementation of work and training programs for recipients of Federal means tested assistance (as defined by the Federal Partnership), including the provision of the child care services described in subparagraph (A).

(4) TRANSFERS FROM OTHER WORK AND TRAINING ACTIVITIES.—The Governor of a State that receives funds under part A of title IV of the Social Security Act, or Federal financial assistance to carry out the programs described in paragraph (3)(B), may use 25 percent of the funds or financial assistance to carry out the activities described in this subtitle.

AMENDMENT NO. 2600

(Purpose: To allow a State agency to make cash payments to certain individuals in lieu of food stamp allotments)

On page 200, between 11 and 12, insert the following:

SEC. 321. CASH AID IN LIEU OF ALLOTMENT.

Section 7 of the Food Stamp Act of 1977 (7 U.S.C. 2016) (as amended by section 320) is further amended by adding at the end the following:

"(k) CASH AID IN LIEU OF COUPONS.—

"(1) ELIGIBLE INDIVIDUALS.—For purposes of this subsection, an individual shall be eligible if the individual is—

"(A) receiving benefits under this Act;

"(B) receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); and

"(C) participating in subsidized employment, on-the-job training, or a community service program under section 404 of the Social Security Act.

"(2) STATE OPTION.—In the case of an eligible individual described in paragraph (1), a State agency may—

"(A) convert the food stamp benefits of the household of which the individual is a member to cash, and provide the cash in a single integrated payment with cash aid under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); and

"(B) sanction the individual, or a household that contains the individual, or reduce the benefits of the individual or household under the same rules and procedures as the State uses under part A of title IV of the Act (42 U.S.C. 601 et seq.).

AMENDMENT NO. 2601

(Purpose: To integrate the temporary assistance to needy families with food stamp work rules)

On page 190, strike lines 9 through 17 and insert the following:

"(i) COMPARABLE TREATMENT UNDER SEPARATE PROGRAMS.—

"(1) IN GENERAL.—If a disqualification, penalty, or sanction is imposed on a household or part of a household for a failure of an individual to perform an action required under a Federal, State, or local law relating to a welfare or public assistance program, the State agency may impose the same disqualification, penalty, or sanction on the household or part of the household under the food stamp program using the rules and procedures that apply to the welfare or public assistance program.

AMENDMENT NO. 2602

(Purpose: To limit vocational education activities counted as work)

On page 36, between lines 13 and 14, insert the following:

"(4) LIMITATION ON VOCATIONAL EDUCATION ACTIVITIES COUNTED AS WORK.—For purposes of determining monthly participation rates under paragraphs (1)(B)(i)(I) and (2)(B)(i) of subsection (b), not more than 20 percent of adults in all families and in 2-parent families determined to be engaged in work in the State for a month may meet the work activity requirement through participation in vocational educational training.

AMENDMENT NO. 2603

(Purpose: To deny assistance for out-of-wedlock births to minors)

On page 49, strike lines 13 through 19, and insert the following:

"(b) NO ASSISTANCE FOR OUT-OF-WEDLOCK BIRTHS TO MINORS.—

"(1) GENERAL RULE.—A State to which a grant is made under section 403 may not use any part of the grant to provide cash benefits for a child born out-of-wedlock to an individual who has not attained 18 years of age, or for the individual, until the individual attains such age.

"(2) EXCEPTION FOR RAPE OR INCEST.—Paragraph (1) shall not apply with respect to a child who is born as a result of rape (other than statutory rape) or incest.

"(3) EXCEPTION FOR VOUCHERS.—Paragraph (1) shall not apply to vouchers which are provided in lieu of cash benefits and which may be used only to pay for particular goods and

services specified by the State as suitable for the care of the child involved.

"(4) STATE MAY ELECT NOT TO HAVE PROVISION APPLY.—

"(A) IN GENERAL.—Paragraph (1) shall not apply to a State during any period during which there is in effect a State law which provides that individuals described in paragraph (1) are eligible for cash benefits from funds made available under section 403.

"(B) TIME FOR ELECTION.—Subparagraph (A) shall only apply if such State law is in effect on or before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of the Work Opportunity Act of 1995.

"(C) TRANSITION RULE.—Paragraph (1) shall not apply in a State before the first day of the first calendar quarter described in subparagraph (B) unless there is in effect before such day a State law prohibiting cash benefits to individuals described in paragraph (1).

AMENDMENT NO. 2604

(Purpose: To provide for no additional cash assistance for children born to families receiving assistance)

On page 49, beginning with line 20, strike all through page 50, line 5, and insert the following:

"(c) NO ADDITIONAL CASH ASSISTANCE FOR CHILDREN BORN TO FAMILIES RECEIVING ASSISTANCE.—

"(1) GENERAL RULE.—A State to which a grant is made under section 403 may not use any part of the grant to provide cash benefits for a minor child who is born to—

"(A) a recipient of benefits under the program operated under this part; or

"(B) a person who received such benefits at any time during the 10-month period ending with the birth of the child.

"(2) EXCEPTION FOR RAPE OR INCEST.—Paragraph (1) shall not apply with respect to a child who is born as a result of rape (other than statutory rape) or incest.

"(3) EXCEPTION FOR VOUCHERS.—Paragraph (1) shall not apply to vouchers which are provided in lieu of cash benefits and which may be used only to pay for particular goods and services specified by the State as suitable for the care of the child involved.

"(4) STATE MAY ELECT NOT TO HAVE PROVISION APPLY.—

"(A) IN GENERAL.—Paragraph (1) shall not apply to a State during any period during which there is in effect a State law which provides that individuals described in paragraph (1) are eligible for cash benefits from funds made available under section 403.

"(B) TIME FOR ELECTION.—Subparagraph (A) shall only apply if such State law is in effect on or before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of the Work Opportunity Act of 1995.

"(C) TRANSITION RULE.—Paragraph (1) shall not apply in a State before the first day of the first calendar quarter described in subparagraph (B) unless there is in effect before such day a State law prohibiting cash benefits to individuals described in paragraph (1).

AMENDMENT NO. 2605

(Purpose: To deny assistance for out-of-wedlock births to minors)

On page 49, strike lines 13 through 19, and insert the following:

"(b) NO ASSISTANCE FOR OUT-OF-WEDLOCK BIRTHS TO MINORS.—

"(1) GENERAL RULE.—A State to which a grant is made under section 403 may not use any part of the grant to provide cash benefits for a child born out-of-wedlock to an individual who has not attained 18 years of age, or for the individual, until the individual attains such age.

"(2) EXCEPTION FOR RAPE OR INCEST.—Paragraph (1) shall not apply with respect to a child who is born as a result of rape (other then statutory rape) or incest.

"(3) STATE OPTION.—Nothing in paragraph (1) shall be construed to prohibit a State from using funds provided by section 403 from providing aid in the form of vouchers that may be used only to pay for particular goods and services specified by the State as suitable for the care of the child such as diapers, clothing, and school supplies.

AMENDMENT NO. 2606

(Purpose: To provide for provisions relating to paternity establishment and fraud)

On page 42, between lines 21 and 22, insert the following:

"(f) PROVISIONS RELATING TO PATERNITY ESTABLISHMENT.—

"(1) PATERNITY NOT ESTABLISHED.—If a State provides cash benefits to families from grant funds received by the State under section 403, the State shall provide that if a family applying for such benefits includes a child who has not attained age 18 and who was born on or after January 1, 1996, with respect to whom paternity has not been established, such benefits shall not be available for—

"(A) such child (until the child attains age 18); and

"(B) the parent or caretaker relative of such child if the parent or caretaker relative of such child is not the parent or caretaker relative of another child for whom benefits are available.

"(2) EXCEPTIONS.—Notwithstanding paragraph (1)—

"(A) the State may use grant funds received by the State under section 403 to provide cash benefits to a minor child who is up to 6 months of age for whom paternity has not been established if the parent or caretaker relative of the child provides the name, address, and such other identifying information as the State may require of an individual who may be the father of the child; and

"(B) the State may exempt up to 25 percent of all families in the population described in paragraph (1) applying for cash benefits from grant funds received by the State under section 403 which include a child who was born on or after January 1, 1996, and with respect to whom paternity has not been established, from the reduction imposed under paragraph (1).

AMENDMENT NO. 2607

(Purpose: To require State goals and a State plan for reducing illegitimacy)

On page 11, beginning on line 5, strike ", and establish" and all that follows through line 7, and insert a period.

On page 11, between lines 7 and 8, insert the following:

"SEC. 401A. GOALS AND PLAN OR REDUCING ILLEGITIMACY.

"(a) IN GENERAL.—Not later than 1 year after the date of the enactment of this Act, each State to which a grant is made under section 403 shall—

"(1) establish formal numeric goals for the State's illegitimacy ratio for fiscal years 1997 through 2007; and

"(2) submit a plan to the Secretary that—

"(A) outlines how the State intends to reduce the State's illegitimacy ratio; and

"(B) evaluates the potential impact of the State's plan for reducing the State's illegitimacy ratio on the State's abortion rate.

"(b) ILLEGITIMACY RATIO AND ABORTION RATE.—

"(1) ILLEGITIMACY RATIO.—For purposes of this section, the term 'illegitimacy ratio' means, with respect to a State and a fiscal year—

"(A) the number of out-of-wedlock births that occurred in the State during the most recent fiscal year for which such information is available; divided by

"(B) the number of births that occurred in the State during the most recent fiscal year for which such information is available.

"(2) ABORTION RATE.—For purposes of this section, the term 'abortion rate' means, with respect to a State and a fiscal year, the number of abortions performed in the State per 1,000 women who are residents of the State and are between the ages of 15 and 44 during the most recent fiscal year for which such information is available.

AMENDMENT NO. 2608

(Purpose: To provide for an abstinence education program)

On page 425, between lines 15 and 16, insert the following:

"(d) ABSTINENCE EDUCATION PROGRAM.—

"(1) FUNDS EARMARKED.—Of the amounts appropriated under subsection (a), $200,000,000 shall be allocated to the States pursuant to the allocation formula and rules under title V of the Social Security Act (42 U.S.C. 701 et seq.) to be used exclusively for abstinence education, and at the option of the State, where appropriate, mentoring, counseling, and adult supervision to promote abstinence from sexual activity, with a focus on those groups which are most likely to bear children out-of-wedlock.

"(2) ABSTINENCE EDUCATION.—For purposes of this subsection, the term 'abstinence education' shall mean an educational or motivational program which—

"(A) has as its exclusive purpose, teaching the social, psychological, and health gains to be realized by abstaining from sexual activity;

"(B) teaches abstinence from sexual activity outside marriage as the expected standard for all school age children;

"(C) teaches that abstinence from sexual activity is the only certain way to avoid out-of-wedlock pregnancy, sexually transmitted diseases, and other associated health problems;

"(D) teaches that a mutually faithful monogamous relationship in context of marriage is the expected standard of human sexual activity;

"(E) teaches that sexual activity outside of the context of marriage is likely to have harmful psychological and physical effects;

"(F) teaches that bearing children out-of-wedlock is likely to have harmful consequences for the child, the child's parents, and society;

"(G) teaches young people how to reject sexual advances and how alcohol and drug use increases vulnerability to sexual advances; and

"(H) teaches the importance of attaining self-sufficiency before engaging in sexual activity.

AMENDMENT NO. 2609

(Purpose: To prohibit teenage parents from living in the home of an adult relative or guardian who has a history of receiving assistance)

On page 50, line 13, insert "except as provided in paragraph (3)," after "(A)".

On page 51, between lines 11 and 12, insert the following:

"(3) REQUIREMENT THAT ADULT RELATIVE OR GUARDIAN NOT HAVE A HISTORY OF ASSISTANCE.—A State shall not use any part of the grant paid under section 403 to provide assistance to an individual described in paragraph (2) if such individual resides with a parent, guardian, or other adult relative who—

(A) has had a child out-of-wedlock; and

(B) during the preceding 2-year period, received assistance as an adult under a State

program funded under this part or under the program for aid to families with dependent children.

Mr. SANTORUM. I ask unanimous consent that the amendments just offered be temporarily set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENTS NOS. 2610 AND 2611, EN BLOC, TO AMENDMENT NO. 2280

Mr. MOYNIHAN. Mr. President, I send two amendments to the desk and ask for their immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from New York [Mr. MOYNIHAN] proposes amendments numbered 2610 and 2611.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 2610

(Purpose: To amend title 13, United States Code, to require that any data relating to the incidence of poverty produced or published by the Secretary of Commerce for subnational areas is corrected for differences in the cost of living in those areas)

On page 122, between lines 11 and 12, insert the following:

SEC. 110A. POVERTY DATA CORRECTION.

(a) IN GENERAL.—Chapter 5 of title 13, United States Code, is amended by adding after subchapter V the following:

"Subchapter VI—Poverty Data

"SEC. 197. CORRECTION OF SUBNATIONAL DATA RELATING TO POVERTY.

"(a) Any data relating to the incidence of poverty produced or published by or for the Secretary for subnational areas shall be corrected for differences in the cost of living, and data produced for State and sub-State areas shall be corrected for differences in the cost of living for at least all States of the United States.

"(b) Data under this section shall be published in 1997 and at least every second year thereafter.

"SEC. 198. DEVELOPMENT OF STATE COST-OF-LIVING INDEX AND STATE POVERTY THRESHOLDS.

"(a) To correct any data relating to the incidence of poverty for differences in the cost of living, the Secretary shall—

"(1) develop or cause to be developed a State cost-of-living index which ranks and assigns an index value to each State using data on wage, housing, and other costs relevant to the cost of living; and

"(2) multiply the Federal Government's statistical poverty thresholds by the index value for each State's cost of living to produce State poverty thresholds for each State.

"(b) The State cost-of-living index and resulting State poverty thresholds shall be published prior to September 30, 1996, for calendar year 1995 and shall be updated annually for each subsequent calendar year.".

(b) CONFORMING AMENDMENT.—The table of subchapters of chapter 5 of the title 13, United States Code, is amended by adding at the end the following:

"SUBCHAPTER VI—POVERTY DATA

"Sec. 197. Correction of subnational data relating to poverty.

"Sec. 198. Development of State cost-of-living index and State poverty thresholds.".

AMENDMENT NO. 2611

(Purpose: To correct imbalances in certain States in the Federal tax to Federal benefit ratio by reallocating the distribution of Federal spending, and for other purposes)

At the appropriate place, insert:

TITLE —STATE MINIMUM RETURN OF FEDERAL TAX BURDEN

SEC. 01. SHORT TITLE.

This title may be cited as the "State Minimum Return Act of 1995".

SEC. 02. STATEMENT OF POLICY.

It is the purpose of this title to provide, within existing budgetary limits, authority to reallocate the distribution of certain Federal spending to various States in order to ensure by the end of fiscal year 2000 that each State receive in each fiscal year a percentage of total allocable Federal expenditures equal to a minimum of 90 percent of the percentage of total Federal tax burden attributable to such State for such fiscal year.

SEC. 03. DEFINITIONS.

As used in this title—

(1) The term "Director" means the Director of the Office of Management and Budget.

(2) The term "Federal agency" means any agency defined in section 551(1) of title 5, United States Code.

(3) The term "State" means each of the several States and the District of Columbia.

(4) The term "historic share" means the average percentage share of Federal expenditures received by any State during the most recent three fiscal years.

(5) The term "Federal expenditures" means all outlays by the Federal Government as defined in section 3(1) of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 622(1)) which the Bureau of the Census can allocate to the several States.

(6) The term "Federal tax revenues" means all revenues collected pursuant to the Internal Revenue Code of 1986.

(7) The term "need-based program" means any program which results in direct payment to individuals and which involves an income test to help determine the eligibility of an individual for assistance under such program.

SEC. 04. DESIGNATION OF ELIGIBLE STATES.

(a) Any State shall be eligible for a positive reallocation of allocable Federal expenditures described in section __ 05 and received by such State under section 07(a), if such State, for any fiscal year, has an allocable Federal expenditure to Federal tax ratio which is less than 90 percent.

(b) Any State shall be eligible for a positive reallocation of Federal expenditures described in section __ 05 and received by such State under paragraph (1) of section 07(a), if such State, for any fiscal year, has an allocable Federal expenditure to Federal tax ratio which is less than 100 percent but greater than or equal to 90 percent.

(c) During each fiscal year, the Director, after consultation with the Secretary of the Treasury and the Director of the Census Bureau, shall determine the eligibility of any State under this section using the most recent fiscal year data and estimated data available concerning Federal tax revenues and allocable Federal expenditures attributable to such State. The Secretary of the Treasury shall determine the attribution of Federal tax revenues to each State after consultation with the Comptroller General of the United States and other interested public and private persons.

(d) For purposes of determining the eligibility of any State under subsection (c), any water or power program in which the Federal Government, through Government corporations, provides water or power to any State at less than market price shall be taken into account in computing such State's allocable Federal expenditure to Federal tax ratio by characterizing as an imputed Federal expenditure the difference between the market price as determined by the Secretary of the Treasury in consultation with the Director and the Secretary of Energy and the Secretary of the Interior and the program's actual price of providing such water or power to such State.

SEC. 05. DESIGNATION OF REALLOCABLE FEDERAL EXPENDITURES.

All allocable Federal expenditures in any fiscal year shall be subject to reallocation to ensure the objective described in section __ 02 with respect to eligible States designated under section __ 04, except for such expenditures with respect to the following:

(1) Water and power programs which are described in section __ 04(d).

(2) Compensation and allowances of officers and employees of the Federal Government.

(3) Maintenance of Federal Government buildings and installations.

(4) Offsetting receipts.

(5) Programs for which the Federal Government assumes the total cost and in which a direct payment is made to a recipient other than a governmental unit. Such programs include, but are not limited to:

(A) Social Security, including disability, retirement, survivors insurance, unemployment compensation, and Medicare, including hospital and supplementary medical insurance;

(B) Supplemental Security Income;

(C) Food Stamps;

(D) Black Lung Disability;

(E) National Guaranteed Student Loan interest subsidies;

(F) Pell grants;

(G) lower income housing assistance;

(H) social insurance payments for railroad workers;

(I) railroad retirement;

(J) excess earned income tax credits;

(K) veterans assistance, including pensions, service connected disability, nonservice connected disability, educational assistance, dependency payments, and pensions for spouses and surviving dependents;

(L) Federal workers' compensation;

(M) Federal retirement and disability;

(N) Federal employee life and health insurance; and

(O) farm income support programs.

SEC. 06. REALLOCATION AUTHORITY.

(a) Notwithstanding any other provision of law, during any fiscal year the head of each Federal agency shall, after consultation with the Director, make such reallocations of allocable expenditures described in section 05 to eligible States designated under section 04 as are necessary to ensure the objective described in section 02.

(b) Notwithstanding any other provisions of law and to the extent necessary in the administration of this title, the head of each Federal agency shall waive any administrative provision with respect to allocation, allotments, reservations, priorities, or planning and application requirements (other than audit requirements) for the expenditures reallocated under this title.

(c) The head of each Federal agency having responsibilities under this title is authorized and directed to cooperate with the Director in the administration of the provisions of this title.

SEC. 07. REALLOCATION MECHANISMS.

(a) Notwithstanding any other provision of law, for purposes of this title, during any fiscal year reallocations of expenditures required by section 06 shall be accomplished in the following manner:

(1)(A) With respect to procurement contracts, and subcontracts in excess of $25,000, the head of each Federal agency shall—

(i) identify qualified firms in eligible States designated under section 04 and disseminate any information to such firms necessary to increase participation by such firms in the bidding for such contracts and subcontracts,

(ii) in order to ensure the objective described in section 02, increase the national share of such contracts and subcontracts for each eligible State designated under section 04(a) by up to 10 percent each fiscal year, and

(iii) thirty days after the end of each fiscal year, report to the Director regarding progress made during such fiscal year to increase the share of such contracts and subcontracts for such eligible States, including the percentage increase achieved under clause (ii) and if the goal described in clause (ii) is not attained, the reasons therefor.

Within ninety days after the end of each fiscal year, the Director shall review, evaluate, and report to the Congress as to the progress made during such fiscal year to increase the share of procurement contracts and subcontracts the preponderance of the value of which has been performed in such eligible States.

(B) With respect to each fiscal year, if any Federal agency does not attain the goal described in subparagraph (A)(ii), then, during the subsequent fiscal year, such agency shall report to the Director prior to the awarding of any contract or subcontract described in subparagraph (A) to any firm in an ineligible State the reasons such contract or subcontract was not awarded to any firm in an eligible State.

(C) In the case of any competitive procurement contract or subcontract, the head of the contracting Federal agency shall award such contract or subcontract to the lowest bid from a qualified firm that will perform the preponderance of the value of the work in an eligible State designated under section ___04 if the bid for such contract or subcontract is lower or equivalent to any bid from any qualified firm that will perform the preponderance of the value of the work in an ineligible State.

(D) In the case of any noncompetitive procurement contract or subcontract, the head of each Federal agency shall identify and award such contract or subcontract to a qualified firm that will perform the preponderance of the value of the work in an eligible State designated under section ___04 and that complete such contract or subcontract at a lower or equivalent price as any qualified firm that will perform the preponderance of the value of the work in an ineligible State.

(E) For purposes of this paragraph, in the case of any procurement contract or subcontract, any firm shall be qualified if—

(i) such firm has met the elements of responsibility provided for in section 8(b)(7) of the Small Business Act (15 U.S.C. 637(b)(7)) as determined by the head of the contracting Federal agency to be necessary to complete the contract or subcontract in a timely and satisfactory manner, and

(ii) with respect to any prequalification requirement, such firm has been notified in writing of all standards which a prospective contractor must satisfy in order to become qualified, and upon request, is provided a prompt opportunity to demonstrate the ability of such firm to meet such specified standards.

(F) In order to reallocate expenditures with respect to subcontracts as required by subparagraph (A), each Federal agency shall collect necessary data to identify such subcontracts beginning in fiscal year 1991.

(a) With respect to all other expenditures described in section ___05, including all grants administered by the Department of Transportation, the Department of the Interior, the Department of Agriculture, the Environmental Protection Agency, and the United States Army Corps of Engineers, any eligible State designated under section ___04(a) shall receive 110 percent of such State's historic share with respect to such expenditures.

(b) No reallocation shall be made under this section with respect to allocable expenditures for any program to any State in any fiscal year which results in a reduction of 10 percent or more of the amount of such expenditures to such State.

(c) No reallocation shall be made under the provisions of this title which will result in any allocable Federal expenditure to Federal tax ratio of any State being reduced below 90 percent.

SEC. ___08. AMENDMENTS.

No provision of law shall explicitly or implicitly amend the provisions of this title unless such provision specifically refers to this title.

SEC. ___09. STUDY.

(a) The Secretary of the Treasury or a delegate of the Secretary shall conduct a study on the impact of Federal spending, tax policy, and fiscal policy on State economies and the economic growth rate of States and regions of the United States. In particular, the Secretary or his delegate shall examine the extent to which the economies of States which have allocable Federal expenditure to Federal tax ratios below 100 are harmed by such a fiscal relationship with the Federal Government.

(b) The report of the study required by subsection (a) shall be submitted to Congress not later than December 31, 1996.

SEC. ___10. EFFECTIVE DATE.

The provisions of this title shall take effect for fiscal years beginning after the date of the enactment of this title.

Mr. MOYNIHAN. I ask unanimous consent that the amendments be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, as the Senate today winds to a close, we will have perhaps a few more amendments by the 5 o'clock deadline. My colleague and friend from Pennsylvania observes that there were about 120 when we last counted, which does not auger well for the conclusion of our business by Wednesday evening. But it does speak to the extraordinary transformation in the debate over welfare policy in the United States.

I spoke earlier this week of the moment of February 8, 1971, when Time and Newsweek and U.S. News and World Report had as their cover stories the subject of welfare and the seeming intractable problem—that at a time when the illegitimacy ratio in our country was one-third what it is today. The number of children born outside of marriage was one-third of what it is today. In 1992, it was 1.2 million. The ratio would be about 30 percent. It is about 33 percent today. That is the basic social condition that leads to this baffling problem.

We are not alone, and it is important to know that. Just by happenstance, Mr. President, this week's issue of The Economist, a British "newspaper," as they call it, has as its cover story, "The Disappearing Family." They have a chart on page 26 called "Fewer Gold Rings: Births to Unmarried Mothers as a Percentage of the Total." I find myself cited as the source. Indeed our office did do this work.

Characteristically, the administration did nothing. Characteristically, the Department of Health and Human Services does nothing. Characteristically, they are absent from this debate. At times, there has been no one in the Vice President's office, as there is on any major issue affecting legislation. They are vanishing, defeated by the commitment to end welfare as they know it, and horrified at the prospect of what that will mean as they see it happen.

The Economist has its "lead article," as they say, on the subject, and then they have a long story. It begins:

> To European ears, America's family values debate can sound shrill, even surreal. It is taken as a sign that the citizens of the new world remain considerably less sophisticated and more moralistic than those of the old. But Europe would do well to listen. In many American neighborhoods, the family has collapsed. Among households with children and poor inner cities, fewer than one in ten have a father in residence. If there are lessons from this awful experience, they are worth learning.

They go on to say that many of the same phenomenon are appearing in Britain. They differentiate between different parts of Europe that are adjacent but are very different in their approaches. Sweden is a country of individuals, and has a very high rate of birth outside of marriage, but they are not births outside of households. All their family structure, their social policy, is built around the individual. Germany, which is just across the Baltic, is a nation built around families. And all of their social policy is designed in that direction, and the consequences are easy to see. Our policies are hard to find.

Years ago, we observed that there is no way a nation can avoid a family policy.

It can only avoid acknowledging what the family policy is—or being aware. Whatever you do, one way or another, will have consequences.

I rise in the remaining few moments of today's session to thank my colleagues on the Democratic side, the minority side, for their support in the bill I offered this morning, the Family Support Act of 1995.

Mr. President, 41 Democrats voted for it; five did not. They have their reasons. They are understood and respected. Fifty-six altogether, 51 Members of the other side voted "no." Several mentioned to me that one Senator on that side volunteered that it was the worst vote he ever cast, but that is understandable.

The point I tried to make is that this legislation, the Family Support Act of 1988, passed the Senate 93-3 in its first form and then the conference report 96-1.

We had consensus and we lost it. I have to think we began to lose it when President Clinton, campaigning for the Presidency, said he would end welfare as we know it, asked for a 2-year time limit, and no further details.

Legislation finally came forward in the 103d Congress, but very late, with no expectation that it would be dealt with. I was chairman of the Finance Committee and was happy to do it but nobody wanted it. It was left for this. A curious—how to say—silence from organizations. You would have expected to hear something from the U.S. Conference of Mayors, which I have worked with for 35 years in one form or another, helping them get revenue sharing going directly to municipalities, and things like that. Silent on our bill. The welfare reform advocates, children's advocates, silent on our bill. Democratic Governors, silent.

Well, the fact is, there has been an extraordinary change in expectations of what Congress will do and a passivity which perhaps accounts for events, a complacency, the assumption that a Democratic administration confirmed in these matters.

Well, we see the results. I will put on the RECORD that the absence of any support for the legislation which we put forward in the Finance Committee last spring—the vote was 12-8, eight Democrats—has to be taken as an unprecedented surrender and unprecedented abandonment of principle.

I say to the U.S. Conference of Mayors, they have abandoned every principle they have stood for in 35 years I have worked with them. The Governors are split on partisanship.

The advocacy groups—what advocacy groups? Maybe their anxiety is that, if they say anything, their funding will be cut off. Well, then, we know where their priorities are.

Mr. President, I can only regret that silence, even as I express my appreciation for the Senators who did support us today. The time will come when they will be proud of that vote. I yield the floor.

AMENDMENT NO. 2476 TO AMENDMENT NO. 2280

(Purpose: Sense of the Senate regarding Enterprise Zone legislation)

Mr. SANTORUM. Mr. President, I ask amendment 2476 offered by the Senator from Michigan be called up and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Pennsylvania [Mr. SANTORUM] for Mr. ABRAHAM (for himself an Mr. LIEBERMAN) proposes an amendment numbered 2476 to amendment No. 2280.

Mr. SANTORUM. I ask unanimous consent that reading of the amendment be dispensed.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the bill, add the following new section:

"SEC. . SENSE OF THE SENATE REGARDING ENTERPRISE ZONES.

(a) FINDINGS.—The Senate finds that—

(1) Many of the Nation's urban centers are places with high levels of poverty, high rates of welfare dependency, high crime rates, poor schools, and joblessness;

(2) Federal tax incentives and regulatory reforms can encourage economic growth, job creation and small business formation in many urban centers;

(3) Encouraging private sector investment in America's economically distressed urban and rural areas is essential to breaking the cycle of poverty and the related ills of crime, drug abuse, illiteracy, welfare dependency, and unemployment;

(4) The empowerment zones enacted in 1993 should be enhanced by providing incentives to increase enterpreneurial growth, capital formation, job creation, educational opportunities and home ownership in the designated communities and zones;

(b) SENSE OF THE SENATE.—Therefore, it is the Sense of the Senate that the Congress should adopt enterprise zone legislation in the 104th Congress, and that such enterprise zone legislation provide the following incentives and provisions:

(1) Federal tax incentives that expand access to capital, increase the formation and expansion of small businesses, and promote commercial revitalization;

(2) Regulatory reforms that allow localities to petition Federal agencies, subject to the relevant agencies' approval, for waivers or modifications of regulations to improve job creation, small business formation and expansion, community development, or economic revitalization objectives of the enterprise zones;

(3) Home ownership incentives and grants to encourage resident management of public housing and home ownership of public housing;

(4) School reform pilot projects in certain designated enterprise zones to provide low-income parents with new and expanded educational options for their children's elementary and secondary schooling.

Mr. SANTORUM. I ask unanimous consent that that amendment be laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENTS NOS. 2612 THROUGH 2617, EN BLOC TO AMENDMENT NO. 2280

Mr. SANTORUM. Mr. President, I send to the desk six amendments offered on behalf of the Senator from Texas [Mr. GRAMM] and ask for their immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Pennsylvania [Mr. SANTORUM] for Mr. GRAMM proposes amendments numbered 2612 through 2617, en bloc, to amendment No. 2280.

Mr. SANTORUM. Mr. President, I ask unanimous consent the reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 2612

(Purpose: To limit the State option for work participation requirement exemptions to the first 12 months to which the requirement applies)

On page 34, line 20, strike "For any fiscal year" and insert "Solely for the first 12-month period to which the requirements to engage in work under this section is in effect".

AMENDMENT NO. 2613

(Purpose: To require that certain individuals who are not required to work are included, in the participation rate calculation)

On page 34, beginning on line 24, strike "and may exclude" and all that follows through page 35, line 2, and insert a period.

AMENDMENT NO. 2614

(Purpose: To provide for increased penalties for failure to work requirements)

On page 53, strike lines 1 through 8, and insert the following:

"(A) IN GENERAL.—If the Secretary determines that a State has failed to satisfy the minimum participation rates specified in section 404(a) for a fiscal year, the Secretary shall reduce the amount of the grant that would (in the absence of this section) be payable to the State under section 403 for the immediately succeeding fiscal year by—

"(i) in the first year in which the State fails to satisfy such rates, 5 percent; and

"(ii) in subsequent years in which the State fails to satisfy such rates, the percent reduction determined under this subparagraph (if any) in the proceeding year, increased 5 percent.

AMENDMENT NO. 2615

(Purpose: To reduce the Federal welfare bureaucracy)

On page 792, strike lines 1 through 22 and insert the following:

SEC. 1202. REDUCTIONS IN FEDERAL BUREAUCRACY.

(a) IN GENERAL.—The Secretary of Health and Human Services and the Secretary of Labor shall reduce the Federal workforce within the Department of Health and Human Services and the Department of Labor, respectively, by an amount equal to the sum of—

(1) 75 percent of the full-time equivalent positions at each such Department that relate to any direct spending program, or any program funded through discretionary spending, that has been converted into a block grant program under this Act and the amendments made by this Act; and

(2) an amount equal to 75 percent of that portion of the total full-time equivalent departmental management positions at each such Department that bears the same relationship to the amount appropriated for the programs referred to in paragraph (1) as such amount relates to the total amount appropriated for use by each such Department.

(b) REDUCTIONS IN THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.—Notwithstanding any other provision of this Act, the Secretary of Health and Human Services shall take such actions as may be necessary, including reductions in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to reduce the full-time equivalent positions within the Department of Health and Human Services—

(1) by 245 full-time equivalent positions related to the program converted into a block

grant under the amendment made by section 101(b); and

(2) by 60 full-time equivalent managerial positions in the Department.

(c) REDUCTIONS IN THE DEPARTMENT OF LABOR.—Notwithstanding any other provision of this Act, the Secretary of Labor shall take such actions as may be necessary, including reductions in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to reduce the full-time equivalent positions within the Department of Labor—

(1) by 675 full-time equivalent positions related to the programs converted into a block grant under titles VII and VIII; and

(2) by 156 full-time equivalent managerial positions in the Department.

AMENDMENT NO. 2616

(Purpose: To require paternity establishment as a condition of benefit receipt)

On page 42, between lines 21 and 22, insert the following:

"(f) PROVISIONS RELATING TO PATERNITY ESTABLISHMENT.—

"(1) PATERNITY NOT ESTABLISHED.—If a State provides cash benefits to families from grant funds received by the State under section 403, the State shall provide that if a family applying for such benefits includes a child who has not attained age 18 and who was born on or after January 1, 1996, with respect to whom paternity has not been established, such benefits shall not be available for—

"(A) such child (until the child attains age 18); and

"(B) the parent or caretaker relative of such child if the parent or caretaker relative of such child is not the parent or caretaker relative of another child for whom benefits are available.

"(2) EXCEPTIONS.—Notwithstanding paragraph (1)—

"(A) the State may use grant funds received by the State under section 403 to provide cash benefits to a minor child who is up to 6 months of age for whom paternity has not been established if the parent or caretaker relative of the child provides the name, address, and such other identifying information as the State may require of an individual who may be the father of the child; and

"(B) the State may exempt up to 25 percent of all families in the population described in paragraph (1) applying for cash benefits from grant funds received by the State under section 403 which include a child who was born on or after January 1, 1996, and with respect to whom paternity has not been established, from the reduction imposed under paragraph (1).

AMENDMENT NO. 2617

(Purpose: To prohibit the use of Federal funds for legal challenges to welfare reform)

At the appropriate place, insert the following:

SEC. RESTRICTIONS ON TAXPAYER FINANCED LEGAL CHALLENGES.

(a) IN GENERAL.—No legal aid organization or other entity that provides legal services and which receives Federal funds or IOLTA funds may challenge (or act as an attorney on behalf of any party who seeks to challenge) in any legal proceeding—

(1) the legal validity—

(A) under the United States Constitution—

(i) of this Act or any regulations promulgated under this Act; and

(ii) of any law or regulation enacted or promulgated by a State pursuant to this Act;

(B) under this Act or any regulation adopted under this Act of any State law or regulation; and

(C) under any State Constitution of any law or regulation enacted or promulgated by a State pursuant to this Act; and

(2) the conflict—

(A) of this Act or any regulations promulgated under this Act with any other law or regulation of the United States; and

(B) of any law or regulation enacted or promulgated by a State pursuant to this Act with any law or regulation of the United States.

(f) IOLTA FUNDS DEFINED.—For purposes of this section, the term "IOLTA funds" means interest on lawyers trust account funds that—

(1) are generated when attorneys are required by State court or State bar rules to deposit otherwise noninterest-bearing client funds into an interest-bearing account while awaiting the outcome of a legal proceeding; and

(2) are pooled and distributed by a subdivision of a State bar association or the State court system to organizations selected by the State courts administration.

(c) LEGAL PROCEEDING DEFINED.—For purposes of this section, the term "legal proceeding" includes—

(1) a proceeding—

(A) in a court of the United States;

(B) in a court of a State; and

(C) in an administrative hearing in a Federal or State agency; and

(2) any activities related to the commencement of a proceeding described in subparagraph (A).

Mr. SANTORUM. I ask unanimous consent that the amendments be laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, a parliamentary inquiry. The clock seems to be approaching 5 o'clock and I have what is approximately 8 minutes' worth of sending amendments to the desk. I ask unanimous consent that we extend our time to 5:05.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, I rise to acknowledge what would be, not the first time, an error. I said recently just a moment ago that the Department of Health and Human Services has been silent on the subject of this atrocious legislation.

I am wrong, sir. I have just been handed an amendment which asks us to see that no position, no full-time position in the Department of Health and Human Services be eliminated.

So we will look after—I am beginning to believe what I hear about the bureaucracy.

AMENDMENTS NOS. 2618 THROUGH 2672 TO AMENDMENT NO. 2280

Mr. MOYNIHAN. I send to the desk this amendment with a group of other amendments and ask for their immediate consideration. I am told no one else would introduce the amendment and it falls to me to do so. I do so with a certain reluctance.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from New York [Mr. MOYNIHAN], proposes amendments numbered 2618 through 2672 to amendment No. 2280.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 2618

(Purpose: Eliminate requirement that HHS reduce full-time equivalent positions by specific percentages and retain requirements to evaluate the number of FTB positions required to carry out the activities under the bill and to take action to reduce the appropriate number of positions)

On page , strike title XII and insert the following new title:

"TITLE XII—REDUCTIONS IN FEDERAL GOVERNMENT POSITIONS

"SEC. 1201. REDUCTIONS.

"(a) DEFINITIONS.—As used in this section:

"(1) APPROPRIATE EFFECTIVE DATE.—The term 'appropriate effective date', used with respect to a Department referred to in this section, means the date on which all provisions of this Act that the Department is required to carry out, and amendments and repeals made by this Act to provisions of Federal law that the Department is required to carry out, are effective.

"(2) COVERED ACTIVITY.—The term 'covered activity', used with respect to a Department referred to in this section, means an activity that the Department is required to carry out under—

"(A) a provision of this Act; or

"(B) a provision of Federal law that is amended or repealed by this Act.

"(b) REPORTS.—

"(1) CONTENTS.—Not later than December 31, 1995, each Secretary referred to in paragraph (2) shall prepare and submit to the relevant committees described in paragraph (3) a report containing—

"(A) the determinations described in subsection (c);

"(B) appropriate documentation in support of such determinations; and

"(C) a description of the methodology used in making such determinations.

"(2) SECRETARY.—The Secretaries referred to in this paragraph are—

"(A) the Secretary of Agriculture;

"(B) the Secretary of Education;

"(C) the Secretary of Labor;

"(D) the Secretary of Housing and Urban Development; and

"(E) the Secretary of Health and Human Services.

"(3) RELEVANT COMMITTEES.—The relevant Committees described in this paragraph are the following:

"(A) With respect to each Secretary described in paragraph (2), the Committee on Government Reform and Oversight of the House of Representatives and the Committee on Governmental Affairs of the Senate.

"(B) With respect to the Secretary of Agriculture, the Committee on Agriculture and the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

"(C) With respect to the Secretary of Education, the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

"(D) With respect to the Secretary of Labor, the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

"(E) With respect to the Secretary of Housing and Urban Development, the Committee on Banking and Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.

"(F) With respect to the Secretary of Health and Human Services, the Committee

on Economic and Educational Opportunities of the House of Representatives, the Committee on Labor and Human Resources of the Senate, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate.

"(4) REPORT ON CHANGES.—Not later than December 31, 1996, and each December 31 thereafter, each Secretary referred to in paragraph (2) shall prepare and submit to the relevant Committees described in paragraph (3), a report concerning any changes with respect to the determinations made under subsection (c) for the year in which the report is being submitted.

"(c) DETERMINATIONS.—Not later than December 31, 1995, each Secretary referred to in subsection (b)(2) shall determine—

"(1) the number of full-time equivalent positions required by the Department (or the Federal Partnership established under section 771) headed by such Secretary to carry out the covered activities of the Department (or Federal Partnership), as of the day before the date of enactment of this Act;

"(2) the number of such positions required by the Department (or Federal Partnership) to carry out the activities, as of the appropriate effective date for the Department (or Federal Partnership); and

"(3) the difference obtained by subtracting the number referred to in paragraph (2) from the number referred to in paragraph (1).

"(d) ACTIONS.—Not later than 30 days after the appropriate effective date for the Department involved, each Secretary referred to in subsection (b)(2) shall take such actions as may be necessary, including reduction in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to reduce the number of positions of personnel of the Department by at least the difference referred to in subsection (c)(3).

"(e) CONSISTENCY.—

"(1) EDUCATION.—The Secretary of Education shall carry out this section in a manner that enables the Secretary to meet the requirements of this section and section 776(i)(2).

"(2) LABOR.—The Secretary of Labor shall carry out this section in a manner that enables the Secretary to meet the requirements of this section and section 776(i)(2).

"(f) CALCULATION.—In determining, under subsection (c), the number of full-time equivalent positions required by a Department to carry out a covered activity, a Secretary referred to in subsection (b)(2), shall include the number of such positions occupied by personnel carrying out program functions or other functions (including budgetary, legislative, administrative, planning, evaluation, and legal functions) related to the activity.

"(g) GENERAL ACCOUNTING OFFICE REPORT.—Not later than July 1, 1996, the Comptroller General of the United States shall prepare and submit to the committees described in subsection (b)(3), a report concerning the determinations made by each Secretary under subsection (c). Such report shall contain an analysis of the determinations made by each Secretary under subsection (c) and a determination as to whether further reductions in full-time equivalent positions are appropriate.".

AMENDMENT NO. 2619

(Purpose: To terminate sponsor responsibilities upon the date of naturalization of the immigrant)

On page 289, line 5, strike the period and insert ", but in no event shall such period extend beyond the date (if any) on which the alien becomes a citizen of the United States under chapter 2 of title III of the Immigration and Nationality Act."

AMENDMENT NO. 2620

(Purpose: To grant the Attorney General flexibility in certain public assistance determinations for immigrants)

On page 292, strike line 5 through line 11 and insert the following:

Nutrition Act of 1966;

(E) public health assistance for immunizations with respect to immunizable diseases and for testing and treatment for communicable diseases if the Secretary of Health and Human Services determines that such testing and treatment is necessary; and

(F) benefits or services which serve a compelling humanitarian or compelling public interest as specified by the Attorney General in consultation with appropriate Federal agencies and departments.

AMENDMENT NO. 2621

(Purpose: To ensure that programs are implemented consistent with the First Amendment to the U.S. Constitution)

On pages 77 through 83, strike sec. 102 and sec. 103.

AMENDMENT NO. 2622

(The text of the amendment (No. 2622) is printed in today's RECORD under "Amendments Submitted.")

AMENDMENT NO. 2623

(Purpose: To permit State to apply for waivers with respect to the 15 percent cap on hardship exemptions from the 5-year time limitation)

On page 40, between lines 16 and 17, insert the following new subparagraph:

"(C) WAIVER OF LIMITATION.—The Secretary, upon a demonstration by a State that an extraordinary number of families require an exemption from the application of paragraph (1) due to disability, domestic violence, homelessness, or the need to be in the home to care for a disabled child, may permit the State to provide exemptions in excess of the 15 percent limitation described in subparagraph (B) for a specified period of time.".

AMENDMENT NO. 2624

(Purpose: To permit States to provide non-cash assistance to children ineligible for aid because of the 5-year time limitation)

On page 40, between lines 16 and 17, insert the following new paragraph:

"(4) NON-CASH ASSISTANCE FOR CHILDREN.—Nothing in paragraph (1) shall be construed as prohibiting a State from using funds provided under section 403 to provide aid, in the form of in-kind assistance, vouchers usable for particular goods or services as specified by the State, or vendor payments to individuals providing such goods or services, to the minor children of a needy family.".

AMENDMENT NO. 2625

(Purpose: To require States to have in effect laws regarding duration of child support)

On page 641, between lines 11 and 12, insert the following:

SEC. 426. DURATION OF SUPPORT.

Section 466(a) (42 U.S.C. 666(a)), as amended by this Act, is amended—

(1) by inserting after paragraph (16) the following new paragraph:

"(17) Procedures under which the State—

"(A) requires a continuing support obligation by the noncustodial parent until at least the later of the date on which a child for whom a support obligation is owed reaches the age of 18, or graduates from or is no longer enrolled in secondary school or its equivalent, unless a child marries, joins the United States armed forces, or is otherwise emancipated under State law;

"(B)(i) provides that courts or administrative agencies with child support jurisdiction have the discretionary power, until the date on which the child involved reaches the age of 22, pursuant to criteria established by the State, to order child support, payable directly or indirectly (support may be paid directly to a post-secondary or vocational school or college) to a child, at least up to the age of 22 for a child enrolled full-time in an accredited postsecondary or vocational school or college and who is a student in good standing; and

"(ii) may, without application of the rebuttable presumption in section 467(b)(2), award support under this subsection in amounts that, in whole or in part, reflect the actual costs of post secondary education; and

"(C) provides for child support to continue beyond the child's age of majority provided the child is disabled, unable to be self-supportive, and the disability arose during the child's minority."; and

(2) by adding at the end the following new sentence: "Nothing in paragraph (17) shall preclude a State from imposing more extensive child support obligations or obligations of longer duration.".

AMENDMENT NO. 2626

(Purpose: To eliminate a repeal relating to the Trade Act of 1974)

Section 781(b) is amended to read as follows:

(b) SUBSEQUENT REPEALS.—The following provisions are repealed:

(1) The Adult Education Act (20 U.S.C. 1201 et seq.).

(2) The Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.).

(3) The School-to-Work Opportunities Act of 1994 (20 U.S.C. 6101 et seq.).

(4) The Wagner-Peyser Act (29 U.S.C. 49 et seq.).

(5) The Job Training Partnership Act (29 U.S.C. 1501 et seq.).

(6) Title V of the Older Americans Act of 1965 (42 U.S.C. 3056 et seq.).

(7) Title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11421 et seq.), other than subtitle C of such title.

AMENDMENT NO. 2627

(Purpose: To improve provisions relating to the Trade Act of 1974)

In title VIII, add at the end the following:

Subtitle D—Amendment to Trade Act of 1974

SEC. 841. TRAINING AND OTHER EMPLOYMENT SERVICES FOR TRADE-IMPACTED WORKERS.

Section 239(e) of the Trade Act of 1974 (19 U.S.C. 2311(e)) is amended to read as follows:

"(e) Any agreement entered into under this section shall provide that the services made available to adversely affected workers under sections 235 and 236 shall be provided through the statewide workforce development system established by the State under subtitle B of the Workforce Development Act of 1995 to provide such services to other dislocated workers.".

AMENDMENT NO. 2628

(The text of the amendment (No. 2628) is printed in today's RECORD under "Amendments Submitted.")

AMENDMENT NO. 2629 CALENDAR NO.—

(Purpose: To improve provisions relating to the unemployment trust fund)

Beginning on page 419, strike line 17 and all that follows through page 424, line 4, and insert the following:

SEC. 733. UNEMPLOYMENT TRUST FUND.

(A) IN GENERAL.—Section 901(c) of the Social Security Act (42 U.S.C. 1101(c)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)(iii), by striking "carrying into effect section 4103" and inserting "carrying out the activities described in sections 4103, 4103A, 4104, and 4104A"; and

(B) in subparagraph (B), in the matter preceding clause (i), by striking "Department of Labor" and inserting "Department of Labor or the Workforce Development Partnership, as appropriate,"; and

(2) in the first sentence of paragraph (4), by striking "the Department of Labor" and inserting "the Workforce Development Partnership".

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect July 1, 1998.

AMENDMENT NO. 2630

(Purpose: To clarify that the responsibilities of the National Board are advisory)

Section 772(a)(4)(A) is amended to read as follows:

(A) IN GENERAL.—Notwithstanding any other provision of this Act or any amendment made by this Act, any provision of this Act or any amendment made by this Act that would otherwise grant the National Board the authority to carry out a function (as defined in section 776) shall be construed to give the National Board the authority only to provide advice to the Secretary of Labor and the Secretary of Education with respect to the function, and not the authority to carry out the function. The provision shall be deemed to grant the Secretary of Labor and the Secretary of Education, acting jointly, the authority to carry out the function.

AMENDMENT NO. 2631

(The text of the amendment (No. 2631) is printed in today's RECORD under "Amendments Submitted.")

AMENDMENT NO. 2632

(Purpose: To exclude employment and training programs under the Food Stamp Act of 1977 from the list of activities that may be provided as workforce employment activities)

On page 359, strike lines 11 through 16 and insert the following:

viduals to participate in the statewide system; and

(N) followup services for participants who are placed in unsubsidized employment.

AMENDMENT NO. 2633

(Purpose: To provide for the State distribution of funds for secondary school vocational education, postsecondary and adult vocational education, and adult education)

In section 721(b), strike paragraph (4) and insert the following:

(4) STATE DETERMINATIONS.—From the amount available to a State educational agency under paragraph (2)(B) for a fiscal year, such agency shall distribute such amount for workforce education activities in such State as follows:

(A) 75 percent of such amount shall be distributed for secondary school vocational education in accordance with section 722, or for postsecondary and adult vocational education in accordance with section 723, or for both; and

(B) 25 percent of such amount shall be distributed for adult education in accordance with section 724.

AMENDMENT NO. 2634

(Purpose: To establish a job placement performance bonus that provides an incentive for States to successfully place individuals in unsubsidized jobs, and for other purposes)

On page 17, line 8, insert "and for each of fiscal years 1998, 1999, and 2000, the amount of the State's job placement performance bonus determined under subsection (f)(1) for fiscal year" after "year".

On page 17, line 22, insert "and the applicable amount specified under subsection (f)(2)(B) for such fiscal year" after "(B)".

On page 29, between lines 15 and 16, insert:

"(f) JOB PLACEMENT PERFORMANCE BONUS.—

"(1) IN GENERAL.—The job placement performance bonus determined with respect to a State and a fiscal year is an amount equal to the amount of the State's allocation of the job placement performance fund determined in accordance with the formula developed under paragraph (2).

"(2) ALLOCATION FORMULA; BONUS FUND.—

"(i) IN GENERAL.—Not later than September 30, 1996, the Secretary of Health and Human Services shall develop and publish in the Federal Register a formula for allocating amounts in the job placement performance bonus fund to States based on the number of families that received assistance under a State program funded under this part in the preceding fiscal year that became ineligible for assistance under the State program, or the number of families with a reduction in the amount of such assistance, as a result of unsubsidized employment during such year.

"(ii) FACTORS TO CONSIDER.—In developing the allocation formula under clause (i), the Secretary shall—

"(I) provide a greater financial bonus for individuals in families described in clause (i) who remain employed for greater periods of time or are at greater risk of long-term welfare dependency;

"(II) take into account the unemployment conditions of each State or geographic area; and

"(III) take into account the number of families in each State that received assistance under a State program funded under this part in the preceding fiscal year that became ineligible for assistance under the State program, or the number of families with a reduction in the amount of such assistance, as a result of unsubsidized employment during such year, including fiscal years prior to 1997.

"(B) JOB PLACEMENT PERFORMANCE BONUS FUND.—

"(i) IN GENERAL.—For purposes of establishing a job placement performance bonus fund and making disbursements from such fund in accordance with subparagraph (A), with respect to a fiscal year there are authorized to be appropriated and there are appropriated an amount equal to the sum of—

"(I)(aa) for fiscal year 1998, $70,000,000;

"(bb) for fiscal year 1999, $140,000,000;

"(cc) for fiscal year 2000, $210,000,000; and

"(II) the amount of the reduction in grants made under this section for the preceding fiscal year resulting from the application of section 407 for the fiscal year involved.

On page 29, line 16, strike "(f)" and insert "(g)".

On page 66 line 7, insert "and a preliminary assessment of the job placement performance bonus established under section 403(f)" before the period.

On page 108, between lines 20 and 21, insert the following new subsection:

(i) REPEAL OF MARKET PROMOTION PROGRAM.—Section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623) is repealed.

AMENDMENT NO. 2635

(Purpose: To require that 25 percent of the funds for workforce employment activities be expended to carry out such activities for dislocated workers)

In section 716(a), add at the end the following:

(11) WORKFORCE EMPLOYMENT ACTIVITIES FOR DISLOCATED WORKERS.—Each State shall use 25 percent of the funds made available to the State for a program year under section 713(a)(1), less any portion of such funds made available under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A), to provide workforce employment activities for dislocated workers.

AMENDMENT NO. 2636

(Purpose: To establish a definition of a local workforce development board)

On page 324, strike lines 1 through 3 and insert the following:

(17) LOCAL WORKFORCE DEVELOPMENT BOARD.—The term "local workforce development board" means a board established under section 715.

AMENDMENT NO. 2637

(Purpose: To provide a conforming amendment with respect to local workforce development boards)

On page 380, strike lines 17 through 22 and insert the following:

(ii) such additional factors as the Governor (in consultation with local workforce development boards) determines to be necessary.

AMENDMENT NO. 2638

(Purpose: To require the establishment of local workforce development boards)

Beginning on page 400, strike line 10 and all that follows through page 404, line 1 and insert the following:

the local workforce development board in the substate area.

SEC. 728. LOCAL AGREEMENTS AND WORKFORCE DEVELOPMENT BOARDS.

(a) LOCAL AGREEMENTS.—

(1) IN GENERAL.—After a Governor submits the State plan described in section 714 to the Federal Partnership, the Governor shall negotiate and enter into a local agreement regarding the workforce employment activities, school-to-work activities, and economic development activities (within a State that is eligible to carry out such activities, as described in subsection (c)) to be carried out in each substate area in the State with local workforce development boards.

(2) BUSINESS AND INDUSTRY INVOLVEMENT.—The business and industry representatives on the local workforce development board shall have a lead role in the design, management, and evaluation of the activities to the carried out in the substate area under the local agreement.

(3) CONTENTS.—

(A) STATE GOALS AND STATE BENCHMARKS.—Such an agreement shall include a description of the manner in which funds allocated to a substate area under this subtitle will be spent to meet the State goals and reach the State benchmarks in a manner that reflects local labor market conditions.

(B) COLLABORATION.—The agreement shall also include information that demonstrates the manner in which—

(i) the Governor; and

(ii) the local workforce development board;

collaborated in reaching the agreement.

(4) FAILURE TO REACH AGREEMENT.—If, after a reasonable effort, the Governor is unable to enter into an agreement with the local workforce development board, the Governor shall notify the partnership or board, as appropriate, and provide the partnership or board, as appropriate, with the opportunity to comment, not later than 30 days after the date of the notification, on the manner in which funds allocated to such substate area will be spent to meet the State goals and reach the State benchmarks.

(5) EXCEPTION.—A State that indicates in the State plan described in section 714 that the State will be treated as a substate area for purposes of the application of this subtitle shall not be subject to this subsection.

(b) LOCAL WORKFORCE DEVELOPMENT BOARDS.—

(1) IN GENERAL.—Each State shall facilitate

AMENDMENT NO. 2639

(Purpose: To clarify the role of the summer jobs program)

In section 759, strike subsections (b) through (e) and insert the following:

(b) STATE USE OF FUNDS.—

(1) CORE JOB CORPS ACTIVITIES.—The State shall use a portion of the funds made available to the State through an allotment received under subsection (c) to establish and operate Job Corps centers as described in chapter 2, if a center located in the State received assistance under part B of title IV of the Job Training Partnership Act for fiscal year 1996 and was not closed in accordance with section 755.

(2) CORE WORK-BASED LEARNING OPPORTUNITIES.—

(A) IN GENERAL.—The State shall use 25 percent of the funds made available to the State through an allotment received under subsection (c) to make grants to eligible entities in substate areas, in accordance with the procedures described in subsection (e), to assist the substate areas in organizing summer jobs programs that provide work-based learning opportunities in the private and public sectors that are directly linked to year-round school-to-work activities in the substate areas.

(B) LIMITATION.—No funds provided under this subtitle shall be used to displace employed workers.

(3) PERMISSIBLE ACTIVITIES.—The State may use a portion of the funds described in paragraph (1) to—

(A) make grants to eligible entities in substate areas, in accordance with the procedures described in subsection (e), to assist each such entity in carrying out alternative programs to assist out-of-school at-risk youth in participating in school-to-work activities in the substate area; and

(B) carry out other workforce development activities specifically for at-risk youth.

(c) ALLOTMENTS.—

(1) IN GENERAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall allot to each State an amount equal to the total of—

(A) the amount made available to the State under paragraph (2); and

(B) the amounts made available to the State under subparagraphs (C), (D), and (E) of paragraph (3).

(2) ALLOTMENTS BASED ON FISCAL YEAR 1996 APPROPRIATIONS.—Using a portion of the funds appropriated under subsection (g) for a fiscal year, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State the amount that Job Corps centers in the State expended for fiscal year 1996 under part B of title IV of the Job Training Partnership Act to carry out activities related to the direct operation of the centers, as determined under section 755(a)(2).

(3) ALLOTMENTS BASED ON POPULATIONS.—

(A) DEFINITIONS.—As used in this paragraph:

(i) INDIVIDUAL IN POVERTY.—The term "individual in poverty" means an individual who—

(I) is not less than age 18;

(II) is not more than age 64; and

(III) is a member of a family (of 1 or more members) with an income at or below the poverty line.

(ii) POVERTY LINE.—The term "poverty line" means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved, using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made, and applying the definition of poverty used by the Bureau of the Census in compiling the 1990 decennial census.

(B) TOTAL ALLOTMENTS.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall use the remainder of the funds that are appropriated under subsection (g) for a fiscal year, and that are not made available under paragraph (2), to make amounts available under this paragraph.

(C) UNEMPLOYED INDIVIDUALS.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the average number of unemployed individuals (as determined by the Secretary of Labor for the most recent 24-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average number of unemployed individuals (as so determined) in the United States.

(D) INDIVIDUALS IN POVERTY.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals in poverty in the State bears to the total number of individuals in poverty in the United States.

(E) AT-RISK YOUTH.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the total number of at-risk youth in the State bears to the total number of at-risk youth in the United States.

(d) STATE PLAN.—

(1) INFORMATION.—To be eligible to receive an allotment under subsection (c), a State shall include, in the State plan to be submitted under section 714, information describing the allocation within the State of the funds made available through the allotment, and how the programs and activities described in subsection (b) will be carried out to meet the State goals and reach the State benchmarks.

(2) LIMITATION.—A State may not be required to include the information described in paragraph (1) in the State plan to be submitted under section 714 to be eligible to receive an allotment under section 712.

(e) APPLICATION.—To be eligible to receive a grant under paragraph (2) or (3)(A) of subsection (b) from a State to carry out programs in a substate area, an entity shall prepare and submit an application to the Governor of the State at such time, in such manner, and containing such information as the Governor may require. The Governor may establish criteria for reviewing such applications. Any such criteria shall, at a minimum, include the extent to which the local partnership described in section 728(a) (or, where established, the local work force development board described in section 728(b)) for the substate area approves of such application.

AMENDMENT NO. 2640

(Purpose: To expand the provisions relating to the limitation of the use of funds under title VII)

At the end of section 716(f), insert the following:

(4) DISPLACEMENT.—No funds provided under this title shall be used in a manner that would result in—

(A) the displacement of any currently employed worker (including partial displacement such as a reduction in wages, hours of nonovertime work, or employment benefits) or the impairment of an existing contract for services or collective bargaining agreement; or

(B) the employment or assignment of a participant to fill a position when—

(i) any other person is on layoff from the same or a substantially equivalent position; or

(ii) the employer has terminated the employment of any other employee or otherwise reduced its workforce in order to fill the vacancy so created with a participant subsidized under this title.

(5) HEALTH AND SAFETY.—Health and safety standards established under Federal and State law otherwise applicable to working conditions of employees shall be equally applicable to working conditions of participants engaged in work activities pursuant to this title. Appropriate workers' compensation and tort claims protections shall be provided to participants on the same basis as such protections are provided to other individuals in the State in similar employment (as determined under regulations issued by the Secretary of Labor).

(6) EMPLOYMENT CONDITIONS.—Participants employed or assigned to work in positions subsidized under this title shall be provided benefits and working conditions at the same level and to the same extent as other employees working a similar length of time and doing the same type of work.

(7) DISPUTE RESOLUTION PROCEDURE.—The State shall establish and maintain (pursuant to regulations issued by the Secretary of Labor) a dispute resolution procedure for resolving complaints alleging violations of any of the prohibitions or requirements described in this subsection. Such procedure shall include an opportunity for a hearing and shall be completed not later than the 90th day after the date of the submission of a complaint, by which day the complainant shall be provided a written decision by the State. A decision of the State under such procedure, or a failure of a State to issue a decision within the 90-day period, may be appealed to the Secretary of Labor, who shall investigate the allegations contained in the complaint and make a determination not later than 60 days after the date of the appeal as to whether a violation of a prohibition or requirement of this subsection has occurred.

(8) REMEDIES.—

(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), remedies that may be imposed under this paragraph for violations of the prohibitions and requirements described in this subsection shall be limited to—

(i) suspension or termination of payments under this title;

(ii) prohibition of placement of any participant, for an appropriate period of time, with an employer that has violated this subsection; and

(iii) appropriate equitable relief (other than back pay).

(B) EXCEPTIONS.—

(i) REPAYMENT.—If the Secretary of Labor determines that a violation of paragraph (2) or (3) has occurred, the Secretary of Labor

shall require the State or substate recipient of funds that has violated paragraph (2) or (3), respectively, to repay to the United States an amount equal to the amount expended in violation of paragraph (2) or (3), respectively.

(ii) ADDITIONAL REMEDIES.—In addition to the remedies available under subparagraph (A), remedies available under this paragraph for violations of paragraph (4) may include—

(I) reinstatement of the displaced employee to the position held by such employee prior to displacement;

(II) payment of lost wages and benefits of the employee; and

(III) reestablishment of other relevant terms, conditions, and privileges of employment of the employee.

(C) OTHER LAWS OR CONTRACTS.—Nothing in this paragraph shall be construed to prohibit a complainant from pursuing a remedy authorized under another Federal, State, or local law or a contract or collective bargaining agreement for a violation of the prohibitions or requirements described in this subsection.

AMENDMENT NO. 2641

(Purpose: To improve the State apportionment of funds by activity)

On page 337, strike lines 4 through 20 and insert the following:

(a) ACTIVITIES.—From the sum of the funds made available to a State through an allotment received under section 712 and the funds made available under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) to carry out this title for a program year—

(1) a portion equal to 40 percent of such sum (which portion shall include the amount allotted to the State from funds made available under section 901(c)(1)(A) of the Social Security Act) shall be made available for workforce employment activities or activities described in section 716(a)(10);

(2) a portion equal to 25 percent of such sum shall be made available for workforce education activities; and

(3) a portion (referred to in this title as the "flex account") equal to 35 percent of such sum shall be made available for flexible workforce activities.

AMENDMENT NO. 2642

(Purpose: To clarify the role of the summer jobs program)

In section 759, strike subsections (b) through (e) and insert the following:

(b) STATE USE OF FUNDS.—

(1) CORE JOB CORPS ACTIVITIES.—The State shall use a portion of the funds made available to the State through an allotment received under subsection (c) to establish and operate Job Corps centers as described in chapter 2, if a center located in the State received assistance under part B of title IV of the Job Training Partnership Act for fiscal year 1996 and was not closed in accordance with section 755.

(2) CORE WORK-BASED LEARNING OPPORTUNITIES.—

(A) IN GENERAL.—The State shall use a portion of the funds made available to the State through an allotment received under subsection (c) to make grants to eligible entities in substate areas, in accordance with the procedures described in subsection (e), to assist the substate areas in organizing summer jobs programs that provide work-based learning opportunities in the private and public sectors that are directly linked to year-round school-to-work activities in the substate areas.

(B) LIMITATION.—No funds provided under this subtitle shall be used to displace employed workers.

(3) PERMISSIBLE ACTIVITIES.—The State may use a portion of the funds described in paragraph (1) to—

(A) make grants to eligible entities in substate areas, in accordance with the procedures described in subsection (e), to assist each such entity in carrying out alternative programs to assist out-of-school at-risk youth in participating in school-to-work activities in the substate area; and

(B) carry out other workforce development activities specifically for at-risk youth.

(c) ALLOTMENTS.—

(1) IN GENERAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall allot to each State an amount equal to the total of—

(A) the amount made available to the State under paragraph (2); and

(B) the amounts made available to the State under subparagraphs (C), (D), and (E) of paragraph (3).

(2) ALLOTMENTS BASED ON FISCAL YEAR 1996 APPROPRIATIONS.—Using a portion of the funds appropriated under subsection (g) for a fiscal year, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State the amount that Job Corps centers in the State expended for fiscal year 1996 under part B of title IV of the Job Training Partnership Act to carry out activities related to the direct operation of the centers, as determined under section 755(a)(2).

(3) ALLOTMENTS BASED ON POPULATIONS.—

(A) DEFINITIONS.—As used in this paragraph:

(i) INDIVIDUAL IN POVERTY.—The term "individual in poverty" means an individual who—

(I) is not less than age 18;

(II) is not more than age 64; and

(III) is a member of a family (of 1 or more members) with an income at or below the poverty line.

(ii) POVERTY LINE.—The term "poverty line" means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved, using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made, and applying the definition of poverty used by the Bureau of the Census in compiling the 1990 decennial census.

(B) TOTAL ALLOTMENTS.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall use the remainder of the funds that are appropriated under subsection (g) for a fiscal year, and that are not made available under paragraph (2), to make amounts available under this paragraph.

(C) UNEMPLOYED INDIVIDUALS.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the average number of unemployed individuals (as determined by the Secretary of Labor for the most recent 24-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average number of unemployed individuals (as so determined) in the United States.

(D) INDIVIDUALS IN POVERTY.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals in poverty in the State bears to the total number of individuals in poverty in the United States.

(E) AT-RISK YOUTH.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the total number of at-risk youth in the State bears to the total number of at-risk youth in the United States.

(d) STATE PLAN.—

(1) INFORMATION.—To be eligible to receive an allotment under subsection (c), a State shall include, in the State plan to be submitted under section 714, information describing the allocation within the State of the funds made available through the allotment, and how the programs and activities described in subsection (b) will be carried out to meet the State goals and reach the State benchmarks.

(2) LIMITATION.—A State may not be required to include the information described in paragraph (1) in the State plan to be submitted under section 714 to be eligible to receive an allotment under section 712.

(e) APPLICATION.—To be eligible to receive a grant under paragraph (2) or (3)(A) of subsection (b) from a State to carry out programs in a substate area, an entity shall prepare and submit an application to the Governor of the State at such time, in such manner, and containing such information as the Governor may require. The Governor may establish criteria for reviewing such applications. Any such criteria shall, at a minimum, include the extent to which the local partnership described in section 728(a) (or, where established, the local workforce development board described in section 728(b)) for the substate area approves of such application.

AMENDMENT NO. 2643

(Purpose: To increase the authorization of appropriations for workforce development activities)

On page 424, line 8, strike "$6,127,000,000" and insert "$8,100,000,000".

AMENDMENT NO. 2644

(Purpose: To limit the percentage of the flex account funds that may be used for economic development activities)

Beginning on page 366, strike line 24 and all that follows through page 367 line 24, and insert the following:

(e) ECONOMIC DEVELOPMENT ACTIVITIES.—

(1) IN GENERAL.—In the case of a State that meets the requirements of section 728(c), the State may, subject to paragraph (2), use not more than 10 percent of the funds made available to the State under this subtitle through the flex account to supplement other funds provided by the State or private sector—

(A) to provide customized assessments of the skills of workers and an analysis of the skill needs of employers;

(B) to assist consortia of small- and medium-size employers in upgrading the skills of their workforces;

(C) to provide productivity and quality improvement training programs for the workforces of small- and medium-size employers;

(D) to provide recognition and use of voluntary industry-developed skills standards by employers, schools, and training institutions;

(E) to carry out training activities in companies that are developing modernization plans in conjunction with State industrial extension service offices; and

(F) to provide on-site, industry-specific training programs supportive of industrial and economic development:

through the statewide system.

(2) CONDITIONS.—In order for a State to be eligible to use funds described in paragraph (1) to award a grant to provide services described in paragraph (1)—

(A) the State shall make available (directly or through donations from the affected employers or businesses) non-Federal contributions in an amount equal to not less than $1 for every $1 of Federal funds provided under the grant;

(B) the services are designed to result in an increase in the wages of the incumbent workers served; and

(C) the providers of the services are—

(i) eligible to provide services under the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.); or

(ii) determined to be eligible, under procedures established by the Governor, to receive payment through vouchers as described in subsection (a)(9)(B)(i)(III).

AMENDMENT NO. 2645

(Purpose: To make a conforming amendment regarding limiting the percentage of the flex account funds that may be used for economic development activities)

On page 407, line 16, strike "the funds" and insert "not more than 10 percent of funds".

AMENDMENT NO. 2646

(The text of the amendment (No. 2646) is printed in today's RECORD under "Amendments Submitted.")

AMENDMENT NO. 2647

(Purpose: To ensure that students have broad exposure to a wide range of knowledge on occupations and choices for skill training)

At the end of section 716, add the following new subsection:

(h) ALL ASPECTS OF AN INDUSTRY.—

(1) DEFINITION.—As used in this subsection, the term "all aspects of an industry", used with respect to a participant, means all aspects of the industry or industry sector the participant is preparing to enter, including planning, management, finances, technical and production skills, underlying principles of technology, labor and community issues, health and safety issues, and environmental issues, related to such industry or industry sector.

(2) WORKFORCE EDUCATION ACTIVITIES AND SCHOOL-TO-WORK ACTIVITIES.—Each State that receives an allotment under section 712 shall ensure that the workforce education activities and school-to-work activities carried out with funds made available through the allotment provide strong experience in and understanding of all aspects of an industry relating to the career major of each participant in either type of activities.

(3) STATE PLAN REQUIREMENT.—To be eligible to receive an allotment under section 712, the State shall specify, in the portion of the State plan described in section 714(c)(3) (relating to workforce education activities), how the activities will provide participants with the experience and understanding described in paragraph (2).

(4) STATE BENCHMARKS.—In developing and identifying State benchmarks that measure student mastery of academic knowledge and work readiness skills under section 731(c)(2)(A), the State shall develop and identify State benchmarks that measure the understanding of all aspects of an industry by student participants.

AMENDMENT NO. 2648

(Purpose: To clarify the advisory nature of the responsibilities of the National Board)

On page 323, line 8, strike "under the direction of the National Board" and insert "under the joint direction of the Secretary of Labor and the Secretary of Education".

On page 469, lines 4 and 5, strike "The Federal Partnership shall be directed by" and insert "There shall be in the Federal Partnership".

On page 470, lines 20 and 21, strike "oversee all activities" and insert "provide advice to the Secretary of Labor and the Secretary of Education regarding all activities".

On page 476, line 19, strike "to the National Board".

On page 496, line 4, strike "to the National Board" and insert "to the President".

On page 496, lines 7 through 9, strike "the President, the Committee on Economic and Educational Opportunities of the House of Representatives," and insert "the Committee on Economic and Educational Opportunities of the House of Representatives".

Beginning on page 497, strike line 25 and all that follows through page 500, line 4, and insert the following:

(3) REVIEW.—

(A) IN GENERAL.—Not later than 45 days after the date of submission of the proposed workplan under paragraph (1), the President shall—

(i) review and approve the workplan; or

(ii) reject the workplan, prepare an alternative workplan that contains the analysis, information, and determinations described in paragraph (2), and submit the alternative workplan to the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

(B) FUNCTIONS TRANSFERRED.—If the President approves the proposed workplan, or prepares the alternative workplan, the functions descried in paragraph (2)(C), as determined in such proposed or alternative workplan, shall be transferred under subsection (b).

(C) SPECIAL RULE.—If the President takes no action on the proposed workplan submitted under paragraph (1) within the 45-day period described in subparagraph (A), such workplan shall be deemed to be approved and shall take effect on the day after the end of such period. The functions described in paragraph (2)(C), as determined in the proposed workplan, shall be transferred under subsection (b).

(4) REPORT.—Not later than July 1, 1998, the Secretary of Education and the Secretary of Labor shall submit to the appropriate committees of Congress information on the transfers required by this section.

On page 501, line 5, strike "National Board" and insert "Secretary of Labor and Secretary of Education, acting jointly".

On page 501, lines 8 and 9, strike "National Board" and insert "Secretaries".

On page 501, lines 11 and 12, strike "National Board" and insert "Secretary of Labor and Secretary of Education".

On page 501, line 13, strike "National Board" and insert "Secretaries".

On page 501, line 15, strike "National Board" and insert "Secretary of Labor and Secretary of Education, acting jointly".

On page 505, line 9, strike "National Board" and insert "Secretary of Labor and Secretary of Education, acting jointly".

On page 511, lines 4 and 5, strike "Director, or National Board" and insert "or Director.".

On page 558, lines 15 through 18 and insert the following:

administered by the Secretary of Education (referred to in this section as the "Secretary"). The Secretary may include in

On page 558, line 20, strike "National Board" and insert "Secretary".

On page 559, lines 1 and 2, strike "National Board" and insert "Secretary".

On page 559, lines 9 and 10, strike "National Board" and insert "Secretary".

On page 559, line 11, strike "National Board" and insert "Secretary".

On page 559, line 12, strike "National Board's" and insert "Secretary's".

On page 559, line 15, strike "National Board" and insert "Secretary".

On page 564, line 19 and 20, strike "National Board" and insert "Secretary".

On page 566, line 18, strike "National Board" and insert "Secretary".

On page 567, line 22, strike "National Board,".

On page 568, line 3 and 4, strike "the National Board,".

On page 569, line 3, strike "National Board" and insert "Secretary of Education (referred to in this section as the 'Secretary')".

On page 569, line 9, strike "National Board" and insert "Secretary".

On page 572, line 24, strike "National Board" and insert "Secretary".

On page 573, line 22, strike "National Board" and insert "Secretary".

On page 575, line 5, strike "National Board" and insert "Secretary".

On page 575, line 10, strike "National Board" and insert "Secretary".

On page 575, line 15, strike "National Board" and insert "Secretary".

AMENDMENT NO. 2649

(Purpose: To provide both women and men with access to training in occupations or fields of work in which women or men comprise less than 25 percent of the individuals employed in such occupations or fields of work, with respect to workforce development activities)

At the end of section 716, add the following new subsection:

(h) NONTRADITIONAL OCCUPATIONS.—

(1) DEFINITION.—The term "nontraditional occupation", used with respect to women or men, refers to an occupation or field of work in which women or men, respectively, comprise less than 25 percent of the individuals employed in such occupation or field of work.

(2) WORKFORCE EMPLOYMENT ACTIVITIES.—Each State that receives an allotment under section 712 may, in carrying out workforce employment activities with funds made available through the allotment, carry out—

(A) programs encouraging women and men to consider nontraditional occupations for women and men, respectively; and

(B) development and training relating to provision of effective services, including the provision of current information (as of the date of the provision) on high-wage, high-demand occupations, to individuals with multiple barriers to employment.

(3) WORKFORCE EDUCATION ACTIVITIES.—Each State that receives an allotment under section 712 shall ensure that the workforce education activities carried out with funds made available through the allotment provide exposure to high-wage, high-skill careers.

(4) STATE BENCHMARKS.—In developing and identifying State benchmarks under section 731(c)(1), the State shall develop and identify State benchmarks that measure the understanding of all aspects of an industry by participants.

AMENDMENT NO. 2650

(Purpose: To provide both women and men with access to training in occupations or fields of work in which women or men comprise less than 25 percent of the individuals employed in such occupations or fields of work, with respect to workforce preparation activities for at-risk youth)

At the end of subtitle C, add the following:

SEC. 760. NONTRADITIONAL OCCUPATIONS.

(a) DEFINITION.—The term "nontraditional occupation", used with respect to women or men, refers to an occupation or field of work in which women or men, respectively, comprise less than 25 percent of the individuals employed in such occupation or field of work.

(b) JOB CORPS.—A State that receives funds through an allotment made under section 759(c)(2) shall ensure that enrollees assigned to Job Corps centers in the State receive career awareness activities relating to nontraditional occupations for women and men.

(c) PERMISSIBLE WORKFORCE PREPARATION ACTIVITIES.—A State that receives funds through an allotment made under section 759(c)(3) and uses the funds to assist entities in providing work-based learning as a component of school-to-work activities under section 759(b)(2)(B) shall ensure that the work-based learning includes career exploration programs and occupational skill training relating to nontraditional occupations for women and men.

AMENDMENT NO. 2651

(Purpose: To ensure that States reference existing academic and occupational standards in their State plans)

On page 340, line 9, after "State" insert the following: ", including how the State will develop, adopt, or use industry-recognized skill standards, such as the skill standards endorsed by the National Skill Standards Board, to identify skill needs for current (as of the date of submission of the plan) and emerging occupations".

AMENDMENT NO. 2652

(Purpose: To ensure that State plans describe activities that will enable States to meet their benchmarks)

Beginning on page 349, strike line 6 and all that follows through page 351, line 20, and insert the following:

dent performance measures, including measures of academic and occupational skills at levels specified in challenging standards, such as the student performance standards certified by the National Education Standards and Improvement Council (and not disapproved by the National Education Goals Panel) and the skill standards endorsed by the National Skill Standards Board, that are developed, adopted, or used by the State.

(d) PROCEDURE FOR DEVELOPMENT OF PART OF PLAN RELATING TO STRATEGIC PLAN.—

(1) DESCRIPTION OF DEVELOPMENT.—The part of the State plan relating to the strategic plan shall include a description of the manner in which—

(A) the Governor;

(B) the State educational agency;

(C) representatives of business and industry, including representatives of key industry sectors, and of small- and medium-size and large employers, in the State;

(D) representatives of labor and workers;

(E) local elected officials from throughout the State;

(F) the State agency officials responsible for vocational education;

(G) the State agency officials responsible for postsecondary education;

(H) the State agency officials responsible for adult education;

(I) the State agency officials responsible for vocational rehabilitation;

(J) such other State agency officials, including officials responsible for economic development and employment, as the Governor may designate;

(K) the representative of the Veterans' Employment and Training Service assigned to the State under section 4103 of title 38, United States Code; and

(L) other appropriate officials, including members of the State workforce development board described in section 715, if the State has established such a board;

collaborated in the development of such part of the plan.

(2) FAILURE TO OBTAIN SUPPORT.—If, after a reasonable effort, the Governor is unable to obtain the support of the individuals and entities described in paragraph (1) for the strategic plan the Governor shall—

(A) provide such individuals and entities with copies of the strategic plan;

(B) allow such individuals and entities to submit to the Governor, not later than the end of the 30-day period beginning on the date on which the Governor provides such individuals and entities with copies of such plan under subparagraph (A), comments on such plan; and

(C) include any such comments in such plan.

(e) APPROVAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall approve a State plan if—

(1) the Federal Partnership determines that the plan contains the information described in subsection (c);

(2) the Federal Partnership determines that the State has prepared the plan in accordance with the requirements of this section, including the requirements relating to development of any part of the plan;

(3) the Federal Partnership determines that the State, in preparing the plan, has described activities that will enable the State to meet the State benchmarks; and

(4) the State benchmarks for the State have

AMENDMENT NO. 2653

(Purpose: To clarify that the term "labor market information" refers to labor market and occupational information)

In section 714(c)(2)(E), strike "labor market information" and insert "labor market and occupational information (referred to in this Act as 'labor market information')".

AMENDMENT NO. 2654

(Purpose: To explicitly include occupational information in the labor market information system provided under workforce employment activities)

Strike section 773 and insert the following:

SEC. 773. LABOR MARKET INFORMATION.

(a) FEDERAL RESPONSIBILITIES.—The Federal Partnership, in accordance with the provisions of this section, shall oversee the development, maintenance, and continuous improvement of a nationwide integrated labor market information system that shall include—

(1) statistical data from cooperative statistical survey and projection programs and data from administrative reporting systems, that, taken together, shall enumerate, estimate, and project the supply and demand for labor at the substate, State, and national levels in a timely manner, including data on—

(A) the demographics, socioeconomic characteristics, and current employment status of the substate, State, and national populations (as of the date of the collection of the data), including self-employed, part-time, and seasonal workers;

(B) job vacancies, education and training requirements, skills, wages, benefits, working conditions, and industrial distribution, of occupations, as well as current and projected employment opportunities and trends by industry and occupation;

(C) the educational attainment, training, skills, skill levels, and occupations of the populations;

(D) information maintained in a longitudinal manner on the quarterly earnings, establishment and industry affiliation, and geographic location of employment for all individuals for whom the information is collected by the States; and

(E) the incidence, industrial and geographical location, and number of workers displaced by permanent layoffs and plant closings;

(2) State and substate area employment and consumer information (which shall be current, comprehensive, automated, accessible, easy to understand, and in a form useful for facilitating immediate employment, entry into education and training programs, and career exploration) on—

(A) job openings, locations, hiring requirements, and application procedures, including profiles of industries in the local labor market that describe the nature of work performed, employment requirements, and patterns in wages and benefits;

(B) jobseekers, including the education, training, and employment experience of the jobseekers; and

(C) the cost and effectiveness of providers of workforce employment activities, workforce education activities, and flexible workforce activities, including the percentage of program completion, acquisition of skills to meet industry-recognized skill standards, continued education, job placement, and earnings, by participants, and other information that may be useful in facilitating informed choices among providers by participants;

(3) technical standards for labor market information that will—

(A) ensure compatibility of the information and the ability to aggregate the information from substate areas to State and national levels;

(B) support standardization and aggregation of the data from administrative reporting systems;

(C) include—

(i) classification and coding systems for industries, occupations, skills, programs, and courses;

(ii) nationally standardized definitions of labor market and occupational terms, including terms related to State benchmarks established pursuant to section 731(c);

(iii) quality control mechanisms for the collection and analysis of labor market information; and

(iv) common schedules for collection and dissemination of labor market information; and

(D) eliminate gaps and duplication in statistical undertakings, with a high priority given to the systemization of wage surveys;

(4) an analysis of data and information described in paragraphs (1) and (2) for uses such as—

(A) national, State, and substate area economic policymaking;

(B) planning and evaluation of workforce development activities;

(C) the implementation of Federal policies, including the allocation of Federal funds to States and substate areas; and

(D) research on labor market and occupational dynamics;

(5) dissemination mechanisms for data and analysis, including mechanisms that may be standardized among the States; and

(6) programs of technical assistance for States and substate areas in the development, maintenance, utilization, and continuous improvement of the data, information, standards, analysis, and dissemination mechanisms, described in paragraphs (1) through (5).

(b) JOINT FEDERAL-STATE RESPONSIBILITIES.—

(1) IN GENERAL.—The nationwide integrated labor market information system shall be planned, administered, overseen, and evaluated through a cooperative governance

structure involving the Federal Government and the States receiving financial assistance under this title.

(2) ANNUAL PLAN.—The Federal Partnership shall, with the assistance of the Bureau of Labor Statistics and other Federal agencies, where appropriate, prepare an annual plan that shall be the mechanism for achieving the cooperative Federal-State governance structure for the nationwide integrated labor market information system. The plan shall—

(A) establish goals for the development and improvement of a nationwide integrated labor market information system based on information needs for achieving economic growth and productivity, accountability, fund allocation equity, and an understanding of labor market and occupational characteristics and dynamics;

(B) describe the elements of the system, including—

(i) standards, definitions, formats, collection methodologies, and other necessary system elements, for use in collecting the data and information described in paragraphs (1) and (2) of subsection (a); and

(ii) assurances that—

(I) data will be sufficiently timely and detailed for uses including the uses described in subsection (a)(4);

(II) administrative records will be standardized to facilitate the aggregation of data from substate areas to State and national levels and to support the creation of new statistical series from program records; and

(III) paperwork and reporting requirements on employers and individuals will be reduced;

(C) recommend needed improvements in administrative reporting systems to be used for the nationwide integrated labor market information system;

(D) describe the current spending on integrated labor market information activities from all sources, assess the adequacy of the funds spent, and identify the specific budget needs of the Federal Government and States with respect to implementing and improving the nationwide integrated labor market information system;

(E) develop a budget for the nationwide integrated labor market information system that—

(i) accounts for all funds described in subparagraph (D) and any new funds made available pursuant to this title; and

(ii) describes the relative allotments to be made for—

(I) operating the cooperative statistical programs pursuant to subsection (a)(1);

(II) developing and providing employment and consumer information pursuant to subsection (a)(2);

(III) ensuring that technical standards are met pursuant to subsection (a)(3); and

(IV) providing the analysis, dissemination mechanisms, and technical assistance under paragraphs (4), (5), and (6) of subsection (a), and matching data;

(F) describe the involvement of States in developing the plan by holding formal consultations conducted in cooperation with representatives of the Governors of each State or the State workforce development board described in section 715, where appropriate, pursuant to a process established by the Federal Partnership; and

(G) provide for technical assistance to the States for the development of statewide comprehensive labor market information systems described in subsection (c), including assistance with the development of easy-to-use software and hardware, or uniform information displays.

For purposes of applying Office of Management and Budget Circular A-11 to determine persons eligible to participate in deliberations relating to budget issues for the development of the plan, the representatives of the Governors of each State and the State workforce development board described in subparagraph (F) shall be considered to be employees of the Department of Labor.

(c) STATE RESPONSIBILITIES.—

(1) DESIGNATION OF STATE AGENCY.—In order to receive Federal financial assistance under this title, the Governor of a State shall—

(A) establish an interagency process for the oversight of a statewide comprehensive labor market information system and for the participation of the State in the cooperative Federal-State governance structure for the nationwide integrated labor market information system; and

(B) designate a single State agency or entity within the State to be responsible for the management of the statewide comprehensive labor market information system.

(2) DUTIES.—In order to receive Federal financial assistance under this title, the State agency or entity within the State designated under paragraph (1)(B) shall—

(A) consult with employers and local workforce development boards described in section 728(b), where appropriate, about the labor market relevance of the data to be collected and displayed through the statewide comprehensive labor market information system;

(B) develop, maintain, and continuously improve the statewide comprehensive labor market information system, which shall—

(i) include all of the elements described in paragraphs (1), (2), (3), (4), (5), and (6) of subsection (a); and

(ii) provide the consumer information described in clauses (v) and (vi) of section 716(a)(2)(B) in a manner that shall be responsive to the needs of business, industry, workers, and jobseekers;

(C) ensure the performance of contract and grant responsibilities for data collection, analysis, and dissemination, through the statewide comprehensive labor market information system;

(D) conduct such other data collection, analysis, and dissemination activities to ensure that State and substate area labor market information is comprehensive;

(E) actively seek the participation of other State and local agencies, with particular attention to State education, economic development, human services, and welfare agencies, in data collection, analysis, and dissemination activities in order to ensure complementarity and compatibility among data;

(F) participate in the development of the national annual plan described in subsection (b)(2); and

(G) ensure that the matches required for the job placement accountability system by section 731(d)(2)(A) are made for the State and for other States.

(3) RULE OF CONSTRUCTION.—Nothing in this title shall be construed as limiting the ability of a State agency to conduct additional data collection, analysis, and dissemination activities with State funds or with Federal funds from sources other than this title.

(d) EFFECTIVE DATE.—This section shall take effect on July 1, 1998.

AMENDMENT NO. 2655

(Purpose: To provide a conforming amendment relating to labor market and occupational information)

In section 101(a)(3)(C)(i)(II) of the Rehabilitation Act of 1973, as amended by section 809(a)(8), strike "labor market information" and insert "labor market and occupational information".

AMENDMENT NO. 2656

(Purpose: To maintain the administration of the school-to-work programs in the School-to-Work office)

On page 465, strike lines 4 through 12.

AMENDMENT NO. 2657

(Purpose: To make the list of workforce education activities for which funds may be used more consistent with the provisions of the amendments made by the Carl D. Perkins Vocational and Applied Technology Education Act Amendments of 1990, and the provisions of the School-to-Work Opportunities Act of 1994)

On page 363, beginning with line 12, strike all through page 364, line 13, and insert the following:

(b) WORKFORCE EDUCATION ACTIVITIES.—The State educational agency shall use the funds made available to the State educational agency under this title for workforce education activities to carry out, through the statewide workforce development system, activities that include—

(1) ensuring that all students, including students who are members of special populations, have the opportunity to achieve to challenging State academic standards and industry-based skill standards;

(2) promoting the integration of academic and vocational education;

(3) supporting career majors in broad occupational clusters or industry sectors;

(4) effectively linking secondary education and postsecondary education, including implementing tech-prep programs;

(5) providing students with strong experience in, and understanding of, all aspects of the industry such students are preparing to enter;

(6) providing connecting activities that link each youth participating in workforce education activities under this subsection with an employer in an industry or occupation relating to the career of such youth;

(7) combining school-based and work-based instruction, including instruction in general workplace competencies;

(8) providing school-site and workplace mentoring;

(9) providing a planned program of job training and work experience that is coordinated with school-based learning;

(10) providing career guidance and counseling for students at the earliest possible age, including the provision of career awareness, career exploration, exposure to high-wage, high-skill careers, and guidance information, to students and their parents that is, to the extent possible, in a language and form that the students and their parents understand;

(11) expanding, improving, and modernizing quality vocational education programs;

(12) improving access to quality vocational education programs for at-risk youth;

(13) providing literacy and basic education services for adults and out-of-school youth, including adults and out-of-school youth in correctional institutions;

(14) providing programs for adults and out-of-school youth to complete their secondary education; or

(15) providing programs of family and work-place literacy.

AMENDMENT NO. 2658

(The text of the amendment (No. 2658) is printed in today's RECORD under "Amendments Submitted.")

AMENDMENT NO. 2659

(The text of the amendment (No. 2659) is printed in today's RECORD under "Amendments Submitted.")

AMENDMENT NO. 2660

(Purpose: To include volunteers among those for whom the National Center for Research in Education and Workforce Development conducts research and development, and provides technical assistance)

On page 489, line 18, insert "volunteers," after "teachers,".

AMENDMENT NO. 2661

(Purpose: To provide supplemental security income benefits to persons who are disabled by reason of drug or alcohol abuse, and for other purposes)

On page 124, beginning on line 16, strike all through page 133, line 18, and insert the following:

SEC. 201. LIMITED ELIGIBILITY OF NONCITIZENS FOR SSI BENEFITS.

Paragraph (1) of section 1614(a) (42 U.S.C. 1382c(a)) is amended—

(1) in subparagraph (B)(i), by striking "either" and all that follows through ", or" and inserting "(I) a citizen; (II) a noncitizen who is granted asylum under section 208 of the Immigration and Nationality Act or whose deportation has been withheld under section 243(h) of such Act for a period of not more than 5 years after the date of arrival into the United States; (III) a noncitizen who is admitted to the United States as a refugee under section 207 of such Act for not more than such 5-year period; (IV) a noncitizen, lawfully present in any State (or any territory or possession of the United States), who is a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage or who is the spouse or unmarried dependent child of such veteran; or (V) a noncitizen who has worked sufficient calendar quarters of coverage to be a fully insured individual for benefits under title II, or"; and

(2) by adding at the end the following new flush sentence:

"For purposes of subparagraph (B)(i)(IV), the determination of whether a noncitizen is lawfully present in the United States shall be made in accordance with regulations of the Attorney General. A noncitizen shall not be considered to be lawfully present in the United States for purposes of this title merely because the noncitizen may be considered to be permanently residing in the United States under color of law for purposes of any particular program.".

SEC. 202. DENIAL OF SSI BENEFITS FOR 10 YEARS TO INDIVIDUALS FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR MORE STATES.

Section 1614(a) (42 U.S.C. 1382c(a)) is amended by adding at the end the following new paragraph:

"(5) An individual shall not be considered an eligible individual for purposes of this title during the 10-year period beginning on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to the place of residence of the individual in order to receive assistance simultaneously from 2 or more States under programs that are funded under part A of title IV, title XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States under the supplemental security income program under title XVI.".

SEC. 203. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.

(a) IN GENERAL.—Section 1611(e) (42 U.S.C. 1382(e)) is amended by adding at the end the following new paragraph:

"(6) A person shall not be an eligible individual or eligible spouse for purposes of this title with respect to any month if during such month the person is—

"(A) fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the person flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the person flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

"(B) violating a condition of probation or parole imposed under Federal or State law.".

(b) EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.—Section 1631(e) (42 U.S.C. 1383(e)) is amended by inserting after paragraph (3) the following new paragraph:

"(4) Notwithstanding any other provision of law, the Commissioner shall furnish any Federal, State, or local law enforcement officer, upon the request of the officer, with the current address of any recipient of benefits under this title, if the officer furnishes the agency with the name of the recipient and notifies the agency that—

"(A) the recipient—

"(i) is fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the person flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the person flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State;

"(ii) is violating a condition of probation or parole imposed under Federal or State law; or

"(iii) has information that is necessary for the officer to conduct the officer's official duties; and

"(B) the location or apprehension of the recipient is within the officer's official duties.".

SEC. 204. EFFECTIVE DATES; APPLICATION TO CURRENT RECIPIENTS.

(a) SECTION 201.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the amendments made by section 201 shall apply to applicants for benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) APPLICATION TO CURRENT RECIPIENTS.—

(A) APPLICATION AND NOTICE.—Notwithstanding any other provision of law, in the case of an individual who is receiving supplemental security income benefits under title XVI of the Social Security Act as of the date of the enactment of this Act and whose eligibility for such benefits would terminate by reason of the amendments made by section 201, such amendments shall apply with respect to the benefits of such individual for months beginning on or after January 1, 1997, and the Commissioner of Social Security shall so notify the individual not later than 90 days after the date of the enactment of this Act.

(B) REAPPLICATION.—

(i) IN GENERAL.—Not later than 120 days after the date of the enactment of this Act, each individual notified pursuant to subparagraph (A) who desires to reapply for benefits under title XVI of the Social Security Act, as amended by this title, shall reapply to the Commissioner of Social Security.

(ii) DETERMINATION OF ELIGIBILITY.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall determine the eligibility of each individual who reapplies for benefits under clause (i) pursuant to the procedures of such title.

(b) OTHER AMENDMENTS.—The amendments made by sections 202 and 203 shall take effect on the date of the enactment of this Act.

Subtitle B—Benefits for Disabled Children

SEC. 211. DEFINITION AND ELIGIBILITY RULES.

(a) DEFINITION OF CHILDHOOD DISABILITY.—Section 1614(a)(3) (42 U.S.C. 1382c(a)(3)) is amended—

AMENDMENT NO. 2662

(Purpose: To provide demonstration projects for using neighborhood schools as centers for beneficial activities for children and their parents in order to break the welfare cycle)

On page 122, between lines 11 and 12, insert:

SEC. 110. DEMONSTRATION PROJECTS FOR SCHOOL UTILIZATION.

(a) FINDINGS.—It is the goal of the United States that children grow to be self-sufficient citizens, that parents equip themselves to provide the best parental care and guidance to their children, and that welfare dependency, crime, and the deterioration of neighborhoods be eliminated. It will contribute to these goals to increase the level of parents' involvement in their children's school and other activities, to increase the amount of time parents spend with or in close proximity to their children, to increase the portion of the day and night when children are in a safe and healthy environment and not exposed to unfavorable influences, to increase the opportunities for children to participate in safe, healthy, and enjoyable extra-curricular and organized developmental and recreational activities, and to make more accessible the opportunities for parents, especially those dependent on public assistance, to increase and enhance their parenting and living skills. All of these contributions can be facilitated by establishing the neighborhood public school as a focal point for such activities and by extending the hours of the day in which its facilities are available for such activities.

(b) GRANTS.—The Secretary of Education (hereafter in this section referred to as the "Secretary") shall make demonstration grants as provided in subsection (c) to States to enable them to increase the number of hours during each day when existing public school facilities are available for use for the purposes set forth in subsection (d).

(c) SELECTION OF STATES.—The Secretary shall make grants to not more than 5 States for demonstration projects in accordance with this section. Each State shall select the number and location of schools based on the amount of funds it deems necessary for a school properly to achieve the goals of this program. The schools selected must have a significant percentage of students receiving benefits under part A of title IV of the Social Security Act. No more than 2 percent of the grant to any State shall be used for administrative expenses of any kind by any entity (except that none of the activities set forth in paragraphs (1) and (2) of subsection (d) shall be considered an administrative activity the expenses for which are limited by this subsection).

(d) USE OF FUNDS.—The grants made under subsection (b), in order that school facilities can be more fully utilized, shall be used to provide funding for, among other things—

(1) extending the length of the school day, expanding the scope of student programs offered before and after pre-existing school hours, enabling volunteers and parents or professionals paid from other sources to teach, tutor, coach, organize, advise, or monitor students before and after pre-existing school hours, and providing security, supplies, utilities, and janitorial services before and after pre-existing school hours for these programs,

(2) making the school facilities available for community and neighborhood clubs, civic associations and organizations, Boy and Girl

Scouts and similar organizations, adult education classes, organized sports, parental education classes, and other educational, recreational, and social activities.

None of the funds provided under this section can be used to supplant funds already provided to a school facility for services, equipment, personnel, or utilities nor can funds be used to pay costs associated with operating school facilities during hours those facilities are already available for student or community use.

(e) APPLICATIONS.—

(1) IN GENERAL.—The Governor of each State desiring to conduct a demonstration project under this section shall prepare and submit to the Secretary an application in such manner and containing such information as the Secretary may require. The Secretary shall actively encourage States to submit such applications.

(2) APPROVAL.—The Secretary shall consider all applications received from States desiring to conduct demonstration projects under this section and shall approve such applications in a number of States to be determined by the Secretary (not to exceed 5), taking into account the overall funding levels available under this section.

(f) DURATION.—A demonstration project under this section shall be conducted for not more than 4 years plus an additional time period of up to 12 months for final evaluation and reporting. The Secretary may terminate a project if the Secretary determines that the State conducting the project is not in substantial compliance with the terms of the application approved by the Secretary under this section.

(g) EVALUATION PLAN.—

(1) STANDARDS.—Not later than 3 months after the date of the enactment of this section, the Secretary shall develop standards for evaluating the effectiveness of each demonstration project in contributing toward meeting the objectives set forth in subsection (a), which shall include the requirement that an independent expert entity selected by the Secretary provide an evaluation of all demonstration projects, which evaluations shall be included in the appropriate State's annual and final reports to the Secretary under subsection (h)(1).

(2) SUBMISSION OF PLAN.—Each State conducting a demonstration project under this section shall submit an evaluation plan (meeting the standards developed by the Secretary under paragraph (1)) to the Secretary not later than 90 days after the State is notified of the Secretary's approval for such project. A State shall not receive any Federal funds for the operation of the demonstration project until the Secretary approves such evaluation plan.

(h) REPORTS.—

(1) STATE.—A State that conducts a demonstration project under this section shall prepare and submit to the Secretary annual and final reports in accordance with the State's evaluation plan under subsection (g)(2) for such demonstration project.

(2) SECRETARY.—The Secretary shall prepare and submit to the Congress annual reports concerning each demonstration project under this Act.

(i) AUTHORIZATIONS.—

(1) GRANTS.—There are authorized to be appropriated for grants under subsection (b) for each of fiscal years 1996, 1997, 1998, 1999, and 2000, $10,000,000.

(2) ADMINISTRATION.—There are authorized to be appropriated $1,000,000 for each of fiscal years 1996, 1997, 1998, 1999, and 2000 for the administration of this section by the Secretary, including development of standards and evaluation of all demonstration projects by an independent expert entity under subsection (g)(1).

AMENDMENT NO. 2663

(Purpose: To provide demonstration projects for using neighborhood schools as centers for beneficial activities for children and their parents in order to break the welfare cycle, and for other purposes)

On page 122, between lines 11 and 12, insert:

SEC. 110. DEMONSTRATION PROJECTS FOR SCHOOL UTILIZATION.

(a) FINDINGS.—It is the goal of the United States that children grow to be self-sufficient citizens, that parents equip themselves to provide the best parental care and guidance to their children, and that welfare dependency, crime, and the deterioration of neighborhoods be eliminated. It will contribute to these goals to increase the level of parents' involvement in their children's school and other activities, to increase the amount of time parents spend with or in close proximity to their children, to increase the portion of the day and night when children are in a safe and healthy environment and not exposed to unfavorable influences, to increase the opportunities for children to participate in safe, healthy, and enjoyable extracurricular and organized developmental and recreational activities, and to make more accessible the opportunities for parents, especially those dependent on public assistance, to increase and enhance their parenting and living skills. All of these contributions can be facilitated by establishing the neighborhood public school as a focal point for such activities and by extending the hours of the day in which its facilities are available for such activities.

(b) GRANTS.—The Secretary of Education (hereafter in this section referred to as the "Secretary") shall make demonstration grants as provided in subsection (c) to States to enable them to increase the number of hours during each day when existing public school facilities are available for use for the purposes set forth in subsection (d).

(c) SELECTION OF STATES.—The Secretary shall make grants to not more than 5 States for demonstration projects in accordance with this section. Each State shall select the number and location of schools based on the amount of funds it deems necessary for a school properly to achieve the goals of this program. The schools selected must have a significant percentage of students receiving benefits under part A of title IV of the Social Security Act. No more than 2 percent of the grant to any State shall be used for administrative expenses of any kind by any entity (except that none of the activities set forth in paragraphs (1) and (2) of subsection (d) shall be considered an administrative activity the expenses for which are limited by this subsection).

(d) USE OF FUNDS.—The grants made under subsection (b), in order that school facilities can be more fully utilized, shall be used to provide funding for, among other things—

(1) extending the length of the school day, expanding the scope of student programs offered before and after pre-existing school hours, enabling volunteers and parents or professionals paid from other sources to teach, tutor, coach, organize, advise, or monitor students before and after pre-existing school hours, and providing security, supplies, utilities, and janitorial services before and after pre-existing school hours for these programs,

(2) making the school facilities available for community and neighborhood clubs, civic associations and organizations, Boy and Girl Scouts and similar organizations, adult education classes, organized sports, parental education classes, and other educational, recreational, and social activities.

None of the funds provided under this section can be used to supplant funds already provided to a school facility for services, equipment, personnel, or utilities nor can funds be used to pay costs associated with operating school facilities during hours those facilities are already available for student or community use.

(e) APPLICATIONS.—

(1) IN GENERAL.—The Governor of each State desiring to conduct a demonstration project under this section shall prepare and submit to the Secretary an application in such manner and containing such information as the Secretary may require. The Secretary shall actively encourage States to submit such applications.

(2) APPROVAL.—The Secretary shall consider all applications received from States desiring to conduct demonstration projects under this section and shall approve such applications in a number of States to be determined by the Secretary (not to exceed 5), taking into account the overall funding levels available under this section.

(f) DURATION.—A demonstration project under this section shall be conducted for not more than 4 years plus an additional time period of up to 12 months for final evaluation and reporting. The Secretary may terminate a project if the Secretary determines that the State conducting the project is not in substantial compliance with the terms of the application approved by the Secretary under this section.

(g) EVALUATION PLAN.—

(1) STANDARDS.—Not later than 3 months after the date of the enactment of this section, the Secretary shall develop standards for evaluating the effectiveness of each demonstration project in contributing toward meeting the objectives set forth in subsection (a), which shall include the requirement that an independent expert entity selected by the Secretary provide an evaluation of all demonstration projects, which evaluations shall be included in the appropriate State's annual and final reports to the Secretary under subsection (h)(1).

(2) SUBMISSION OF PLAN.—Each State conducting a demonstration project under this section shall submit an evaluation plan (meeting the standards developed by the Secretary under paragraph (1)) to the Secretary not later than 90 days after the State is notified of the Secretary's approval for such project. A State shall not receive any Federal funds for the operation of the demonstration project until the Secretary approves such evaluation plan.

(h) REPORTS.—

(1) STATE.—A State that conducts a demonstration project under this section shall prepare and submit to the Secretary annual and final reports in accordance with the State's evaluation plan under subsection (g)(2) for such demonstration project.

(2) SECRETARY.—The Secretary shall prepare and submit to the Congress annual reports concerning each demonstration project under this Act.

(i) AUTHORIZATIONS.—

(1) GRANTS.—There are authorized to be appropriated for grants under subsection (b) for each of fiscal years 1996, 1997, 1998, 1999, and 2000, $10,000,000.

(2) ADMINISTRATION.—There are authorized to be appropriated $1,000,000 for each of fiscal years 1996, 1997, 1998, 1999, and 2000 for the administration of this section by the Secretary, including development of standards and evaluation of all demonstration projects by an independent expert entity under subsection (g)(1).

SEC. 111. STUDY OF SCHOOLS WITH STUDENTS FAILING TO ENTER WORKFORCE.

(a) STUDY.—The Secretary of Education shall conduct a study to—

(1) determine which high schools have the highest proportion of students, both those

who graduate and those who drop out before graduating, who never reach the workforce, and establish the reasons for such disproportionate failure, and

(2) measure the educational effectiveness of existing innovative educational mechanisms, including charter schools, extended school days, the community schools program, and child care programs, in increasing the proportion of a school's students who become a part of the workforce.

(b) REPORT.—The Secretary shall, not later than January 1, 1997, report to the Congress the results of the study conducted under subsection (a), including recommendations with respect to measures which prove effective in assisting schools in preparing students for the workforce.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $7,000,000 to carry out the purposes of this section.

SEC. 112. SCHOOL CARE FOR CHILDREN OF INDIVIDUALS REQUIRED TO WORK.

Notwithstanding any other provision of, or amendment made by, this title, if a State requires an individual receiving assistance under a State program funded under part A of title IV to engage in work activities, the State shall provide adult-supervised care to each school-age child of the individual before and after school during the hours during which the individual is working and in transit between home and work. Such care shall be provided at the location where each child attends school. Comparable activities shall be provided during the same daily time periods for all days during which the individual is working but school is not in session.

SEC. 113. PARENTAL RESPONSIBILITY CONTRACTS.

(a) ASSESSMENT.—Notwithstanding any other provision of, or amendment made by, this title, each State to which a grant is made under section 403 of the Social Security Act shall provide that the State agency, through a case manager, shall make an initial assessment of the education level, parenting skills, and history of parenting activities and involvement of each parent who is applying for financial assistance under the plan.

(b) PARENTAL RESPONSIBILITY CONTRACTS.—On the basis of the assessment made under subsection (a) with respect to each parent applicant, the case manager, in consultation with the parent applicant (hereafter in this subsection referred to as the "client"), and, if possible, the client's spouse if one is present, shall develop a parental responsibility contract for the client, which meets the following requirements:

(1) Sets forth the obligations of the client, including all of the following the case manager believes are within the ability and capacity of the client, are not incompatible with the employment or school activities of the client, and are not inconsistent with each other in the client's case or with the well being of the client's children:

(A) Attend school, if necessary, and maintain certain grades and attendance.

(B) Keep school-age children of the client in school.

(C) Immunize children of the client.

(D) Attend parenting and money management classes.

(E) Participate in parent and teacher associations and other activities intended to involve parents in their children's school activities and in the affairs of their children's school.

(F) Attend school activities with their children where attendance or participation by both children and parents is appropriate.

(G) Undergo appropriate substance abuse treatment counseling.

(H) Any other appropriate activity, at the option of the State.

(2) Provides that the client shall accept any bona fide offer of unsubsidized full-time employment, unless the client has good cause for not doing so.

(c) PENALTIES FOR NONCOMPLIANCE WITH PARENTAL RESPONSIBILITY CONTRACT.—

(1) IN GENERAL.—Except as provided in paragraph (2), the following penalties shall apply:

(A) PROGRESSIVE REDUCTIONS IN ASSISTANCE FOR 1ST AND 2ND ACTS OF NON-COMPLIANCE.—The State plan shall provide that the amount of assistance otherwise payable under this part to a family that includes a client who, with respect to a parental responsibility contract signed by the client, commits an act of noncompliance without good cause, shall be reduced by—

(i) 33 percent for the 1st such act of noncompliance; or

(ii) 66 percent for the 2nd such act of noncompliance.

(B) DENIAL OF ASSISTANCE FOR 3RD AND SUBSEQUENT ACTS OF NONCOMPLIANCE.—The State shall provide that in the case of the 3rd or subsequent such act of noncompliance, the family of which the client is a member shall not thereafter be eligible for assistance under this part.

(C) LENGTH OF PENALTIES.—The penalty for an act of noncompliance shall not exceed the greater of—

(i) in the case of—

(I) the 1st act of noncompliance, 1 month,

(II) the 2nd act of noncompliance, 3 months, or

(III) the 3rd or subsequent act of noncompliance, 6 months; or

(ii) the period ending with the cessation of such act of noncompliance.

(D) DENIAL OF ASSISTANCE TO ADULTS REFUSING TO ACCEPT A BONA FIDE OFFER OF EMPLOYMENT.—The State plan shall provide that if an unemployed individual who has attained 18 years of age refuses to accept a bona fide offer of employment without good cause, such act of noncompliance shall be considered a 3rd or subsequent act of noncompliance.

(2) STATE FLEXIBILITY.—The State plan may provide for different penalties than those specified in paragraph (1).

SEC. 114. AMENDMENT TO GOALS 2000: EDUCATE AMERICA ACT.

Section 102 of the Goals 2000: Educate America Act (20 U.S.C. 5812) is amended by adding at the end the following new paragraph:

"(9) SELF-SUFFICIENCY.—By the year 2000, fewer Americans will need to rely on welfare benefits because—

"(A) schools will place greater emphasis on equipping all students to achieve economic self-sufficiency in adulthood, regardless of whether they pursue higher education;

"(B) schools will not compromise educational standards in order to graduate students who have not achieved the recognized educational competency levels applicable to high school graduates; and

"(C) schools will focus more attention and resources on ensuring that children from families who receive public assistance, or are at risk of needing public assistance, make expected scholastic progress throughout their elementary and secondary schooling or are provided with special assistance and directed to remedial programs and activities designed to return them to expected levels of progress."

AMENDMENT NO. 2664

(Purpose: To require applicants for assistance who are parents to enter into a Parental Responsibility Contract and perform satisfactorily under its terms as a condition of receipt of that assistance)

On page 122, between lines 11 and 12, insert:

SEC. 110. PARENTAL RESPONSIBILITY CONTRACTS.

(a) ASSESSMENT.—Notwithstanding any other provision of, or amendment made by, this title, each State to which a grant is made under section 403 of the Social Security Act shall provide that the State agency, through a case manager, shall make an initial assessment of the education level, parenting skills, and history of parenting activities and involvement of each parent who is applying for financial assistance under the plan.

(b) PARENTAL RESPONSIBILITY CONTRACTS.—On the basis of the assessment made under subsection (a) with respect to each parent applicant, the case manager, in consultation with the parent applicant (hereafter in this subsection referred to as the "client"), and, if possible, the client's spouse if one is present, shall develop a parental responsibility contract for the client, which meets the following requirements:

(1) Sets forth the obligations of the client, including all of the following the case manager believes are within the ability and capacity of the client, are not incompatible with the employment or school activities of the client, and are not inconsistent with each other in the client's case or with the well being of the client's children:

(A) Attend school, if necessary, and maintain certain grades and attendance.

(B) Keep school-age children of the client in school.

(C) Immunize children of the client.

(D) Attend parenting and money management classes.

(E) Participate in parent and teachers associations and other activities intended to involve parents in their children's school activities and in the affairs of their children's school.

(F) Attend school activities with their children where attendance or participation by both children and parents is appropriate.

(G) Undergo appropriate substance abuse treatment counseling.

(H) Any other appropriate activity, at the option of the State.

(2) Provides that the client shall accept any bona fide offer of unsubsidized full-time employment, unless the client has good cause for not doing so.

(c) PENALTIES FOR NONCOMPLIANCE WITH PARENTAL RESPONSIBILITY CONTRACT.—

(1) IN GENERAL.—Except as provided in paragraph (2), the following penalties shall apply:

(A) PROGRESSIVE REDUCTIONS IN ASSISTANCE FOR 1ST AND 2ND ACTS OF NON-COMPLIANCE.—The State plan shall provide that the amount of assistance otherwise payable under this part to a family that includes a client who, with respect to a parental responsibility contract signed by the client, commits an act of noncompliance without good cause, shall be reduced by—

(i) 33 percent for the 1st such act of noncompliance; or

(ii) 66 percent for the 2nd such act of noncompliance.

(B) DENIAL OF ASSISTANCE FOR 3RD AND SUBSEQUENT ACTS OF NONCOMPLIANCE.—The State shall provide that in the case of the 3rd or subsequent such act of noncompliance, the family of which the client is a member shall not thereafter be eligible for assistance under this part.

(C) LENGTH OF PENALTIES.—The penalty for an act of noncompliance shall not exceed the greater of—

(i) in the case of—

(I) the 1st act of noncompliance, 1 month,

(II) the 2nd act of noncompliance, 3 months, or

(III) the 3rd or subsequent act of noncompliance, 6 months; or

(ii) the period ending with the cessation of such act of noncompliance.

(D) DENIAL OF ASSISTANCE TO ADULTS REFUSING TO ACCEPT A BONA FIDE OFFER OF EMPLOYMENT.—The State plan shall provide that if an unemployed individual who has attained 18 years of age refuses to accept a bona fide offer of employment without good cause, such act of noncompliance shall be considered a 3rd or subsequent act of noncompliance.

(2) STATE FLEXIBILITY.—The State plan may provide for different penalties than those specified in paragraph (1).

AMENDMENT NO. 2665

(Purpose: To reduce the income tax rate for individuals to equal the estimated cost of certain repealed programs)

Beginning on page 10, line 10, strike all through page 77, line 21, and insert the following:

(b) REDUCTION IN INDIVIDUAL TAX RATES.—Section 1 of the Internal Revenue Code of 1986 (relating to tax imposed) is amended by adding at the end the following new subsection:

"(i) ADJUSTMENTS IN TAX TABLES TO REFLECT REPEAL OF CERTAIN PROGRAMS.—

"(1) IN GENERAL.—Not later than December 15 of 1995, and each subsequent calendar year, the Secretary shall prescribe tables which shall apply in lieu of the tables contained in subsections (a), (b), (c), (d), and (e) (after the application of subsection (f)) with respect to taxable years beginning in the succeeding calendar year.

"(2) METHOD OF PRESCRIBING TABLES.—The tables under paragraph (1) shall be prescribed by reducing the rates of tax proportionately such that the resulting loss of revenue for such calendar year equals the estimated total expenditures for the fiscal year in which such calendar year begins for part A of title IV of the Social Security Act as proposed to be added by Senate amendment numbered 2280 (as in effect on September 8, 1995).

Beginning on page 83, line 16, strike through page 86, line 3.

Beginning on page 87, line 6, strike through page 120, line 8.

Beginning on page 122, line 12, strike through page 124, line 12.

AMENDMENT NO. 2666

(Purpose: To make the Workforce Development System more responsive to changing local labor markets)

In section 702(a)(8), strike "private sector leadership in designing" and insert "private sector leadership and the diverse and changing demands of employers and workers in designing".

In section 702(b)(1), insert before the semicolon the following: "and to respond more effectively to changing local labor markets".

In section 703(29), insert before the period the following: "and designed to ensure that local labor and education and training markets are responsive to the diverse and changing demands of employers and workers".

In section 716(a)(2)(B)(viii), strike "; and" and insert a semicolon.

In section 716(a)(2)(B)(ix), strike the period and insert "; and".

At the end of section 716(a)(2)(B), add the following:

(x) establishment of such system of individual skill grants as will enable dislocated workers who are unable to find new jobs through the core services described in clauses (i) through (ix), and who are unable to obtain other grant assistance (such as a Pell Grant), to learn new skills to find new jobs.

In section 716(a)(9), strike "provided under this subtitle" and insert "provided under this subtitle for persons age 18 or older who are unable to obtain other assistance (such as a Pell Grant)".

At the end of section 731(b), add the following new paragraph:

(3) RESPONSIVENESS TO MARKET DEMAND.—Each statewide system supported by an allotment under section 712 shall be designed to meet the goal of ensuring that the local labor and education and training markets in the State are responsive to the diverse and changing demands of employers and workers.

At the end of section 731(c), add the following:

(8) RESPONSIVENESS TO MARKET DEMAND.—To be eligible to receive an allotment under section 712, a State shall develop, in accordance with paragraph (5), and identify in the State plan of the State, proposed quantifiable benchmarks to measure the statewide progress of the State in meeting the goal described in subsection (b)(3).

In section 732(a)(1)(A), strike "; or" and insert a semicolon.

In section 732(a)(1)(B), strike the period and insert "; or".

At the end of section 732(a)(1), add the following:

(C) demonstrates to the Federal Partnership that the State has made a substantial increase in the number of dislocated workers placed in unsubsidized employment, the reemployment wage rates of the workers, or the speed of reemployment of the workers through the use of training vouchers or other continually improving systems that respond effectively to the diverse and changing demands of local employers and workers.

(The text of the amendment No. 2667, is printed in today's RECORD under "Amendments Submitted".)

AMENDMENT NO. 2668

(Purpose: To eliminate a repeal of title V of the Older Americans Act of 1965)

On page 520, strike lines 17 through 19 and insert the following:

(7) Title VII of the Stewart B. McKinney

(The text of the amendment No. 2669, is printed in today's RECORD under "Amendments Submitted".)

AMENDMENT NO. 2670

(Purpose: To allow a State to revoke an election to participate in the optional State food assistance block grant)

On page 229, strike lines 4 through 8 and insert the following:

"(2) ELECTION REVOCABLE.—A State that elects to participate in the program established under subsection (a) may subsequently reverse its election only once thereafter. Following such reversal, the State shall only be eligible to participate in the food stamp program in accordance with the other sections of this Act and shall not receive a block grant under this section.

AMENDMENT NO. 2671

(Purpose: To provide a 3 percent set aside for the funding of family assistance grants for Indians)

On page 26, before line 1, insert the following:

"(6) LOANS TO INDIAN TRIBES.—For purposes of this subsection, an Indian tribe with a tribal family assistance plan approved under section 414 shall be treated as a State, except that—

"(A) the Secretary may extend the time limitation under paragraph (4)(A);

"(B) the Secretary may waive the interest requirement under subparagraph (4)(B);

"(C) paragraph (4)(C) shall be applied by substituting 'tribal family assistance grant under section 414' for 'State family assistance grant under subsection (a)(2)'; and

"(D) paragraph (5) shall be applied without regard to subparagraph (B).

On page 26, strike lines 11 through 16, and insert the following:

"(2) ELIGIBLE INDIAN TRIBE.—For purposes of paragraph (1), the term 'eligible Indian tribe' means an Indian tribe or Alaska Native organization that—

"(A) conducted a job opportunities and basic skills training program in fiscal year 1995 under section 482(i) (as in effect during such fiscal year); and

"(B) is not receiving a tribal family assistance grant under section 414.

Beginning on page 63, line 14, strike all through page 68, line 21, and insert the following:

"(a) IN GENERAL.—

"(1) APPLICATION.—

"(A) IN GENERAL.—An Indian tribe may apply at any time to the Secretary (in such manner as the Secretary prescribes) to receive a family assistance grant.

"(B) 3-YEAR TRIBAL FAMILY ASSISTANCE PLAN.—

"(i) IN GENERAL.—As part of the application under subparagraph (A), the Indian tribe shall submit to the Secretary a 3-year tribal family assistance plan that—

"(I) outlines the Indian tribe's approach to providing welfare-related services for the 3-year period, consistent with the purposes of this section;

"(II) specifies whether the welfare-related services provided under the plan will be provided by the Indian tribe or through agreements, contracts, or compacts with intertribal consortia, States, or other entities;

"(III) identifies the population and service area or areas to be served by such plan;

"(IV) provides that a family receiving assistance under the plan may not receive duplicative assistance from other State or tribal programs funded under this part;

"(V) identifies the employment opportunities in or near the service area or areas of the Indian tribe and the manner in which the Indian tribe will cooperate and participate in enhancing such opportunities for recipients of assistance under the plan consistent with any applicable State standards; and

"(VI) applies the fiscal accountability provisions of section 5(f)(1) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450c(f)(1)), relating to the submission of a single-agency audit report required by chapter 75 of title 31, United States Code.

Nothing in this clause shall preclude an Indian tribe from entering into an agreement with a State under the tribal family assistance plan for providing services to individuals residing outside the tribe's jurisdiction or for providing services to non-tribal members residing within the tribe's jurisdiction. Any such agreement shall include an appropriate transfer of funds from the State to the tribe.

"(ii) APPROVAL.—The Secretary shall approve each tribal family assistance plan submitted in accordance with clause (i).

"(2) PARTICIPATION.—If a tribe chooses to apply and the application is approved, such tribe shall be entitled to a direct payment in the amount determined in accordance with the provisions of subsection (b) for each fiscal year beginning after such approval.

"(3) NO PARTICIPATION.—If a tribe chooses not to apply, the amount that would otherwise be available to such tribe for the fiscal year shall be payable to the State in which

that tribe is located. Such State shall provide equitable access to services by recipients within that tribe's jurisdiction.

"(4) NO MATCH REQUIRED.—Indian tribes shall not be required to submit a monetary match to receive a payment under this section.

"(5) JOINT PROGRAMS.—An Indian tribe may also apply to the Secretary jointly with 1 or more such tribes to administer family assistance services as a consortium. The Secretary shall establish such terms and conditions for such consortium as are necessary.

"(b) PAYMENT AMOUNT.—

"(1) IN GENERAL.—From an amount equal to 3 percent of the amount specified under section 403(a)(4) for a fiscal year, the Secretary shall pay directly to each Indian tribe requesting a family assistance grant for such fiscal year an amount pursuant to an allocation formula determined by the Secretary based on the need for services and utilizing (if possible) data that is common to all Indian tribes.

"(2) AUTHORITY TO RESERVE CERTAIN AMOUNTS FOR ASSISTANCE.—An Indian tribe may reserve amounts paid to the Indian tribe under this part for any fiscal year for the purpose of providing, without fiscal year limitation, assistance under the program operated under this part.

"(c) VOLUNTARY TERMINATION.—An Indian tribe may voluntarily terminate receipt of a family assistance grant. The Indian tribe shall give the State and the Secretary notice of such decision 6 months prior to the date of termination. The amount under subsection (b) with respect to such grant for the fiscal year shall be payable to the State in which that tribe is located. Such State shall provide equitable access to services by recipients residing within that tribe's jurisdiction. If a voluntary termination of a grant occurs under this subsection, the tribe shall not be eligible to submit an application under this section before the 6th year following such termination.

"(d) MINIMUM WORK PARTICIPATION REQUIREMENTS AND TIME LIMITS.—The Secretary, with the participation of Indian tribes, shall establish for each Indian tribe receiving a grant under this section minimum work participation requirements, appropriate time limits for receipt of welfare-related services under such grant, and penalties against individuals—

"(1) consistent with the purposes of this section;

"(2) consistent with the economic conditions and resources available to each tribe; and

"(3) similar to comparable provisions in section 404(d).

"(e) EMERGENCY ASSISTANCE.—Nothing in this section shall preclude an Indian tribe from seeking emergency assistance from any Federal loan program or emergency fund.

"(f) MAINTENANCE OF EFFORT ASSISTANCE.—Nothing in this section shall preclude a State from providing maintenance of effort funds to Indian tribes located in such State.

"(g) ACCOUNTABILITY.—Nothing in this section shall be construed to limit the ability of the Secretary to maintain program funding accountability consistent with—

"(1) generally accepted accounting principles; and

"(2) the requirements of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.).

"(h) TRIBAL PENALTIES.—For the purpose of ensuring the proper use of family assistance grants, the following provisions shall apply to an Indian tribe with an approved tribal assistance plan:

"(1) The provisions of subsections (a)(1), (a)(6), and (b) of section 407, in the same manner as such subsections apply to a State.

"(2) The provisions of section 407(a)(3), except that such subsection shall be applied by substituting 'the minimum requirements established under subsection (d) of section 414' for 'the minimum participation rates specified in section 404'.

"(i) DATA COLLECTION AND REPORTING.—For the purpose of ensuring uniformity in data collection, section 409 shall apply to an Indian tribe with an approved family assistance plan.

"(j) INFORMATION SHARING.—Each State and the Indian tribes located within its jurisdiction may share (in a manner that ensures confidentiality) eligibility and other information on residents in such State that would be helpful for determining eligibility for other Federal and State assistance programs.

On page 101, between lines 20 and 21, insert the following:

(j) AMENDMENT TO TITLE XIX.—Section 1903(u)(1)(D) (42 U.S.C. 1396b(u)(1)(D)) is amended by adding at the end the following new clause:

"(vi) In determining the amount of erroneous excess payments, there shall not be included any erroneous payments made by the State to the benefit of members of Indian families based on correctly processed information received or information not timely received from a tribe with a tribal family assistance plan approved under part A of title IV of the Social Security Act.".

On page 108, between lines 20 and 21, insert the following:

(i) Section 16(c)(3) of the Food Stamp Act (7 U.S.C. 2025(c)(3)) is amended by adding at the end the following new subparagraph:

"(C) Any errors resulting from State payments to Indian families based on correctly processed information received or information not timely received from a tribe with a tribal family assistance plan approved under part A of title IV of the Social Security Act.".

AMENDMENT NO. 2672

(Purpose: To provide for a contingency grant fund)

Beginning on page 26, line 13, strike all through page 28, line 19, and insert the following:

"(d) CONTINGENCY FUND.—

"(1) ESTABLISHMENT.—There is hereby established in the Treasury of the United States a fund which shall be known as the 'Contingency Fund for State Welfare Programs' (hereafter in this section referred to as the 'Fund').

"(2) DEPOSITS INTO FUND.—Out of any money in the Treasury of the United States not otherwise appropriated, there are hereby appropriated for fiscal years 1996, 1997, 1998, 1999, 2000, 2001, and 2002 such sums as are necessary for payment to the Fund in a total amount not to exceed $5,000,000,000, of which not more than $4,000,000,000 shall be available during the first 5 fiscal years.

"(3) COMPUTATION OF GRANT.—

"(A) IN GENERAL.—Subject to subparagraph (B), the Secretary of the Treasury shall pay to each eligible State in a fiscal year an amount equal to the Federal medical assistance percentage for such State for such fiscal year (as defined in section 1905(b)) of so much of the expenditures by the State in such year under the State program funded under this part as exceed the historic State expenditures for such State.

"(B) LIMITATION.—The total amount paid to a State under subparagraph (A) for any fiscal year shall not exceed an amount equal to 20 percent of the annual amount determined for such State under the State program funded under this part (without regard to this subsection) for such fiscal year.

"(C) METHOD OF COMPUTATION, PAYMENT, AND RECONCILIATION.—

"(i) METHOD OF COMPUTATION.—The method of computing and paying such amounts shall be as follows:

"(I) The Secretary of Health and Human Services shall estimate the amount to be paid to the State for each quarter under the provisions of subparagraph (A), such estimate to be based on a report filed by the State containing its estimate of the total sum to be expended in such quarter and such other information as the Secretary may find necessary.

"(II) The Secretary of Health and Human Services shall then certify to the Secretary of the Treasury the amount so estimated by the Secretary of Health and Human Services.

"(ii) METHOD OF PAYMENT.—The Secretary of the Treasury shall thereupon, through the Fiscal Service of the Department of the Treasury and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Health and Human Services, the amount so certified.

"(iii) METHOD OF RECONCILIATION.—If at the end of each fiscal year, the Secretary of Health and Human Services finds that a State which received amounts from the Fund in such fiscal year did not meet the maintenance of effort requirement under paragraph (5)(B) for such fiscal year, the Secretary shall reduce the State family assistance grant for such State for the succeeding fiscal year by such amounts.

"(4) USE OF GRANT.—

"(A) IN GENERAL.—An eligible State may use the grant—

"(i) in any manner that is reasonably calculated to accomplish the purpose of this part; or

"(ii) in any manner that such State used amounts received under part A or F of this title, as such parts were in effect before October 1, 1995.

"(B) REFUND OF UNUSED PORTION.—Any amount of a grant under this subsection not used during the fiscal year shall be returned to the Fund.

"(5) ELIGIBLE STATE.—

"(A) IN GENERAL.—For purposes of this subsection, a State is an eligible State with respect to a fiscal year, if such State—

"(i) has an average total unemployment rate or a children population in such State's food stamp program which exceeds such average total rate or population for fiscal year 1994; and

"(ii) has met the maintenance of effort requirement under subparagraph (B) for the State program funded under this part for the fiscal year.

"(B) MAINTENANCE OF EFFORT.—

"(i) IN GENERAL.—The maintenance of effort requirement for any State under this subparagraph for any fiscal year is the expenditure of an amount at least equal to 100 percent of the level of spending in fiscal year 1994.

"(ii) HISTORIC STATE EXPENDITURES.—For purposes of this subparagraph, the term 'historic State expenditures' means payments of cash assistance to recipients of aid to families with dependent children under the State plan under part A of title IV for fiscal year 1994, as in effect during such fiscal year.

"(iii) DETERMINING STATE EXPENDITURES.—For purposes of this subparagraph, State expenditures shall not include any expenditures from amounts made available by the Federal Government.

"(6) ANNUAL REPORTS.—The Secretary of the Treasury shall annually report to the Congress on the status of the Fund.

Mr. MOYNIHAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. SANTORUM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENTS NOS. 2674 AND 2675 TO AMENDMENT NO. 2880

Mr. SANTORUM. Mr. President, I send two amendments to the desk and ask for their immediate consideration on behalf of the Senator from Kentucky [Mr. MCCONNELL].

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Pennsylvania [Mr. SANTORUM, for Mr. MCCONNELL, proposes amendments numbered 2674 and 2675, to amendment No. 2280.

Mr. SANTORUM. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 2674

(Purpose: To timely rapid implementation of provisions relating to the child and adult care food program)

On page 270, after line 23, insert the following:

(3) REGULATIONS.—

(A) INTERIM REGULATIONS.—Not later than February 1, 1996, the Secretary shall issue interim regulations to implement—

(i) the amendments made by paragraphs (1), (3), and (4) of subsection (b); and

(ii) section 17(f)(3)(C) of the National School Lunch Act (42 U.S.C. 1766(f)(3)(C)).

(B) FINAL REGULATIONS.—Not later than August 1, 1996, the Secretary shall issue final regulations to implement the provisions of law referred to in subparagraph (A).

AMENDMENT NO. 2675

(Purpose: To clarify the school data provision of the child and adult care food program)

On page 268, strike lines 4 through 17 and insert the following:

"(I) IN GENERAL.—A State agency administering the school lunch program under this Act or the school breakfast program under the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) shall provide to approved family or group day care home sponsoring organizations a list of schools serving elementary school children in the State in which not less than ½ of the children enrolled are certified to receive free or reduced price meals. The State agency shall collect the data necessary to create the list annually and provide the list on a timely basis to any approved family or group day care home sponsoring organization that requests the list.

Mr. SANTORUM. Mr. President, I ask unanimous consent that the amendments be laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2676 TO AMENDMENT NO. 2280

(Purpose: To strike the increase to the grant to reward States that reduce out-of-wedlock births)

Mr. SANTORUM. Mr. President, I send an amendment to the desk on behalf of the Senator from Oregon [Mr. PACKWOOD] and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Pennsylvania [Mr. SANTORUM], for Mr. PACKWOOD, proposes an amendment numbered 2676 to amendment No. 2880.

Mr. SANTORUM. I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 11, strike lines 5 through 22.

On page 11, line 23, insert the following:

(B) NONDISCRIMINATION AGAINST EMPLOYEES ADMINISTERING OR PROVIDING SERVICES.—

(i) PROHIBITION.—A religious organization with a contract described in subsection (a)(1)(A) shall not discriminate in employment on the basis of religion of an employee or prospective employee if such employee's primary responsibility is or would be administering or providing services under such contract.

(ii) QUALIFIED APPLICANTS.—If 2 or more prospective employees are qualified for a position administering or providing services under a contract described in subsection (a)(1)(A), nothing in this section shall prohibit a religious organization from employing a prospective employee who is already participating on a regular basis in other activities of the organization.

(C) PRESENT EMPLOYEES.—This paragraph shall not apply to employees of religious organizations with a contract described in subsection (a)(1)(A) if such employees are employed by such organization on the date of the enactment of this Act.

Mr. SANTORUM. Mr. President, I ask unanimous consent that amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, can we get a rough tally? I understand we are approaching 200, as the hour of 5 o'clock nears.

The PRESIDING OFFICER. The clerk has not yet added them up, I would say to the Senator.

Mr. MOYNIHAN. Perhaps when that does come we can have it recorded in our record for the day. I would appreciate that, sir.

Stop the clock, Mr. President.

AMENDMENT NO. 2677 TO AMENDMENT NO. 2280

(Purpose: To provide for an extension of transitional medicaid benefits)

Mr. MOYNIHAN. Mr. President, I send an amendment to the desk for Mr. KENNEDY and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from New York [Mr. MOYNIHAN], for Mr. KENNEDY, proposes an amendment numbered 2677 to amendment No. 2280

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with and the pending amendment be laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

MORNING BUSINESS

Mr. SANTORUM. Mr. President, I ask unanimous consent that there now be a period for the transaction of morning business with Senators permitted to speak for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Thomas, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT OF A REVISED DEFERRAL OF BUDGETARY RESOURCES—MESSAGE FROM THE PRESIDENT—PM 79

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report, which was referred jointly, pursuant to the order of January 30, 1975 as modified by the order of April 11, 1986, to the Committee on the Budget, to the Committee on Appropriations, and to the Committee on Foreign Relations.

To the Congress of the United States:

In accordance with the Congressional Budget and Impoundment Control Act of 1974, I herewith report one revised deferral of budgetary resources, totaling $1.2 billion.

The deferral affects the International Security Assistance program.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *September 8, 1995.*

MESSAGES FROM THE HOUSE

At 11:22 a.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House insists upon its amendment to the bill (S. 4) to grant the power to the President to reduce budget authority, disagreed to by the Senate, and agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and appoints Mr. CLINGER, Mr. SOLOMON, Mr. BUNNING of Kentucky, Mr. GOSS, Mr. BLUTE, Mrs. COLLINS of Illinois, Mr. SABO, and Mr. BEILENSON as the managers of the conference on the part of the House.

The message also announced that the House disagrees to the amendments of the Senate to the bill (H.R. 1817) making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 1996, and for other

AMENDMENTS SUBMITTED

THE WORK OPPORTUNITY ACT OF 1995

BINGAMAN AMENDMENTS NOS. 2483-2485

Mr. BINGAMAN proposed three amendments to amendment No. 2280 proposed by Mr. DOLE to the bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence; as follows:

AMENDMENT No. 2483

Beginning with page 11, line 8, strike all through page 14, line 16, and insert the following:

"SEC. 402. ELIGIBLE STATES; STATE PLANS.

"(a) IN GENERAL.—As used in this part, the term 'eligible State' means, with respect to a fiscal year, a State that has submitted to the Secretary a single comprehensive State Family Assistance Program Strategic Plan (hereafter referred to in this section as the 'State Plan') outlining a 5-year strategy for the statewide program.

"(b) FAMILY ASSISTANCE PROGRAM STRATEGIC PLAN PARTS.—Each State plan shall contain 2 parts:

"(1) 5-YEAR PLAN.—The first part of the State plan shall describe a 5-year strategic plan for the statewide program designed to meet the State goals and reach the State benchmarks for each of the essential program activities of the family assistance program.

"(2) ANNUAL CERTIFICATION.—The second part of the State plan shall contain a certification by the chief executive officer of the State that, during the fiscal year, the State family assistance program will include each of the essential program activities specified in subsection (h)(6).

"(c) CONTENTS OF THE STATE PLAN.—The State plan shall include:

"(1) STATE GOALS.—A description of the goals of the 5-year plan, including outcome related goals of and benchmarks for each of the essential program activities of the family assistance program.

"(2) CURRENT YEAR PLAN.—A description of how the goals and benchmarks described in paragraph (1) will be achieved, or how progress toward the goals and benchmarks will be achieved, during the fiscal year in which the plan has been submitted.

"(3) PERFORMANCE INDICATORS.—A description of performance indicators to be used in measuring or assessing the relevant output service levels and outcomes of each of the essential program activities and other relevant program activities.

"(4) EXTERNAL FACTORS.—An identification of those key factors external to the program and beyond the control of the State that could significantly affect the attainment of the goals and benchmarks.

"(5) EVALUATION MECHANISMS.—A description of a mechanism for conducting program evaluation, to be used to compare actual results with the goals and benchmarks and designate the results on a scale ranging from highly successful to failing to reach the goals and benchmarks of the program.

"(6) MINIMUM PARTICIPATION RATES.—A description of how the minimum participation rates specified in section 404 will be satisfied.

"(7) ESTIMATE OF EXPENDITURES.—An estimate of the total amount of State or local expenditures under the program for the fiscal year in which the plan is submitted.

"(d) DETERMINATIONS.—The Secretary shall determine whether a plan submitted pursuant to subsection (a) contains the material required by subsection (b).

"(e) STATE WORK OPPORTUNITY PLANNING BOARDS.—

"(1) IN GENERAL.—A Governor of a State that receives a grant under section 403 may establish a State Work Opportunity Planning Board (referred to in this section as "the Board") in accordance with this section.

"(2) MEMBERSHIP.—Membership of the Board shall include—

"(A) persons with leadership experience in private business, industry, and voluntary organizations;

"(B) representatives of State departments or agencies responsible for implementing and overseeing programs funded under this title;

"(C) elected officials representing various jurisdictions included in the State plan;

"(D) representatives of private and nonprofit organizations participating in implementation of the State plan;

"(E) the general public; and

"(F) any other individuals and representatives of community-based organizations that the Governor may designate.

"(3) CHAIRPERSON.—The Board shall select a chairperson from among the members of the Board.

"(4) FUNCTIONS.—The functions of the Board shall include—

"(A) advising the Governor and State legislature on the development of the statewide family assistance program, the State plan described in subsections (a) and (b), and the State goals and State benchmarks;

"(B) assisting in the development of specific performance indicators to measure progress toward meeting the State goals and reaching the State benchmarks and providing guidance on how such progress may be improved;

"(C) serving as a link between business, industry, labor, non-profit and community-based organizations, and the statewide system;

"(D) assisting in preparing annual reports required under this part;

"(E) receiving and commenting on the State plan developed under subsection (a); and

"(F) assisting in the monitoring and continuous improvement of the performance of the State family assistance program, including evaluation of the effectiveness of activities and program funded under this title.

On page 14, line 17, strike "(b)" and insert "(f)".

On page 15, line 12, strike "(c)" and insert "(g)".

On page 15, line 20, strike "(d)" and insert "(h)".

On page 16, between lines 22 and 23, insert the following:

"(6) ESSENTIAL PROGRAM ACTIVITIES.—The term 'essential program activities' includes the following activities:

"(A) Assistance provided to needy families with not less than 1 minor child (or any expectant family).

"(B) Work preparation and work experience activities for parents or caretakers in needy families with not less than 1 minor child, including assistance in finding employment, child care assistance, and other support services that the State considers appropriate to enable such families to become self-sufficient and leave the program.

"(C) The requirement for parents or caretakers receiving assistance under the program to engage in work activities in accordance with section 404 and to enter into a personal responsibility contract in accordance with section 405(a).

"(D) The child protection program operated by the State in accordance with part B.

"(E) The foster care and adoption assistance program operated by the State in accordance with part E.

"(F) The child support enforcement program operated by the State in accordance with part D.

"(G) A teenage pregnancy prevention program, including efforts to reduce and prevent out-of-wedlock pregnancies.

"(H) Participation in the income and eligibility verification system required by section 1137.

"(I) The establishment and operation of a privacy system that restricts the use and disclosure of information about individuals and families receiving assistance under the program.

"(J) A certification identifying the State agencies or entities administering the program.

"(K) The establishment and operation of a reporting system for reports required under this part.

AMENDMENT No. 2484

At the end of section 201 of the amendment, add the following new subsection:

(d) FUNDING OF CERTAIN PROGRAMS FOR DRUG ADDICTS AND ALCOHOLICS.—

(1) IN GENERAL.—Out of any money in the Treasury not otherwise appropriated, there are hereby appropriated—

(A) for carrying out section 1971 of the Public Health Service Act (as amended by paragraph (2) of this subsection), $95,000,000 for each of the fiscal years 1997 through 2000; and

(B) for carrying out the medication development project to improve drug abuse and drug treatment research (administered through the National Institute on Drug Abuse), $5,000,000 for each of the fiscal years 1997 through 2000.

(2) CAPACITY EXPANSION PROGRAM REGARDING DRUG ABUSE TREATMENT.—Section 1971 of the Public Health Service Act (42 U.S.C. 300y) is amended—

(A) in subsection (a)(1), by adding at the end the following sentence: "This paragraph is subject to subsection (j).";

(B) by redesignating subsection (j) as subjection (k);

(C) in subsection (j) (as so redesignated), by inserting before the period the following: "and for each of the fiscal years 1995 through 2000;" and

(D) by inserting after subsection (i) the following subsection:

"(j) FORMULA GRANTS FOR CERTAIN FISCAL YEARS.—

"(1) IN GENERAL.—For each of the fiscal years 1997 through 2000, the Director shall, for the purpose described in subsection (a)(1), make a grant to each State that submits to the Director an application in accordance with paragraph (2). Such a grant for a State shall consist of the allotment determined for the State under paragraph (3). For each of the fiscal years 1997 through 2000, grants under this paragraph shall be the exclusive grants under this section.

"(2) REQUIREMENTS.—The Director may make a grant under paragraph (1) only if, by the date specified by the Director, the State submits to the Director an application for the grant that is in such form, is made in such manner, and contain such agreements, assurances, and information as the Director determines to be necessary to carry out this subsection, and if the application contains an agreement by the State in accordance with the following:

"(A) The State will expend the grant in accordance with the priority described in subsection (b)(1).

"(B) The State will comply with the conditions described in each of subsections (c), (d), (g), and (h).

"(3) ALLOTMENT.—

"(A) For purposes of paragraph (1), the allotment under this paragraph for a fiscal

year shall, except as provided in subparagraph (B), be the product of—

"(i) the amount appropriated in section 601(d)(1)(A) of the Work Opportunity Act of 1995 for the fiscal year, together with any additional amounts appropriated to carry out this section for the fiscal year; and

"(ii) the percentage determined for the State under he formula established in section 1933(a).

"(B) Subsections (b) through (d) of section 1933 apply to an allotment under subparagraph (A) to the same extent and in the same manner as such subsections apply to an allotment under subsection (a) of section 1933.".

AMENDMENT NO. 2485

On page 374, line 2, insert "and not reserved under paragraph (3)" after "734(b)(2)".

On page 374, between lines 21 and 22, insert the following:

(3) RESERVATION FOR INDIAN VOCATIONAL EDUCATION GRANTS.—From amounts made available under section 734(b)(2) for a fiscal year, the Secretary shall reserve $4,000,000 for such year to award grants, to tribally controlled postsecondary vocational institutions to enable such institutions to carry out activities described in subsection (d), on the basis of a formula that—

(A) takes into consideration—

(i) the costs of basic operational support at such institutions; and

(ii) the availability to such institutions of Federal funds not provided under this paragraph for such costs; and

(B) is consistent with the purpose of section 382 of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2397).

LEVIN AMENDMENT NO. 2486

Mr. LEVIN proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

On page 12, between lines 22 and 23, insert the following:

"(G) COMMUNITY SERVICE.—Not later than 3 years after the date of the enactment of the Work Opportunity Act of 1995, should (and not later than 7 years after such date, shall) offer to, and require participation by, a parent or caretaker receiving assistance under the program who, after receiving such assistance for 6 months—

"(i) is not exempt from work requirements; and

"(ii) is not engaged in work as determined under section 404(c),

in community service employment, with minimum hours per week and tasks to be determined by the State.

On page 35, between lines 2 and 3, insert the following:

"(6) CERTAIN COMMUNITY SERVICE EXCLUDED.—An individual performing community service pursuant to the requirement under section 402(a)(1)(G) shall be excluded from the determination of a State's participation rate.

BREAUX AMENDMENTS NOS. 2487-2488

Mr. BREAUX proposed two amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

AMENDMENT NO. 2487

On page 23, beginning on line 7, strike all through page 24, line 18, and insert the following:

"(5) WELFARE PARTNERSHIP.—

"(A) IN GENERAL.—the amount of the grant otherwise determined under paragraph (1) for fiscal year 1997, 1998, 1999, or 2000 shall be reduced by the amount by which State expenditures under the State program funded under this part for the preceding fiscal year is less than 100 percent of historic State expenditures.

"(B) HISTORIC STATE EXPENDITURES.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'historic State expenditures' means expenditures by a State under parts A and F of title IV for fiscal year 1994, as in effect during such fiscal year.

"(ii) HOLD HARMLESS.—In no event shall the historic State expenditures applicable to any fiscal year exceed the amount which bears the same ratio to the amount determined under clause (i) as—

"(I) the grant amount otherwise determined under paragraph (1) of the preceding fiscal year (without regard to section 407), bears to

"(II) the total amount of Federal payments to the State under section 403 for fiscal year 1994 (as in effect during such fiscal year).

"(C) DETERMINATION OF STATE EXPENDITURES FOR PRECEDING FISCAL YEAR.—

"(i) IN GENERAL.—For purposes of this paragraph, the expenditures of a State under the State program funded under this part for a preceding fiscal year shall be equal to the sum of the State's expenditures under the program in the preceding fiscal year for—

"(I) cash assistance;

"(II) child care assistance;

"(III) education, job training, and work; and

"(IV) administrative costs.

"(ii) TRANSFERS FROM OTHER STATE AND LOCAL PROGRAMS.—In determining State expenditures under clause (i), such expenditures shall not include funding supplanted by transfers from other State and local programs.

"(D) EXCLUSION OF FEDERAL AMOUNTS.—For purposes of this paragraph, State expenditures shall not include any expenditures from amounts made available by the Federal Government.

AMENDMENT NO. 2488

On page 23, beginning on line 7, strike all through page 24, line 18, and insert the following:

"(5) WELFARE PARTNERSHIP.—

"(A) IN GENERAL.—The amount of the grant otherwise determined under paragraph (1) for fiscal year 1997, 1998, 1999, or 2000 shall be reduced by the amount by which State expenditures under the State program funded under this part for the preceding fiscal year is less than 90 percent of historic State expenditures.

"(B) HISTORIC STATE EXPENDITURES.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'historic State expenditures' means expenditures by a State under parts A and F of title IV for fiscal year 1994, as in effect during such fiscal year.

"(ii) HOLD HARMLESS.—In no event shall the historic State expenditures applicable to any fiscal year exceed the amount which bears the same ratio to the amount determined under clause (i) as—

"(I) the grant amount otherwise determined under paragraph (1) for the preceding fiscal year (without regard to section 407), bears to

"(II) the total amount of Federal payments to the State under section 403 for fiscal year 1994 (as in effect during such fiscal year).

"(C) DETERMINATION OF STATE EXPENDITURES FOR PRECEDING FISCAL YEAR.—

"(i) IN GENERAL.—For purposes of this paragraph, the expenditures of a State under the State program funded under this part for a preceding fiscal year shall be equal to the sum of the State's expenditures under the program in the preceding fiscal year for—

"(I) cash assistance;

"(II) child care assistance;

"(III) education, job training, and work; and

"(IV) administrative costs.

"(ii) TRANSFERS FROM OTHER STATE AND LOCAL PROGRAMS.—In determining State expenditures under clause (i), such expenditures shall not include funding supplanted by transfers from other State and local programs.

"(D) EXCLUSION OF FEDERAL AMOUNTS.—For purposes of this paragraph, State expenditures shall not include any expenditures from amounts made available by the Federal Government.

BREAUX (AND OTHERS) AMENDMENT NO. 2489

Mr. BREAUX (for himself, Mr. DASCHLE, Mr. KENNEDY, and Mr. PELL) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

In section 703(39), strike "(8)" and all that follows and insert "(9) of section 716(a).".

In section 714(c)(2)(B), strike clause (vii) and insert the following:

"(vii) the steps the State will take over the 3 years covered by the plan to comply with the requirements specified in section 716(a)(3) relating to the provision of education and training services;".

In section 716(a)(1)(A), strike "and (4)" and insert "(4), and (5)".

In section 716(a)(1), strike subparagraph (B) and insert the following:

"(B) may be used to carry out the activities described in paragraphs (6), (7), (8), and (9).".

In section 716(a), strike paragraph (9).

In section 716(a)(8), strike "(8)" and insert "(9)".

In section 716(a)(7), strike "(7)" and insert "(8)".

In section 716(a)(6), strike "(6)" and insert "(7)".

In section 716(a)(5), strike "(5)" and insert "(6)".

In section 716(a)(4), strike "(4)" and insert "(5)".

In section 716(a)(3), strike "(3)" and insert "(4)".

In section 716(a), insert after paragraph (2) the following:

"(3) EDUCATION AND TRAINING SERVICES.—

"(A) IN GENERAL.—The State shall use a portion of the funds described in paragraph (1) to provide education and training services in accordance with this paragraph to adults, each of whom—

"(i) is unable to obtain employment through core services described in paragraph (2)(B);

"(ii) needs the education and training services in order to obtain employment, as determined through—

"(I) an initial assessment under paragraph (2)(B)(ii); or

"(II) a comprehensive and specialized assessment; and

"(iii) is unable to obtain other grant assistance, such as a Pell Grant provided under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.), for such services.

"(B) TYPES OF SERVICES.—Such education and training services may include the following:

"(i) Occupational skills training, including training for nontraditional employment.

"(ii) On-the-job training.

"(iii) Services that combine workplace training with related instruction.

"(iv) Skill upgrading and retraining.

"(v) Entrepreneurial training.

"(vi) Preemployment training to enhance basic workplace competencies, provided to individuals who are determined under guidelines developed by the Federal Partnership to be low-income.

"(vii) Customized training conducted with a commitment by an employer or group of employers to employ an individual on successful completion of the training.

"(C) USE OF VOUCHERS FOR DISLOCATED WORKERS.—

"(i) IN GENERAL.—Except as provided in clauses (ii) and (iii), education and training services described in subparagraph (B) shall be provided to dislocated workers through a system of vouchers that is administered through one-stop delivery described in paragraph (2).

"(ii) EXCEPTIONS.—Education and training services described in subparagraph (B) may be provided to dislocated workers in a substate area through a contract for services in lieu of a voucher if—

"(I) the local partnership described in section 728(a), or local workforce development board described in section 728(b), for the substate area determines there are an insufficient number of eligible entities in the substate area to effectively provide the education and training services through a voucher system;

"(II) the local partnership or local workforce development board determines that the eligible entities in the substate area are unable to effectively provide the education and training services to special participant populations; or

"(III) the local partnership or local workforce development board decides that the education and training services shall be provided through a direct contract with a community-based organization serving special participant populations.

"(iii) PROHIBITION ON PROVISION OF ON-THE-JOB TRAINING THROUGH VOUCHERS.—On-the-job training provided under this paragraph shall not be provided through a voucher system.

"(D) ELIGIBILITY OF EDUCATION AND TRAINING SERVICE PROVIDERS.—

"(i) ELIGIBILITY REQUIREMENTS.—An entity shall be eligible to provide the education and training services through a program carried out under this paragraph and receive funds from the portion described in subparagraph (A) through the receipt of vouchers if—

"(I)(aa) the entity is eligible to carry out the program under title IV of the Higher Education Act of 1965; or

"(bb) the entity is eligible to carry out the program under an alternative eligibility procedure established by the Governor of the State that includes criteria for minimum acceptable levels of performance; and

"(II) the entity submits accurate performance-based information required pursuant to clause (ii).

"(ii) PERFORMANCE-BASED INFORMATION.—The State shall identify performance-based information that is to be submitted by an entity for the entity to be eligible to provide the services, and receive the funds, described in clause (i). Such information include information relating to—

"(I) the percentage of students completing the programs, if any, through which the entity provides education and training services described in subparagraph (B), as of the date of the submission;

"(II) the rates of licensure of graduates of the programs;

"(III) the percentage of graduates of the programs meeting skill standards and certification requirements endorsed by the National Skill Standards Board established under the Goals 2000: Educate America Act;

"(IV) the rates of placement and retention in employment, and earnings, of the graduates of the programs;

"(V) the percentage of students in such a program who obtained employment in an occupation related to the program; and

"(VI) the warranties or guarantees provided by such entity relating to the skill levels or employment to be attained by recipients of the education and training services provided by the entity under this paragraph.

"(iii) ADMINISTRATION.—The Governor shall designate a State agency to collect, verify, and disseminate the performance-based information submitted pursuant to clause (ii).

"(iv) ON-THE-JOB TRAINING EXCEPTION.—Entities shall not be subject to the requirements of clauses (i) through (iii) with respect to on-the-job training activities.".

In section 716(a)(7) (as so redesignated), strike subparagraphs (A), (B), and (C).

In subparagraph (D) of section 716(a)(7) (as so redesignated), strike "(D)" and insert "(A)".

In section 716(a)(7) (as so redesignated), strike subparagraph (E).

In subparagraph (F) of section 716(a)(7) (as so redesignated), strike "(F)" and insert "(B)".

In section 716(a)(7) (as so redesignated), strike subparagraph (G).

In subparagraph (H) of section 716(a)(7) (as so redesignated), strike "(H)" and insert "(C)".

In subparagraph (I) of section 716(a)(7) (as so redesignated), strike "(I)" and insert "(D)".

In section 716(a)(7) (as so redesignated), strike subparagraph (J).

In subparagraph (K) of section 716(a)(7) (as so redesignated), strike "(K)" and insert "(E)".

In subparagraph (L) of section 716(a)(7) (as so redesignated), strike "(L)" and insert "(F)".

In subparagraph (M) of section 716(a)(7) (as so redesignated), strike "(M)" and insert "(G)".

In subparagraph (N) of section 716(a)(7) (as so redesignated), strike "(N)" and insert "(H)".

In subparagraph (O) of section 716(a)(7) (as so redesignated), strike "(O)" and insert "(I)".

In section 716(g)(1)(A), strike "(a)(6)" and insert "(a)(7)".

In section 716(g)(1)(B), strike "(a)(6)" and insert "(a)(7)".

In section 716(g)(2)(A), strike "(a)(6)" and insert "(a)(7)".

In section 716(g)(2)(B)(i), strike "(a)(6)" and insert "(a)(7)".

In section 7(38) of the Rehabilitation Act of 1973 (as amended by section 804), strike "(8)" and all that follows and insert "(9) of section 716(a) of the Workforce Development Act of 1995.".

BREAUX (AND OTHERS) AMENDMENT NO. 2490

Mr. BREAUX (for himself, Mr. PELL, Mr. KENNEDY, Mr. LIEBERMAN, Mr. BRADLEY, and Mr. JOHNSTON) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

Strikes titles VII and VIII of the amendment.

ROCKEFELLER (AND BAUCUS) AMENDMENT NO. 2491

Mr. ROCKEFELLER (for himself and Mr. BAUCUS) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 36, between lines 18 and 19, insert the following:

"(4) AREAS OF HIGH UNEMPLOYMENT.—

"(A) IN GENERAL.—At the State's option, the State may, on a uniform basis, exempt a family from the application of paragraph (1) if—

"(i) such family resides in area of high unemployment designated by the State under subparagraph (B); and

"(ii) the State makes available, and requires an individual in the family to participate in, work activities described in subparagraphs (B), (D), or (F) of section 404(c)(3).

"(B) AREAS OF HIGH UNEMPLOYMENT.—The State may designate a sub-State area as an area of high unemployment if such area—

"(i) is a major political subdivision (or is comprised of 2 or more geographically contiguous political subdivisions);

"(ii) has an average annual unemployment rate (as determined by the Bureau of Labor Statistics) of at least 10 percent; and

"(iii) has at least 25,000 residents.

The State may waive the requirement of clause (iii) in the case of a sub-State area that is an Indian reservation.

ROCKEFELLER AMENDMENT NO. 2492

Mr. ROCKEFELLER proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 35, between lines 2 and 3, insert the following:

"(6) STATE OPTION FOR PARTICIPATION REQUIREMENT EXEMPTIONS.—For any fiscal year, a State may opt to not require an individual described in subclause (I) or (II) of section 405(a)(3)(B)(ii) to engage in work activities and may exclude such an individual from the determination of the minimum participation rate specified for such fiscal year in subsection (a).

On page 40, strike lines 6 through 16, and insert the following:

"(B) LIMITATION.—

"(i) 15 PERCENT.—In addition to any families provided with exemptions by the State under clause (ii), the number of families with respect to which an exemption made by a State under subparagraph (A) is in effect for a fiscal year shall not exceed 15 percent of the average monthly number of families to which the State is providing assistance under the program operated under this part.

"(ii) CERTAIN FAMILIES.—At the State's option, the State may provide an exemption under subparagraph (A) to a family—

"(I) of an individual who is ill, incapacitated, or of advanced age; and

"(II) of an individual who is providing full-time care for a disabled dependent of the individual.

SNOWE (AND BRADLEY) AMENDMENT NO. 2493

Ms. SNOWE (for herself and Mr. BRADLEY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

Beginning on page 582, strike line 3 and all that follows through line 2 on page 583, and insert the following:

"(ii) DISTRIBUTION TO THE FAMILY TO SATISFY ARREARAGES THAT ACCRUED BEFORE THE FAMILY RECEIVED ASSISTANCE.—From any remainder after the application of clause (i), in

order to satisfy arrearages of support obligations that accrued before the family received assistance from the State, the State—

"(I) may distribute to the family the amount so collected with respect to such arrearages accruing (and assigned to the State as a condition of receiving assistance) before the effective date of this subsection; and

"(II) shall distribute to the family the amount so collected with respect to such arrearages accruing after such effective date.

"(iii) RETENTION BY THE STATE OF A PORTION OF ASSIGNED ARREARAGES TO REPAY ASSISTANCE FURNISHED TO THE FAMILY.—From any remainder after the application of clauses (i) and (ii), the State shall retain (with appropriate distribution to the Federal Government) amounts necessary to reimburse the State and Federal Government for assistance furnished to the family.

"(iv) DISTRIBUTION OF THE REMAINDER TO THE FAMILY.—The State shall distribute to the family any remainder after the application of clauses (i), (ii), and (iii).

On page 585, between lines 10 and 11, insert the following:

(c) AMENDMENTS TO INTERNAL REVENUE CODE CONCERNING COLLECTION OF CHILD SUPPORT ARREARAGES THROUGH INCOME TAX REFUND OFFSET.—

(1) Section 6402(c) of the Internal Revenue Code of 1986 is amended by striking the third sentence.

(2) Section 6402(d)(2) of such Code is amended in the first sentence by striking all that follows "subsection (c)" and inserting a period.

On page 585, line 11, strike "(c)" and insert "(d)".

SNOWE AMENDMENT NO. 2494

Ms. SNOWE proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 36, strike lines 14 through 25, and insert the following:

"(d) PENALTIES AGAINST INDIVIDUALS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), if an adult in a family receiving assistance under the State program funded under this part refuses to engage in work required under subsection (c)(1) or (c)(2), a State to which a grant is made under section 403 shall—

"(A) reduce the amount of assistance otherwise payable to the family pro rata (or more, at the option of the State) with respect to any period during a month in which the adult so refuses; or

"(B) terminate such assistance,

subject to such good cause and other exceptions as the State may establish.

"(2) EXCEPTION.—Notwithstanding paragraph (1), a State may not reduce or terminate assistance under the State program based on a refusal of an adult to work if such adult is a single custodial parent caring for a child age 5 or under and has a demonstrated inability to obtain needed child care, for one or more of the following reasons:

"(A) Unavailability of appropriate child care within a reasonable distance of the individual's home or work site.

"(B) Unavailability or unsuitability of informal child care by a relative or under other arrangements.

"(C) Unavailability of appropriate and affordable formal child care arrangements.

PRYOR AMENDMENT NO. 2495

Mr. PRYOR proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

At the appropriate place in the bill, insert the following:

On page 52, lines 4 through 6, strike "so used, plus 5 percent of such grant (determined without regard to this section)." and insert "so used. If the Secretary determines that such unlawful expenditure was made by the State in intentional violation of the requirements of this part, then the Secretary shall impose an additional penalty of up to 5 percent of such grant (determined without regard to this section).".

On page 56, between lines 9 and 10, insert the following:

"(d) COMPLIANCE PLAN.—

"(1) IN GENERAL.—Prior to the deduction from the grant of aggregate penalties under subsection (a) in excess of 5 percent of a State's grant payable under section 403, a State may develop jointly with the Secretary a plan which outlines how the State will correct any violations for which such penalties would be deducted and how the State will insure continuing compliance with the requirements of this part.

"(2) FAILURE TO CORRECT.—If the Secretary determines that a State has not corrected the violations described in paragraph (1) in a timely manner, the Secretary shall deduct some or all of the penalties described in paragraph (1) from the grant.".

On page 56, strike lines 11 through 14, and insert the following:

"(1) IN GENERAL.—The penalties described in paragraphs (2) through (6) of subsection (a) shall apply—

"(A) with respect to periods beginning 6 months after the Secretary issues final rules with respect to such penalties; or

"(B) with respect to fiscal years beginning on or after October 1, 1996;

whichever is later.".

BRADLEY AMENDMENTS NOS. 2496–2498

Mr. BRADLEY proposed three amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2496

At the end of section 402(a), insert the following:

"(9) ADDITIONAL REQUIREMENTS.—

"(A) ELIGIBILITY.—The terms and conditions under which families are deemed needy and eligible for assistance under the program.

"(B) TERMS AND CONDITIONS.—The terms and conditions described in subparagraph (A) shall include—

"(i) a need standard based on family income and size;

"(ii) a standard for benefits or schedule of benefits for families based on family size and income;

"(iii) explicit rules regarding the treatment of earned and unearned income, resources, and assets; and

"(iv) a description of any variations in the terms and conditions described in clauses (i), (ii), and (iii) that are applicable in—

"(I) regions or localities within the State; or

"(II) particular circumstances.

"(C) IDENTIFICATION OF FAMILIES CATEGORICALLY INELIGIBLE FOR ASSISTANCE—Identification of any categories of families, or individuals within such families, that are deemed by the State to be categorically ineligible for assistance under the program, regardless of family income or other terms and conditions developed under subparagraph (A).

"(D) ASSURANCES REGARDING THE PROVISION OF ASSISTANCE.—Assurances that all families deemed eligible for assistance under the program under subparagraph (A) shall be provided assistance under the standard for benefits or the benefit schedule described in subparagraph (B)(ii), unless—

"(i) the family or an individual member of the family is categorically ineligible for assistance under subparagraph (C); or

"(ii) the family is subject to sanctions or reductions in benefits under terms of another provision of the State plan, this part, Federal or State law, or an agreement between an individual recipient of assistance in such family and the State that may contain terms and conditions applicable only to the individual recipient.

"(E) PROCEDURES FOR ENSURING THE AVAILABILITY OF FUNDS.—The procedures under which the State shall ensure that funds will remain available to provide assistance under the program to all eligible families during a fiscal year if the State exhausts the grant provided to the State for such fiscal year under section 403.

"(F) WAITING LISTS.—Assurances that no family otherwise eligible for assistance under the program shall be placed on a waiting list for assistance or instructed to reapply at such time that additional Federal funds may become available.

AMENDMENT NO. 2497

At the end of section 405, insert the following:

"(f) NO UNFUNDED LOCAL MANDATES.—A State to which a grant is made under section 403 may not, by mandate or policy, shift the costs of providing aid or assistance that, prior to October 1, 1995 (or March 31, 1996, in the case of a State exercising the option described in section 110(b) of the Family Self-Sufficiency Act of 1995) was provided under the aid to families with dependent children or the JOBS programs (as such programs were in effect on September 30, 1995) to—

"(1) counties;

"(2) localities;

"(3) school boards; or

"(4) other units of local government.

AMENDMENT NO. 2498

At the appropriate place at the end of Title I, add the following:

Nothing in this Act shall in interpreted to preempt the enforcement of existing civil rights laws.

BOND AMENDMENT NO. 2499

Mr. BOND proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

At the appropriate place in the bill, insert the following: "Notwithstanding any other provision of law, States shall not be prohibited by the federal government from sanctioning welfare recipients who test positive for use of controlled substances."

GLENN AMENDMENT NO. 2500

Mr. GLENN proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 322, strike lines 8 through 14 and insert the following:

(8) DISPLACED HOMEMAKER.—The term "displaced homemaker" means an individual who—

(A) has been dependent

(i) on assistance under part A of title IV of the Social Security Act and whose youngest child is not younger than 16; or

(ii) on the income of another family member, but is no longer supported by such income; and

(B) is unemployed or underemployed, and is experiencing difficulty in obtaining or upgrading employment.

On page 359, line 13, strike "and".

On page 359, line 16, strike the period and insert ";and".

On page 359, between lines 16 and 17, insert the following:

(P) Preemployment training for displaced homemakers.

On page 364, between lines 9 and 10, insert the following:

(6) providing programs for single parents, displaced homemakers, and single pregnant women;

On page 364, line 10, strike "(6)" and insert "(7)".

On page 364, line 12, strike "(7)" and insert "(8)".

On page 412, line 4, strike "and".

On page 412, line 5, strike the period and insert "; and".

On page 412, between lines 5 and 6, insert the following:

(G) displaced homemakers.

PRESSLER AMENDMENT NO. 2501

Mr. GRASSLEY (for Mr. PRESSLER) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 77, line 21, strike the end quotation marks and the end period.

On page 77, between lines 21 and 22, insert the following:

"**SEC. 418. COLLECTION OF OVERPAYMENTS FROM FEDERAL TAX REFUNDS.**

"(a) IN GENERAL.—Upon receiving notice from the Secretary of Health and Human Services that a State agency administering a plan approved under this part has notified the Secretary that a named individual has been overpaid under the State plan approved under this part, the Secretary of the Treasury shall determine whether any amounts as refunds of Federal taxes paid are payable to such individual, regardless of whether such individual filed a tax return as a married or unmarried individual. If the Secretary of the Treasury finds that any such amount is payable, the Secretary shall withhold from such refunds an amount equal to the overpayment sought to be collected by the State and pay such amount to the State agency.

"(b) REGULATIONS.—The Secretary of the Treasury shall issue regulations, after review by the Secretary of Health and Human Services, that provide—

"(1) that a State may only submit under subsection (a) requests for collection of overpayments with respect to individuals—

"(A) who are no longer receiving assistance under the State plan approved under this part;

"(B) with respect to whom the State has already taken appropriate action under State law against the income or resources of the individuals or families involved to collect the past-due legally enforceable debt; and

"(C) to whom the State agency has given notice of its intent to request withholding by the Secretary of the Treasury from the income tax refunds of such individuals;

"(2) that the Secretary of the Treasury will give a timely and appropriate notice to any other person filing a joint return with the individual whose refund is subject to withholding under subsection (a); and

"(3) the procedures that the State and the Secretary of the Treasury will follow in carrying out this section which, to the maximum extent feasible and consistent with the specific provisions of this section, will be the same as those issued pursuant to section 464(b) applicable to collection of past-due child support.".

(c) CONFORMING AMENDMENTS RELATING TO COLLECTION OF OVERPAYMENTS.—

(1) Section 6402 of the Internal Revenue Code of 1986 (relating to authority to make credits or refunds) is amended—

(A) in subsection (a), by striking "(c) and (d)" and inserting "(c), (d), and (e)";

(B) by redesignating subsections (e) through (i) as subsections (f) through (j), respectively; and

(C) by inserting after subsection (d) the following:

"(e) COLLECTION OF OVERPAYMENTS UNDER TITLE IV-A OF THE SOCIAL SECURITY ACT.—The amount of any overpayment to be refunded to the person making the overpayment shall be reduced (after reductions pursuant to subsections (c) and (d), but before a credit against future liability for an internal revenue tax) in accordance with section 418 of the Social Security Act (concerning recovery of overpayments to individuals under State plans approved under part A of title IV of such Act).".

(2) Paragraph (10) of section 6103(*l*) of such Code is amended—

(A) by striking "(c) or (d)" each place it appears and inserting "(c), (d), or (e)"; and

(B) by adding at the end of subparagraph (B) the following new sentence: "Any return information disclosed with respect to section 6402(e) shall only be disclosed to officers and employees of the State agency requesting such information.".

(3) The matter preceding subparagraph (A) of section 6103(p)(4) of such Code is amended—

(A) by striking "(5), (10)" and inserting "(5)"; and

(B) by striking "(9), or (12)" and inserting "(9), (10), or (12)".

(4) Section 552a(a)(8)(B)(iv)(III) of title 5, United States Code, is amended by striking "section 464 or 1137 of the Social Security Act" and inserting "section 418, 464, or 1137 of the Social Security Act."

WELLSTONE AMENDMENTS NOS. 2503-2500

Mr. WELLSTONE proposed four amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2503

On page 229, between lines 13 and 14, insert the following:

"(4) SUNSET OF ELECTION UPON INCREASE IN NUMBER OF HUNGRY CHILDREN.—

"(A) FINDINGS.—The Congress finds that—

"(i) on March 29, 1995 the Senate adopted a resolution stating that Congress should not enact or adopt any legislation that will increase the number of children who are hungry;

"(ii) it is not the intent of this bill to cause more children to be hungry;

"(iii) the Food Stamp Program serves to prevent child hunger;

"(iv) a State's election to participate in the optional state food assistance block grant program should not serve to increase the number of hungry children in that State; and

"(v) one indicator of hunger among children is the child poverty rate.

"(B) SUNSET.—If the Secretary of Health and Human Services makes two successive findings that the poverty rate among children in a State is significantly higher in a State that has elected to participate in a program established under subsection (a) than it would have been had there been no such election, 180 days after the second such finding such election shall be permanently and irreversibly revoked and the provisions of paragraphs (1) and (2) shall not be applicable to that State.

"(C) PROCEDURE FOR FINDING BY SECRETARY.—In making the finding described in subparagraph (B), the Secretary shall adhere to the following procedure:

"(i) Every three years, the Secretary shall develop data and report to Congress with respect to each State that has elected to participate in a program established under subsection (a) whether the child poverty rate in such State is significantly higher than it would have been had the State not made such election.

"(ii) The Secretary shall provide the report required under clause (i) to all States that have elected to participate in a program established under subsection (a), and the Secretary shall provide each State for which the Secretary determined that the child poverty rate is significantly higher than it would have been had the State not made such election with an opportunity to respond to such determination.

"(iii) If the response by a State under clause (ii) does not result in the Secretary reversing the determination that the child poverty rate in that State is significantly higher than it would have been had the State not made such election, then the Secretary shall publish a finding as described in subparagraph (B)

AMENDMENT NO. 2504

On page 124, between lines 12 and 13, insert the following:

"**SEC. 113. SUNSET UPON OF INCREASE IN NUMBER OF HUNGRY OR HOMELESS CHILDREN.**

"(a) FINDINGS.—The Congress finds that—

"(1) on March 29, 1995 the Senate adopted a resolution stating that Congress should not enact or adopt any legislation that will increase the number of children who are hungry or homeless;

"(2) it is not the intent of this bill to cause more children to be hungry or homeless;

"(3) the Aid to Families with Dependent Children program, which is repealed by this title, has helped prevent hunger and homelessness among children;

"(4) the operation of block grants for temporary assistance for needy families under this title should not serve to increase significantly the number of hungry or homeless children in any State; and

"(5) one indicator of hunger and homelessness among children is the child poverty rate.

"(b) SUNSET.—If the Secretary of Health and Human Services makes two successive findings that the poverty rate among children in a State is significantly higher in the State than it would have been had this title not been implemented, then all of the provisions of this title shall cease to be effective with regard to that State 180 days after the second such finding, making effective any provisions of law repealed by this title.

"(c) PROCEDURE FOR FINDING BY SECRETARY.—In making the finding described in subsection (b), the Secretary shall adhere to the following procedure:

"(1) Every three years, the Secretary shall develop data and report to Congress with respect to each State whether the child poverty rate in that State is significantly higher than it would have been had this title not been implemented.

"(2) The Secretary shall provide the report required under paragraph (1) to all States, and the Secretary shall provide each State for which the Secretary determined that the child poverty rate is significantly higher than it would have been had this title not been implemented with an opportunity to respond to such determination.

"(3) If the response by a State under paragraph (2) does not result in the Secretary reversing the determination that the child poverty rate in that State is significantly higher than it would have been had this title not been implemented, then the Secretary shall publish a finding as described in subsection (b), and the State must implement a plan to decrease the child poverty rate."

AMENDMENT NO. 2505

On page 86, between lines 3 and 4, insert the following:

SEC. 104A. SENSE OF THE SENATE REGARDING CONTINUING MEDICAID COVERAGE.

(a) FINDINGS.—The Senate finds that—

(1) the potential loss of medicaid coverage represents a large disincentive for recipients of welfare benefits to accept jobs that offer no health insurance;

(2) thousands of the Nation's employers continue to find the cost of health insurance out of reach;

(3) the percentage of working people who receive health insurance from their employer has dipped to its lowest point since the early 1980s; and

(4) children have accounted for the largest proportion of the increase in the number of uninsured in recent years.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that any medicaid reform enacted by the Senate this year should require that States continue to provide medicaid for 12 months to families who lose eligibility for welfare benefits because of more earnings or hours of employment.

AMENDMENT NO. 2506

On page 86: between lines 3 and 4, insert the following:

SEC. 104A. EXTENSION OF TRANSITIONAL MEDICAID BENEFITS.

(a) FINDINGS.—THE SENATE FINDS THAT—

(1) the potential loss of Medicaid coverage represents a large disincentive for recipients of welfare benefits to accept jobs that offer no health insurance;

(2) thousands of the Nation's employers continue to find the cost of health insurance out of reach;

(3) the percentage of working people who receive health insurance from their employer has dipped to its lowest point since the early 1980s; and

(4) children have accounted for the largest proportion of the increase in the number of uninsured in recent years.

(b) EXTENSION OF MEDICAID ENROLLMENT FOR FORMER TEMPORARY EMPLOYMENT ASSISTANCE RECIPIENTS FOR 1 ADDITIONAL YEAR.—

(1) IN GENERAL.—Section 1925(b)(1) (42 U.S.C. 1396r-6(b)(1)) is amended by striking the period at the end and inserting the following: ", and shall provide that the State shall offer to each such family the option of extending coverage under this subsection for an additional 2 succeeding 6-month periods in the same manner and under the same conditions as the option of extending coverage under this subsection for the first succeeding 6-month period.".

(2) CONFORMING AMENDMENTS.—

(A) IN GENERAL.—Section 1925 (42 U.S.C. 1396r-6) is amended—

(i) in subsection (b)—

(I) in the heading, by striking "EXTENSION" and inserting "EXTENSIONS";

(II) in the heading of paragraph (1), by striking "REQUIREMENT" and inserting "IN GENERAL";

(III) in paragraph (2)(B)(ii)—

(aa) in the heading, by striking "PERIOD" and inserting "PERIODS"; and

(bb) by striking "in the period" and inserting "in each of the 6-month periods";

(IV) in paragraph (3)(A), by striking "the 6-month period" and inserting "any 6-month period";

(V) in paragraph (4)(A), by striking "the extension period" and inserting "any extension period"; and

(VI) in paragraph (5)(D)(i), by striking "is a 3-month period" and all that follows and inserting the following: "is, with respect to a particular 6-month additional extension period provided under this subsection, a 3-month period beginning with the first or fourth month of such extension period."; and

(ii) by striking subsection (f).

(B) FAMILY SUPPORT ACT.—Section 303(f)(2) of the Family Support Act of 1988 (42 U.S.C. 602 note) is amended—

(i) by striking "(A)"; and

(ii) by striking subparagraphs (B) and (C).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to medical assistance furnished for calendar quarters beginning on or after October 1, 1995.

COHEN AMENDMENT NO. 2502

Mr. GRASSLEY (for Mr. COHEN) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 78, line 18, insert after "subsection (a)(2)" the following:

"so long as the programs are implemented consistent with the Establishment Clause of the United States Constitution"

On page 80, line 13, add ":" after "governance" and delete lines 14-16.

WELLSTONE (AND FEINGOLD) AMENDMENT NO. 2507

Mr. WELLSTONE (for himself and Mr. FEINGOLD) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

Beginning on page 161, strike line 7 and all that follows through page 163, line 1, and insert the following:

SEC. 308. ENERGY ASSISTANCE.

(a) IN GENERAL.—Section 5(d)(11) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(11)) is amended by striking "any payments or allowances" and inserting the following: "a one-time payment or allowance for the costs of weatherization or emergency repair or replacement of an unsafe or inoperative furnace or other heating or cooling device.".

(b) CONFORMING AMENDMENT.—Section 5(k)(1)(A) of the Act (7 U.S.C. 2014(k)(1)(A)) is amended by striking "plan for aid to families with dependent children approved" and inserting "program funded".

BROWN AMENDMENT NO. 2508

Mr. BROWN proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 25, strike line 4 and insert the following:

1, 1995;

except that not more than 15 percent of the grant may be used for administrative purposes.

SIMON AMENDMENTS NOS. 2509-2510

Mr. SIMON proposed two amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2509

On page 289, lines 2 through 5, strike ", or for a period of 5 years beginning on the day such individual was first lawfully in the United States after the execution of such affidavit or agreement, whichever period is longer".

AMENDMENT NO. 2510

In title VII, strike chapters 1 and 2 of subtitle C and insert the following:

CHAPTER 1—GENERAL PROVISIONS

SEC. 741. DEFINITIONS.

As used in this subtitle:

(1) AT-RISK YOUTH.—The term "at-risk youth" means an individual who—

(A) is not less than age 15 and not more than age 24;

(B) is low-income (as defined in section 723(e));

(C) is 1 or more of the following:

(i) Basic skills deficient.

(ii) A school dropout.

(iii) Homeless or a runaway.

(iv) Pregnant or parenting.

(v) Involved in the juvenile justice system.

(vi) An individual who requires additional education, training, or intensive counseling and related assistance, in order to secure and hold employment or participate successfully in regular schoolwork.

(2) ENROLLEE.—The term "enrollee" means an individual enrolled in the Job Corps.

(3) GOVERNOR.—The term "Governor" means the chief executive officer of a State.

(4) JOB CORPS.—The term "Job Corps" means the Job Corps described in section 743.

(5) JOB CORPS CENTER.—The term "Job Corps center" means a center described in section 743.

(6) OPERATOR.—The term "operator" means an individual selected under this chapter to operate a Job Corps center.

(7) SECRETARY.—The term "Secretary" means the Secretary of Labor.

CHAPTER 2—JOB CORPS

SEC. 742. PURPOSES.

The purposes of this chapter are—

(1) to maintain a national Job Corps program, carried out in partnership with States and communities, to assist at-risk youth who need and can benefit from an unusually intensive program, operated in a group setting, to become more responsible, employable, and productive citizens;

(2) to set forth standards and procedures for selecting individuals as enrollees in the Job Corps;

(3) to authorize the establishment of Job Corps centers in which enrollees will participate in intensive programs of workforce development activities; and

(4) to prescribe various other powers, duties, and responsibilities incident to the operation and continuing development of the Job Corps.

SEC. 743. ESTABLISHMENT.

There shall be established in the Department of Labor a Job Corps program, to carry out activities described in this chapter for individuals enrolled in the Job Corps and assigned to a center.

SEC. 744. INDIVIDUALS ELIGIBLE FOR THE JOB CORPS.

To be eligible to become an enrollee, an individual shall be an at-risk youth.

SEC. 745. SCREENING AND SELECTION OF APPLICANTS.

(a) STANDARDS AND PROCEDURES.—

(1) IN GENERAL.—The Secretary shall prescribe specific standards and procedures for the screening and selection of applicants for the Job Corps, after considering recommendations from the Governors, State workforce development boards established under section 715, local partnerships and local workforce development boards established under section 728, and other interested parties.

(2) METHODS.—In prescribing standards and procedures under paragraph (1) for the screening and selection of Job Corps applicants, the Secretary shall—

(A) require enrollees to take drug tests within 30 days of enrollment in the Job Corps;

(B) allocate, where necessary, additional resources to increase the applicant pool;

(C) establish performance standards for outreach to and screening of Job Corps applicants;

(D) where appropriate, take measures to improve the professional capability of the individuals conducting such screening; and

(E) require Job Corps applicants to pass behavorial background checks, conducted in accordance with procedures established by the Secretary.

(3) IMPLEMENTATION.—To the extent practicable, the standards and procedures shall be implemented through arrangements with—

(A) one-stop career centers;

(B) agencies and organizations such as community action agencies, professional groups, and labor organizations; and

(C) agencies and individuals that have contact with youth over substantial periods of time and are able to offer reliable information about the needs and problems of the youth.

(4) CONSULTATION.—The standards and procedures shall provide for necessary consultation with individuals and organizations, including court, probation, parole, law enforcement, education, welfare, and medical authorities and advisers.

(b) SPECIAL LIMITATIONS.—No individual shall be selected as an enrollee unless the individual or organization implementing the standards and procedures determines that—

(1) there is a reasonable expectation that the individual considered for selection can participate successfully in group situations and activities, is not likely to engage in behavior that would prevent other enrollees from receiving the benefit of the program or be incompatible with the maintenance of sound discipline and satisfactory relationships between the Job Corps center to which the individual might be assigned and surrounding communities; and

(2) the individual manifests a basic understanding of both the rules to which the individual will be subject and of the consequences of failure to observe the rules.

SEC. 746. ENROLLMENT AND ASSIGNMENT.

(a) RELATIONSHIP BETWEEN ENROLLMENT AND MILITARY OBLIGATIONS.—Enrollment in the Job Corps shall not relieve any individual of obligations under the Military Selective Service Act (50 U.S.C. App. 451 et seq.).

(b) ASSIGNMENT.—After the Secretary has determined that an enrollee is to be assigned to a Job Corps center, the enrollee shall be assigned to the center that is closest to the residence of the enrollee, except that the Secretary may waive this requirement for good cause, including to ensure an equitable opportunity for at-risk youth from various sections of the Nation to participate in the Job Corps program, to prevent undue delays in assignment of an enrollee, to adequately meet the educational or other needs of an enrollee, and for efficiency and economy in the operation of the program.

(c) PERIOD OF ENROLLMENT.—No individual may be enrolled in the Job Corps for more than 2 years, except—

(1) in a case in which completion of an advanced career training program under section 748(d) would require an individual to participate for more than 2 years; or

(2) as the Secretary may authorize in a special case.

SEC. 747. JOB CORPS CENTERS.

(a) OPERATORS.—

(1) ELIGIBLE ENTITIES.—The Secretary shall enter into an agreement with a Federal, State, or local agency, which may be a State board or agency that operates or wishes to develop an area vocational education school facility or residential vocational school, or with a private organization, for the operation of each Job Corps center. The Secretary shall enter into an agreement with an appropriate entity to provide services for a Job Corps center.

(2) SELECTION PROCESS.—Except as provided in subsection (c)(2), the Secretary shall select an entity to operate a Job Corps center on a competitive basis, after reviewing the operating plans described in section 750. In selecting a private organization to serve as an operator, the Secretary may convene and obtain the recommendation of a selection panel described in section 752(b). In selecting an entity to serve as an operator or to provide services for a Job Corps center, the Secretary shall take into consideration the previous performance of the entity, if any, relating to operating or providing services for a Job Corps center.

(b) CHARACTER AND ACTIVITIES.—Job Corps centers may be residential or nonresidential in character, and shall be designed and operated so as to provide enrollees, in a well-supervised setting, with access to activities described in section 748. In any year, no more than 20 percent of the individuals enrolled in the Job Corps may be nonresidential participants in the Job Corps.

(c) CIVILIAN CONSERVATION CENTERS.—

(1) IN GENERAL.—The Job Corps centers may include Civilian Conservation Centers, located primarily in rural areas, which shall provide, in addition to other training and assistance, programs of work experience to conserve, develop, or manage public natural resources or public recreational areas or to develop community projects in the public interest.

(2) SELECTION PROCESS.—The Secretary may select an entity to operate a Civilian Conservation Center on a competitive basis, if the center fails to meet such national performance standards as the Secretary shall establish.

SEC. 748. PROGRAM ACTIVITIES.

(a) ACTIVITIES PROVIDED THROUGH JOB CORPS CENTERS.—Each Job Corps center shall provide enrollees assigned to the center with access to activities described in section 716(a)(2)(B), and such other workforce development activities as may be appropriate to meet the needs of the enrollees, including providing work-based learning throughout the enrollment of the enrollees and assisting the enrollees in obtaining meaningful unsubsidized employment, participating successfully in secondary education or postsecondary education programs, enrolling in other suitable training programs, or satisfying Armed Forces requirements, on completion of their enrollment.

(b) ARRANGEMENTS.—The Secretary shall arrange for enrollees assigned to Job Corps centers to receive workforce development activities through the statewide system, including workforce development activities provided through local public or private educational agencies, vocational educational institutions, or technical institutes.

(c) JOB PLACEMENT ACCOUNTABILITY.—Each Job Corps center shall be connected to the job placement accountability system described in section 731(d) in the State in which the center is located.

(d) ADVANCED CAREER TRAINING PROGRAMS.—

(1) IN GENERAL.—The Secretary may arrange for programs of advanced career training for selected enrollees in which the enrollees may continue to participate for a period of not to exceed 1 year in addition to the period of participation to which the enrollees would otherwise be limited.

(2) POSTSECONDARY EDUCATIONAL INSTITUTIONS.—The advanced career training may be provided through a postsecondary educational institution for an enrollee who has obtained a secondary school diploma or its recognized equivalent, has demonstrated commitment and capacity in previous Job Corps participation, and has an identified occupational goal.

(3) COMPANY-SPONSORED TRAINING PROGRAMS.—The Secretary may enter into contracts with private for-profit businesses and labor unions to provide the advanced career training through intensive training in company-sponsored training programs, combined with internships in work settings.

(4) BENEFITS.—

(A) IN GENERAL.—During the period of participation in an advanced career training program, an enrollee shall be eligible for full Job Corps benefits, or a monthly stipend equal to the average value of the residential support, food, allowances, and other benefits provided to enrollees assigned to residential Job Corps centers.

(B) CALCULATION.—The total amount for which an enrollee shall be eligible under subparagraph (A) shall be reduced by the amount of any scholarship or other educational grant assistance received by such enrollee for advanced career training.

(5) DEMONSTRATION.—Each year, any operator seeking to enroll additional enrollees in an advanced career training program shall demonstrate that participants in such program have achieved a reasonable rate of completion and placement in training-related jobs before the operator may carry out such additional enrollment.

SEC. 749. SUPPORT.

The Secretary shall provide enrollees assigned to Job Corps centers with such personal allowances, including readjustment allowances, as the Secretary may determine to be necessary or appropriate to meet the needs of the enrollees.

SEC. 750. OPERATING PLAN.

(a) IN GENERAL.—To be eligible to operate a Job Corps center, an entity shall prepare and submit an operating plan to the Secretary for approval. Prior to submitting the plan to the Secretary, the entity shall submit the plan to the Governor of the State in which the center is located for review and comment. The entity shall submit any comments prepared by the Governor on the plan to the Secretary with the plan. Such plan shall include, at a minimum, information indicating—

(1) in quantifiable terms, the extent to which the center will contribute to the achievement of the proposed State goals and State benchmarks identified in the State plan submitted under section 714 for the State in which the center is located;

(2) the extent to which workforce employment activities and workforce education activities delivered through the Job Corps center are directly linked to the workforce development needs of the region in which the center is located;

(3) an implementation strategy to ensure that all enrollees assigned to the Job Corps center will have access to services through the one-stop delivery of core services described in section 716(a)(2) by the State; and

(4) an implementation strategy to ensure that the curricula of all such enrollees is integrated into the school-to-work activities of the State, including work-based learning, work experience, and career-building activities, and that such enrollees have the opportunity to obtain secondary school diplomas or their recognized equivalent.

(b) APPROVAL.—The Secretary shall not approve an operating plan described in subsection (a) for a center if the Secretary determines that the activities proposed to be carried out through the center are not sufficiently integrated with the activities carried out through the statewide system of the State in which the center is located.

SEC. 751. STANDARDS OF CONDUCT.

(a) PROVISION AND ENFORCEMENT.—The Secretary shall provide, and directors of Job Corps center shall stringently enforce, standards of conduct within the centers. Such standards of conduct shall include provisions forbidding the actions described in subsection (b)(2)(A).

(b) DISCIPLINARY MEASURES.—

(1) IN GENERAL.—To promote the proper moral and disciplinary conditions in the Job Corps, the directors of Job Corps centers shall take appropriate disciplinary measures against enrollees. If such a director determines that an enrollee has committed a violation of the standards of conduct, the director shall dismiss the enrollee from the Job Corps if the director determines that the retention of the enrollee in the Job Corps will jeopardize the enforcement of such standards or diminish the opportunities of other enrollees.

(2) ZERO TOLERANCE POLICY.—

(A) GUIDELINES.—The director shall adopt guidelines establishing a zero tolerance policy for an act of violence, for use, sale, or possession of a controlled substance, for abuse of alcohol, or for another illegal or disruptive activity, as determined by the Secretary.

(B) DEFINITIONS.—As used in this paragraph:

(i) CONTROLLED SUBSTANCE.—The term "controlled substance" has the meaning given the term in section 102 of the Controlled Substances Act (21 U.S.C. 802).

(ii) ZERO TOLERANCE POLICY.—The term "zero tolerance policy" means a policy under which an enrollee shall be automatically dismissed from the Job Corps after a determination by the director that the enrollee has carried out an action described in subparagraph (A).

(c) APPEAL.—A disciplinary measure taken by a director under this section shall be subject to expeditious appeal in accordance with procedures established by the Secretary.

SEC. 752. COMMUNITY PARTICIPATION.

(a) ACTIVITIES.—The Secretary shall encourage and cooperate in activities to establish a mutually beneficial relationship between Job Corps centers in the State and nearby communities. The activities shall include the use of any local partnerships or local workforce development boards established in the State under section 728 to provide a mechanism for joint discussion of common problems and for planning programs of mutual interest.

(b) SELECTION PANELS.—The Governor may recommend individuals to serve on a selection panel convened by the Secretary to provide recommendations to the Secretary regarding any competitive selection of a private organization to serve as an operator for a center in the State. In recommending individuals to serve on the panel, the Governor may recommend members of State workforce development boards established under section 715, if any, members of any local partnerships or local workforce development boards established in the State under section 728, or other representatives selected by the Governor.

(c) ACTIVITIES.—Each Job Corps center director shall—

(1) give officials of nearby communities appropriate advance notice of changes in the rules, procedures, or activities of the Job Corps center that may affect or be of interest to the communities;

(2) afford the communities a meaningful voice in the affairs of the Job Corps center that are of direct concern to the communities, including policies governing the issuance and terms of passes to enrollees; and

(3) encourage the participation of enrollees in programs for improvement of the communities, with appropriate advance consultation with business, labor, professional, and other interested groups, in the communities.

SEC. 753. COUNSELING AND PLACEMENT.

The Secretary shall ensure that enrollees assigned to Job Corps centers receive academic and vocational counseling and job placement services, which shall be provided, to the maximum extent practicable, through the delivery of core services described in section 716(a)(2).

SEC. 754. ADVISORY COMMITTEES.

The Secretary is authorized to make use of advisory committees in connection with the operation of the Job Corps program, and the operation of Job Corps centers, whenever the Secretary determines that the availability of outside advice and counsel on a regular basis would be of substantial benefit in identifying and overcoming problems, in planning program or center development, or in strengthening relationships between the Job Corps and agencies, institutions, or groups engaged in related activities.

SEC. 755. APPLICATION OF PROVISIONS OF FEDERAL LAW.

(a) ENROLLEES NOT CONSIDERED TO BE FEDERAL EMPLOYEES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection and in section 8143(a) of title 5, United States Code, enrollees shall not be considered to be Federal employees and shall not be subject to the provisions of law relating to Federal employment, including such provisions regarding hours of work, rates of compensation, leave, unemployment compensation, and Federal employee benefits.

(2) PROVISIONS RELATING TO TAXES AND SOCIAL SECURITY BENEFITS.—For purposes of the Internal Revenue Code of 1986 and title II of the Social Security Act (42 U.S.C. 401 et seq.), enrollees shall be deemed to be employees of the United States and any service performed by an individual as an enrollee shall be deemed to be performed in the employ of the United States.

(3) PROVISIONS RELATING TO COMPENSATION TO FEDERAL EMPLOYEES FOR WORK INJURIES.—For purposes of subchapter I of chapter 81 of title 5, United States Code (relating to compensation to Federal employees for work injuries), enrollees shall be deemed to be civil employees of the Government of the United States within the meaning of the term "employee" as defined in section 8101 of title 5, United States Code, and the provisions of such subchapter shall apply as specified in section 8143(a) of title 5, United States Code.

(4) FEDERAL TORT CLAIMS PROVISIONS.—For purposes of the Federal tort claims provisions in title 28, United States Code, enrollees shall be considered to be employees of the Government.

(b) ADJUSTMENTS AND SETTLEMENTS.—Whenever the Secretary finds a claim for damages to a person or property resulting from the operation of the Job Corps to be a proper charge against the United States, and the claim is not cognizable under section 2672 of title 28, United States Code, the Secretary may adjust and settle the claim in an amount not exceeding $1,500.

(c) PERSONNEL OF THE UNIFORMED SERVICES.—Personnel of the uniformed services who are detailed or assigned to duty in the performance of agreements made by the Secretary for the support of the Job Corps shall not be counted in computing strength under any law limiting the strength of such services or in computing the percentage authorized by law for any grade in such services.

SEC. 756. SPECIAL PROVISIONS.

(a) ENROLLMENT OF WOMEN.—The Secretary shall immediately take steps to achieve an enrollment of 50 percent women in the Job Corps program, consistent with the need to—

(1) promote efficiency and economy in the operation of the program;

(2) promote sound administrative practice; and

(3) meet the socioeconomic, educational, and training needs of the population to be served by the program.

(b) STUDIES, EVALUATIONS, PROPOSALS, AND DATA.—The Secretary shall assure that all studies, evaluations, proposals, and data produced or developed with Federal funds in the course of carrying out the Job Corps program shall become the property of the United States.

(c) GROSS RECEIPTS.—Transactions conducted by a private for-profit contractor or a nonprofit contractor in connection with the operation by the contractor of a Job Corps center or the provision of services by the contractor for a Job Corps center shall not be considered to be generating gross receipts. Such a contractor shall not be liable, directly or indirectly, to any State or subdivision of a State (nor to any person acting on behalf of such a State or subdivision) for any gross receipts taxes, business privilege taxes measured by gross receipts, or any similar taxes imposed on, or measured by, gross receipts in connection with any payments made to or by such contractor for operating or providing services for a Job Corps center. Such a contractor shall not be liable to any State or subdivision of a State to collect or pay any sales, excise, use, or similar tax imposed on the sale to or use by such contractor of any property, service, or other item in connection with the operation of or provision of services for a Job Corps center.

(d) MANAGEMENT FEE.—The Secretary shall provide each operator or entity providing services for a Job Corps center with an equitable and negotiated management fee of not less than 1 percent of the contract amount.

(e) DONATIONS.—The Secretary may accept on behalf of the Job Corps or individual Job Corps centers charitable donations of cash or other assistance, including equipment and materials, if such donations are available for appropriate use for the purposes set forth in this chapter.

SEC. 757. REVIEW OF JOB CORPS CENTERS.

(a) NATIONAL JOB CORPS REVIEW.—Not later than March 31, 1997, an advisory committee established by the Secretary shall conduct a review of the activities carried out under part B of title IV of the Job Training Partnership Act (29 U.S.C. 1691 et seq.), and submit to the appropriate committees of Congress a report containing the results of the review, including—

(1) information on the amount of funds expended for fiscal year 1996 to carry out activities under such part, for each State and for the United States;

(2) for each Job Corps center funded under such part, information on the amount of funds expended for fiscal year 1996 under such part to carry out activities related to the direct operation of the center, including funds expended for student training, outreach or intake activities, meals and lodging, student allowances, medical care, placement or settlement activities, and administration;

(3) for each Job Corps center, information on the amount of funds expended for fiscal year 1996 under such part through contracts to carry out activities not related to the direct operation of the center, including funds expended for student travel, national outreach, screening, and placement services, national vocational training, and national and regional administrative costs;

(4) for each Job Corps center, information on the amount of funds expended for fiscal year 1996 under such part for facility construction, rehabilitation, and acquisition expenses;

(5) information on the amount of funds required to be expended under such part to complete each new or proposed Job Corps center, and to rehabilitate and repair each existing Job Corps center, as of the date of the submission of the report;

(6) a summary of the information described in paragraphs (2) through (5) for all Job Corps centers;

(7) an assessment of the need to serve at-risk youth in the Job Corps program, including—

(A) a cost-benefit analysis of the residential component of the Job Corps program;

(B) the need for residential education and training services for at-risk youth, analyzed for each State and for the United States; and

(C) the distribution of training positions in the Job Corps program, as compared to the need for the services described in subparagraph (B), analyzed for each State;

(8) an overview of the Job Corps program as a whole and an analysis of individual Job Corps centers, including a 5-year performance measurement summary that includes information, analyzed for the program and for each Job Corps center, on—

(A) the number of enrollees served;

(B) the number of former enrollees who entered employment, including the number of former enrollees placed in a position related to the job training received through the program and the number placed in a position not related to the job training received;

(C) the number of former enrollees placed in jobs for 32 hours per week or more;

(D) the number of former enrollees who entered employment and were retained in the employment for more than 13 weeks;

(E) the number of former enrollees who entered the Armed Forces;

(F) the number of former enrollees who completed vocational training, and the rate of such completion, analyzed by vocation;

(G) the number of former enrollees who entered postsecondary education;

(H) the number and percentage of early dropouts from the Job Corps program;

(I) the average wage of former enrollees, including wages from positions described in subparagraph (B);

(J) the number of former enrollees who obtained a secondary school diploma or its recognized equivalent;

(K) the average level of learning gains for former enrollees; and

(L) the number of former enrollees that did not—

(i) enter employment or postsecondary education;

(ii) complete a vocational education program; or

(iii) make identifiable learning gains;

(9) information regarding the performance of all existing Job Corps centers over the 3 years preceding the date of submission of the report; and

(10) job placement rates for each Job Corps center and each entity providing services to a Job Corps center.

(b) RECOMMENDATIONS OF ADVISORY COMMITTEE.—

(1) RECOMMENDATIONS.—The advisory committee shall, based on the results of the review described in subsection (a), make recommendations to the Secretary of Labor, regarding improvements in the operation of the Job Corps program, including—

(A) closing Job Corps centers described in paragraph (2) in cases in which prospects for performance improvement are poor or facility rehabilitation, renovation, or repair is not cost-effective;

(B) relocating Job Corps centers described in paragraph (2)(A)(iii) in cases in which facility rehabilitation, renovation, or repair is not cost-effective; and

(C) taking any other action that would improve the operation of a Job Corps center.

(2) CONSIDERATIONS.—

(A) IN GENERAL.—In determining whether to recommend that the Secretary of Labor close a Job Corps center, the advisory committee shall consider whether the center—

(i) has consistently received low performance measurement ratings under the Department of Labor or the Office of Inspector General Job Corps rating system;

(ii) is among the centers that have experienced the highest number of serious incidents of violence or criminal activity in the past 5 years;

(iii) is among the centers that require the largest funding for renovation or repair, as specified in the Department of Labor Job Corps Construction/Rehabilitation Funding Needs Survey, or for rehabilitation or repair, as reflected in the portion of the review described in subsection (a)(5);

(iv) is among the centers for which the highest relative or absolute fiscal year 1996 expenditures were made, for any of the categories of expenditures described in paragraph (2), (3), or (4) of subsection (a), as reflected in the review described in subsection (a);

(v) is among the centers with the least State and local support; or

(vi) is among the centers with the lowest rating on such additional criteria as the advisory committee may determine to be appropriate.

(B) COVERAGE OF STATES AND REGIONS.—Notwithstanding subparagraph (A), the advisory committee shall not recommend that the Secretary of Labor close the only Job Corps center in a State or a region of the United States.

(C) ALLOWANCE FOR NEW JOB CORPS CENTERS.—Notwithstanding any other provision of this section, if the planning or construction of a Job Corps center that received Federal funding for fiscal year 1994 or 1995 has not been completed by the date of enactment of this Act—

(i) the appropriate entity may complete the planning or construction and begin operation of the center; and

(ii) the advisory committee shall not evaluate the center under this title sooner than 3 years after the first date of operation of the center.

(3) REPORT.—Not later than June 30, 1997, the advisory committee shall submit a report to the Secretary of Labor, which shall contain a detailed statement of the findings and conclusions of the advisory committee resulting from the review described in subsection (a) together with the recommendations described in paragraph (1).

(c) IMPLEMENTATION OF PERFORMANCE IMPROVEMENTS.—The Secretary shall, after reviewing the report submitted under subsection (b)(3), implement improvements in the operation of the Job Corps program, including the appropriate closings of individual Job Corps centers by September 30, 1997. Funds saved through the implementation of such improvements shall be used to maintain overall Job Corps program service levels, improve facilities at existing Job Corps centers, relocate Job Corps centers, initiate new Job Corps centers, and make other performance improvements in the Job Corps program.

(d) REPORT TO CONGRESS.—The Secretary shall annually report to Congress the information specified in paragraphs (8), (9), and (10) of subsection (a) and such additional information relating to the Job Corps program as the Secretary may determine to be appropriate.

SEC. 758. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), this chapter shall take effect on July 1, 1998.

(b) REPORT.—Section 757 shall take effect on the date of enactment of this Act.

In section 759(a), strike "to States to assist the States in paying for the cost of carrying out" and insert "for States, to enable the Secretary of Labor to carry out in the States, and to assist the States in paying for the cost of carrying out,".

In section 759(b)(1), strike "The State shall use a portion of the funds made available to the State through an allotment received under subsection (c)" and insert "The Secretary of Labor shall use the funds made available for a State through an allotment made under subsection (c)(2), and, at the election of the State, a portion of the funds made available to the State through an allotment received under subsection (c)(3),".

In section 759(b)(1), strike "section 755" and insert "section 757".

In section 759(b)(2), strike "the funds described in paragraph (1)" and insert "the funds made available to a State through an allotment received under subsection (c)(3)".

In section 759(c)(1), in the matter preceding subparagraph (A), strike "allot to" and insert "allot for".

In section 759(c)(1)(A), strike "available to" and insert "available for".

In section 759(c)(2), strike "to each State" and insert "for each State".

In section 759(c)(2), strike "to carry out" and insert "to enable the Secretary of Labor to carry out".

In section 759(c)(2), strike "section 755(a)(2)" and insert "section 757(a)(2)".

In section 759(d)(1), strike "subsection (c)" and insert "subsection (c)(3)".

In section 771(b), strike "this title" and insert "this title (other than subtitle C)".

In section 772(a)(4)(B), strike "this title" and insert "this title (other than subtitle C)".

In section 776(c)(2)(H), strike "this title" and insert "this title (other than subtitle C)".

In the first sentence of section 776(c)(5)(A), strike "this title" and insert "this title (other than subtitle C)".

In the second sentence of section 776(c)(5)(A), strike "this title" and insert "this title (other than subtitle C)".

ABRAHAM (AND LIEBERMAN) AMENDMENT NO. 2511

Mr. ABRAHAM (for himself and Mr. LIEBERMAN) proposed an amendment to amendment No. 2280 proposed by Mr.

DOLE to the bill H.R. 4, supra, as follows:

At the appropriate place in the bill, add the following new section:

"SEC. ——. SENSE OF THE SENATE REGARDING ENTERPRISE ZONES.

(a) FINDINGS.—The Senate finds that—

(1) Many of the Nation's urban centers are places with high levels of poverty, high rates of welfare dependency, high crime rates, poor schools, and joblessness;

(2) Federal tax incentives and regulatory reforms can encourage economic growth, job creation and small business formation in many urban centers;

(3) Encouraging private sector investment in America's economically distressed urban and rural areas is essential to breaking the cycle of poverty and the related ills of crime, drug abuse, illiteracy, welfare dependency, and unemployment;

(4) The empowerment zones enacted in 1993 should be enhanced by providing incentives to increase entrepreneurial growth, capital formation, job creation, educational opportunities, and home ownership in the designated communities and zones;

(b) SENSE OF THE SENATE.—Therefore, it is the Sense of the Senate that the Congress should adopt enterprise zone legislation in the 104th Congress, and that such enterprise zone legislation provide the following incentives and provisions:

(1) Federal tax incentives that expand access to capital, increase the formation and expansion of small businesses, and promote commercial revitalization;

(2) Regulatory reforms that allow localities to petition Federal agencies, subject to the relevant agencies' approval, for waivers or modifications of regulations to improve job creation, small business formation and expansion, community development, or economic revitalization objectives of the enterprise zones;

(3) Home ownership incentives and grants to encourage resident management of public housing and home ownership of public housing;

(4) School reform pilot projects in certain designated enterprise zones to provide low-income parents with new and expanded educational options for their children's elementary and secondary schooling.

ABRAHAM AMENDMENT NO. 25121

Mr. ABRAHAM proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 46, after line 24, insert the following:

"(a) GRANT INCREASED TO REWARD STATES THAT REDUCE OUT-OF-WEDLOCK BIRTHS.—

"(1) IN GENERAL.—The amount of the grant payable to a State under section 403(a)(1)(A) for fiscal years 1998, 1999, and 2000 shall be increased by—

"(A) 5 percent if—

"(i) the illegitimacy ratio of the State for the fiscal year is at least 1 percentage point lower than the illegitimacy ratio of the State for fiscal year 1995; and

"(ii) the rate of induced pregnancy terminations in the State for the same fiscal year is not higher than the rate of induced pregnancy terminations in the State for fiscal year 1995; or

"(B) 10 percent if—

"(i) the illegitimacy ratio of the State for the fiscal year is at least 2 percentage points lower than the illegitimacy ratio of the State for fiscal year 1995; and

"(ii) the rate of induced pregnancy terminations in the State for the same fiscal year is not higher than the rate of induced pregnancy terminations in the State for fiscal year 1995.

"(2) DETERMINATION OF THE SECRETARY.—The Secretary shall not increase the grant amount under paragraph (1) if the Secretary determines that the relevant difference between the illegitimacy ratio of a State for an applicable fiscal year and the illegitimacy ratio of such State for fiscal year 1995 is the result of a change in State methods of reporting data used to calculate the illegitimacy ratio or if the Secretary determines that the relevant non-increase in the rate of induced pregnancy terminations for an applicable fiscal year as compared to fiscal year 1995 is the result of a change in State methods of reporting data used to calculate the rate of induced pregnancy terminations.

"(3) ILLEGITIMACY RATIO.—For purposes of this subsection, the term 'illegitimacy ratio' means, with respect to a State and a fiscal year—

"(A) the number of out-of-wedlock births that occurred in the State during the fiscal year; divided by

"(B) the number of births that occurred in the State during the same fiscal year

"(4) AVAILABILITY OF AMOUNTS.—There are authorized to be appropriated and there are appropriated such sums as may be necessary for fiscal years 1998, 1990, and 2000 for the purpose of increasing the amount of the grant payable to a State under section 403(a)(1) in accordance with this subsection.

FEINSTEIN AMENDMENT NO. 2513

Mrs. FEINSTEIN proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 276, line 22, strike "or".

On page 276, line 23, insert ", or (VI)" after "(V)".

On page 277, line 10, strike "and".

On page 277, line 16, strike the period and insert a semicolon.

On page 277, between lines 16 and 17, insert the following:

(F) assistance or services provided to abused or neglected children and their families; and

(G) assistance or benefits under other Federal non-cash programs.

On page 278, line 22, strike "or".

On page 278, line 25, insert "; or (VI) an alien lawfully admitted to the United States for permanent residence who has been subjected to domestic violence, or whose household members have been subjected to domestic violence, by the alien's sponsor or by members of the sponsor's household" after "title II".

LIEBERMAN (AND OTHERS) AMENDMENT NO. 2514

Mr. MOYNIHAN (for Mr. LIEBERMAN for himself, Mr. BREAUX, and Mr. CONRAD) proposed an amendment to amendment NO. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 17, line 8, insert "and for each of fiscal years 1998, 1999, and 2000, the amount of the State's job placement performance bonus determined under subsection (f)(1) for the fiscal year" after "year".

On page 17, line 22, insert "and the applicable percent specified under subsection (f)(2)(B)(ii) for such fiscal year" after "(B)".

On page 29, between lines 15 and 16, insert:

"(f) JOB PLACEMENT PERFORMANCE BONUS.—

"(1) IN GENERAL.—The job placement performance bonus determined with respect to a State and a fiscal year is an amount equal to the amount of the State's allocation of the job placement performance fund determined in accordance with the formula developed under paragraph (2).

"(2) ALLOCATION FORMULA; BONUS FUND.—

"(A) ALLOCATION FORMULA.—

"(i) IN GENERAL.—Not later than September 30, 1996, the Secretary of Health and Human Services shall develop and publish in the Federal Register a formula for allocating amounts in the job placement performance bonus fund to States based on the number of families that received assistance under a State program funded under this part in the preceding fiscal year that became ineligible for assistance under the State program as a result of unsubsidized employment during such year.

"(ii) FACTORS TO CONSIDER.—In developing the allocation formula under clause (i), the Secretary shall—

"(I) provide a greater financial bonus for individuals in families described in clause (i) who remain employed for greater periods of time or are at greater risk of long-term welfare dependency; and

"(II) take into account the unemployment conditions of each State or geographic area.

"(B) JOB PLACEMENT PERFORMANCE BONUS FUND.—

"(i) IN GENERAL.—The amount in the job placement performance bonus fund for a fiscal year shall be an amount equal to—

"(I) the applicable percentage of the amount appropriated under section 403(a)(2)(A) for such fiscal year; and

"(II) the amount of the reduction in grants made under this section for the preceding fiscal year resulting from the application of section 407.

"(ii) APPLICABLE PERCENTAGE.—For purposes of clause (i)(I), the applicable percentage shall be determined in accordance with the following table:

"For fiscal year:	*The applicable percentage is:*
1998	3
1999	4
2000 and each fiscal year thereafter	5

On page 29, line 16, strike "(f)" and insert "(g)".

On page 66, line 13, insert "and a preliminary assessment of the job placement performance bonus established under section 403(f)" before the end period.

LIEBERMAN AMENDMENT NO. 2515

Mr. MOYNIHAN (for Mr. LIEBERMAN) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

At the appropriate place, insert:

SEC. . NATIONAL CLEARINGHOUSE ON TEENAGE PREGNANCY.

(a) ESTABLISHMENT.—The Secretary of Education and the Secretary of Health and Human Services shall establish a national center for the collection and provision of information that relates to adolescent pregnancy prevention programs, to be known as the "National Clearinghouse on Teenage Pregnancy Prevention Programs".

(b) FUNCTIONS.—The national center established under subsection (a) shall serve as a national information and data clearinghouse, and as a material development source for adolescent pregnancy prevention programs. Such center shall—

(1) develop and maintain a system for disseminating information on all types of adolescent pregnancy prevention programs and on the state of adolescent pregnancy prevention program development, including information concerning the most effective model programs;

(2) identify model programs representing the various types of adolescent pregnancy prevention programs;

(3) develop networks of adolescent pregnancy prevention programs for the purpose of sharing and disseminating information;

(4) develop technical assistance materials to assist other entities in establishing and improving adolescent pregnancy prevention programs;

(5) participate in activities designed to encourage and enhance public media campaigns on the issue of adolescent pregnancy; and

(6) conduct such other activities as the responsible Federal officials find will assist in developing and carrying out programs or activities to reduce adolescent pregnancy.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this section.

SEC. —. ESTABLISHING NATIONAL GOALS TO REDUCE OUT-OF-WEDLOCK PREGNANCIES AND TO PREVENT TEENAGE PREGNANCIES.

(a) IN GENERAL.—Not later than January 1, 1997, the Secretary of Health and Human Services shall establish and implement a strategy for—

(1) reducing out-of-wedlock teenage pregnancies by at least 5 percent a year, and

(2) assuring that at least 25 percent of the communities in the United States have teenage pregnancy prevention programs in place.

(b) REPORT.—Not later than June 30, 1998, and annually thereafter, the Secretary shall report to the Congress with respect to the progress that has been made in meeting the goals described in paragraphs (1) and (2) of subsection (a).

(b) OUT-OF-WEDLOCK AND TEENAGE PREGNANCY PREVENTION PROGRAMS.—Section 2002 (42 U.S.C. 1397a) is amended by adding at the end the following new subsection:

"(f)(1) Beginning in fiscal year 1996 and each fiscal year thereafter, each State shall use at least 5 percent of its allotment under section 2003 for the fiscal year to develop and implement a State program to reduce the incidence of out-of-wedlock and teenage pregnancies in the State.

"(2) The Secretary shall conduct a study with respect to the State programs implemented under paragraph (1) to determine the relative effectiveness of the different approaches for reducing out-of-wedlock pregnancies and preventing teenage pregnancy utilized in the programs conducted under this subsection and the approaches that can be best replicated by other States.

"(3) Each State conducting a program under this subsection shall provide to the Secretary, in such form and with such frequency as the Secretary requires, data from the programs conducted under this subsection. The Secretary shall report to the Congress annually on the progress of the programs and shall, not later than June 30, 1998, submit to the Congress a report on the study required under paragraph (2).".

SEC. —. SENSE OF THE SENATE REGARDING ENFORCEMENT OF STATUTORY RAPE LAWS.

It is the sense of the Senate that States and local jurisdictions should aggressively enforce statutory rape laws.

HATCH (AND KOHL) AMENDMENT NO. 2516

Mr. HATCH (for himself and Mr. KOHL) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

Beginning on page 10, strike line 13 and all that follows through line 4 on page 69, and insert the following:

"for such families; and

"(3) prevent and reduce the incidence of out-of-wedlock pregnancies; and

"(4) provide child care assistance to eligible parents and providers.

"SEC. 402. ELIGIBLE STATES; STATE PLAN.

"(a) IN GENERAL.—As used in this part, the term 'eligible State' means, with respect to a fiscal year, a State that has submitted to the Secretary a plan that includes the following:

"(1) OUTLINE OF FAMILY ASSISTANCE PROGRAM.—A written document that outlines how the State intends to do the following:

"(A) Conduct a program designed to serve all political subdivisions in the State to—

"(i) provide assistance to needy families with not less than 1 minor child; and

"(ii) provide a parent or caretaker in such families with work experience, assistance in finding employment, and other work preparation activities and support services that the State considers appropriate to enable such families to leave the program and become self-sufficient.

"(B) Require a parent or caretaker receiving assistance under the program to engage in work (as defined by the State) when the State determines the parent or caretaker is ready to engage in work, or after 24 months (whether or not consecutive) of receiving assistance under the program, whichever is earlier.

"(C) Satisfy the minimum participation rates specified in section 404.

"(D) Treat—

"(i) families with minor children moving into the State from another State; and

"(ii) noncitizens of the United States.

"(E) Safeguard and restrict the use and disclosure of information about individuals and families receiving assistance under the program.

"(F) Establish goals and take action to prevent and reduce the incidence of out-of-wedlock pregnancies, with special emphasis on teenage pregnancies.

"(G) With respect to a State that desires to receive a grant under section 403(b)(6), conduct a program designed to serve all political subdivisions in the State to provide child care assistance to eligible parents and providers and safeguard and restrict the use and disclosure of information about individuals receiving assistance under the program.

"(2) CERTIFICATION THAT THE STATE WILL OPERATE A CHILD SUPPORT ENFORCEMENT PROGRAM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a child support enforcement program under the State plan approved under part D.

"(3) CERTIFICATION THAT THE STATE WILL OPERATE A CHILD PROTECTION PROGRAM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a child protection program under the State plan approved under part B.

"(4) CERTIFICATION THAT THE STATE WILL OPERATE A FOSTER CARE AND ADOPTION ASSISTANCE PROGRAM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a foster care and adoption assistance program under the State plan approved under part E.

"(5) CERTIFICATION THAT THE STATE WILL PARTICIPATE IN THE INCOME AND ELIGIBILITY VERIFICATION SYSTEM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will participate in the income and eligibility verification system required by section 1137.

"(6) CERTIFICATION OF THE ADMINISTRATION OF THE PROGRAM.—A certification by the chief executive officer of the State specifying which State agency or agencies are responsible for the administration and supervision of the State program for the fiscal year.

"(7) CERTIFICATION THAT REQUIRED REPORTS WILL BE SUBMITTED.—A certification by the chief executive officer of the State that the State shall provide the Secretary with any reports required under this part.

"(8) ESTIMATE OF FISCAL YEAR STATE AND LOCAL EXPENDITURES.—An estimate of the total amount of State and local expenditures under the State program for the fiscal year.

"(b) CERTIFICATION THAT THE STATE WILL PROVIDE ACCESS TO INDIANS.—

"(1) IN GENERAL.—In recognition of the Federal Government's trust responsibility to, and government-to-government relationship with, Indian tribes, the Secretary shall ensure that Indians receive at least their equitable share of services under the State program, by requiring a certification by the chief executive officer of each State described in paragraph (2) that, during the fiscal year, the State shall provide Indians in each Indian tribe that does not have a tribal family assistance plan approved under section 414 for a fiscal year with equitable access to assistance under the State program funded under this part.

"(2) STATE DESCRIBED.—For purposes of paragraph (1), a State described in this paragraph is a State in which there is an Indian tribe that does not have a tribal family assistance plan approved under section 414 for a fiscal year.

"(c) DEFINITIONS.—For purposes of this part, the following definitions shall apply:

"(1) ADULT.—The term 'adult' means an individual who is not a minor child.

"(2) MINOR CHILD.—The term 'minor child' means an individual—

"(A) who—

"(i) has not attained 18 years of age; or

"(ii) has not attained 19 years of age and is a full-time student in a secondary school (or in the equivalent level of vocational or technical training); and

"(B) who resides with such individual's custodial parent or other caretaker.

"(3) FISCAL YEAR.—The term 'fiscal year' means any 12-month period ending on September 30 of a calendar year.

"(4) INDIAN, INDIAN TRIBE, AND TRIBAL ORGANIZATION.—The terms 'Indian', 'Indian tribe', and 'tribal organization' have the meaning given such terms by section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

"(5) STATE.—Except as otherwise specifically provided, the term 'State' includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, and American Samoa.

"(6) CHILD CARE CERTIFICATE.—The term 'child care certificate' means a certificate (that may be a check or other disbursement) that is issued by a State or local government under this title directly to a parent who may use such certificate only as payment for child care services. Nothing in this title shall preclude the use of such certificates for sectarian child care services if freely chosen by the parent. For purposes of this title, child care certificates shall not be considered to be grants or contracts.

"(7) ELIGIBLE CHILD.—The term 'eligible child' means an individual—

"(A) who is less than 13 years of age; and

"(B) who—

"(i) resides with a parent or parents who are working or attending a job training or educational program; or

"(ii) is receiving, or needs to receive, protective services and resides with a parent or parents not described in clause (i).

"(8) ELIGIBLE CHILD CARE PROVIDER.—The term 'eligible child care provider' means—

"(A) a center-based child care provider, a group home child care provider, a family child care provider, or other provider of child care services for compensation that—

"(i) is licensed, regulated, or registered under State law; and

"(ii) satisfies the State and local requirements;

applicable to the child care services it provides; or

"(B) a child care provider that is 18 years of age or older who provides child care services only to eligible children who are, by affinity or consanguinity, or by court decree, the grandchild, niece, or nephew of such provider, if such provider is registered and complies with any State requirements that govern child care provided by the relative involved.

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

"(10) PARENT.—The term 'parent' includes a legal guardian or other person standing in loco parentis.

"SEC. 403. PAYMENTS TO STATES AND INDIAN TRIBES.

"(a) GRANT AMOUNT.—

"(1) IN GENERAL.—Subject to the provisions of paragraph (3), section 407 (relating to penalties), and section 414(g), for each of fiscal years 1996, 1997, 1998, 1999, and 2000, the Secretary shall pay—

"(A) each eligible State a grant in an amount equal to the State family assistance grant for the fiscal year; and

"(B) each Indian tribe with an approved tribal family assistance plan a tribal family assistance grant in accordance with section 414.

"(2) STATE FAMILY ASSISTANCE GRANT.—

"(A) IN GENERAL.—For purposes of paragraph (1)(A), a State family assistance grant for any State for a fiscal year is an amount equal to the total amount of the Federal payments to the State under section 403 for fiscal year 1994 (as such section was in effect during such fiscal year and as such payments were reported by the State on February 14, 1995), reduced by the amount (if any) determined under subparagraph (B).

"(B) AMOUNT ATTRIBUTABLE TO CERTAIN INDIAN FAMILIES SERVED BY INDIAN TRIBES.—

"(i) IN GENERAL.—For purposes of subparagraph (A), the amount determined under this subparagraph is an amount equal to the Federal payments to the State under section 403 for fiscal year 1994 (as in effect during such fiscal year) attributable to expenditures by the State under parts A and F of this title (as so in effect) for Indian families described in clause (ii).

"(ii) INDIAN FAMILIES DESCRIBED.—For purposes of clause (i), Indian families described in this clause are Indian families who reside in a service area or areas of an Indian tribe receiving a tribal family assistance grant under section 414.

"(C) NOTIFICATION.—Not later than 3 months prior to the payment of each quarterly installment of a State grant under subsection (a)(1), the Secretary shall notify the State of the amount of the reduction determined under subparagraph (B) with respect to the State.

"(3) SUPPLEMENTAL GRANT AMOUNT FOR POPULATION INCREASES IN CERTAIN STATES.—

"(A) IN GENERAL.—The amount of the grant payable under paragraph (1) to a qualifying State for each of fiscal years 1997, 1998, 1999, and 2000 shall be increased by an amount equal to 2.5 percent of the amount that the State received under this section in the preceding fiscal year.

"(B) INCREASE TO REMAIN IN EFFECT EVEN IF STATE FAILS TO QUALIFY IN LATER YEARS.—Subject to section 407, in no event shall the amount of a grant payable under paragraph (1) to a State for any fiscal year be less than the amount the State received under this section for the preceding fiscal year.

"(C) QUALIFYING STATE.—

"(i) IN GENERAL.—For purposes of this paragraph, the term 'qualifying State', with respect to any fiscal year, means a State that—

"(I) had an average level of State welfare spending per poor person in the preceding fiscal year that was less than the national average level of State welfare spending per poor person in the preceding fiscal year; and

"(II) had an estimated rate of State population growth as determined by the Bureau of the Census for the most recent fiscal year for which information is available that was greater than the average rate of population growth for all States as determined by the Bureau of the Census for such fiscal year.

"(ii) CERTAIN STATES DEEMED QUALIFYING STATES.—For purposes of this paragraph, a State shall be deemed to be a qualifying State for fiscal years 1997, 1998, 1999, and 2000 if the level of State welfare spending per poor person in fiscal year 1996 was less than 35 percent of the national average level of State welfare spending per poor person in fiscal year 1996.

"(iii) STATE MUST QUALIFY IN FISCAL YEAR 1997.—A State shall not be eligible to be a qualifying State under clause (i) for fiscal years after 1997 if the State was not a qualifying State under clause (i) in fiscal year 1997.

"(D) DEFINITIONS.—For purposes of this paragraph:

"(i) LEVEL OF STATE WELFARE SPENDING PER POOR PERSON.—The term 'level of State welfare spending per poor person' means, with respect to a State for any fiscal year—

"(I) the amount of the grant received by the State under this section (prior to the application of section 407); divided by

"(II) the number of the individuals in the State who had an income below the poverty line according to the 1990 decennial census.

"(ii) NATIONAL AVERAGE LEVEL OF STATE WELFARE SPENDING PER POOR PERSON.—The term 'national average level of State welfare spending per poor person' means an amount equal to—

"(I) the amount paid in grants under this section (prior to the application of section 407); divided by

"(II) the number of individuals in all States with an income below the poverty line according to the 1990 decennial census.

"(iii) POVERTY LINE.—The term 'poverty line' has the same meaning given such term in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

"(iv) STATE.—The term 'State' means each of the 50 States of the United States.

"(4) APPROPRIATION.—

"(A) STATES.—There are authorized to be appropriated and there are appropriated $16,795,323,000 for each fiscal year described in paragraph (1) for the purpose of paying—

"(i) grants to States under paragraph (1)(A); and

"(ii) tribal family assistance grants under paragraph (1)(B).

"(B) ADJUSTMENT FOR QUALIFYING STATES.—For the purpose of increasing the amount of the grant payable to a State under paragraph (1) in accordance with paragraph (3), there are authorized to be appropriated and there are appropriated—

"(i) for fiscal year 1997, $85,860,000;

"(ii) for fiscal year 1998, $173,276,000;

"(iii) for fiscal year 1999, $263,468,000; and

"(iv) for fiscal year 2000, $355,310,000.

"(5) CHILD CARE GRANT.—

"(A) IN GENERAL.—Subject to the provisions of section 406, the Secretary shall pay to each eligible State submitting a State plan that complies with section 402(a)(1)(G) for each of fiscal years 1996, 1997, 1998, 1999, and 2000 a grant in an amount equal to the State child care grant for the fiscal year.

"(B) FUNDING.—

"(i) STATES.—Of the amounts appropriated under paragraph (4)(A) for a fiscal year, the Secretary shall make available $979,877,626 for each such fiscal year for the purpose of paying State child care grants to States under subsection (b)(6).

"(ii) INDIAN TRIBES.—The Secretary shall make available ___ percent of the amount made available under clause (i) for each such fiscal year for the purpose of paying State child care grants to Indian tribes under such paragraph.

"(b) USE OF GRANT.—

"(1) IN GENERAL.—Subject to this part, a State to which a grant is made under this section may use the grant—

"(A) in any manner that is reasonably calculated to accomplish the purpose of this part; or

"(B) in any manner that such State used amounts received under part A or F of this title, as such parts were in effect before October 1, 1995.

"(2) AUTHORITY TO TREAT INTERSTATE IMMIGRANTS UNDER RULES OF FORMER STATE.—A State to which a grant is made under this section may apply to a family the rules of the program operated under this part of another State if the family has moved to the State from the other State and has resided in the State for less than 12 months.

"(3) AUTHORITY TO RESERVE CERTAIN AMOUNTS FOR ASSISTANCE.—A State may reserve amounts paid to the State under this part for any fiscal year for the purpose of providing, without fiscal year limitation, assistance under the State program operated under this part.

"(4) AUTHORITY TO OPERATE EMPLOYMENT PLACEMENT PROGRAM.—A State to which a grant is made under this section may use a portion of the grant to make payments (or provide job placement vouchers) to State-approved public and private job placement agencies that provide employment placement services to individuals who receive assistance under the State program funded under this part.

"(5) TRANSFERABILITY OF GRANT AMOUNTS.—A State may use up to 30 percent of amounts received from a grant under this part for a fiscal year to carry out State activities under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) (relating to child care block grants).

"(6) STATE CHILD CARE GRANT.—

"(A) IN GENERAL.—For purposes of subsection (a)(5)(A), a State child care grant for any State for a fiscal year is an amount equal to the total amount of the Federal payments to the State under section—

"(i) 402(g)(3)(A) of the Social Security Act (as such section was in effect before October 1, 1995) for amounts expended for child care pursuant to paragraph (1) of such section;

"(ii) 403(l)(1)(A) of the Social Security Act (as such section was in effect before October 1, 1995) for amounts expended for child care pursuant to section 402(g)(1)(A) of such Act, in the case of a State with respect to which section 1108 of such Act applies; and

"(iii) 403(n) of the Social Security Act (as such section was in effect before October 1, 1995) for child care services pursuant to section 402(i) of such Act.

"(B) USE OF FUNDS.—Subject to this title, a State to which a State child care grant is made under subsection (a)(5)(A), may use the grant in any manner that is reasonably calculated to accomplish the purpose of this title, including making child care services available through—

"(i) the provision of child care certificates to parents on behalf of an eligible child;

"(ii) the reimbursement of, or contracting with, eligible child care providers; and

"(iii) any other activities to increase child care access or affordability as determined appropriate by the State.

"(c) TIMING OF PAYMENTS.—The Secretary shall pay each grant payable to a State under this section in quarterly installments.

"(d) FEDERAL LOAN FUND FOR STATE WELFARE PROGRAMS.—

"(1) ESTABLISHMENT.—There is hereby established in the Treasury of the United States a revolving loan fund which shall be known as the 'Federal Loan Fund for State Welfare Programs' (hereafter for purposes of this section referred to as the 'fund').

"(2) DEPOSITS INTO FUND.—

"(A) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, $1,700,000,000 are hereby appropriated for fiscal year 1996 for payment to the fund.

"(B) LOAN REPAYMENTS.—The Secretary shall deposit into the fund any principal or interest payment received with respect to a loan made under this subsection.

"(3) AVAILABILITY.—Amounts in the fund are authorized to remain available without fiscal year limitation for the purpose of making loans and receiving payments of principal and interest on such loans, in accordance with this subsection.

"(4) USE OF FUND.—

"(A) LOANS TO STATES.—The Secretary shall make loans from the fund to any loan-eligible State, as defined in subparagraph (D), for a period to maturity of not more than 3 years.

"(B) RATE OF INTEREST.—The Secretary shall charge and collect interest on any loan made under subparagraph (A) at a rate equal to the Federal short-term rate, as defined in section 1274(d) of the Internal Revenue Code of 1986.

"(C) MAXIMUM LOAN.—The cumulative amount of any loans made to a State under subparagraph (A) during fiscal years 1996 through 2000 shall not exceed 10 percent of the State family assistance grant under subsection (a)(2) for a fiscal year.

"(D) LOAN-ELIGIBLE STATE.—For purposes of subparagraph (A), a loan-eligible State is a State which has not had a penalty described in section 407(a)(1) imposed against it at any time prior to the loan being made.

"(5) LIMITATION ON USE OF LOAN.—A State shall use a loan received under this subsection only for any purpose for which grant amounts received by the State under subsection (a) may be used including—

"(A) welfare anti-fraud activities; and

"(B) the provision of assistance under the State program to Indian families that have moved from the service area of an Indian tribe with a tribal family assistance plan approved under section 414.

"(e) SPECIAL RULE FOR INDIAN TRIBES THAT RECEIVED JOBS FUNDS.—

"(1) IN GENERAL.—The Secretary shall pay to each eligible Indian tribe for each of fiscal years 1996, 1997, 1998, 1999, and 2000 a grant in an amount equal to the amount received by such Indian tribe in fiscal year 1995 under section 482(i) (as in effect during such fiscal year) for the purpose of operating a program to make work activities available to members of the Indian tribe.

"(2) ELIGIBLE INDIAN TRIBE.—For purposes of paragraph (1), the term 'eligible Indian tribe' means an Indian tribe or Alaska Native organization that conducted a job opportunities and basic skills training program in fiscal year 1995 under section 482(i) (as in effect during such fiscal year).

"(3) APPROPRIATION.—There are authorized to be appropriated and there are hereby appropriated $7,638,474 for each fiscal year described in paragraph (1) for the purpose of paying grants in accordance with such paragraph.

"(f) SECRETARY.—For purposes of this section, the term 'Secretary' means the Secretary of the Treasury.

"SEC. 404. MANDATORY WORK REQUIREMENTS.

"(a) PARTICIPATION RATE REQUIREMENTS.—A State to which a grant is made under section 403 for a fiscal year shall achieve the minimum participation rate specified in the following tables for the fiscal year with respect to—

"(1) all families receiving assistance under the State program funded under this part:

"If the fiscal year is:	The minimum participation rate for all families is:
1996	25
1997	30
1998	35
1999	40
2000 or thereafter	50; and

"(2) with respect to 2-parent families receiving such assistance:

"If the fiscal year is:	The minimum participation rate is:
1996	60
1997 or 1998	75
1999 or thereafter	90.

"(b) CALCULATION OF PARTICIPATION RATES.—

"(1) FOR ALL FAMILIES.—

"(A) AVERAGE MONTHLY RATE.—For purposes of subsection (a)(1), the participation rate for all families of a State for a fiscal year is the average of the participation rates for all families of the State for each month in the fiscal year.

"(B) MONTHLY PARTICIPATION RATES.—The participation rate of a State for all families of the State for a month, expressed as a percentage, is—

"(i) the sum of—

"(I) the number of all families receiving assistance under the State program funded under this part that include an adult who is engaged in work for the month;

"(II) the number of all families receiving assistance under the State program funded under this part that are subject in such month to a penalty described in paragraph (1)(A) or (2)(A) of subsection (d) but have not been subject to such penalty for more than 3 months within the preceding 12-month period (whether or not consecutive);

"(III) the number of all families receiving assistance under the State program funded under this part that have become ineligible for assistance under the State program within the previous 6-month period because of employment and that include an adult who is employed for the month; and

"(IV) beginning in the first month beginning after the promulgation of the regulations described in paragraph (3) and in accordance with such regulations, the average monthly number of all families that are not receiving assistance under the State program funded under this part as a result of the State's diversion of such families from the State program prior to such families receipt of assistance under the program; divided by

"(ii) the total number of all families receiving assistance under the State program funded under this part during the month that include an adult.

"(2) 2-PARENT FAMILIES.—

"(A) AVERAGE MONTHLY RATE.—For purposes of subsection (a)(2), the participation rate for 2-parent families of a State for a fiscal year is the average of the participation rates for 2-parent families of the State for each month in the fiscal year.

"(B) MONTHLY PARTICIPATION RATES.—The participation rate of a State for 2-parent families of the State for a month, expressed as a percentage, is—

"(i) the total number of 2-parent families described in paragraph (1)(B)(i); divided by

"(ii) the total number of 2-parent families receiving assistance under the State program funded under this part during the month that include an adult.

"(3) REGULATIONS RELATING TO CALCULATION OF FAMILIES DIVERTED FROM ASSISTANCE.—

"(A) IN GENERAL.—Not later than 1 year after the date of the enactment of the Work Opportunity Act of 1995, the Secretary shall consult with the States and establish, by regulation, a method to measure the number of families diverted by a State from the State program funded under this part prior to such families receipt of assistance under the program.

"(B) ELIGIBILITY CHANGES NOT COUNTED.—The regulations described in subparagraph (A) shall not take into account families that are diverted from a State program funded under this part as a result of differences in eligibility criteria under a State program funded under this part and eligibility criteria under such State's plan under the aid to families with dependent children program, as such plan was in effect on the day before the date of the enactment of the Work Opportunity Act of 1995.

"(4) STATE OPTION TO INCLUDE INDIVIDUALS RECEIVING ASSISTANCE UNDER A TRIBAL FAMILY ASSISTANCE PLAN.—For purposes of paragraphs (1)(B) and (2)(B), a State may, at its option, include families receiving assistance under a tribal family assistance plan approved under section 414. For purposes of the previous sentence, an individual who receives assistance under a tribal family assistance plan approved under section 414 shall be treated as being engaged in work if the individual is participating in work under standards that are comparable to State standards for being engaged in work.

"(c) ENGAGED IN WORK.—

"(1) ALL FAMILIES.—For purposes of subsection (b)(1)(B)(i)(I), an adult is engaged in work for a month in a fiscal year if the adult is participating in work for at least the minimum average number of hours per week specified in the following table during the month, not fewer than 20 hours per week of which are attributable to a work activity:

"If the month is in fiscal year:	The minimum average number of hours per week is:
1996	20
1997	20
1998	20
1999	25
2000	30
2001	30
2002	35
2003 or thereafter	35.

"(2) 2-PARENT FAMILIES.—For purposes of subsection (b)(2)(A), an adult is engaged in work for a month in a fiscal year if the adult is participating in work for at least 35 hours per week during the month, not fewer than 30 hours per week of which are attributable to work activities described in paragraph (3).

"(3) DEFINITION OF WORK ACTIVITIES.—For purposes of this subsection, the term 'work activities' means—

"(A) unsubsidized employment;

"(B) subsidized employment;

"(C) on-the-job training;

"(D) community service programs; and

"(E) job search (only for the first 4 weeks in which an individual is required to participate in work activities under this section).

"(d) PENALTIES AGAINST INDIVIDUALS.—If an adult in a family receiving assistance

under the State program funded under this part refuses to engage in work required under subsection (c)(1) or (c)(2), a State to which a grant is made under section 403 shall—

"(1) reduce the amount of assistance that would otherwise be payable to the family; or

"(2) terminate such assistance,

subject to such good cause and other exceptions as the State may establish.

"(e) NONDISPLACEMENT IN WORK ACTIVITIES.—

"(1) IN GENERAL.—Subject to paragraph (2), an adult in a family receiving assistance under this part may fill a vacant employment position in order to engage in a work activity described in subsection (c)(3).

"(2) NO FILLING OF CERTAIN VACANCIES.—No adult described in paragraph (1) shall be employed, or job opening filled, by such an adult—

"(A) when any other individual is on layoff from the same or any substantially equivalent job; or

"(B) when the employer has terminated the employment of any regular employee or otherwise reduced its workforce with the intention of filling the vacancy so created by hiring an adult described in paragraph (1).

"(f) SENSE OF THE CONGRESS.—It is the sense of the Congress that in complying with this section, each State that operates a program funded under this part is encouraged to assign the highest priority to requiring adults in 2-parent families and adults in single-parent families that include older preschool or school-age children to be engaged in work activities.

"(g) DELIVERY THROUGH STATEWIDE SYSTEM.—

"(1) IN GENERAL.—Each work program carried out by the State to provide work activities in order to comply with this section shall be delivered through the statewide workforce development system established in section 711 of the Work Opportunity Act of 1995 unless a required work activity is not available locally through the statewide workforce development system.

"(2) EFFECTIVE DATE.—The provisions of paragraph (1) shall take effect—

"(A) in a State described in section 815(b)(1) of the Work Opportunity Act of 1995; and

"(B) in any other State, on July 1, 1998.

"SEC. 405. REQUIREMENTS AND LIMITATIONS.

"(a) STATE REQUIRED TO ENTER INTO A PERSONAL RESPONSIBILITY CONTRACT WITH EACH FAMILY RECEIVING ASSISTANCE.—Each State to which a grant is made under section 403 shall require each family receiving assistance under the State program funded under this part to have entered into a personal responsibility contract (as developed by the State) with the State.

"(b) NO ASSISTANCE FOR MORE THAN 5 YEARS.—

"(1) IN GENERAL.—Except as provided under paragraphs (2) and (3), a State to which a grant is made under section 403 may not use any part of the grant to provide assistance to a family that includes an adult who has received assistance under the program operated under this part for the lesser of—

"(A) the period of time established at the option of the State; or

"(B) 60 months (whether or not consecutive) after September 30, 1995.

"(2) MINOR CHILD EXCEPTION.—If an individual received assistance under the State program operated under this part as a minor child in a needy family, any period during which such individual's family received assistance shall not be counted for purposes of applying the limitation described in paragraph (1) to an application for assistance under such program by such individual as the head of a household of a needy family with minor children.

"(3) HARDSHIP EXCEPTION.—

"(A) IN GENERAL.—The State may exempt a family from the application of paragraph (1) by reason of hardship.

"(B) LIMITATION.—The number of families with respect to which an exemption made by a State under subparagraph (A) is in effect for a fiscal year shall not exceed 15 percent of the average monthly number of families to which the State is providing assistance under the program operated under this part.

"(c) DENIAL OF ASSISTANCE FOR 10 YEARS TO A PERSON FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN ASSISTANCE IN 2 OR MORE STATES.—An individual shall not be considered an eligible individual for the purposes of this part during the 10-year period that begins on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to the place of residence of the individual in order to receive assistance simultaneously from 2 or more States under programs that are funded under this title, title XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States under the supplemental security income program under title XVI.

"(d) DENIAL OF ASSISTANCE FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.—

"(1) IN GENERAL.—An individual shall not be considered an eligible individual for the purposes of this part if such individual is—

"(A) fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the individual flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

"(B) violating a condition of probation or parole imposed under Federal or State law.

"(2) EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.—Notwithstanding any other provision of law, a State shall furnish any Federal, State, or local law enforcement officer, upon the request of the officer, with the current address of any recipient of assistance under this part, if the officer furnishes the agency with the name of the recipient and notifies the agency that—

"(A) such recipient—

"(i) is described in subparagraph (A) or (B) of paragraph (1); or

"(ii) has information that is necessary for the officer to conduct the officer's official duties; and

"(B) the location or apprehension of the recipient is within such officer's official duties.

"SEC. 406. PROMOTING RESPONSIBLE PARENTING.

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

"(1) Marriage is the foundation of a successful society.

"(2) Marriage is an essential institution of a successful society which promotes the interests of children.

"(3) Promotion of responsible fatherhood and motherhood is integral to successful child rearing and the wellbeing of children.

"(4) In 1992, only 54 percent of single-parent families with children had a child support order established and, of that 54 percent, only about one half received the full amount due. Of the cases enforced through the public child support enforcement system, only 18 percent of the caseload has a collection.

"(5) The number of individuals receiving aid to families with dependent children (hereafter in this subsection referred to as 'AFDC') has more than tripled since 1965. More than two-thirds of these recipients are children. Eighty-nine percent of children receiving AFDC benefits now live in homes in which no father is present.

"(A)(i) The average monthly number of children receiving AFDC benefits—

"(I) was 3,300,000 in 1965;

"(II) was 6,200,000 in 1970;

"(III) was 7,400,000 in 1980; and

"(IV) was 9,300,000 in 1992.

"(ii) While the number of children receiving AFDC benefits increased nearly threefold between 1965 and 1992, the total number of children in the United States aged 0 to 18 has declined by 5.5 percent.

"(B) The Department of Health and Human Services has estimated that 12,000,000 children will receive AFDC benefits within 10 years.

"(C) The increase in the number of children receiving public assistance is closely related to the increase in births to unmarried women. Between 1970 and 1991, the percentage of live births to unmarried women increased nearly threefold, from 10.7 percent to 29.5 percent.

"(6) The increase of out-of-wedlock pregnancies and births is well documented as follows:

"(A) It is estimated that the rate of nonmarital teen pregnancy rose 23 percent from 54 pregnancies per 1,000 unmarried teenagers in 1976 to 66.7 pregnancies in 1991. The overall rate of nonmarital pregnancy rose 14 percent from 90.8 pregnancies per 1,000 unmarried women in 1980 to 103 in both 1991 and 1992. In contrast, the overall pregnancy rate for married couples decreased 7.3 percent between 1980 and 1991, from 126.9 pregnancies per 1,000 married women in 1980 to 117.6 pregnancies in 1991.

"(B) The total of all out-of-wedlock births between 1970 and 1991 has risen from 10.7 percent to 29.5 percent and if the current trend continues, 50 percent of all births by the year 2015 will be out-of-wedlock.

"(7) The negative consequences of an out-of-wedlock birth on the mother, the child, the family, and society are well documented as follows:

"(A) Young women 17 and under who give birth outside of marriage are more likely to go on public assistance and to spend more years on welfare once enrolled. These combined effects of 'younger and longer' increase total AFDC costs per household by 25 percent to 30 percent for 17-year olds.

"(B) Children born out-of-wedlock have a substantially higher risk of being born at a very low or moderately low birth weight.

"(C) Children born out-of-wedlock are more likely to experience low verbal cognitive attainment, as well as more child abuse, and neglect.

"(D) Children born out-of-wedlock were more likely to have lower cognitive scores, lower educational aspirations, and a greater likelihood of becoming teenage parents themselves.

"(E) Being born out-of-wedlock significantly reduces the chances of the child growing up to have an intact marriage.

"(F) Children born out-of-wedlock are 3 more times likely to be on welfare when they grow up.

"(8) Currently 35 percent of children in single-parent homes were born out-of-wedlock, nearly the same percentage as that of children in single-parent homes whose parents are divorced (37 percent). While many parents find themselves, through divorce or tragic circumstances beyond their control, facing the difficult task of raising children alone, nevertheless, the negative consequences of raising children in single-parent homes are well documented as follows:

"(A) Only 9 percent of married-couple families with children under 18 years of age have income below the national poverty level. In contrast, 46 percent of female-headed households with children under 18 years of age are below the national poverty level.

"(B) Among single-parent families, nearly ½ of the mothers who never married received AFDC while only ⅕ of divorced mothers received AFDC.

"(C) Children born into families receiving welfare assistance are 3 times more likely to be on welfare when they reach adulthood than children not born into families receiving welfare.

"(D) Mothers under 20 years of age are at the greatest risk of bearing low birth-weight babies.

"(E) The younger the single parent mother, the less likely she is to finish high school.

"(F) Young women who have children before finishing high school are more likely to receive welfare assistance for a longer period of time.

"(G) Between 1985 and 1990, the public cost of births to teenage mothers under the aid to families with dependent children program, the food stamp program, and the medicaid program has been estimated at $120,000,000,000.

"(H) The absence of a father in the life of a child has a negative effect on school performance and peer adjustment.

"(I) Children of teenage single parents have lower cognitive scores, lower educational aspirations, and a greater likelihood of becoming teenage parents themselves.

"(J) Children of single-parent homes are 3 times more likely to fail and repeat a year in grade school than are children from intact two-parent families.

"(K) Children from single-parent homes are almost 4 times more likely to be expelled or suspended from school.

"(L) Neighborhoods with larger percentages of youth aged 12 through 20 and areas with higher percentages of single-parent households have higher rates of violent crime.

"(M) Of those youth held for criminal offenses within the State juvenile justice system, only 29.8 percent lived primarily in a home with both parents. In contrast to these incarcerated youth, 73.9 percent of the 62,800,000 children in the Nation's resident population were living with both parents.

"(9) Therefore, in light of this demonstration of the crisis in our Nation, it is the sense of the Congress that prevention of out-of-wedlock pregnancy and reduction in out-of-wedlock birth are very important Government interests and the policy contained in provisions of this title is intended to address the crisis.

"(b) STATE OPTION TO DENY ASSISTANCE FOR OUT-OF-WEDLOCK BIRTHS TO MINORS.—At the option of the State, a State to which a grant is made under section 403 may provide that the grant shall not be used to provide assistance for a child born out-of-wedlock to an individual who has not attained 18 years of age, or for the individual, until the individual attains such age.

"(c) STATE OPTION TO DENY ASSISTANCE FOR CHILDREN BORN TO FAMILIES RECEIVING ASSISTANCE.—At the option of the State, a State to which a grant is made under section 403 may provide that the grant shall not be used to provide assistance for a minor child who is born to—

"(1) a recipient of assistance under the program funded under this part; or

"(2) an individual who received such benefits at any time during the 10-month period ending with the birth of the child.

"(d) REQUIREMENT THAT TEENAGE PARENTS LIVE IN AN ADULT-SUPERVISED SETTING AND ATTEND SCHOOL.—

"(1) IN GENERAL.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to an individual described in paragraph (2) if—

"(A) the individual and the minor child of the individual do not reside in—

"(i) a place of residence maintained by a parent, legal guardian, or other adult relative of such individual as such parent's, guardian's, or adult relative's own home; or

"(ii) another adult-supervised setting; and

"(B) the individual does not participate in—

"(i) educational activities directed toward the attainment of a high school diploma or its equivalent; or

"(ii) an alternative educational or training program that has been approved by the State.

"(2) INDIVIDUAL DESCRIBED.—An individual described in this paragraph is an individual who—

"(A) is under the age of 18 and is not married; and

"(B) has a minor child in his or her care.

"SEC. 407. STATE PENALTIES.

"(a) IN GENERAL.—Subject to the provisions of subsection (b), the Secretary shall deduct from the grant otherwise payable under section 403 the following penalties:

"(1) FOR USE OF GRANT IN VIOLATION OF THIS PART.—If an audit conducted under section 408 finds that an amount paid to a State under section 403 for a fiscal year has been used in violation of this part, then the Secretary shall reduce the amount of the grant otherwise payable to the State under such section for the immediately succeeding fiscal year quarter by the amount so used, plus 5 percent of such grant (determined without regard to this section).

"(2) FOR FAILURE TO SUBMIT REQUIRED REPORT.—

"(A) IN GENERAL.—If the Secretary determines that a State has not, within 6 months after the end of a fiscal year, submitted the report required by section 409 for the fiscal year, the Secretary shall reduce by 5 percent the amount of the grant that would (in the absence of this section) be payable to the State under section 403 for the immediately succeeding fiscal year.

"(B) RESCISSION OF PENALTY.—The Secretary shall rescind a penalty imposed on a State under subparagraph (A) with respect to a report for a fiscal year if the State submits the report before the end of the immediately succeeding fiscal year.

"(3) FOR FAILURE TO SATISFY MINIMUM PARTICIPATION RATES.—

"(A) IN GENERAL.—If the Secretary determines that a State has failed to satisfy the minimum participation rates specified in section 404(a) for a fiscal year, the Secretary shall reduce by not more than 5 percent the amount of the grant that would (in the absence of this section) be payable to the State under section 403 for the immediately succeeding fiscal year.

"(B) PENALTY BASED ON SEVERITY OF FAILURE.—The Secretary shall impose reductions under subparagraph (A) on the basis of the degree of noncompliance.

"(4) FOR FAILURE TO PARTICIPATE IN THE INCOME AND ELIGIBILITY VERIFICATION SYSTEM.—If the Secretary determines that a State program funded under this part is not participating during a fiscal year in the income and eligibility verification system required by section 1137, the Secretary shall reduce by not more than 5 percent the amount of the grant that would (in the absence of this section) be payable to the State under section 403 for the immediately succeeding fiscal year.

"(5) FOR FAILURE TO COMPLY WITH PATERNITY ESTABLISHMENT AND CHILD SUPPORT ENFORCEMENT REQUIREMENTS UNDER PART D.—Notwithstanding any other provision of this Act, if the Secretary determines that the State agency that administers a program funded under this part does not enforce the penalties requested by the agency administering part D against recipients of assistance under the State program who fail to cooperate in establishing paternity in accordance with such part, the Secretary shall reduce by not more than 5 percent the amount of the grant that would (in the absence of this section) be payable to the State under section 403 for the immediately succeeding fiscal year.

"(6) FOR FAILURE TO TIMELY REPAY A FEDERAL LOAN FUND FOR STATE WELFARE PROGRAMS.—If the Secretary determines that a State has failed to repay any amount borrowed from the Federal Loan Fund for State Welfare Programs established under section 403(d) within the period of maturity applicable to such loan, plus any interest owed on such loan, then the Secretary shall reduce the amount of the grant otherwise payable to the State under section 403 for the immediately succeeding fiscal year quarter by the outstanding loan amount, plus the interest owed on such outstanding amount.

"(b) REQUIREMENTS.—

"(1) LIMITATION ON AMOUNT OF PENALTY.—

"(A) IN GENERAL.—In imposing the penalties described in subsection (a), the Secretary shall not reduce any quarterly payment to a State by more than 25 percent.

"(B) CARRYFORWARD OF UNRECOVERED PENALTIES.—To the extent that subparagraph (A) prevents the Secretary from recovering during a fiscal year the full amount of all penalties imposed on a State under subsection (a) for a prior fiscal year, the Secretary shall apply any remaining amount of such penalties to the grant otherwise payable to the State under section 403 for the immediately succeeding fiscal year.

"(2) STATE FUNDS TO REPLACE REDUCTIONS IN GRANT.—A State which has a penalty imposed against it under subsection (a) shall expend additional State funds in an amount equal to the amount of the penalty for the purpose of providing assistance under the State program under this part.

"(3) REASONABLE CAUSE FOR NONCOMPLIANCE.—The Secretary may not impose a penalty on a State under subsection (a) if the Secretary determines that the State has reasonable cause for failing to comply with a requirement for which a penalty is imposed under such subsection.

"(c) CERTIFICATION OF AMOUNT OF PENALTIES.—If the Secretary is required to reduce the amount of any grant under this section, the Secretary shall certify the amount of such reduction to the Secretary of the Treasury and the Secretary of the Treasury shall reduce the amount paid to the State under section 403 by such amount.

"(d) EFFECTIVE DATES.—

"(1) IN GENERAL.—The penalties described in paragraphs (2) through (6) of subsection (a) shall apply with respect to fiscal years beginning on or after October 1, 1996.

"(2) MISUSE OF FUNDS.—The penalties described in subsection (a)(1) shall apply with respect to fiscal years beginning on or after October 1, 1995.

"SEC. 408. AUDITS.

"(a) IN GENERAL.—Each State shall, not less than annually, audit the State expenditures from amounts received under this part. Such audit shall—

"(1) determine the extent to which such expenditures were or were not expended in accordance with this part; and

"(2) be conducted by an approved entity (as defined in subsection (b)) in accordance with generally accepted auditing principles.

"(b) APPROVED ENTITY.—For purposes of subsection (a), the term 'approved entity' means an entity that—

"(1) is approved by the Secretary of the Treasury;

"(2) is approved by the chief executive officer of the State; and

"(3) is independent of any agency administering activities funded under this part.

"(c) AUDIT REPORT.—Not later than 30 days following the completion of an audit under this subsection, a State shall submit a copy of the audit to the State legislature, the Secretary of the Treasury, and the Secretary of Health and Human Services.

"(d) ADDITIONAL ACCOUNTING REQUIREMENTS.—The provisions of chapter 75 of title 31, United States Code, shall apply to the audit requirements of this section.

"SEC. 409. DATA COLLECTION AND REPORTING.

"(a) IN GENERAL.—Each State to which a grant is made under section 403 for a fiscal year shall, not later than 6 months after the end of fiscal year 1997, and each fiscal year thereafter, transmit to the Secretary the following aggregate information on families to which assistance was provided during the fiscal year under the State program operated under this part:

"(1) The number of adults receiving such assistance.

"(2) The number of children receiving such assistance and the average age of the children.

"(3) The employment status of such adults, and the average earnings of employed adults receiving such assistance.

"(4) The age, race, and educational attainment at the time of application for assistance of the adults receiving such assistance.

"(5) The average amount of cash and other assistance provided to the families under the program.

"(6) The number of months, since the most recent application for assistance under the program, for which such assistance has been provided to the families.

"(7) The total number of months for which assistance has been provided to the families under the program.

"(8) Any other data necessary to indicate whether the State is in compliance with the plan most recently submitted by the State pursuant to section 402.

"(9) The components of any program carried out by the State to provide work activities in order to comply with section 404, and the average monthly number of adults in each such component.

"(10) The number of part-time job placements and the number of full-time job placements made through the program referred to in paragraph (9), the number of cases with reduced assistance, and the number of cases closed due to employment.

"(11) The number of cases closed due to section 405(b).

"(12) The increase or decrease in the number of children born out of wedlock to recipients of assistance under the State program funded under this part and the State's success in meeting its goals established under section 402(a)(1)(F).

"(13) With respect to a State child care grant under section 403(a)(5), information concerning—

"(A) the number of eligible parents and children receiving assistance under such grant;

"(B) the number of individuals described in section 402(a)(19)(C)(iii)(II) of the Social Security Act (as such section was in effect on September 30, 1995) not participating in work activities due to the unavailability of child care; and

"(C) other data described in paragraphs (1) through (12) relevant to the State child care grant.

"(b) AUTHORITY OF STATES TO USE ESTIMATES.—A State may comply with the requirement to provide precise numerical information described in subsection (a) by submitting an estimate which is obtained through the use of scientifically acceptable sampling methods.

"(c) REPORT ON USE OF FEDERAL FUNDS TO COVER ADMINISTRATIVE COSTS AND OVERHEAD.—The report required by subsection (a) for a fiscal year shall include a statement of—

"(1) the total amount and percentage of the Federal funds paid to the State under this part for the fiscal year that are used to cover administrative costs or overhead; and

"(2) the total amount of State funds that are used to cover such costs or overhead.

"(d) REPORT ON STATE EXPENDITURES ON PROGRAMS FOR NEEDY FAMILIES.—The report required by subsection (a) for a fiscal year shall include a statement of the total amount expended by the State during the fiscal year on the program under this part and the purposes for which such amount was spent.

"(e) REPORT ON NONCUSTODIAL PARENTS PARTICIPATING IN WORK ACTIVITIES.—The report required by subsection (a) for a fiscal year shall include the number of noncustodial parents in the State who participated in work activities during the fiscal year.

"(f) REPORT ON CHILD SUPPORT COLLECTED.—The report required by subsection (a) for a fiscal year shall include the total amount of child support collected by the State agency administering the State program under part D on behalf of a family receiving assistance under this part.

"(g) REPORT ON CHILD CARE.—The report required by subsection (a) for a fiscal year shall include the total amount expended by the State for child care under the program under this part, along with a description of the types of child care provided, including child care provided in the case of a family that—

"(1) has ceased to receive assistance under this part because of employment; or

"(2) is not receiving assistance under this part but would be at risk of becoming eligible for such assistance if child care was not provided.

"(h) REPORT ON TRANSITIONAL SERVICES.—The report required by subsection (a) for a fiscal year shall include the total amount expended by the State for providing transitional services to a family that has ceased to receive assistance under this part because of employment, along with a description of such services.

"(i) SECRETARY'S REPORT ON DATA PROCESSING.—

"(1) IN GENERAL.—Not later than 6 months after the date of the enactment of the Work Opportunity Act of 1995, the Secretary shall prepare and submit to the Congress a report on—

"(A) the status of the automated data processing systems operated by the States to assist management in the administration of State programs under this part (whether in effect before or after October 1, 1995); and

"(B) what would be required to establish a system capable of—

"(i) tracking participants in public programs over time; and

"(ii) checking case records of the States to determine whether individuals are participating in public programs in 2 or more States.

"(2) PREFERRED CONTENTS.—The report required by paragraph (1) should include—

"(A) a plan for building on the automated data processing systems of the States to establish a system with the capabilities described in paragraph (1)(B); and

"(B) an estimate of the amount of time required to establish such a system and of the cost of establishing such a system.

"SEC. 410. RESEARCH, EVALUATIONS, AND NATIONAL STUDIES.

"(a) RESEARCH.—The Secretary may conduct research on the effects and costs of State programs funded under this part.

"(b) DEVELOPMENT AND EVALUATION OF INNOVATIVE APPROACHES TO EMPLOYING WELFARE RECIPIENTS.—The Secretary may assist States in developing, and shall evaluate, innovative approaches to employing recipients of assistance under programs funded under this part. In performing such evaluations, the Secretary shall, to the maximum extent feasible, use random assignment to experimental and control groups.

"(c) STUDIES OF WELFARE CASELOADS.—The Secretary may conduct studies of the caseloads of States operating programs funded under this part.

"(d) DISSEMINATION OF INFORMATION.—The Secretary shall develop innovative methods of disseminating information on any research, evaluations, and studies conducted under this section, including the facilitation of the sharing of information and best practices among States and localities through the use of computers and other technologies.

"(e) ANNUAL RANKING OF STATES AND REVIEW OF MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—

"(1) ANNUAL RANKING OF STATES.—The Secretary shall rank annually the States to which grants are paid under section 403 in the order of their success in moving recipients of assistance under the State program funded under this part into long-term private sector jobs.

"(2) ANNUAL REVIEW OF MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—The Secretary shall review the programs of the 3 States most recently ranked highest under paragraph (1) and the 3 States most recently ranked lowest under paragraph (1) that provide parents with work experience, assistance in finding employment, and other work preparation activities and support services to enable the families of such parents to leave the program and become self-sufficient.

"(f) STUDY ON ALTERNATIVE OUTCOMES MEASURES.—

"(1) STUDY.—The Secretary shall, in cooperation with the States, study and analyze outcomes measures for evaluating the success of a State in moving individuals out of the welfare system through employment as an alternative to the minimum participation rates described in section 404. The study shall include a determination as to whether such alternative outcomes measures should be applied on a national or a State-by-State basis.

"(2) REPORT.—Not later than September 30, 1998, the Secretary shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report containing the findings of the study described in paragraph (1).

"SEC. 411. STUDY BY THE CENSUS BUREAU.

"(a) IN GENERAL.—The Bureau of the Census shall expand the Survey of Income and Program Participation as necessary to obtain such information as will enable interested persons to evaluate the impact of the amendments made by title I of the Work Opportunity Act of 1995 on a random national sample of recipients of assistance under State programs funded under this part and (as appropriate) other low-income families, and in doing so, shall pay particular attention to the issues of out-of-wedlock births,

welfare dependency, the beginning and end of welfare spells, and the causes of repeat welfare spells.

"(b) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, the Secretary of the Treasury shall pay to the Bureau of the Census $10,000,000 for each of fiscal years 1996, 1997, 1998, 1999, and 2000 to carry out subsection (a).

"SEC. 412. WAIVERS.

"(a) CONTINUATION OF WAIVERS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), if any waiver granted to a State under section 1115 or otherwise which relates to the provision of assistance under a State plan under this part is in effect or approved by the Secretary as of October 1, 1995, the amendments made by the Work Opportunity Act of 1995 shall not apply with respect to the State before the expiration (determined without regard to any extensions) of the waiver to the extent such amendments are inconsistent with the terms of the waiver.

"(2) FINANCING LIMITATION.—Notwithstanding any other provision of law, beginning with fiscal year 1996, a State operating under a waiver described in paragraph (1) shall receive the payment described for such State for such fiscal year under section 403, in lieu of any other payment provided for in the waiver.

"(b) STATE OPTION TO TERMINATE WAIVER.—

"(1) IN GENERAL.—A State may terminate a waiver described in subsection (a) before the expiration of the waiver.

"(2) REPORT.—A State which terminates a waiver under paragraph (1) shall submit a report to the Secretary summarizing the waiver and any available information concerning the result or effect of such waiver.

"(3) HOLD HARMLESS PROVISION.—

"(A) IN GENERAL.—A State that, not later than the date described in subparagraph (B), submits a written request to terminate a waiver described in subsection (a) shall be held harmless for accrued cost neutrality liabilities incurred under the terms and conditions of such waiver.

"(B) DATE DESCRIBED.—The date described in this subparagraph is the later of—

"(i) January 1, 1996; or

"(ii) 90 days following the adjournment of the first regular session of the State legislature that begins after the date of the enactment of the Work Opportunity Act of 1995.

"(c) SECRETARIAL ENCOURAGEMENT OF CURRENT WAIVERS.—The Secretary shall encourage any State operating a waiver described in subsection (a) to continue such waiver and to evaluate, using random sampling and other characteristics of accepted scientific evaluations, the result or effect of such waiver.

"SEC. 413. STATE DEMONSTRATION PROGRAMS.

Nothing in this part shall be construed as limiting a State's ability to conduct demonstration projects for the purpose of identifying innovative or effective program designs in 1 or more political subdivisions of the State.

"SEC. 414. DIRECT FUNDING AND ADMINISTRATION BY INDIAN TRIBES.

"(a) PURPOSE.—The purpose of this section is—

"(1) to strengthen and enhance the control and flexibility of local governments over local programs; and

"(2) in recognition of the principles contained in the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.)—

"(A) to provide direct Federal funding to Indian tribes for the tribal administration of the program funded under this part; or

"(B) to enable Indian tribes to enter into agreements, contracts, or compacts with intertribal consortia, States, or other entities for the administration of such program on behalf of the Indian tribe.

"(b) GRANT AMOUNTS FOR INDIAN TRIBES.—

"(1) IN GENERAL.—For each of fiscal years 1996, 1997, 1998, 1999, and 2000, the Secretary shall pay to each Indian tribe that has an approved tribal family assistance plan a tribal family assistance grant for the fiscal year in an amount equal to the amount determined under paragraph (2).

"(2) AMOUNT DETERMINED.—

"(A) IN GENERAL.—The amount determined under this paragraph is an amount equal to the total amount of the Federal payments to a State or States under section 403 for fiscal year 1994 (as in effect during such fiscal year) attributable to expenditures by the State or States under part A and part F of this title (as so in effect) in such year for Indian families residing in the service area or areas identified by the Indian tribe in subsection (c)(1)(C).

"(B) USE OF STATE SUBMITTED DATA.—

"(i) IN GENERAL.—The Secretary shall use State submitted data to make each determination under subparagraph (A).

"(ii) DISAGREEMENT WITH DETERMINATION.—If an Indian tribe or tribal organization disagrees with State submitted data described under clause (i), the Indian tribe or tribal organization may submit to the Secretary such additional information as may be relevant to making the determination under subparagraph (A) and the Secretary may consider such information before making such determination.

"(c) 3-YEAR TRIBAL FAMILY ASSISTANCE PLAN.—

"(1) IN GENERAL.—Any Indian tribe that desires to receive a tribal family assistance grant shall submit to the Secretary a 3-year tribal family assistance plan that—

"(A) outlines the Indian tribe's approach to providing welfare-related services for the 3-year period, consistent with the purposes of this section;

"(B) specifies whether the welfare-related services provided under the plan will be provided by the Indian tribe or through agreements, contracts, or compacts with intertribal consortia, States, or other entities;

"(C) identifies the population and service area or areas to be served by such plan;

"(D) provides that a family receiving assistance under the plan may not receive duplicative assistance from other State or tribal programs funded under this part;

"(E) identifies the employment opportunities in or near the service area or areas of the Indian tribe and the manner in which the Indian tribe will cooperate and participate in enhancing such opportunities for recipients of assistance under the plan consistent with any applicable State standards; and

"(F) applies the fiscal accountability provisions of section 5(f)(1) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450c(f)(1)), relating to the submission of a single-agency audit report required by chapter 75 of title 31, United States Code.

"(2) APPROVAL.—The Secretary shall approve each tribal family assistance plan submitted in accordance with paragraph (1).

"(3) CONSORTIUM OF TRIBES.—Nothing in this section shall preclude the development and submission of a single plan by the participating Indian tribes of an intertribal consortium.

"(d) MINIMUM WORK PARTICIPATION REQUIREMENTS AND TIME LIMITS.—The Secretary, with the participation of Indian tribes, shall establish for each Indian tribe receiving a grant under this section minimum work participation requirements, appropriate time limits for receipt of welfare-related services under such grant, and penalties against individuals—

"(1) consistent with the purposes of this section;

"(2) consistent with the economic conditions and resources available to each tribe; and

"(3) similar to comparable provisions in section 404(d).

"(e) EMERGENCY ASSISTANCE.—Nothing in this section shall preclude an Indian tribe from seeking emergency assistance from any Federal loan program or emergency fund.

"(f) ACCOUNTABILITY.—Nothing in this section shall be construed to limit the ability of the Secretary to maintain program funding accountability consistent with—

"(1) generally accepted accounting principles; and

"(2) the requirements of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.).

"(g) TRIBAL PENALTIES.—For the purpose of ensuring the proper use of tribal family assistance grants, the following provisions shall apply to an Indian tribe with an approved tribal assistance plan:

"(1) The provisions of subsections (a)(1), (a)(6), and (b) of section 407, in the same manner as such subsections apply to a State.

"(2) The provisions of section 407(a)(3), except that such subsection shall be applied by substituting 'the minimum requirements established under subsection (d) of section 414' for 'the minimum participation rates specified in section 404'.

"(h) DATA COLLECTION AND REPORTING.—For the purpose of ensuring uniformity in data collection, section 409 shall apply to an Indian tribe with an approved tribal family assistance plan.".

"SEC. 415. ADMINISTRATION.

"(a) ASSISTANT SECRETARY.—The programs under this part and part D of this title shall be administered by an Assistant Secretary for Family Support within the Department of Health and Human Services, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be in addition to any other Assistant Secretary of Health and Human Services provided for by law.

"(b) STATE CHILD CARE GRANT.—A State may administer the programs under the State child care grant under section 403(a)(5) in conjunction with the programs administered under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9801 et seq.).

"(c) TRANSFER OF FUNDS.—

"(1) AUTHORITY.—Of the aggregate amount of payments received by a State under this part in each fiscal year, the State may transfer not more than 30 percent of the amounts received under any such program under this part for use by the State to carry out State programs under this title, except that such funds may only be transferred if the program out of which such funds will be transferred continues to provide services at a level that is adequate under the requirements applicable under such program.

"(2) REQUIREMENTS.—Funds transferred under paragraph (1) to carry out a State program operated under this part shall be subject to the same requirements that apply to Federal funds provided directly under the program into which such funds are transferred.".

DEWINE AMENDMENTS NOS. 2517-2519

Mr. HATCH (for Mr. DEWINE) proposed three amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2517

On page 712, between lines 9 and 10, insert the following:

SEC. ___. QUARTERLY REPORTS WITH RESPECT TO COMMON TRUST FUNDS.

(a) IN GENERAL.—Section 6032 of the Internal Revenue Code of 1986 (relating to returns of banks with respect to common trust funds) is amended by striking "each taxable year" and inserting "each quarter of the taxable year".

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

AMENDMENT NO. 2518

On page 31, line 15, insert "and" after the semicolon.

On page 31, line 23, strike "and" and insert "divided by".

Beginning on page 31, line 24, strike all through page 32, line 10.

Beginning on page 33, line 10, strike all through page 34, line 5, and insert the following:

"(3) PRO RATA REDUCTION OF PARTICIPATION RATE DUE TO CASELOAD REDUCTIONS NOT REQUIRED BY FEDERAL LAW.—

"(A) IN GENERAL.—The Secretary shall prescribe regulations for reducing the minimum participation rate otherwise required by this section for a fiscal year by the number of percentage points equal to the number of percentage points (if any) by which—

"(i) the number of families receiving assistance during the fiscal year under the State program funded under this part is less than

"(ii) the number of families that received aid under the State plan approved under part A of this title (as in effect before October 1, 1995) during the fiscal year immediately preceding such effective date.

The minimum participation rate shall not be reduced to the extent that the Secretary determines that the reduction in the number of families receiving such assistance is required by Federal law.

"(B) ELIGIBILITY CHANGES NOT COUNTED.—The regulations described in subparagraph (A) shall not take into account families that are diverted from a State program funded under this part as a result of differences in eligibility criteria under a State program funded under this part and eligibility criteria under such State's plan under the aid to families with dependent children program, as such plan was in effect on the day before the date of the enactment of the Work Opportunity Act of 1995.

AMENDMENT NO. 2519

On page 29, between lines 17 and 18, insert the following:

"(g) RAINY DAY CONTINGENCY FUND.—

"(1) ESTABLISHMENT.—There is hereby established in the Treasury of the United States a fund which shall be known as the 'Rainy Day Contingency Fund' (hereafter in this section referred to as the 'Rainy Day Fund').

"(2) DEPOSITS INTO FUND.—Out of any money in the Treasury of the United States not otherwise appropriated, there are hereby appropriated for fiscal years 1996, 1997, 1998, 1999, and 2000 such sums as are necessary for payment to the Rainy Day Fund in a total amount not to exceed $525,000,000.

"(3) COMPUTATION OF GRANT.—

"(A) IN GENERAL.—The Secretary of the Treasury shall pay to each State for each quarter in a fiscal year following the quarter in which such State becomes an eligible State under this subsection, an amount equal to the Federal medical assistance percentage for such State for such fiscal year (as defined in section 1905(b)) of so much of the expenditures by the State in such year under the State program funded under this part as exceed the historic State expenditures for such State.

"(B) METHOD OF COMPUTATION, PAYMENT, AND RECONCILIATION.—

"(i) METHOD OF COMPUTATION.—The method of computing and paying such amounts shall be as follows:

"(I) The Secretary of Health and Human Services shall estimate the amount to be paid to the State for such quarter under the provisions of subparagraph (A), such estimate to be based on a report filed by the State containing its estimate of the total sum to be expended in such quarter and such other information as the Secretary may find necessary.

"(II) The Secretary of Health and Human Services shall then certify to the Secretary of the Treasury the amount so estimated by the Secretary of Health and Human Services.

"(ii) METHOD OF PAYMENT.—The Secretary of the Treasury shall thereupon, through the Fiscal Service of the Department of the Treasury and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Health and Human Services, the amount so certified.

"(iii) METHOD OF RECONCILIATION.—If at the end of each fiscal year, the Secretary of Health and Human Services finds that a State which received amounts from the Rainy Day Fund in such fiscal year did not meet the maintenance of effort requirement under paragraph (5)(B) for such fiscal year, the Secretary shall reduce the State family assistance grant for such State for the succeeding fiscal year by such amounts.

"(4) USE OF GRANT.—

"(A) IN GENERAL.—An eligible State may use the grant—

"(i) in any manner that is reasonably calculated to accomplish the purpose of this part; or

"(ii) in any manner that such State used amounts received under part A or F of this title, as such parts were in effect before October 1, 1995.

"(B) REFUND OF UNUSED PORTION.—Any amount of a grant under this subsection not used during the fiscal year shall be returned to the Rainy Day Fund.

"(5) ELIGIBLE STATE.—

"(A) IN GENERAL.—For purposes of this subsection, a State is an eligible State with respect to any quarter in a fiscal year, if such State—

"(i) has an average total unemployment rate for such quarter which exceeds by at least 2 percentage points such average total rate for the same quarter of either the preceding or second preceding fiscal year; and

"(ii) has met the maintenance of effort requirement under subparagraph (B) for the State program funded under this part for the preceding fiscal year.

"(B) MAINTENANCE OF EFFORT.—

"(i) IN GENERAL.—The maintenance of effort requirement for any State under this subparagraph for any fiscal year is the expenditure of an amount at least equal to 100 percent of the level of historic State expenditures for such State.

"(ii) HISTORIC STATE EXPENDITURES.—For purposes of this subparagraph, the term 'historic State expenditures' means payments of cash assistance to recipients of aid to families with dependent children under the State plan under part A of title IV for fiscal year 1994, as in effect during such fiscal year.

"(iii) DETERMINING STATE EXPENDITURES.—For purposes of this subparagraph, State expenditures shall not include any expenditures from amounts made available by the Federal Government.

BURNS AMENDMENT NO. 2520

Mr. HATCH (for Mr. BURNS) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

Amend section 105 (a) to read:

(a) IN GENERAL.—The Secretary of Health and Human Services shall take such actions as may be necessary, including reduction in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to ensure that at least 50 percent of the personnel in positions that relate to a covered activity are separated from service. Where possible, reductions should come from headquarters before reductions are made in the field. In the case of a program that is repealed, 100% of the positions shall be eliminated.

Elimination of positions may begin upon passage of this Act but shall be completed no later than six (6) months following the date of implementation.

SIMPSON AMENDMENT NO. 2521

Mr. HATCH (for Mr. SIMPSON) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 287, strike lines 13-17 and insert the following:

"(a) IN GENERAL.—(1) Subject to paragraph (2) and subsection (b), a State may, at its option, limit or restrict the eligibility of noncitizens of the United States for any means-tested public assistance program, whether funded by the Federal Government or by the State.

"(2)(A) The authority under subsection (a) may be exercised only to the extent that any prohibitions, limitations, or restrictions are not more restrictive or of a longer duration than comparable Federal programs.

"(B) For the purposes of this subsection, attribution to a noncitizen of the income or resources of any person who (as a sponsor of such noncitizen's entry into the United States) executed an affidavit of support or similar agreement with respect to such noncitizen, for purposes of determining the eligibility for or amount of benefits of such noncitizen, shall not be considered more restrictive than a prohibition of eligibility."

KASSEBAUM AMENDMENT NO. 2522

Mr. HATCH (for Mrs. KASSEBAUM) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

Beginning on page 313, strike line 13 and all that follows through line 5 on page 314, and insert the following new subsection:

(l) APPLICATION OF SUBCHAPTER.—The Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) is amended by adding at the end thereof the following new section:

"SEC. 658T. APPLICATION TO OTHER PROGRAMS.

"Notwithstanding any other provision of law, a State that uses funding for child care services under any Federal program shall ensure that activities carried out using such funds meet the requirements, standards, and criteria of this subchapter, except for the quality set-aside provisions of section 658G, and the regulations promulgated under this subchapter. Such sums shall be administered through a uniform State plan. To the maximum extent practicable, amounts provided to a State under such programs shall be transferred to the lead agency and integrated into the program established under this subchapter by the State.".

HELMS (AND OTHERS) AMENDMENT NO. 2523

Mr. HELMS (for himself, Mr. FAIRCLOTH, Mr. SHELBY, and Mr. GRAMS) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

Beginning on page 195, strike line 22 and all that follows through page 198, line 14, and insert the following:

SEC. 319. WORK REQUIREMENT.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) (as amended by section 318) is further amended by inserting after subsection (m) the following:

"(n) WORK REQUIREMENT.—

"(1) IN GENERAL.—Subject to paragraph (3), no individual shall be eligible to participate in the food stamp program as a member of any household if the individual did not work at least 40 hours during the preceding 4-week period.

"(2) WORK PROGRAM.—For purposes of paragraph (1), an individual may perform community service or work for a State or political subdivision of a State through a program established by the State or political subdivision.

"(3) EXEMPTIONS.—Paragraph (1) shall not apply to an individual if the individual is—

"(A) a parent residing with a dependent child under 18 years of age;

"(B) a member of a house with responsibility for the care of an incapacitated person;

"(C) mentally or physically unfit;

"(D) under 18 years of age; or

"(E) 55 years of age or older.".

CRAIG (AND SHELBY) AMENDMENT NO. 2524

Mr. CRAIG (for himself and Mr. SHELBY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 643, line 16, insert ", subject to such good cause and other exceptions as the State shall establish and taking into account the best interests of the child" before the end period.

EXON AMENDMENT NO. 2525

Mr. EXON proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 302, between lines 5 and 6, insert the following:

SEC. 506. PROHIBITION ON PAYMENT OF FEDERAL BENEFITS TO CERTAIN PERSONS.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), Federal benefits shall not be paid or provided to any person who is not a person lawfully present within the United States.

(b) EXCEPTIONS.—Subsection (a) shall not apply with respect to the following benefits:

(1) Emergency medical services under title XIX of the Social Security Act.

(2) Short-term emergency disaster relief.

(3) Assistance or benefits under the National School Lunch Act.

(4) Assistance or benefits under the Child Nutrition Act of 1966.

(5) Public health assistance for immunizations and, if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of a serious communicable disease, for testing and treatment of such disease.

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

(1) FEDERAL BENEFIT.—The term "Federal benefit" means—

(A) the issuance of any grant, contract, loan, professional license, or commercial license provided by an agency of the United States or by appropriated funds of the United States; and

(B) any retirement, welfare, Social Security, health, disability, veterans benefit, public housing, education, food stamps, unemployment benefit, or any other similar benefit for which payments or assistance are provided by an agency of the United States or by appropriated funds of the United States.

(2) VETERANS BENEFIT.—The term "veterans benefit" means all benefits provided to veterans, their families, or survivors by virtue of the service of a veteran in the Armed Forces of the United States.

(3) PERSON LAWFULLY PRESENT WITHIN THE UNITED STATES.—The term "person lawfully present within the United States" means a person who, at the time the person applies for, receives, or attempts to receive a Federal benefit, is a United States citizen, a permanent resident alien, an alien whose deportation has been withheld under section 243(h) of the Immigration and Nationality Act (8 U.S.C. 1253(h)), an asylee, a refugee, a parolee who has been paroled for a period of at least 1 year, a national, or a national of the United States for purposes of the immigration laws of the United States (as defined in section 101(a)(17) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(17)).

(d) STATE OBLIGATION.—Notwithstanding any other provision of law, a State that administers a program that provides a Federal benefit (described in section 506(c)(1)) or provides State benefits pursuant to such a program shall not be required to provide such benefit to a person who is not a person lawfully present within the United States (as defined in section 506(c)(3)) through a State agency or with appropriated funds of such State.

(e) VERIFICATION OF ELIGIBILITY.

(1) IN GENERAL.—Not later than 18 months after the date of the enactment of this Act, the Attorney General of the United States, after consultation with the Secretary of Health and Human Services, shall promulgate regulations requiring verification that a person applying for a Federal benefit, including a benefit described in section 506(b), is a person lawfully present within the United States and is eligible to receive such benefit. Such regulations shall, to the extent feasible, require that information requested and exchanged be similar in form and manner to information requested and exchanged under section 1137 of the Social Security Act.

(2) STATE COMPLIANCE.—Not later than 24 months after the date the regulations described in subsection (1) are adopted, a State that administers a program that provides a Federal benefit described in such subsection shall have in effect a verification system that complies with the regulations.

(3) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purpose of this section.

(f) SEVERABILITY.—If any provision of this title or the application of such provision to any person or circumstance is held to be unconstitutional, the remainder of this title and the application of the provisions of such to any person or circumstance shall not be affected thereby.

SHELBY (AND OTHERS) AMENDMENT NO. 2526

Mr. SHELBY (for himself, Mr. CRAIG, Mr. HATFIELD, Mr. GRAMS, and Mr. SANTORUM) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

At the appropriate place, insert:

SEC. ___. REFUNDABLE CREDIT FOR ADOPTION EXPENSES.

(a) IN GENERAL.—Subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to refundable credits) is amended by redesignating section 35 as section 36 and by inserting after section 34 the following new section:

"SEC. 35. ADOPTION EXPENSES.

"(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this subtitle for the taxable year the amount of the qualified adoption expenses paid or incurred by the taxpayer during such taxable year.

"(b) LIMITATIONS.—

"(1) DOLLAR LIMITATION.—The aggregate amount of qualified adoption expenses which may be taken into account under subsection (a) with respect to the adoption of a child shall not exceed $5,000.

"(2) INCOME LIMITATION.—The amount allowable as a credit under subsection (a) for any taxable year shall be reduced (but not below zero) by an amount which bears the same ratio to the amount so allowable (determined without regard to this paragraph but with regard to paragraph (1)) as—

"(A) the amount (if any) by which the taxpayer's adjusted gross income exceeds $60,000, bears to

"(B) $40,000.

"(3) DENIAL OF DOUBLE BENEFIT.—

"(A) IN GENERAL.—No credit shall be allowed under subsection (a) for any expense for which a deduction or credit is allowable under any other provision of this chapter.

"(B) GRANTS.—No credit shall be allowed under subsection (a) for any expense to the extent that funds for such expense are received under any Federal, State, or local program.

"(c) QUALIFIED ADOPTION EXPENSES.—For purposes of this section, the term 'qualified adoption expenses' means reasonable and necessary adoption fees, court costs, attorney fees, and other expenses which are directly related to the legal and finalized adoption of a child by the taxpayer and which are not incurred in violation of State or Federal law or in carrying out any surrogate parenting arrangement. The term 'qualified adoption expenses' shall not include any expenses in connection with the adoption by an individual of a child who is the child of such individual's spouse.

"(d) MARRIED COUPLES MUST FILE JOINT RETURNS.—Rules similar to the rules of paragraphs (2), (3), and (4) of section 21(e) shall apply for purposes of this section."

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting before the period ", or from section 35 of such Code".

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

"Sec. 35. Adoption expenses.

"Sec. 36. Overpayments of tax.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

SEC. ___. EXCLUSION OF ADOPTION ASSISTANCE.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by redesignating section 137 as section 138 and by inserting after section 136 the following new section:

"SEC. 137. ADOPTION ASSISTANCE.

"(a) IN GENERAL.—Gross income of an employee does not include employee adoption assistance benefits, or military adoption assistance benefits, received by the employee with respect to the employee's adoption of a child.

"(b) DEFINITIONS.—For purposes of this section—

"(1) EMPLOYEE ADOPTION ASSISTANCE BENEFITS.—The term 'employee adoption assistance benefits' means payment by an employer of qualified adoption expenses with respect to an employee's adoption of a child, or reimbursement by the employer of such qualified adoption expenses paid or incurred by the employee in the taxable year.

"(2) EMPLOYER AND EMPLOYEE.—The terms 'employer' and 'employee' have the respective meanings given such terms by section 127(c).

"(3) MILITARY ADOPTION ASSISTANCE BENEFITS.—The term 'military adoption assistance benefits' means benefits provided under section 1052 of title 10, United States Code, or section 514 of title 14, United States Code.

"(4) QUALIFIED ADOPTION EXPENSES.—

"(A) IN GENERAL.—The term 'qualified adoption expenses' means reasonable and necessary adoption fees, court costs, attorney fees, and other expenses—

"(i) which are directly related to, and the principal purpose of which is for, the legal and finalized adoption of an eligible child by the taxpayer, and

"(ii) which are not incurred in violation of State or Federal law or in carrying out any surrogate parenting arrangement.

"(B) ELIGIBLE CHILD.—The term 'eligible child' means any individual—

"(i) who has not attained age 18 as of the time of the adoption, or

"(ii) who is physically or mentally incapable of caring for himself.

"(c) COORDINATION WITH OTHER PROVISIONS.—The Secretary shall issue regulations to coordinate the application of this section with the application of any other provision of this title which allows a credit or deduction with respect to qualified adoption expenses."

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 of such Code is amended by striking the item relating to section 137 and inserting the following new items:

"Sec. 137. Adoption assistance.

"Sec. 138. Cross references to other Acts."

(c) EFFECTIVE DATE.—The amendments made this section shall apply to taxable years beginning after December 31, 1995.

SEC. ___. WITHDRAWAL FROM IRA FOR ADOPTION EXPENSES.

(a) IN GENERAL.—Subsection (d) of section 408 of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

"(8) QUALIFIED ADOPTION EXPENSES.—

"(A) IN GENERAL.—Any amount which is paid or distributed out of an individual retirement plan of the taxpayer, and which would (but for this paragraph) be includible in gross income, shall be excluded from gross income to the extent that—

"(i) such amount exceeds the sum of—

"(I) the amount excludable under section 137, and

"(II) any amount allowable as a credit under this title with respect to qualified adoption expenses; and

"(ii) such amount does not exceed the qualified adoption expenses paid or incurred by the taxpayer during the taxable year.

"(B) QUALIFIED ADOPTION EXPENSES.—For purposes of this paragraph, the term 'qualified adoption expenses' has the meaning given such term by section 137, except that such term shall not include any expense in connection with the adoption by an individual of a child who is the child of such individual's spouse."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1995.

SHELBY AMENDMENT NO. 2527

Mr. SHELBY proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 216, strike lines 4 through 6 and insert the following:

"(3) at the option of a State, funds to—

"(A) operate an employment and training program for needy individuals under the program; or

"(B) operate a work program under section 404 of the Social Security Act;

"(4) at the option of a State, funds to provide benefits to individuals with incomes below 185 percent of the poverty line under subsection (d)(3)(B)(v); and

On page 216, line 7, strike "(4)" and insert "(5)".

On page 216, strike lines 13 through 17 and insert the following:

"(2) FOUR-YEAR ELECTION.—

"(A) PERIOD.—A State may elect to participate in the program established under subsection (a) for a period of not less than 4 years.

"(B) ELECTION.—At the end of each 4-year period, a State may elect to participate in the program established under subsection (a) or in the food stamp program in accordance with the other sections of this Act.

On page 219, strike lines 11 through 13 and insert the following:

"(iii) at the option of a State—

"(I) to operate an employment and training program for needy individuals under the program; or

"(II) to operate a work program under section 404 of the Social Security Act;

On page 219, line 15, strike the period at the end and insert "; and".

On page 219, between lines 15 and 16, insert the following:

"(v) to provide other forms of benefits to individuals with incomes below 185 percent of the poverty line, as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), except that not more than 20 percent of the amount allotted to a State under subsection (l)(2) may be used under this clause.

On page 220, strike line 14 and insert the following:

"(E) NOTICE AND HEARINGS.—

"(i) IN GENERAL.—The State

On page 220, between lines 20 and 21, insert the following:

"(ii) LIMITATION.—Clause (i) shall not impede the ability of the State to promptly and efficiently alter or reduce benefits in response to a failure by a recipient to perform work or other required activities.

On page 223, strike lines 7 and 8 and insert the following:

"(g) EMPLOYMENT AND TRAINING.—No individual or

On page 223, strike lines 14 through 17.

On page 227, strike line 8 and insert the following:

"(5) PROVISION OF FOOD ASSISTANCE.—

"(A) IN GENERAL.—A

On page 227, strike lines 14 and 15 and insert the following:

to food purchases, direct provision of commodities or cash aid in lieu of coupons under subparagraph (B).

"(B) CASH AID IN LIEU OF COUPONS.—

"(i) ELIGIBLE INDIVIDUALS.—An individual shall be eligible under this subparagraph if the individual is—

"(I) receiving benefits under this Act;

"(II) receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); and

"(III) participating in unsubsidized employment, subsidized employment, on-the-job training, or a community service program under section 404 of the Social Security Act.

"(ii) STATE OPTION.—In the case of an individual described in clause (i), a State may—

"(I) convert the food stamp benefits of the household in which the individual is a member to cash, and provide the cash in a single integrated payment with cash aid under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); and

"(II) sanction an individual, or a household that contains an individual, or reduce the benefits of the individual or household under the same rules and procedures as the State uses under part A of title IV of the Act (42 U.S.C. 601 et seq.).

On page 229, strike line 24 and all that follows through page 231, line 2, and insert the following:

97 percent of the federal funds the Director of the Office of Management and Budget estimates would have been expended under the food stamp program in the State for the fiscal year if the State had not elected to participate in the program under this section.

CONRAD (AND LIBERMAN) AMENDMENT NO. 2528

Mr. MOYNIHAN (for Mr. CONRAD for himself and Mr. LIEBERMAN) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 50, strike line 6 and all that follows through page 51, line 11, and insert the following:

"(d) REQUIREMENT THAT TEENAGE PARENTS LIVE IN ADULT-SUPERVISED SETTINGS.—

"(1) IN GENERAL.—

"(A) REQUIREMENT.—Except as provided in paragraph (2), if a State provides assistance under the State program funded under this part to an individual described in subparagraph (B), such individual may only receive assistance under the program if such individual and the child of the individual reside in a place of residence maintained by a parent, legal guardian, or other adult relative of such individual as such parent's, guardian's, or adult relative's own home.

"(B) INDIVIDUAL DESCRIBED.— For purposes of subparagraph (A), an individual described in this subparagraph is an individual who is—

"(i) under the age of 18; and

"(ii) not married and has a minor child in his or her care.

"(2) EXCEPTION.—

"(A) PROVISION OF, OR ASSISTANCE IN LOCATING, ADULT-SUPERVISED LIVING ARRANGEMENT.—In the case of an individual who is described in subparagraph (B), the State agency shall provide, or assist such individual in locating, an appropriate adult-supervised supportive living arrangement, including a second chance home, another responsible adult, or a foster home, taking into consideration the needs and concerns of the such individual, unless the State agency determines that the individual's current living arrangement is appropriate, and thereafter shall require that such parent and the child of such parent reside in such living arrangement as a condition of the continued receipt

of assistance under the plan (or in an alternative appropriate arrangement, should circumstances change and the current arrangement cease to be appropriate).

"(B) INDIVIDUAL DESCRIBED.—For purposes of subparagraph (A), an individual is described in this subparagraph if the individual is described in paragraph (1)(B) and—

"(ii) such individual has no parent or legal guardian of his or her own who is living or whose whereabouts are known;

"(iii) no living parent or legal guardian of such individual allows the individual to live in the home of such parent or guardian;

"(iv) the State agency determines that the physical or emotional health of such individual or any minor child of the individual would be jeopardized if such individual and such minor child lived in the same residence with such individual's own parent or legal guardian; or

"(v) the State agency otherwise determines that it is in the best interest of the minor child to waive the requirement of paragraph (1) with respect to such individual.

"(C) SECOND-CHANCE HOME.—For purposes of this paragraph, the term 'second-chance home' means an entity that provides individuals described in subparagraph (B) with a supportive and supervised living arrangement in which such individuals are required to learn parenting skills, including child development, family budgeting, health and nutrition, and other skills to promote their long-term economic independence and the well-being of their children.

"(3) ASSISTANCE TO STATES IN PROVIDING OR LOCATING ADULT-SUPERVISED SUPPORTIVE LIVING ARRANGEMENTS FOR UNMARRIED TEENAGE PARENTS.—

"(A) IN GENERAL.—For each of fiscal years 1998 through 2002, each State that provides assistance under the State program to individuals described in paragraph (1)(B) shall be entitled to receive a grant in an amount determined under subparagraph (B) for the purpose of providing or locating adult-supervised supportive living arrangements for individuals described in paragraph (1)(B) in accordance with this subsection.

"(B) AMOUNT DETERMINED.—

"(i) IN GENERAL.—The amount determined under this subparagraph is an amount that bears the same ratio to the amount specified under clause (ii) as the amount of the State family assistance grant for the State for such fiscal year (described in section 403(a)(2)) bears to the amount appropriated for such fiscal year in accordance with section 403(a)(4)(A).

"(ii) AMOUNT SPECIFIED.—The amount specified in this subparagraph is—

"(I) for fiscal year 1998, $20,000,000;

"(II) for fiscal year 1999, $40,000,000; and

"(III) for each of fiscal years 2000, 2001, and 2002, $80,000,000.

"(C) ASSISTANCE TO STATES IN PROVIDING OR LOCATING ADULT-SUPERVISED SUPPORTIVE LIVING ARRANGEMENTS FOR UNMARRIED TEENAGE PARENTS.—There are authorized to be appropriated and there are appropriated for fiscal years 1998, 1999, and 2000 such sums as may be necessary for the purpose of paying grants to States in accordance with the provisions of this paragraph.

"(e) REQUIREMENT THAT TEENAGE PARENTS ATTEND HIGH SCHOOL OR OTHER EQUIVALENT TRAINING PROGRAM.—If a State provides assistance under the State program funded under this part to an individual described in subsection (d)(1)(B) who has not successfully completed a high-school education (or its equivalent) and whose minor child is at least 12 weeks of age, the State shall not provide such individual with assistance under the program (or, at the option of the State, shall provide a reduced level of such assistance) if the individual does not participate in—

"(1) educational activities directed toward the attainment of a high school diploma or its equivalent; or

"(2) an alternative educational or training program that has been approved by the State.

On page 51, strike "(e)" and insert "(f)".

At the appropriate place, insert the following:

SEC. ___. NATIONAL CLEARINGHOUSE ON TEENAGE PREGNANCY.

(a) ESTABLISHMENT.—The Secretary of Education and the Secretary of Health and Human Services shall establish a national center for the collection and provision of information that relates to adolescent pregnancy prevention programs, to be known as the "National Clearinghouse on Teenage Pregnancy Prevention Programs".

(b) FUNCTIONS.—The national center established under subsection (a) shall serve as a national information and data clearinghouse, and as a material development source for adolescent pregnancy prevention programs. Such center shall—

(1) develop and maintain a system for disseminating information on all types of adolescent pregnancy prevention programs and on the state of adolescent pregnancy prevention program development, including information concerning the most effective model programs;

(2) identify model programs representing the various types of adolescent pregnancy prevention programs;

(3) develop networks of adolescent pregnancy prevention programs for the purpose of sharing and disseminating information;

(4) develop technical assistance materials to assist other entities in establishing and improving adolescent pregnancy prevention programs;

(5) participate in activities designed to encourage and enhance public media campaigns on the issue of adolescent pregnancy; and

(6) conduct such other activities as the responsible Federal officials find will assist in developing and carrying out programs or activities to reduce adolescent pregnancy.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this section.

SEC. ___. ESTABLISHING NATIONAL GOALS TO REDUCE OUT-OF-WEDLOCK PREGNANCIES AND TO PREVENT TEENAGE PREGNANCIES.

(a) IN GENERAL.—Not later than January 1, 1997, the Secretary of Health and Human Services shall establish and implement a strategy for—

(1) reducing out-of-wedlock teenage pregnancies by at least 2 percent a year, and

(2) assuring that at least 25 percent of the communities in the United States have teenage pregnancy prevention programs in place.

(b) REPORT.—Not later than June 30, 1998, and annually thereafter, the Secretary shall report to the Congress with respect to the progress that has been made in meeting the goals described in paragraphs (1) and (2) of subsection (a).

(b) OUT-OF-WEDLOCK AND TEENAGE PREGNANCY PREVENTION PROGRAMS.—Section 2002 of the Social Security Act (42 U.S.C. 1397a) is amended by adding at the end the following new subsection:

"(f)(1) Beginning in fiscal year 1996 and each fiscal year thereafter, each State shall use at least 5 percent of its allotment under section 2003 for the fiscal year to develop and implement a State program to reduce the incidence of out-of-wedlock and teenage pregnancies in the State.

"(2) The Secretary shall conduct a study with respect to the State programs implemented under paragraph (1) to determine the relative effectiveness of the different approaches for reducing out-of-wedlock pregnancies and preventing teenage pregnancy utilized in the programs conducted under this subsection and the approaches that can be best replicated by other States.

"(3) Each State conducting a program under this subsection shall provide to the Secretary, in such form and with such frequency as the Secretary requires, data from the programs conducted under this subsection. The Secretary shall report to the Congress annually on the progress of the programs and shall, not later than June 30, 1998, submit to the Congress a report on the study required under paragraph (2).".

SEC. ___. SENSE OF THE SENATE REGARDING ENFORCEMENT OF STATUTORY RAPE LAWS.

It is the sense of the Senate that States and local jurisdictions should aggressively enforce statutory rape laws.

CONRAD (AND BRADLEY) AMENDMENT NO. 2529

Mr. MOYNIHAN (for Mr. CONRAD, for himself and Mr. BRADLEY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 9, between lines 9 and 10, insert the following:

SEC. 100A. ELECTION OF STATE PROGRAM.

(a) INITIAL ELECTION.—Not later than the effective date under section 112, and prior to the expiration of any election under this section thereafter, each State shall elect whether it chooses to participate in—

(1) the State program funded under part A of title IV of the Social Security Act, as amended by title I of this Act; or

(2) the transitional aid program and the work and gainful employment program under the Work and Gainful Employment Act, as added by title XIII of this Act.

A State may receive Federal funds for operating either the program described in paragraph (1) or the programs described in paragraph (2), but not both.

(b) EFFECT OF ELECTION.—An election made under subsection (a) shall remain in effect for a period of 4 years beginning on the date that the State begins participation in the programs elected by the State.

(c) INFORMATION AND ADMINISTRATION.—The Secretary shall—

(1) provide the States with information about the programs described in subsection (a); and

(2) coordinate and administer the election process described under subsection (a).

(d) ELECTING TO PARTICIPATE IN TAP AND WAGE.—If, after having elected under this section to participate in the program described in subsection (a)(1) during the preceding 4-year period, a State elects under subsection (a) to participate in the programs described in subsection (a)(2), the State shall provide that total State and Federal expenditures in each fiscal year under the programs described in subsection (a)(2) shall not be less than the grant amount that the State received under section 403 of the Social Security Act for operating the program described in subsection (a)(1).

On page 792, after line 22, add the following:

TITLE XIII—TRANSITIONAL AID PROGRAM AND WAGE PROGRAM

SEC. 1300. SHORT TITLE.

This title may be cited as the "Work and Gainful Employment Act".

Subtitle A—Transitional Aid Program

SEC. 1301. PURPOSE AND APPROPRIATION.

(a) PURPOSE.—It is the purpose of this subtitle to provide a program of transitional aid to families with needy children to enhance the well-being of such needy children, and to enable parents of children in such families to obtain and retain work and to become self-sufficient.

(b) APPROPRIATIONS.—There is hereby authorized to be appropriated and are appropriated for each fiscal year such sums as may be necessary to carry out the purposes of this subtitle. The sums made available under this subsection shall be used for making payments to States which have submitted, and had approved by the Secretary, State plans for providing a program of transitional aid.

SEC. 1302. STATE PLANS FOR, AND GENERAL REQUIREMENTS OF, TRANSITIONAL AID PROGRAM.

(a) STATE PLANS.—A State plan for a transitional aid program shall meet the requirements of the following paragraphs:

(1) ELECTION OF OPTIONS IN PROGRAM DESIGN.—The State plan shall describe the State's policies regarding eligibility, services, assistance amounts, and program requirements, including a description of:

(A) The support and benefits (including benefit levels) provided to individuals eligible to participate and whether such support is in the form of wages in subsidized public or nonprofit employment or direct subsidies to employers.

(B) The extent to which earned or unearned income is disregarded in determining eligibility for, and amount of, assistance.

(C) The State's policy for determining the extent to which child support received on behalf of a member of the family is disregarded in determining eligibility for, and the amount of, assistance.

(D) The treatment of earnings of a child living in the home.

(E) The State's resource limit, including a description of the policy determined by the State regarding any exclusion allowed for vehicles owned by family members, resources set aside for future needs of a child, individual development accounts, or other policies established by the State to encourage savings.

(F) Any restrictions the State elects to impose relating to eligibility for assistance of two-parent families.

(G) The criteria for participating in the program including requirements that a family must comply with as a condition of receiving aid, such as school attendance, participation in appropriate preemployment activities, and receipt of appropriate childhood immunizations. The plan shall specify whether the State elects to provide incentives for compliance with the requirements, sanctions for noncompliance, or a combination of incentives and sanctions that the State determines appropriate.

(H) The sanctions imposed on individuals who fail to comply with the State's program requirements without good cause, including the amount and length of time of such sanctions, provided that if the sanction results in complete elimination of aid to the family, the State plan shall describe the procedures used to ensure the well-being of children.

(I) Whether payment is made or denied for a child conceived during a period in which such child's parent was receiving aid under the program.

(J) Whether the State elects to establish a time limit after which an individual must comply with continuous or additional work requirements under subtitle B as a condition for receiving aid under the State plan approved under this subtitle.

(2) PARENTAL RESPONSIBILITY AGREEMENTS AND WAGE PLANS.—

(A) IN GENERAL.—The State plan shall provide that the State require the parent or caretaker relative to enter into—

(i) a Parental Responsibility Agreement in accordance with subparagraph (B), or

(ii) a Parental Responsibility Agreement in accordance with subparagraph (B) and a Wage Plan in accordance with section 1391(b) if such parent or caretaker relative is required to participate in the WAGE program.

(B) DESCRIPTION OF PARENTAL RESPONSIBILITY AGREEMENT.—A Parental Responsibility Agreement is a statement signed by the applicant for aid that—

(i) specifies that the transitional aid program is a privilege,

(ii) the transitional aid program is a transitional program to move recipients into work and self-sufficiency, and

(iii) the individual must abide by any requirements of the State or risk forfeiting eligibility for transitional aid.

(3) STATEWIDE PLAN.—The State plan shall be in effect in all political subdivisions of the State. If such plan is not administered uniformly throughout the State, the plan shall describe the variations.

(4) GENERAL ELIGIBILITY REQUIREMENT.—

(A) IN GENERAL.—The State plan shall ensure that transitional aid is provided to all families with needy children and that such aid is furnished with reasonable promptness to individuals found eligible under the State plan. In providing such assistance, States will take into account the income and needs of a parent of a needy child if the parent is living in the same home as the child.

(B) NEEDY CHILD.—For purposes of subparagraph (A), a needy child shall be determined by the State, but shall be a child who—

(i) is under the age of 18, or

(ii) at the option of the State, under the age of 19 and a full-time student in a secondary school (or in the equivalent level of vocational or technical training).

(C) PREGNANT WOMAN.—At the option of the State, the State may provide transitional aid to an individual who does not have a needy child if such individual is pregnant, and such transitional aid is provided—

(i) in order to meet the needs of the individual occasioned by or resulting from her pregnancy, and

(ii) not more than 3 months before and after the date the woman's child is expected to be born.

(D) PERSONS OTHER THAN PARENTS.—For purposes of this paragraph, a State may provide that the following individuals shall constitute a family with a needy child if such individuals are living in the same home as the child:

(i) Any relative or legal guardian of the child.

(ii) Any person who participates in the Food Stamp program with the child.

(iii) Any other person who provides—

(I) care for an incapacitated family member (which, for purposes of this subparagraph only, may include a child receiving supplemental security income benefits under title XVI of the Social Security Act; or

(II) child care to enable a caretaker relative to work outside the home or to participate in the WAGE program.

(5) CHILD CARE SERVICES.—The State plan shall provide that no individual shall be sanctioned for failure to comply with the State's WAGE program requirements if such individual needs child care assistance in order to participate, and the State fails to provide such assistance.

(6) VERIFICATION SYSTEM.—The State plan shall provide that information is requested and exchanged for purposes of income and eligibility verification in accordance with a State system which meets the requirements of section 1137 of the Social Security Act, unless the State has established an alternative system under section 1310 of this Act to prevent fraud and abuse.

(7) ALIEN ELIGIBILITY.—The State plan shall provide that in order for an individual to be eligible for transitional aid under this subtitle, the individual shall be—

(A) a citizen or national of the United States, or

(B) an individual described in subclause (II), (III), (IV), or (V) of section 1614(a)(1)(B)(i) of the Social Security Act (42 U.S.C. 1382c(a)(1)(B)(i)).

(8) DETECTION OF FRAUD.—

(A) IN GENERAL.—The State plan shall provide (in accordance with regulations issued by the Secretary) for appropriate measures to detect fraudulent applications for transitional aid to families with needy children before establishing eligibility for such aid.

(B) DESCRIPTION OF FRAUD CONTROL PROGRAM.—If the State has elected to establish and operate a fraud control program under section 1310, the State shall submit to the Secretary (with such revisions as may from time to time be necessary) a description of such program and will operate such program in full compliance with such section 1310.

(9) PARTICIPATION IN CHILD SUPPORT ENFORCEMENT.—The State plan shall provide—

(A) that the State has in effect a plan approved under part D of title IV of the Social Security Act and operates a child support enforcement program in substantial compliance with such plan, and

(B) that, as a condition of eligibility for aid, each applicant or recipient will be required (subject to subparagraph (D))—

(i) to assign the State any rights to support from any other person such applicant may have in such applicant's own behalf or in behalf of any other family member for whom the applicant is applying for or receiving aid; and

(ii) to cooperate with the State—

(I) in establishing the paternity of a child born out of wedlock with respect to whom aid is claimed, and

(II) in obtaining support payments for such applicant and for a child with respect to whom such aid is claimed;

(C) that the State agency will immediately refer each applicant requiring paternity establishment, award establishment, or child support enforcement services to the State agency administering the program under part D of title IV of the Social Security Act;

(D) that an individual shall be required to cooperate with the State, as provided under subparagraph (B), unless the individual is found to have good cause for refusing to cooperate, as determined in accordance with standards prescribed by the Secretary, which standards shall take into consideration the best interests of the child on whose behalf aid is claimed to the satisfaction of the State agency administering the program under part D of title IV of the Social Security Act, as determined in accordance with section 454(29) of such Act;

(E) that—

(i) (except as provided in clause (ii)) an applicant requiring services provided under part D of title IV of the Social Security Act shall not be eligible for any aid under this subtitle until such applicant—

(I) has furnished to the agency administering the State plan under part D of such title the information specified in section 454(29) of such Act; or

(II) has been determined by such agency to have good cause not to cooperate; and

(ii) that the provisions of clause (i) shall not apply—

(I) if the agency specified in clause (i) has not within 10 days after such individual was

referred to such agency, provided the notification required by section 454(29)(D)(iii) of such Act, until such notification is received; and

(II) if such individual appeals a determination that the individual lacks good cause for noncooperation, until after such determination is affirmed after notice and opportunity for a hearing; and

(F) that, if the relative with whom a child is living is found to be ineligible because of failure to comply with the requirements of subparagraph (B), the State may authorize protective payments as provided for in section 1305.

(10) AUTOMATED DATA PROCESSING SYSTEM.—The State plan may, at the option of the State, provide for the establishment and operation, in accordance with an (initial and annually updated) advance automated data processing planning document approved under subsection (c), of an automated statewide management information system designed effectively and efficiently to assist management in the administration of the State plan for transitional aid to families with needy children approved under this subtitle, so as—

(A) to control and account for—

(i) all the factors in the total eligibility determination process under such plan for aid (including but not limited to (I) identifiable correlation factors (such as social security numbers, names, dates of birth, home addresses, and mailing addresses (including postal ZIP codes) of all applicants and recipients of such aid and the relative with whom any child who is such an applicant or recipient is living) to assure sufficient compatibility among the systems of different jurisdictions to permit periodic screening to determine whether an individual is or has been receiving benefits from more than one jurisdiction, (II) checking records of applicants and recipients of such aid on a periodic basis with other agencies, both intra- and inter-State, for determination and verification of eligibility and payment pursuant to requirements imposed by other provisions of this title or title IV of the Social Security Act),

(ii) the costs, quality, and delivery of funds and services furnished to applicants for and recipients of such aid;

(B) to notify the appropriate officials of child support, food stamp, social service, and medical assistance programs approved under title XIX of the Social Security Act whenever the recipient becomes ineligible or the amount of aid or services is changed; and

(C) to provide for security against unauthorized access to, or use of, the data in such system.

(11) PARTICIPATION IN WAGE.—The State plan shall provide—

(A) that the State operate a WAGE program in accordance with subtitle B, and

(B) a description of individuals required to participate in the WAGE program in the State; such individuals may not include the following:

(i) Parents of children under 12 weeks of age or, at the State's option, up to 1 year.

(ii) Individuals who are ill or incapacitated, as defined by the State.

(iii) Individuals who are needed in the home on a full-time basis to care for a disabled child or other household member.

(iv) Individuals who are over 60 years of age.

(v) Individuals under age 16 other than teenage parents.

(12) REPORT OF CHILD ABUSE.—The State plan shall provide that the State agency will—

(A) report to an appropriate agency or official, known or suspected instances of physical or mental injury, sexual abuse or exploitation, or negligent treatment or maltreatment of a child receiving aid under this subtitle under circumstances which indicate that the child's health or welfare is threatened thereby; and

(B) provide such information with respect to a situation described in subparagraph (A) as the State agency may have.

(b) APPROVAL OF STATE PLANS.—

(1) IN GENERAL.—Not later than 60 days after the date a State submits to the Secretary a plan that provides for the establishment and operation of a program or an amendment to such plan that meets the requirements of subsection (a), the Secretary shall approve the plan.

(2) AUTHORITY TO EXTEND DEADLINE.—The 60-day deadline established in paragraph (1) with respect to a State may be extended in accordance with an agreement between the Secretary and the State.

(c) APPROVAL OF AUTOMATIC DATA PROCESSING PLANNING DOCUMENT; REVIEW OF MANAGEMENT INFORMATION SYSTEMS; FAILURE TO COMPLY; REDUCTION OF PAYMENTS.—

(1) APPROVAL OF AUTOMATED DATA PROCESSING PLANNING DOCUMENT.—The Secretary shall not approve the initial and annually updated advance automated data processing planning document, referred to in paragraph (2), unless the Secretary finds that such document, when implemented, will generally carry out the objectives of the statewide management system referred to in such paragraph, and such document—

(A) provides for the conduct of, and reflects the results of, requirements analysis studies, which include consideration of the program mission, functions, organization, services, constraints, and current support, of, in, or relating to, such system,

(B) contains a description of the proposed statewide management system, including a description of information flows, input data, and output reports and uses,

(C) sets forth the security and interface requirements to be employed in such statewide management system,

(D) describes the projected resource requirements for staff and other needs, and the resources available or expected to be available to meet such requirements,

(E) includes cost-benefit analyses of each alternative management system, data processing services and equipment, and a cost allocation plan containing the basis for rates, both direct and indirect, to be in effect under such statewide management system,

(F) contains an implementation plan with charts of development events, testing descriptions, proposed acceptance criteria, and backup and fallback procedures to handle possible failure of contingencies, and

(G) contains a summary of proposed improvements of such statewide management system in terms of qualitative and quantitative benefits.

(2) SECRETARIAL REVIEW.—

(A) IN GENERAL.—The Secretary shall, on a continuing basis, review, assess, and inspect the planning, design, and operation of, statewide management information systems referred to in section 1303(a)(2), with a view to determining whether, and to what extent, such systems meet and continue to meet requirements imposed under such section and the conditions specified under paragraph (10) of subsection (a).

(B) SUSPENSION OF APPROVAL.—If the Secretary finds with respect to any statewide management information system referred to in section 1303(a)(2) that there is a failure substantially to comply with criteria, requirements, and other undertakings, prescribed by the advance automated data processing planning document previously approved by the Secretary with respect to such system, then the Secretary shall suspend his approval of such document until there is no longer any such failure of such system to comply with such criteria, requirements, and other undertakings so prescribed.

(C) REDUCTION OF PAYMENTS UNDER SECTION 1303.—If the Secretary determines that such a system has not been implemented by the State by the date specified for implementation in the State's advance automated data processing planning document, then the Secretary shall reduce payments to such State, in accordance with section 1303(b), in an amount equal to 40 percent of the expenditures referred to in section 1303(a)(2) with respect to which payments were made to the State under section 1303(a)(2). The Secretary may extend the deadline for implementation if the State demonstrates to the satisfaction of the Secretary that the State cannot implement such system by the date specified in such planning document due to circumstances beyond the State's control.

(d) IMPACT ON MEDICAID BENEFITS OF NONCOMPLIANCE WITH CERTAIN TAP AND WAGE REQUIREMENTS.—If a family becomes ineligible to receive transitional aid under the State transitional aid program because an individual in such family fails to comply with the requirements of this subtitle—

(1) a needy child of such family shall remain eligible for medical assistance under the State's plan approved under title XIX of the Social Security Act, and

(2) the family shall be appropriately notified of such extension (in the State agency's notice to the family of the termination of its eligibility for such aid) as required by section 1925(a)(2) of the Social Security Act.

SEC. 1303. PAYMENTS TO STATES.

(a) COMPUTATION OF AMOUNTS.—From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for a transitional aid program, for each quarter, beginning with the quarter commencing October 1, 1995, an amount equal to—

(1) the Federal medical assistance percentage (as defined in section 1905(b) of the Social Security Act) of the expenditures by the State for benefits and assistance under such plan, and

(2) 50 percent of so much of the sums expended during such quarter as are attributable to the planning, design, development, or installation of such statewide mechanized claims processing and information retrieval systems as—

(A) meet the conditions of section 1302(a)(10), and

(B) the Secretary determines are likely to provide more efficient, economical, and effective administration of the plan and to be compatible with the claims processing and information retrieval systems utilized in the administration of State plans approved under title XIX of the Social Security Act, and State programs with respect to which there is Federal financial participation under title XX of the Social Security Act.

(b) METHOD OF COMPUTATION AND PAYMENT.—The method of computing and paying such amounts shall be as follows:

(1) ESTIMATES.—The Secretary shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a) of this section, such estimate to be based on—

(A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources

from which the difference is expected to be derived,

(B) records showing the number of needy children in the State, and

(C) such other information as the Secretary may find necessary.

(2) ADJUSTMENTS FOR PRIOR QUARTERS.—The Secretary of Health and Human Services shall then certify to the Secretary of the Treasury the amount so estimated by the Secretary of Health and Human Services—

(A) reduced or increased, as the case may be, by any sum by which the Secretary finds that the Secretary's estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter,

(B) reduced by a sum equivalent to the pro rata share to which the United States is equitably entitled, as determined by the Secretary of Health and Human Services, of the net amount recovered during any prior quarter by the State or any political subdivision thereof with respect to transitional aid to families with needy children furnished under the State plan, and

(C) reduced by such amount as is necessary to provide the "appropriate reimbursement of the Federal Government" that the State is required to make under section 457 of the Social Security Act out of that portion of child support collections retained by the State pursuant to such section,

except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Secretary of Health and Human Services for such prior quarter.

(3) PAYMENT OF THE AMOUNT CERTIFIED.—The Secretary of the Treasury shall thereupon, through the Fiscal Service of the Department of the Treasury and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Health and Human Services, the amount so certified.

(c) UNIFORM REPORTING REQUIREMENTS.—In order to assist in obtaining the information needed to carry out subsection (b)(1) and otherwise to perform the Secretary's duties under this subtitle, the Secretary shall establish uniform reporting requirements under which each State will be required to furnish data regarding—

(1) the monthly number of families assisted under this subtitle;

(2) the types of such families;

(3) the monthly number of children assisted under this subtitle;

(4) the amounts expended to serve such families and children;

(5) the length of time for which such families and children are assisted;

(6) the number of families and children receiving child care assistance;

(7) the number of families receiving transitional medicaid assistance; and

(8) in what form the amounts of assistance are being spent (the amount spent on wage subsidies compared to the amount spent on cash benefits).

(d) BONUS AMOUNT.—

(1) IN GENERAL.—For fiscal year 1997 and each fiscal year thereafter, a State operating a transitional aid program under subtitle A in the preceding fiscal year meeting the requirements of paragraph (2) shall receive a bonus amount equal to 10 percent of the base payment amount determined for such State under section 1381(b).

(2) REQUIREMENTS.—A transitional aid program meets the requirements of this paragraph if the program—

(A) provides for disregards of earned income for families receiving transitional aid to ensure that a family in which a family member worked part-time in a minimum wage job did not have a lower monthly income after calculation of reasonable work-related expenses than a family of the same size in which a family member did not work;

(B) provides that calculation of the level of transitional aid under the program for a family is based only on the needs of needy children and the caretaker relatives of such children; and

(C) provides for equal treatment of one-parent and two-parent families.

SEC. 1304. DEVIATION FROM PLAN.

(a) STOPPAGE OF PAYMENTS.—In the case of any State plan for transitional aid to families with needy children which has been approved by the Secretary, if the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds that in the administration of the plan there is a failure to comply substantially with any provision required by section 1302(a) to be included in the plan, the Secretary shall notify such State agency that further payments will not be made to the State (or in the Secretary's discretion, that payments will be limited to categories under or parts of the State plan not affected by such failure) until the Secretary is satisfied that such prohibited requirement is no longer so imposed, and that there is no longer any such failure to comply. Until the Secretary is so satisfied the Secretary shall make no further payments to such State (or shall limit payments to categories under or parts of the State plan not affected by such failure).

(b) MISUSE OF FUNDS.—In any case in which the Secretary finds that a State has misappropriated or misused funds appropriated pursuant to section 1303, the Secretary shall reduce the payment to which the State would otherwise be entitled under this subtitle for the fiscal year following the fiscal year in which such finding is made by an amount equal to two times the amount of funds found to be misused or misappropriated.

SEC. 1305. USE OF PAYMENTS FOR BENEFIT OF CHILDREN.

Whenever the State agency has reason to believe that any payments of transitional aid to families with needy children made with respect to a child are not being or may not be used in the best interests of the child, the State agency may provide for such counseling and guidance services with respect to the use of such payments and the management of other funds by the relative receiving such payments as it deems advisable in order to assure use of such payments in the best interests of such child, and may provide for advising such relative that continued failure to so use such payments will result in substitution therefor of such protective payments as the State may authorize, or in seeking appointment of a guardian or legal representative as provided in section 1111 of the Social Security Act, or in the imposition of criminal or civil penalties authorized under State law if it is determined by a court of competent jurisdiction that such relative is not using or has not used for the benefit of the child any such payments made for that purpose; and the provision of such services or advice by the State agency (or the taking of the action specified in such advice) shall not serve as a basis for withholding funds from such State under section 1304 and shall not prevent such payments with respect to such child from being considered transitional aid to families with needy children.

SEC. 1306. SPECIAL RULE.

Each needy child, and each relative with whom such a child is living (including the spouse of such relative), who becomes ineligible for transitional aid to families with needy children as a result (wholly or partly) of the collection or increased collection of child or spousal support under part D of title IV of the Social Security Act, and who has received such aid in at least 3 of the 6 months immediately preceding the month in which such ineligibility begins, shall be deemed to be a recipient of transitional aid to families with needy children for purposes of title XIX of such Act for an additional 4 calendar months beginning with the month in which such ineligibility begins.

SEC. 1307. PERFORMANCE MEASUREMENT SYSTEM.

(a) IN GENERAL.—Not later than July 1, 1996, the Secretary, in consultation with the States, shall submit recommendations to Congress to streamline the system for monitoring the accuracy of payments made for transitional aid to families with needy children and for transforming the transitional aid program into a system that measures a State's performance in moving recipients of such aid into permanent employment.

(b) DETAILS OF RECOMMENDATIONS.—The recommendations required by subsection (a) shall—

(1) be based on a system which replaces the AFDC quality control system (described in section 408 of the Social Security Act as in effect on the day before the date of the enactment of the Work and Gainful Employment Act),

(2) include an effort to ensure the continuity of recipient data collected under the AFDC quality control system and the new streamlined system, and

(3) integrate the performance measurements under the WAGE program and any other applicable performance measurements that are designed to measure the effectiveness of States in promoting work.

SEC. 1308. EXCLUSION FROM TRANSITIONAL AID PROGRAM UNIT OF INDIVIDUALS FOR WHOM CERTAIN PAYMENTS ARE MADE.

(a) EXCLUSION OF CHILDREN RECEIVING FOSTER CARE, ETC.—Notwithstanding any other provision of this title (other than subsection (b))—

(1) a child with respect to whom foster care maintenance payments or adoption assistance payments are made under part E of title IV of the Social Security Act or under State or local law, or a child or parent receiving benefits under title XVI of such Act, shall not, for the period for which such payments are made, be regarded as a member of a family for purposes of determining the amount of benefits of the family under this subtitle; and

(2) the income and resources of such child or parent shall be excluded from the income and resources of a family under this subtitle.

(b) LIMITATION.—Subsection (a) of this section shall not apply in the case of a child with respect to whom adoption assistance payments are made under part E of title IV of the Social Security Act or under State or local law, if application of such subsection would reduce the benefits under this subtitle of the family of which the child would otherwise be regarded as a member.

SEC. 1309. TECHNICAL ASSISTANCE FOR DEVELOPING MANAGEMENT INFORMATION SYSTEMS.

The Secretary shall provide such technical assistance to States as the Secretary determines necessary to assist States to plan, design, develop, or install and provide for the security of, the management information systems referred to in section 1303(a)(2).

SEC. 1310. FRAUD CONTROL.

(a) ELECTION FOR FRAUD CONTROL PROGRAM.—Any State, in the administration of its State plan approved under section 1302,

may elect to establish and operate a fraud control program in accordance with this section.

(b) PENALTY FOR FALSE OR MISLEADING STATEMENT OR MISREPRESENTATION OF FACT.—Under any such program, if an individual who is a member of a family applying for or receiving aid under the State plan approved under section 1302 is found by a Federal or State court or pursuant to an administrative hearing meeting requirements determined in regulations of the Secretary, on the basis of a plea of guilty or nolo contendere or otherwise, to have intentionally—

(1) made a false or misleading statement or misrepresented, concealed, or withheld facts, or

(2) committed any act intended to mislead, misrepresent, conceal, or withhold facts or propound a falsity, for the purpose of establishing or maintaining the family's eligibility for aid under such State plan or of increasing (or preventing a reduction in) the amount of such aid, then the needs of such individual shall not be taken into account by the State in determining eligibility for transitional aid under this subtitle with respect to his or her family—

(A) for a period of 6 months upon the first occasion of any such offense,

(B) for a period of 12 months upon the second occasion of any such offense, and

(C) permanently upon the third or a subsequent occasion of any such offense.

(c) PROCEEDINGS AGAINST VIOLATORS BY STATE AGENCY.—The State agency involved shall proceed against any individual alleged to have committed an offense described in subsection (b) either by way of administrative hearing or by referring the matter to the appropriate authorities for civil or criminal action in a court of law. The State agency shall coordinate its actions under this section with any corresponding actions being taken under the food stamp program in any case where the factual issues involved arise from the same or related circumstances.

(d) DURATION OF PERIOD OF SANCTIONS; REVIEW.—Any period for which sanctions are imposed under subsection (b) shall remain in effect, without possibility of administrative stay, unless and until the finding upon which the sanctions were imposed is subsequently reversed by a court of appropriate jurisdiction; but in no event shall the duration of the period for which such sanctions are imposed be subject to review.

(e) ADDITIONAL SANCTIONS PROVIDED BY LAW.—The sanctions provided under subsection (b) shall be in addition to, and not in substitution for, any other sanctions which may be provided for by law with respect to the offenses involved.

(f) WRITTEN NOTICE OF PENALTIES FOR FRAUD.—Each State which has elected to establish and operate a fraud control program under this section must provide all applicants for transitional aid to families with needy children under its approved State plan, at the time of their application for such aid, with a written notice of the penalties for fraud which are provided for under this section.

SEC. 1311. ASSISTANT SECRETARY FOR FAMILY SUPPORT.

The programs under this title and part D of title IV of the Social Security Act shall be administered by an Assistant Secretary for Family Support within the Department of Health and Human Services, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be in addition to any other Assistant Secretary of Health and Human Services provided for by law.

SEC. 1312. TRANSITION FROM AFDC TO TRANSITIONAL AID PROGRAM.

In the case of any individual who is an applicant for or recipient of aid to families with dependent children under part A of title IV of the Social Security Act, as in effect on the day before the effective date of this title, the State may, at the State's option, provide that—

(1) such individual be treated as an applicant for or recipient of (as the case may be) transitional aid to families with needy children under this subtitle as in effect on such effective date, or

(2) such individual submit an application for transitional aid in accordance with the provisions of the State plan approved under this subtitle as so in effect.

Subtitle B—Work And Gainful Employment (Wage) Program

SEC. 1380. PURPOSE.

It is the purpose of this subtitle to provide States with flexibility to design programs to ensure that needy families with children obtain employment and avoid long-term welfare dependence.

PART 1—BLOCK GRANT

SEC. 1381. BLOCK GRANT.

(a) BLOCK GRANT AMOUNT.—Subject to section 1382, each State that operates a WAGE program in accordance with part 2 shall be entitled to receive for each fiscal year a block grant amount equal to—

(1) the base payment amount determined under subsection (b) and the additional amount described in subsection (b)(3); plus

(2) the performance award amount (if any) determined under subsection (c).

(b) BASE PAYMENT AMOUNT.—

(1) IN GENERAL.—Subject to the limitation of paragraph (3), the base payment amount determined under this subsection with respect to each State is—

(A) for fiscal year 1996, an amount equal to the base amount determined under paragraph (2); and

(B) for fiscal year 1997 and each subsequent fiscal year, an amount equal to 103 percent of the base payment amount determined under this subsection for the prior fiscal year.

(2) BASE AMOUNT.—The base amount determined under this paragraph with respect to each State is an amount equal to the greater of—

(A) 103 percent of the Federal payments made to the State in fiscal year 1995—

(i) for child care services described in clause (i) or (ii) of section 402(g)(1)(a) (relating to AFDC-JOBS child care and transitional child care);

(ii) under section 403(a)(3) (relating to administrative costs of operating the AFDC program), other than any payments made under such section for automated data processing systems; and

(iii) under section 403(a)(5) (relating to emergency assistance); or

(B) 103 percent of the average of the Federal payments described in clauses (i), (ii), and (iii) of subparagraph (A) made to the State in fiscal years 1993, 1994, and 1995.

(3) ADDITIONAL PAYMENTS.—

(A) IN GENERAL.—In addition to the amounts specified in paragraph (2), each State operating a program under the subtitle shall be entitled to receive an amount that bears the same ratio to the amount specified in subparagraph (B) for such fiscal year as the average monthly number of families with needy children receiving transitional aid in the State in the preceding fiscal year bears to the average monthly number of families receiving transitional aid or cash assistance under the State program funded under part A of title IV of the Social Security Act in all the States for such preceding year.

(B) AMOUNT SPECIFIED.—The amount specified in this subparagraph is—

(i) for fiscal year 1996, $1,200,000,000;

(ii) for fiscal year 1997, $1,700,000,000;

(iii) for fiscal year 1998, $2,100,000,000;

(iv) for fiscal year 1999, $2,700,000,000; and

(v) for fiscal year 2000, $3,200,000,000.

(c) PERFORMANCE AWARD.—

(1) IN GENERAL.—Subject to the limitation of paragraph (4), the performance award determined under this subsection for a fiscal year for a State is an amount equal to the sum of—

(A) the full-time employment savings of the State, plus

(B) the part-time employment savings of the State.

(2) FULL-TIME EMPLOYMENT SAVINGS.—For purposes of this subsection—

(A) IN GENERAL.—The full-time employment savings of a State for any fiscal year is an amount equal to the product of—

(i) the total number of full-time performance award employees, and

(ii) an amount equal to 6 times the Federal share of the average monthly transitional aid paid to individuals in accordance with the State plan under subtitle A for the preceding fiscal year.

(B) FULL-TIME PERFORMANCE AWARD EMPLOYEES.—The term 'full-time performance award employees' means, with respect to any fiscal year, a number of employees equal to the applicable percentage of the average monthly number of individuals who, during the preceding fiscal year, received transitional aid under the program operated in accordance with the State plan under subtitle A.

(C) APPLICABLE PERCENTAGE.—The term 'applicable percentage' means, with respect to any fiscal year, the number of whole percentage points (if any) by which—

(i) the percentage which—

(I) the average monthly number of individuals who became ineligible during the preceding fiscal year to receive transitional aid under the program operated in accordance with the State plan under subtitle A by reason of earnings from employment, bears to

(II) the number of individuals receiving transitional aid under the program operated in accordance with the State plan under subtitle A for such preceding fiscal year, exceeds

(ii) the percentage determined under clause (i) for fiscal year 1996.

(D) SPECIAL RULE FOR SHORT-TERM EMPLOYEES.—An individual shall not be taken into account under subclause (I) of subparagraph (C)(i) unless the employment described in such subclause has continued for 6 consecutive months. If an individual is not taken into account for a fiscal year by reason of this subparagraph, such individual shall be taken into account in the following fiscal year if such 6-month period ends in such following fiscal year.

(3) PART-TIME EMPLOYMENT SAVINGS.—For purposes of this subsection—

(A) IN GENERAL.—The part-time employment savings of a State for any fiscal year is an amount equal to the product of—

(i) the total number of part-time performance award employees, and

(ii) an amount equal to 6 times the Federal share of the average monthly transitional aid (weighted for family size) which would otherwise be paid to individuals described in subparagraph (C)(i)(I) in accordance with the State plan under subtitle A for the preceding fiscal year but for the fact the individual worked at least 20 hours per week.

(B) PART-TIME PERFORMANCE AWARD EMPLOYEES.—The term 'part-time performance award employees' means, with respect to any fiscal year, a number of employees equal to the applicable percentage of the average

monthly number of individuals who, during the preceding fiscal year, received transitional aid under the program operated in accordance with the State plan under subtitle A.

(C) APPLICABLE PERCENTAGE.—The term 'applicable percentage' means, with respect to any fiscal year, the number of whole percentage points (if any) by which—

(i) the percentage which—

(I) the average monthly number of individuals who were eligible to receive transitional aid under the program operated in accordance with the State plan under subtitle A during the preceding fiscal year, and worked at least 20 hours a week in a position which was not subsidized by the State, bears to

(II) the number of individuals receiving transitional aid under the program operated in accordance with the State plan under subtitle A for such preceding fiscal year, exceeds

(ii) the percentage determined under clause (i) for fiscal year 1996.

(D) SPECIAL RULE FOR AREAS OF HIGH UNEMPLOYMENT.—In the case of any State (or any area of a State) which has an average monthly unemployment rate which is more than 6.5 percent (as determined by the Secretary of Labor) for the fiscal year for which the percentage described in subparagraph (C)(i) is being determined, such State may, in applying subparagraph (C)(i)(I), include individuals residing in such State (or area) who worked at least 20 hours a week in positions fully subsidized by the State.

(4) LIMITATION.—

(A) IN GENERAL.—The performance award under paragraph (1) for a State for any fiscal year shall not exceed the amount that bears the same ratio to the amount specified in clause (ii) for such fiscal year as the amount of full-time and part-time performance award employees of the State for a fiscal year bears to the amount of such employees for all States participating in the program under this subtitle for such fiscal year.

(B) AMOUNT SPECIFIED.—The amount specified in this subparagraph is—

(i) for fiscal year 1998, $200,000,000;

(ii) for fiscal year 1999, $400,000,000; and

(iii) for fiscal year 2000 and each fiscal year thereafter, $600,000,000.

(5) AWARD BEGINNING WITH FISCAL YEAR 1998.—No amount shall be paid to a State as a performance award determined under this subsection before October 1, 1997.

(d) PAYMENTS TO INDIAN TRIBES.—The Secretary shall reserve for payment to Indian tribes and Alaska Native organizations with an application approved under section 1392(a)(1)(A) an amount equal to not more than 2 percent of the amount appropriated under subsection (a). Such amounts shall be distributed to each tribe and Alaska Native organization in an amount that bears the same ratio to the total amount reserved under this subsection as the number of the participants required to be served in the preceding fiscal year in the tribe's or Alaska Native organization's service area bears to the number of participants to be served by all tribes and Alaska Native organizations in such preceding year. In making such distributions, the Secretary shall take into account such other factors as the Secretary deems appropriate, including unique geographic, economic, demographic, and administrative conditions of individual Indian tribes and Alaska Native organizations.

SEC. 1382. PARTICIPATION RATES.

(a) PARTICIPATION RATE REQUIREMENT.—

(1) IN GENERAL.—Notwithstanding section 1381, the Secretary shall pay to a State an amount equal to 95 percent of the base payment amount determined for the State for a fiscal year if the State's participation rate determined under subsection (c) for the preceding fiscal year does not exceed or equal the following percentage:

"Fiscal year:	Percentage:
1996	35
1997	40
1998	45
1999	50
2000	55.

(2) REQUIRED WORK ACTIVITY.—A State shall not be treated as having a participation rate meeting the requirements of this subsection if the number of individuals described in subsection (c)(1) engaged in work activities is not at least 50 percent of the total number of individuals described in subsection (c)(1).

(b) ELECTION BY THE STATE.—In lieu of the reduction described in subsection (a), a State that does not meet the participation rate requirements described in subsection (a), may elect to receive the full amount of the payments described in section 1381(a)(1) to which the State is otherwise entitled for the fiscal year if the State makes available non-Federal contributions for the fiscal year in an amount equal to not less than 5 percent of the State's non-Federal contributions for the preceding fiscal year.

(c) DETERMINATION OF PARTICIPATION RATE.—The State's participation rate for a fiscal year shall be the number, expressed as a percentage, equal to—

(1) the sum of—

(A) the average monthly number of individuals in the State who have participated in work activities or work preparation activities under the WAGE program under part 2 for an average of at least 20 hours a week,

(B) the average monthly number of individuals who within the previous 6-month period have become ineligible for transitional aid under subtitle A or the WAGE program because the individuals are employed, and

(C) the average monthly number of individuals under sanctions for failing to comply with a WAGE Plan, divided by

(2) the average monthly number of families with an adult recipient, not including those who are exempt under section 1302(a)(11).

(d) DEFINITION OF WORK ACTIVITIES.—For purposes of this section, the term 'work activities' means—

(1) unsubsidized employment;

(2) subsidized private sector employment;

(3) subsidized public sector employment or work experience (including work associated with the refurbishing of publicly assisted housing) only if sufficient private sector employment is not available;

(4) on-the-job training; and

(5) microenterprise employment.

(e) TWO-YEAR LIMIT.—For purposes of subsection (c)(1)(A), an individual who has participated in the WAGE program for 2 years may not be counted in determining the State's participation rate unless such individual is engaged in a work activity.

PART 2—ESTABLISHMENT AND OPERATION OF WAGE PROGRAM

SEC. 1390. REQUIREMENT TO ESTABLISH A WAGE PROGRAM.

A State shall establish a work and gainful employment program (hereafter in this part referred to as the 'WAGE program') in accordance with section 1391.

SEC. 1391. ESTABLISHMENT AND OPERATION OF FLEXIBLE STATE PROGRAMS.

(a) PROGRAM REQUIREMENTS.—Any State with a State plan approved under subsection (c) shall establish and operate a program that meets the following requirements:

(1) OBJECTIVE.—The objective of the program is for each program participant to find and hold a full-time unsubsidized paid job, and for this goal to be achieved in a cost-effective fashion.

(2) METHODS OF OBTAINING OBJECTIVE.—The objective of the program under paragraph (1) shall be achieved by connecting recipients of transitional aid with the private sector labor market as soon as possible and offering them the support and skills necessary to remain in the labor market. Each component of the program should seek to attain the objective by emphasizing employment and conveying an understanding that minimum wage jobs are a stepping stone to more highly paid employment. The program is intended to provide recipients with job search and placement, education, training, wage supplementation, temporary subsidized jobs, or such other services as the State deems necessary to help a recipient obtain private sector employment.

(3) JOB CREATION.—The creation of jobs, with an emphasis on private sector jobs, shall be a component of the program and shall be a priority for each State office that has responsibility under the program.

(4) ASSISTANCE.—The State may provide assistance to participants in the program in the following forms:

(A) State job placement services, which may include employment opportunity centers that act as one-stop placement entities through which the State makes available to each program participant services under programs carried out under one or more of the following provisions of law:

(i) Part A of title II of the Job Training Partnership Act (29 U.S.C. 1601 et seq.) (relating to the adult training program).

(ii) Part B of title II of such Act (29 U.S.C. 1630 et seq.) (relating to the summer youth employment and training programs).

(iii) Part C of title II of such Act (29 U.S.C. 1641 et seq.) (relating to the youth training program).

(iv) Title III of such Act (29 U.S.C. 1651 et seq.) (relating to employment and training assistance for dislocated workers).

(v) Part B of title IV of such Act (29 U.S.C. 1691 et seq.) (relating to the Job Corps).

(vi) The Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.).

(vii) The Adult Education Act (20 U.S.C. 1201 et seq.).

(viii) Part B of chapter 1 of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 2741 et seq.) (relating to Even Start family literacy programs).

(ix) Subtitle A of title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11421) (relating to adult education for the homeless).

(x) Subtitle B of title VII of such Act (42 U.S.C. 11431 et seq.) (relating to education for homeless children and youth).

(xi) Subtitle C of title VII of such Act (42 U.S.C. 11441) (relating to job training for the homeless).

(xii) The School-to-Work Opportunities Act of 1994.

(xiii) The National and Community Service Act of 1990 (42 U.S.C. 12501 et seq.).

(xiv) The National Skill Standards Act of 1994.

(B) Private placement company services, which may include contracts the State enters into with private companies (whether operated for profit or not for profit) or community action agencies for placement of participants in the program in positions of full-time or part-time employment, preferably in the private sector, for wages sufficient to eliminate the need of such participants for cash assistance.

(C) Microenterprise programs, including programs under which the State makes grants and loans to public and private organizations, agencies, and other entities (whether operated for profit or not for profit) to enable such entities to facilitate economic development by—

(i) providing technical assistance, advice, and business support services (including assistance, advice, and support relating to business planning, financing, marketing, and other microenterprise development activities) to owners of microenterprises and persons developing microenterprises; and

(ii) providing general support (such as peer support and self-esteem programs) to owners of microenterprises and persons developing microenterprises.

(D) Work supplementation programs, under which the State may use part or all of the sums that would otherwise be payable to participants in the program as transitional aid under subtitle A for the purpose of providing and subsidizing jobs for such participants as an alternative to the transitional aid that would otherwise be so payable to them.

(E) Innovative JOBS programs, including programs similar to—

(i) the program known as the 'GAIN Program' that has been operated by Riverside County, California, under Federal law in effect immediately before the date this section first applies to the State of California;

(ii) the program known as 'JOBS Plus' that has been operated by the State of Oregon under Federal law in effect immediately before the date this section first applies to the State of Oregon; and

(iii) the program known as 'JOBS' that has been operated by Kenosha County, Wisconsin, under Federal law in effect immediately before the date this section first applies to the State of Wisconsin.

(F) Temporary subsidized job creation, which may include workfare programs.

(G) Education or training services.

(H) Any other service which provides individuals with the support and skills necessary to obtain and keep employment in the private sector.

For purposes of subparagraph (C), the term 'microenterprise' means a commercial enterprise which has 5 or fewer employees, one or more of whom owns the enterprise.

(5) WAGE PLAN.—The State agency shall develop a WAGE Plan in accordance with subsection (b) with each program participant.

(6) HOURS OF PARTICIPATION REQUIREMENT.—The State shall provide that each participant in the program under this section shall participate in activities in accordance with this section for at least 20 hours per week (or, at the State's option, a greater number of hours per week), including job search in cases where the individual is not employed in an unsubsidized job in the private sector.

(7) TIME LIMIT.—A State may establish a time limit of any duration for participation by an individual in the WAGE program. A State shall not terminate any participant subject to such time limit if the participant has complied with the requirements set forth in the WAGE Plan established in accordance with paragraph (5).

(8) CHILD CARE SERVICES.—The State shall offer each individual participating in the program child care services (as determined by the State) if such individual requires child care services in order to participate.

(9) NONDISPLACEMENT.—The program shall comply with the requirements of subsection (g).

(10) NONCUSTODIAL PARENTS.—

(A) IN GENERAL.—The State may provide services under the program, on a voluntary or mandatory basis, to noncustodial parents of needy children who are recipients of transitional aid.

(B) PARTICIPATION RATE.—Noncustodial parents who participate in the WAGE program shall be treated as participants for purposes of determining the participation rate under section 1382.

(b) WAGE PLAN.—

(1) IN GENERAL.—On the basis of an initial assessment of the skills, prior work experience, and employability of each individual who the State requires to participate in the WAGE program, the State agency shall, together with the individual, develop a WAGE Plan, which—

(A) sets forth an employment goal for the individual and contains an individualized comprehensive plan developed by the State agency with the participant for moving the individual into the workforce;

(B) provides that the participant shall spend at least 20 hours per week (or, at the option of the State, a greater number of hours per week) in activities provided for in the WAGE Plan, including job search in cases where the individual is not employed in an unsubsidized job in the private sector;

(C) sets forth the obligations of the individual, which may include a requirement that the individual attend school, maintain certain grades and attendance, keep school age children of the individual in school, immunize children, attend parenting and money management classes, or do other things that will help the individual become and remain employed in the private sector;

(D) provides that the participant shall accept any bona fide offer of unsubsidized full-time employment, unless the participant has good cause for not doing so;

(E) describes the child care and other social services and assistance which the State will provide in order to allow the individual to take full advantage of the activities under the program operated in accordance with this section;

(F) at the option of the State, provides that aid under the transitional aid program is to be paid to the participant based on the number of hours that the participant spends in activities provided for in the agreement; and

(G) at the option of the State, requires the participant to undergo appropriate substance abuse treatment.

(2) TIMING.—The State agency shall comply with paragraph (1) with respect to an individual—

(A) within 90 days (or, at the option of the State, 180 days) after the effective date of this part, in the case of an individual who, as of such effective date, is a recipient of aid under the State plan approved under subtitle A; or

(B) within 30 days (or, at the option of the State, 90 days) after the individual is determined to be eligible for such aid, in the case of any other individual.

(c) STATE PLANS.—

(1) IN GENERAL.—Within 60 days after the date a State submits to the Secretary a plan that provides for the establishment and operation of a program that meets the requirements of subsection (a), the Secretary shall approve the plan.

(2) AUTHORITY TO EXTEND DEADLINE.—The 60-day deadline established in paragraph (1) with respect to a State may be extended in accordance with an agreement between the Secretary and the State.

(d) ANNUAL REPORTS.—

(1) COMPLIANCE WITH PERFORMANCE MEASURES.—Each State that operates a program under this section shall submit to the Secretary annual reports that compare the achievements of the program with the performance-based measures established under subsection (e).

(2) COMPLIANCE WITH PARTICIPATION RATES.—Each State that operates a program under this section for a fiscal year shall submit to the Secretary a report on the participation rate determined under section 1382 of the State for the fiscal year.

(e) PERFORMANCE-BASED MEASURES.—The Secretary shall, by regulation, establish measures of the effectiveness of the State's program established under this section in moving recipients of transitional aid under the State plan approved under subtitle A into full-time unsubsidized employment, based on the performance of such programs.

(f) EFFECT OF FAILURE TO MEET PARTICIPATION RATES.—

(1) IN GENERAL.—If a State fails to achieve the participation rate required by section 1382(a) for the fiscal year, the Secretary may make recommendations for changes in the program. The State may elect to follow such recommendations, and shall demonstrate to the Secretary how the State will achieve the required participation rates.

(2) SECOND CONSECUTIVE FAILURE.—Notwithstanding paragraph (1), if the State has failed to achieve the participation rates required by section 1382(a) for 2 consecutive fiscal years, the Secretary may require the State to make changes in the State program established under this section.

(g) NO DISPLACEMENT.—No work assignment under the program shall result in—

(1) the displacement of any currently employed worker or position (including partial displacement such as a reduction in the hours of nonovertime work, wages, or employment benefits), or result in the impairment of existing contracts for services or collective bargaining agreements;

(2) the employment or assignment of a participant of the filling of a position when—

(A) any other individual is on layoff from the same or any equivalent position, or

(B) the employer has terminated the employment of any regular employee or otherwise reduced its workforce with the effect of filling the vacancy so created with a participant subsidized under the program; or

(3) any infringement of the promotional opportunities of any currently employed individual.

No participant may be assigned under work supplementation programs or under workfare programs to fill any established unfilled position vacancy.

SEC. 1392. SPECIAL PROVISIONS RELATING TO INDIAN TRIBES AND ALASKA NATIVE ORGANIZATIONS.

(a) SPECIAL PROVISIONS RELATING TO TRIBES AND NATIVE ORGANIZATIONS.—

(1) IN GENERAL.—

(A) WAGE PROGRAMS.—An Indian tribe or Alaska Native organization may apply to the Secretary to conduct a WAGE program under this part. An application to conduct a WAGE program in a fiscal year shall be submitted not later than July 1 of the preceding fiscal year. Upon approval of the application, payment in the amount determined in accordance with section 1382(d) shall be made directly to the tribe or organization involved.

(B) WAIVER OF CERTAIN REQUIREMENTS.—The Secretary may waive any requirements of this part with respect to a WAGE program conducted under this part by an Indian tribe or Alaska Native organization as the Secretary determines to be appropriate.

(C) TERMINATION.—The WAGE program conducted by any Indian tribe or Alaska Native organization may be terminated voluntarily by such tribe or organization or may be terminated by the Secretary upon a finding that such program is not being conducted in substantial conformity with the terms of the application approved under subparagraph (A). If a WAGE program of an Indian tribe or Alaska Native organization is terminated, such tribe or organization shall not be eligible to submit a new application under subparagraph (A) with respect to any year before the 6th year following such termination.

(D) CONSORTIUM OF TRIBES.—An Indian tribe may enter into an agreement with other Indian tribes for the provision of WAGE program services by a tribal consortium providing for centralized administration of WAGE program services for the region served by the Indian tribes so agreeing. In the case of such an agreement, a single application under this part may be submitted by the tribal consortium and the consortium shall be entitled to receive an amount equal to the aggregate amount that all of the tribes in the consortium would have been entitled to receive if each tribe applied separately. In any case in which an application is submitted by a tribal consortium, the approval of each Indian tribe included in the consortium shall be a prerequisite to the distribution of funds to the tribal consortium.

(2) DETERMINATION OF EXEMPT INDIVIDUAL.—An application under this section shall provide that upon approval the Indian tribe or Alaska Native organization, as the case may be, will be responsible for determining whether an individual (within the service area of the tribe or organization) is exempt under section 1302(a)(11).

(b) OTHER REQUIREMENTS.—

(1) CHILD CARE.—Each Indian tribe and Alaska Native organization submitting an application under this section may also submit to the Secretary (as a part of the application) a description of the program that the tribe or organization will implement to meet the child care needs of WAGE program participants and may request funds to provide such child care. The Secretary may waive any other requirement of this part with respect to child care services as the Secretary determines inappropriate for such child care program, other than the requirement described in section 1391(a)(8).

(2) PAYMENT FOR CHILD CARE.—The Secretary shall adjust the payment for a fiscal year under section 1381(d) to reflect the cost of child care for the number of required participants in need of such care in the preceding fiscal year (and other recipients in need of such care) in the tribe's or Alaska Native organization's service area, subject to the limitation on total funding for tribes and Alaska Native organizations.

(3) DATA COLLECTION.—The Secretary shall establish data collection and reporting requirements with respect to child care services implemented under this subsection.

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

(1) TRIBAL CONSORTIUM.—The term 'tribal consortium' means any group, association, partnership, corporation, or other legal entity which is controlled, sanctioned, or chartered by the governing body of more than 1 Indian tribe.

(2) INDIAN TRIBE.—The term 'Indian tribe' means any tribe, band, nation, or other organized group or community of Indians that—

(A) is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians; and

(B) for which a reservation exists.

For purposes of subparagraph (B), a reservation includes Indian reservations, public domain Indian allotments, and former Indian reservations in Oklahoma.

(3) ALASKA NATIVE ORGANIZATION.—

(A) IN GENERAL.—The term 'Alaska Native organization' means any organized group of Alaska Natives eligible to operate a Federal program under Public Law 93-638 or such group's designee.

(B) BOUNDARIES.—The boundaries of an Alaska Native organization shall be those of the geographical region, established pursuant to section 7(a) of the Alaska Native Claims Settlement Act, within which the Alaska Native organization is located (without regard to the ownership of the land within the boundaries).

(C) LIMITS ON APPLICATIONS.—The Secretary may approve only one application from an Alaska Native organization for each of the 12 geographical regions established pursuant to section 7(a) of the Alaska Native Claims Settlement Act.

Nothing in this paragraph shall be construed to grant or defer any status or powers other than those expressly granted in this paragraph or to validate or invalidate any claim by Alaska Natives of sovereign authority over lands or people.

Subtitle C—Miscellaneous Provisions

SEC. 1395. DEFINITIONS.

For purposes of this title:

(1) SECRETARY.—The term "Secretary" means the Secretary of Health and Human Services.

(2) STATE.—the term "State" has the meaning given such term by section 402(c)(4) of the Social Security Act.

SEC. 1396. REGULATIONS.

The Secretary shall prescribe such regulations as may be necessary to implement this title.

SEC. 1397. APPLICABILITY TO STATES.

(a) STATE OPTION TO ACCELERATE APPLICABILITY.—If a State formally notifies the Secretary that the State desires to accelerate the applicability to the State of this title, this title shall apply to the State on and after such earlier date as the State may select.

(b) STATE OPTION TO DELAY APPLICABILITY UNTIL WAIVERS EXPIRE.—This title shall not apply to a State with respect to which there is in effect a waiver issued under section 1115 of the Social Security Act for the State program established under part F of title IV of such Act until the waiver expires, if the State formally notifies the Secretary that the State desires to so delay such effective date.

(c) AUTHORITY OF THE SECRETARY OF HEALTH AND HUMAN SERVICES TO DELAY APPLICABILITY TO A STATE.—If a State formally notifies the Secretary that the State desires to delay the applicability to the State of this title, this title shall apply to the State on and after any later date agreed upon by the Secretary and the State.

CONRAD AMENDMENT NO. 2530

Mr. MOYNIHAN (for Mr. CONRAD) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 50, strike line 6 and all that follows through page 51, line 11, and insert the following:

"(d) REQUIREMENT THAT TEENAGE PARENTS LIVE IN ADULT-SUPERVISED SETTINGS.—

"(1) IN GENERAL.—

"(A) REQUIREMENT.—Except as provided in paragraph (2), if a State provides assistance under the State program funded under this part to an individual described in subparagraph (B), such individual may only receive assistance under the program if such individual and the child of the individual reside in a place of residence maintained by a parent, legal guardian, or other adult relative of such individual as such parent's, guardian's, or adult relative's own home.

"(B) INDIVIDUAL DESCRIBED.—For purposes of subparagraph (A), an individual described in this subparagraph is an individual who is—

"(i) under the age of 18; and

"(ii) not married and has a minor child in his or her care.

"(2) EXCEPTION.—

"(A) PROVISION OF, OR ASSISTANCE IN LOCATING, ADULT-SUPERVISED LIVING ARRANGEMENT.—In the case of an individual who is described in subparagraph (B), the State agency shall provide, or assist such individual in locating, an appropriate adult-supervised supportive living arrangement, including a second chance home, another responsible adult, or a foster home, taking into consideration the needs and concerns of the such individual, unless the State agency determines that the individual's current living arrangement is appropriate, and thereafter shall require that such parent and the child of such parent reside in such living arrangement as a condition of the continued receipt of assistance under the plan (or in an alternative appropriate arrangement, should circumstances change and the current arrangement cease to be appropriate).

"(B) INDIVIDUAL DESCRIBED.—For purposes of subparagraph (A), an individual is described in this subparagraph if the individual is described in paragraph (1)(B) and—

"(ii) such individual has no parent or legal guardian of his or her own who is living or whose whereabouts are known;

"(iii) no living parent or legal guardian of such individual allows the individual to live in the home of such parent or guardian;

"(iv) the State agency determines that the physical or emotional health of such individual or any minor child of the individual would be jeopardized if such individual and such minor child lived in the same residence with such individual's own parent or legal guardian; or

"(v) the State agency otherwise determines that it is in the best interest of the minor child to waive the requirement of paragraph (1) with respect to such individual.

"(C) SECOND-CHANCE HOME.—For purposes of this paragraph, the term 'second-chance home' means an entity that provides individuals described in subparagraph (B) with a supportive and supervised living arrangement in which such individuals are required to learn parenting skills, including child development, family budgeting, health and nutrition, and other skills to promote their long-term economic independence and the well-being of their children.

"(3) ASSISTANCE TO STATES IN PROVIDING OR LOCATING ADULT-SUPERVISED SUPPORTIVE LIVING ARRANGEMENTS FOR UNMARRIED TEENAGE PARENTS.—

"(A) IN GENERAL.—For each of fiscal years 1998 through 2002, each State that provides assistance under the State program to individuals described in paragraph (1)(B) shall be entitled to receive a grant in an amount determined under subparagraph (B) for the purpose of providing or locating adult-supervised supportive living arrangements for individuals described in paragraph (1)(B) in accordance with this subsection.

"(B) AMOUNT DETERMINED.—

"(i) IN GENERAL.—The amount determined under this subparagraph is an amount that bears the same ratio to the amount specified under clause (ii) as the amount of the State family assistance grant for the State for such fiscal year (described in section 403(a)(2)) bears to the amount appropriated for such fiscal year in accordance with section 403(a)(4)(A).

"(ii) AMOUNT SPECIFIED.—The amount specified in this subparagraph is—

"(I) for fiscal year 1998, $20,000,000;

"(II) for fiscal year 1999, $40,000,000; and

"(III) for each of fiscal years 2000, 2001, and 2002, $80,000,000.

"(C) ASSISTANCE TO STATES IN PROVIDING OR LOCATING ADULT-SUPERVISED SUPPORTIVE LIVING ARRANGEMENTS FOR UNMARRIED TEENAGE PARENTS.—There are authorized to be appropriated and there are appropriated for fiscal years 1998, 1999, and 2000 such sums as may be necessary for the purpose of paying grants

to States in accordance with the provisions of this paragraph.

"(e) REQUIREMENT THAT TEENAGE PARENTS ATTEND HIGH SCHOOL OR OTHER EQUIVALENT TRAINING PROGRAM.—If a State provides assistance under the State program funded under this part to an individual described in subsection (d)(1)(B) who has not successfully completed a high-school education (or its equivalent) and whose minor child is at least 12 weeks of age, the State shall not provide such individual with assistance under the program (or, at the option of the State, shall provide a reduced level of such assistance) if the individual does not participate in—

"(1) educational activities directed toward the attainment of a high school diploma or its equivalent; or

"(2) an alternative educational or training program that has been approved by the State.

On page 51, strike "(e)" and insert "(f)".

CONRAD AMENDMENT NO. 2531

Mr. MOYNIHAN (for Mr. CONRAD) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 31, line 23, strike "and".

On page 32, line 10, strike "divided by" and insert "and".

On page 32, between lines 10 and 11, insert the following:

"(V) the number of all families that became ineligible to receive assistance under the State program during the previous 6-month period as a result of section 405(b) that include an adult who is engaged in work (in accordance with subsection (c)) for the month; divided by

On page 32, strike lines 11 through 15, and insert the following:

"(ii) the sum of—

"(I) the total number of all families receiving assistance under the State program funded under this part during the month that include an adult; and

"(II) the number of all families that became ineligible to receive assistance under the State program during the previous 6-month period as a result of section 405(b) that do not include an adult who is engaged in work (in accordance with subsection (c)) for the month.

CONRAD AMENDMENT NO. 2532

Mr. MOYNIHAN (for Mr. CONRAD) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

In lieu of the matter proposed to be inserted, insert the following:

SEC. 1. SHORT TITLE; REFERENCE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Work and Gainful Employment Act".

(b) REFERENCE.—Except as otherwise specifically provided, wherever in this Act an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

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

TITLE I—TRANSITIONAL AID PROGRAM

SEC. 101. TRANSITIONAL AID PROGRAM.

(a) IN GENERAL.—Title IV (42 U.S.C. 601 et seq.) is amended by striking part A and inserting the following:

"PART A—TRANSITIONAL AID PROGRAM

"SEC. 401. PURPOSE AND APPROPRIATION.

"(a) PURPOSE.—It is the purpose of this part to provide a program of transitional aid to families with needy children to enhance the well-being of such needy children, and to enable parents of children in such families to obtain and retain work and to become self-sufficient.

"(b) APPROPRIATIONS.—There is hereby authorized to be appropriated and are appropriated for each fiscal year such sums as may be necessary to carry out the purposes of this part. The sums made available under this subsection shall be used for making payments to States which have submitted, and had approved by the Secretary, State plans for providing a program of transitional aid.

"SEC. 402. STATE PLANS FOR, AND GENERAL REQUIREMENTS OF, TRANSITIONAL AID PROGRAM.

"(a) STATE PLANS.—A State plan for a transitional aid program shall meet the requirements of the following paragraphs:

"(1) ELECTION OF OPTIONS IN PROGRAM DESIGN.—The State plan shall describe the State's policies regarding eligibility, services, assistance amounts, and program requirements, including a description of:

"(A) The support and benefits (including benefit levels) provided to individuals eligible to participate and whether such support is in the form of wages in subsidized public or nonprofit employment or direct subsidies to employers.

"(B) The extent to which earned or unearned income is disregarded in determining eligibility for, and amount of, assistance.

"(C) The State's policy for determining the extent to which child support received on behalf of a member of the family is disregarded in determining eligibility for, and the amount of, assistance.

"(D) The treatment of earnings of a child living in the home.

"(E) The State's resource limit, including a description of the policy determined by the State regarding any exclusion allowed for vehicles owned by family members, resources set aside for future needs of a child, individual development accounts, or other policies established by the State to encourage savings.

"(F) Any restrictions the State elects to impose relating to eligibility for assistance of two-parent families.

"(G) The criteria for participating in the program including requirements that a family must comply with as a condition of receiving aid, such as school attendance, participation in appropriate preemployment activities, and receipt of appropriate childhood immunizations. The plan shall specify whether the State elects to provide incentives for compliance with the requirements, sanctions for noncompliance, or a combination of incentives and sanctions that the State determines appropriate.

"(H) The sanctions imposed on individuals who fail to comply with the State's program requirements without good cause, including the amount and length of time of such sanctions, provided that if the sanction results in complete elimination of aid to the family, the State plan shall describe the procedures used to ensure the well-being of children.

"(I) Whether payment is made or denied for a child conceived during a period in which such child's parent was receiving aid under the program.

"(J) Whether the State elects to establish a time limit after which an individual must comply with continuous or additional work requirements under part F as a condition for receiving aid under the State plan approved under this part.

"(2) PARENTAL RESPONSIBILITY AGREEMENTS AND WAGE PLANS.—

"(A) IN GENERAL.—The State plan shall provide that the State require the parent or caretaker relative to enter into—

"(i) a Parental Responsibility Agreement in accordance with subparagraph (B), or

"(ii) a Parental Responsibility Agreement in accordance with subparagraph (B) and a Wage Plan in accordance with section 491(b) if such parent or caretaker relative is required to participate in the WAGE program.

"(B) DESCRIPTION OF PARENTAL RESPONSIBILITY AGREEMENT.—A Parental Responsibility Agreement is a statement signed by the applicant for aid that—

"(i) specifies that the transitional aid program is a privilege,

"(ii) the transitional aid program is a transitional program to move recipients into work and self-sufficiency, and

"(iii) the individual must abide by any requirements of the State or risk forfeiting eligibility for transitional aid.

"(3) STATEWIDE PLAN.—The State plan shall be in effect in all political subdivisions of the State. If such plan is not administered uniformly throughout the State, the plan shall describe the variations.

"(4) GENERAL ELIGIBILITY REQUIREMENT.—

"(A) IN GENERAL.—The State plan shall ensure that transitional aid is provided to all families with needy children and that such aid is furnished with reasonable promptness to individuals found eligible under the State plan. In providing such assistance, States will take into account the income and needs of a parent of a needy child if the parent is living in the same home as the child.

"(B) NEEDY CHILD.—For purposes of subparagraph (A), a needy child shall be determined by the State, but shall be a child who—

"(i) is under the age of 18, or

"(ii) at the option of the State, under the age of 19 and a full-time student in a secondary school (or in the equivalent level of vocational or technical training).

"(C) PREGNANT WOMAN.—At the option of the State, the State may provide transitional aid to an individual who does not have a needy child if such individual is pregnant, and such transitional aid is provided—

"(i) in order to meet the needs of the individual occasioned by or resulting from her pregnancy, and

"(ii) not more than 3 months before and after the date the woman's child is expected to be born.

"(D) PERSONS OTHER THAN PARENTS.—For purposes of this paragraph, a State may provide that the following individuals shall constitute a family with a needy child if such individuals are living in the same home as the child:

"(i) Any relative or legal guardian of the child.

"(ii) Any person who participates in the Food Stamp program with the child.

"(iii) Any other person who provides—

"(I) care for an incapacitated family member (which, for purposes of this subparagraph only, may include a child receiving supplemental security income benefits under title XVI; or

"(II) child care to enable a caretaker relative to work outside the home or to participate in the WAGE program.

"(5) CHILD CARE SERVICES.—The State plan shall provide that no individual shall be sanctioned for failure to comply with the State's WAGE program requirements if such individual needs child care assistance in order to participate, and the State fails to provide such assistance.

"(6) VERIFICATION SYSTEM.—The State plan shall provide that information is requested and exchanged for purposes of income and eligibility verification in accordance with a State system which meets the requirements of section 1137, unless the State has established an alternative system under section 411 to prevent fraud and abuse.

"(7) ALIEN ELIGIBILITY.—The State plan shall provide that in order for an individual to be eligible for transitional aid under this part, the individual shall be—

"(A) a citizen or national of the United States, or

"(B) a qualified alien (as defined in section 1101(a)(10)), provided that such alien is not disqualified from receiving aid under this part by reason of section 210(f) or 245A(h) of the Immigration and Nationality Act (8 U.S.C. 1160(f) or 1255a(h)) or any other provision of law.

"(8) DETECTION OF FRAUD.—

"(A) IN GENERAL.—The State plan shall provide (in accordance with regulations issued by the Secretary) for appropriate measures to detect fraudulent applications for transitional aid to families with needy children before establishing eligibility for such aid.

"(B) DESCRIPTION OF FRAUD CONTROL PROGRAM.—If the State has elected to establish and operate a fraud control program under section 411, the State shall submit to the

Secretary (with such revisions as may from time to time be necessary) a description of such program and will operate such program in full compliance with such section 411.

"(9) PARTICIPATION IN CHILD SUPPORT ENFORCEMENT.—The State plan shall provide—

"(A) that the State has in effect a plan approved under part D and operates a child support enforcement program in substantial compliance with such plan, and

"(B) that, as a condition of eligibility for aid, each applicant or recipient will be required (subject to subparagraph (D))—

"(i) to assign the State any rights to support from any other person such applicant may have in such applicant's own behalf or in behalf of any other family member for whom the applicant is applying for or receiving aid; and

"(ii) to cooperate with the State—

"(I) in establishing the paternity of a child born out of wedlock with respect to whom aid is claimed, and

"(II) in obtaining support payments for such applicant and for a child with respect to whom such aid is claimed;

"(C) that the State agency will immediately refer each applicant requiring paternity establishment, award establishment, or child support enforcement services to the State agency administering the program under part D;

"(D) that an individual shall be required to cooperate with the State, as provided under subparagraph (B), unless the individual is found to have good cause for refusing to cooperate, as determined in accordance with standards prescribed by the Secretary, which standards shall take into consideration the best interests of the child on whose behalf aid is claimed to the satisfaction of the State agency administering the program under part D, as determined in accordance with section 454(26);

"(E) that—

"(i) (except as provided in clause (ii)) an applicant requiring services provided under part D shall not be eligible for any aid under this part until such applicant—

"(I) has furnished to the agency administering the State plan under part D the information specified in section 454(26)(E); or

"(II) has been determined by such agency to have good cause not to cooperate; and

"(ii) that the provisions of clause (i) shall not apply—

"(I) if the agency specified in clause (i) has not within 10 days after such individual was referred to such agency, provided the notification required by section 454(26)(D)(iii), until such notification is received; and

"(II) if such individual appeals a determination that the individual lacks good cause for noncooperation, until after such determination is affirmed after notice and opportunity for a hearing; and

"(F) that, if the relative with whom a child is living is found to be ineligible because of failure to comply with the requirements of subparagraph (B), the State may authorize protective payments as provided for in section 405.

"(10) AUTOMATED DATA PROCESSING SYSTEM.—The State plan may, at the option of the State, provide for the establishment and operation, in accordance with an (initial and annually updated) advance automated data processing planning document approved under subsection (c) of an automated statewide management information system designed effectively and efficiently, to assist management in the administration of the State plan for transitional aid to families with needy children approved under this part, so as—

"(A) to control and account for—

"(i) all the factors in the total eligibility determination process under such plan for aid (including but not limited to (I) identifiable correlation factors (such as social security numbers, names, dates of birth, home addresses, and mailing addresses (including postal ZIP codes) of all applicants and recipients of such aid and the relative with whom any child who is such an applicant or recipient is living) to assure sufficient compatibility among the systems of different jurisdictions to permit periodic screening to determine whether an individual is or has been receiving benefits from more than one jurisdiction, (II) checking records of applicants and recipients of such aid on a periodic basis with other agencies, both intra- and inter-State, for determination and verification of eligibility and payment pursuant to requirements imposed by other provisions of this title),

"(ii) the costs, quality, and delivery of funds and services furnished to applicants for and recipients of such aid;

"(B) to notify the appropriate officials of child support, food stamp, social service, and medical assistance programs approved under title XIX whenever the recipient becomes ineligible or the amount of aid or services is changed; and

"(C) to provide for security against unauthorized access to, or use of, the data in such system.

"(11) PARTICIPATION IN WAGE.—The State plan shall provide—

"(A) that the State operate a WAGE program in accordance with part F, and

"(B) a description of individuals required to participate in the WAGE program in the State; such individuals may not include the following:

"(i) Parents of children under 12 weeks of age or, at the State's option, up to 1 year.

"(ii) Individuals who are ill or incapacitated, as defined by the State.

"(iii) Individuals who are needed in the home on a full-time basis to care for a disabled child or other household member.

"(iv) Individuals who are over 60 years of age.

"(v) Individuals under age 16 other than teenage parents.

"(12) REPORT OF CHILD ABUSE.—The State plan shall provide that the State agency will—

"(A) report to an appropriate agency or official, known or suspected instances of physical or mental injury, sexual abuse or exploitation, or negligent treatment or maltreatment of a child receiving aid under this part under circumstances which indicate that the child's health or welfare is threatened thereby; and

"(B) provide such information with respect to a situation described in subparagraph (A) as the State agency may have.

"(b) APPROVAL OF STATE PLANS.—

"(1) IN GENERAL.—Not later than 60 days after the date a State submits to the Secretary a plan that provides for the establishment and operation of a program or an amendment to such plan that meets the requirements of subsection (a), the Secretary shall approve the plan.

"(2) AUTHORITY TO EXTEND DEADLINE.—The 60-day deadline established in paragraph (1) with respect to a State may be extended in accordance with an agreement between the Secretary and the State.

"(c) APPROVAL OF AUTOMATIC DATA PROCESSING PLANNING DOCUMENT: REVIEW OF MANAGEMENT INFORMATION SYSTEMS; FAILURE TO COMPLY; REDUCTION OF PAYMENTS.—

"(1) APPROVAL OF AUTOMATED DATA PROCESSING PLANNING DOCUMENT.—The Secretary shall not approve the initial and annually updated advance automated data processing planning document, referred to in paragraph (2), unless the Secretary finds that such document, when implemented, will generally carry out the objectives of the statewide management system referred to in such paragraph, and such document—

"(A) provides for the conduct of, and reflects the results of, requirements analysis studies, which include consideration of the program mission, functions, organization, services, constraints, and current support, of, in, or relating to, such system,

"(B) contains a description of the proposed statewide management system, including a description of information flows, input data, and output reports and uses,

"(C) sets forth the security and interface requirements to be employed in such statewide management system,

"(D) describes the projected resource requirements for staff and other needs, and the resources available or expected to be available to meet such requirements,

"(E) includes cost-benefit analyses of each alternative management system, data processing services and equipment, and a cost allocation plan containing the basis for rates, both direct and indirect, to be in effect under such statewide management system,

"(F) contains an implementation plan with charts of development events, testing descriptions, proposed acceptance criteria, and backup and fallback procedures to handle possible failure of contingencies, and

"(G) contains a summary of proposed improvements of such statewide management system in terms of qualitative and quantitative benefits.

"(2) SECRETARIAL REVIEW.—

"(A) IN GENERAL.—The Secretary shall, on a continuing basis, review, assess, and inspect the planning, design, and operation of, statewide management information systems referred to in section 403(a)(2), with a view to determining whether, and to what extent, such systems meet and continue to meet requirements imposed under such section and the conditions specified under paragraph (10) of subsection (a).

"(B) SUSPENSION OF APPROVAL.—If the Secretary finds with respect to any statewide management information system referred to in section 403(a)(2) that there is a failure substantially to comply with criteria, requirements, and other undertakings, prescribed by the advance automated data processing planning document previously approved by the Secretary with respect to such system, then the Secretary shall suspend his approval of such document until there is no longer any such failure of such system to comply with such criteria, requirements, and other undertakings so prescribed.

"(C) REDUCTION OF PAYMENTS UNDER SECTION 403.—If the Secretary determines that such a system has not been implemented by the State by the date specified for implementation in the State's advance automated data processing planning document, then the Secretary shall reduce payments to such State, in accordance with section 403(b), in an amount equal to 40 percent of the expenditures referred to in section 403(a)(2) with respect to which payments were made to the State under section 403(a)(2). The Secretary may extend the deadline for implementation if the State demonstrates to the satisfaction of the Secretary that the State cannot implement such system by the date specified in such planning document due to circumstances beyond the State's control.

"(d) TEMPORARY DISQUALIFICATION OF CERTAIN NEWLY LEGALIZED ALIENS.—For temporary disqualification of certain newly legalized aliens from receiving transitional aid to families with needy children, see subsection (h) of section 245A of the Immigration and Nationality Act (8 U.S.C. 1255a), subsection (f) of section 210 of such Act (8 U.S.C. 1160), and subsection (d)(7) of section 210A of such Act (8 U.S.C. 1161).

"(e) IMPACT ON MEDICAID BENEFITS OF NONCOMPLIANCE WITH CERTAIN TAP AND WAGE REQUIREMENTS.—If a family becomes ineligible to receive transitional aid under the State transitional aid program because an individual in such family fails to comply with the requirements of this part—

"(1) a needy child of such family shall remain eligible for medical assistance under the State's plan approved under title XIX, and

"(2) the family shall be appropriately notified of such extension (in the State agency's notice to the family of the termination of its eligibility for such aid) as required by section 1925(a)(2).

"SEC. 403. PAYMENTS TO STATES.

"(a) COMPUTATION OF AMOUNTS.—From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for a transitional aid program, for each quarter, beginning with the quarter commencing October 1, 1995, an amount equal to—

"(1) the Federal medical assistance percentage (as defined in section 1905(b)) of the expenditures by the State for benefits and assistance under such plan, and

"(2) 50 percent of so much of the sums expended during such quarter as are attributable to the planning, design, development, or installation of such statewide mechanized claims processing and information retrieval systems as—

"(A) meet the conditions of section 402(a)(10), and

"(B) the Secretary determines are likely to provide more efficient, economical, and effective administration of the plan and to be compatible with the claims processing and information retrieval systems utilized in the administration of State plans approved under title XIX, and State programs with respect to which there is Federal financial participation under title XX.

"(b) METHOD OF COMPUTATION AND PAYMENT.—The method of computing and paying such amounts shall be as follows:

"(1) ESTIMATES.—The Secretary shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a) of this section, such estimate to be based on—

"(A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived,

"(B) records showing the number of needy children in the State, and

"(C) such other information as the Secretary may find necessary.

"(2) ADJUSTMENTS FOR PRIOR QUARTERS.—The Secretary of Health and Human Services shall then certify to the Secretary of the Treasury the amount so estimated by the Secretary of Health and Human Services—

"(A) reduced or increased, as the case may be, by any sum by which the Secretary finds that the Secretary's estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter,

"(B) reduced by a sum equivalent to the pro rata share to which the United States is equitably entitled, as determined by the Secretary of Health and Human Services, of the net amount recovered during any prior quarter by the State or any political subdivision thereof with respect to transitional aid to families with needy children furnished under the State plan, and

"(C) reduced by such amount as is necessary to provide the 'appropriate reimbursement of the Federal Government' that the State is required to make under section 457 out of that portion of child support collections retained by the State pursuant to such section,

except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Secretary of Health and Human Services for such prior quarter.

"(3) PAYMENT OF THE AMOUNT CERTIFIED.—The Secretary of the Treasury shall thereupon, through the Fiscal Service of the Department of the Treasury and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Health and Human Services, the amount so certified.

"(c) UNIFORM REPORTING REQUIREMENTS.—In order to assist in obtaining the information needed to carry out subsection (b)(1) and otherwise to perform the Secretary's duties under this part, the Secretary shall establish uniform reporting requirements under which each State will be required to furnish data regarding—

"(1) the monthly number of families assisted under this part;

"(2) the types of such families;

"(3) the monthly number of children assisted under this part;

"(4) the amounts expended to serve such families and children:

"(5) the length of time for which such families and children are assisted;

"(6) the number of families and children receiving child care assistance;

"(7) the number of families receiving transitional medicaid assistance; and

"(8) in what form the amounts of assistance are being spent (the amount spent on wage subsidies compared to the amount spent on cash benefits).

"(d) BONUS AMOUNT.—

"(1) IN GENERAL.—For fiscal year 1997 and each fiscal year thereafter, a State operating a transitional aid program under part A in the preceding fiscal year meeting the requirements of paragraph (2) shall receive a bonus amount equal to 10 percent of the base payment amount determined for such State under section 481(b).

"(2) REQUIREMENTS.—A transitional aid program meets the requirements of this paragraph if the program—

"(A) provides for disregards of earned income for families receiving transitional aid to ensure that a family in which a family member worked part-time in a minimum wage job did not have a lower monthly income after calculation of reasonable work-related expenses than a family of the same size in which a family member did not work;

"(B) provides that calculation of the level of transitional aid under the program for a family is based only on the needs of needy children and the caretaker relatives of such children; and

"(C) provides for equal treatment of one-parent and two-parent families.

"SEC. 404. DEVIATION FROM PLAN.

"(a) STOPPAGE OF PAYMENTS.—In the case of any State plan for transitional aid to families with needy children which has been approved by the Secretary, if the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds that in the administration of the plan there is a failure to comply substantially with any provision required by section 402(a) to be included in the plan, the Secretary shall notify such State agency that further payments will not be made to the State (or in the Secretary's discretion, that payments will be limited to categories under or parts of the State plan not affected by such failure) until the Secretary is satisfied that such prohibited requirement is no longer so imposed, and that there is no longer any such failure to comply. Until the Secretary is so satisfied the Secretary shall make no further payments to such State (or shall limit payments to categories under or parts of the State plan not affected by such failure).

"(b) MISUSE OF FUNDS.—In any case in which the Secretary finds that a State has misappropriated or misused funds appropriated pursuant to section 403, the Secretary shall reduce the payment to which the State would otherwise be entitled under this part for the fiscal year following the fiscal year in which such finding is made by an amount equal to two times the amount of funds found to be misused or misappropriated.

"SEC. 405. USE OF PAYMENTS FOR BENEFIT OF CHILDREN.

"Whenever the State agency has reason to believe that any payments of transitional aid to families with needy children made with respect to a child are not being or may not be used in the best interests of the child, the State agency may provide for such counseling and guidance services with respect to the use of such payments and the management of other funds by the relative receiving such payments as it deems advisable in order to assure use of such payments in the best interests of such child, and may provide for advising such relative that continued failure to so use such payments will result in substitution therefor of such protective payments as the State may authorize, or in seeking appointment of a guardian or legal representative as provided in section 1111, or in the imposition of criminal or civil penalties authorized under State law if it is determined by a court of competent jurisdiction that such relative is not using or has not used for the benefit of the child any such payments made for that purpose; and the provision of such services or advice by the State agency (or the taking of the action specified in such advice) shall not serve as a basis for withholding funds from such State under section 404 and shall not prevent such payments with respect to such child from being considered transitional aid to families with needy children.

"SEC. 406. SPECIAL RULE.

"Each needy child, and each relative with whom such a child is living (including the spouse of such relative), who becomes ineligible for transitional aid to families with needy children as a result (wholly or partly) of the collection or increased collection of child or spousal support under part D of this title, and who has received such aid in at least 3 of the 6 months immediately preceding the month in which such ineligibility begins, shall be deemed to be a recipient of transitional aid to families with needy children for purposes of title XIX for an additional 4 calendar months beginning with the month in which such ineligibility begins.

"SEC. 407. PERFORMANCE MEASUREMENT SYSTEM.

"(a) IN GENERAL.—Not later than July 1, 1996, the Secretary, in consultation with the States, shall submit recommendations to Congress to streamline the system for monitoring the accuracy of payments made for transitional aid to families with needy children and for transforming the transitional aid program into a system that measures a

State's performance in moving recipients of such aid into permanent employment.

"(b) DETAILS OF RECOMMENDATIONS.—The recommendations required by subsection (a) shall—

"(1) be based on a system which replaces the AFDC quality control system (described in section 408 of the Social Security Act as in effect on the day before the date of the enactment of the Work and Gainful Employment Act),

"(2) include an effort to ensure the continuity of recipient data collected under the AFDC quality control system and the new streamlined system, and

"(3) integrate the performance measurements under the WAGE program and any other applicable performance measurements that are designed to measure the effectiveness of States in promoting work.

"SEC. 408. EXCLUSION FROM TRANSITIONAL AID PROGRAM UNIT OF INDIVIDUALS FOR WHOM CERTAIN PAYMENTS ARE MADE.

"(a) EXCLUSION OF CHILDREN RECEIVING FOSTER CARE, ETC.—Notwithstanding any other provision of this title (other than subsection (b))—

"(1) a child with respect to whom foster care maintenance payments or adoption assistance payments are made under part E of this title or under State or local law, or a child or parent receiving benefits under title XVI of this Act, shall not, for the period for which such payments are made, be regarded as a member of a family for purposes of determining the amount of benefits of the family under this part; and

"(2) the income and resources of such child or parent shall be excluded from the income and resources of a family under this part.

"(b) LIMITATION.—Subsection (a) of this section shall not apply in the case of a child with respect to whom adoption assistance payments are made under part E of this title or under State or local law, if application of such subsection would reduce the benefits under this part of the family of which the child would otherwise be regarded as a member.

"SEC. 409. TECHNICAL ASSISTANCE FOR DEVELOPING MANAGEMENT INFORMATION SYSTEMS.

"The Secretary shall provide such technical assistance to States as the Secretary determines necessary to assist States to plan, design, develop, or install and provide for the security of, the management information systems referred to in section 403(a)(2).

"SEC. 410. ATTRIBUTION OF INCOME AND RESOURCES OF SPONSOR AND SPOUSE TO ALIEN.

"(a) APPLICABILITY; TIME PERIOD.—For purposes of determining eligibility for and the amount of benefits under a State plan approved under this part for an individual who is a qualified alien described in section 402(a)(7), the income and resources of any person who (as a sponsor of such individual's entry into the United States) executed an affidavit of support or similar agreement with respect to such individual, and the income and resources of the sponsor's spouse, shall be deemed to be the unearned income and resources of such individual (in accordance with subsections (b) and (c) of this section) for a period determined under section 802 of the Work and Gainful Employment Act, except that this section is not applicable if such individual is a needy child and such sponsor (or such sponsor's spouse) is the parent of such child.

"(b) COMPUTATION.—

"(1) AMOUNT DEEMED UNEARNED INCOME.—The amount of income of a sponsor (and his spouse) which shall be deemed to be the unearned income of a qualified alien for any month shall be determined as follows:

"(A) The total amount of earned and unearned income of such sponsor and such sponsor's spouse (if such spouse is living with the sponsor) shall be determined for such month.

"(B) The amount determined under subparagraph (A) shall be reduced by an amount equal to the sum of—

"(i) the lesser of—

"(I) 20 percent of the total of any amounts received by the sponsor and his spouse in such month as wages or salary or as net earnings from self employment, plus the full amount of any costs incurred by them in producing self-employment income in such month, or

"(II) $175;

"(ii) the cash needs standard established by the State under its plan for a family of the same size and composition as the sponsor and those other individuals living in the same household as the sponsor who are claimed by him as dependents for purposes of determining his Federal personal income tax liability but whose needs are not taken into account by the State for the purpose of determining eligibility for transitional aid under this part;

"(iii) any amounts paid by the sponsor (or his spouse) to individuals not living in such household who are claimed by him as dependents for purposes of determining his Federal personal income tax liability; and

"(iv) any payments of alimony or child support with respect to individuals not living in such household.

"(2) AMOUNT DEEMED RESOURCES.—The amount of resources of a sponsor (and his spouse) which shall be deemed to be the resources of a qualified alien for any month shall be determined as follows:

"(A) The total amount of the resources (determined as if the sponsor were applying for aid under the State plan approved under this part) of such sponsor and such sponsor's spouse (if such spouse is living with the sponsor) shall be determined.

"(B) The amount determined under subparagraph (A) shall be reduced by $1,500.

"(c) PROVISION OF INFORMATION BY ALIEN CONCERNING THE ALIEN'S SPONSOR; RECEIPT OF INFORMATION FROM DEPARTMENTS OF STATE AND JUSTICE.—

"(1) INFORMATION REQUIRED.—Any individual who is an alien and whose sponsor was a public or private agency shall be ineligible for aid under a State plan approved under this part during the period determined under section 802 of the Work and Gainful Employment Act, unless the State agency administering such plan determines that such sponsor either no longer exists or has become unable to meet such individual's needs; and such determination shall be made by the State agency based upon such criteria as it may specify in the State plan, and upon such documentary evidence as it may therein require. Any such individual, and any other individual who is a qualified alien (as a condition of his or her eligibility for aid under a State plan approved under this part during the period determined under section 802 of the Work and Gainful Employment Act, shall be required to provide to the State agency administering such plan such information and documentation with respect to his sponsor as may be necessary in order for the State agency to make any determination required under this section, and to obtain any cooperation from such sponsor necessary for any such determination. Such alien shall also be required to provide to the State agency such information and documentation as it may request and which such alien or his sponsor provided in support of such alien's immigration application.

"(2) COOPERATION WITH SECRETARY OF STATE AND ATTORNEY GENERAL.—The Secretary shall enter into agreements with the Secretary of State and the Attorney General whereby any information available to them and required in order to make any determination under this section will be provided by them to the Secretary (who may, in turn, make such information available, upon request, to a concerned State agency), and whereby the Secretary of State and Attorney General will inform any sponsor of an alien, at the time such sponsor executes an affidavit of support or similar agreement, of the requirements imposed by this section.

"(d) JOINT AND SEVERAL LIABILITY OF ALIEN AND SPONSOR FOR OVERPAYMENT OF AID DURING SPECIFIED PERIOD FOLLOWING ENTRY.—Any sponsor of a qualified alien, and such alien, shall be jointly and severally liable for an amount equal to any overpayment of aid under the State plan made to such alien during the period determined under section 802 of the Work and Gainful Employment Act, on account of such sponsor's failure to provide correct information under the provisions of this section, except where such sponsor was without fault, or where good cause of such failure existed. Any such overpayment which is not repaid to the State or recovered in accordance with the procedures generally applicable under the State plan to the recoupment of overpayments shall be withheld from any subsequent payment to which such alien or such sponsor is entitled under any provision of this Act.

"(e) DIVISION OF INCOME AND RESOURCES OF INDIVIDUAL SPONSORING TWO OR MORE ALIENS LIVING IN SAME HOME.—

"(1) IN GENERAL.—In any case where a person is the sponsor of two or more alien individuals who are living in the same home, the income and resources of such sponsor (and his spouse), to the extent they would be deemed the income and resources of any one of such individuals under the preceding provisions of this section, shall be divided into two or more equal shares (the number of shares being the same as the number of such alien individuals) and the income and resources of each such individual shall be deemed to include one such share.

"(2) DEEMED INCOME AND RESOURCES.—Income and resources of a sponsor (and his spouse) which are deemed under this section to be the income and resources of any alien individual in a family shall not be considered in determining the need of other family members except to the extent such income or resources are actually available to such other members.

"(f) ALIENS NOT COVERED.—The provisions of this section shall not apply with respect to any alien who is—

"(1) admitted to the United States as a result of the application, prior to April 1, 1980, of the provisions of section 203(a)(7) of the Immigration and Nationality Act (8 U.S.C. 1153(a)(7));

"(2) admitted to the United States as a result of the application, after March 31, 1980, of the provisions of section 207(c) of such Act;

"(3) paroled into the United States as a refugee under section 212(d)(5) of such Act;

"(4) granted political asylum by the Attorney General under section 208 of such Act; or

"(5) a Cuban or Haitian entrant, as defined in section 501(e) of the Refugee Education Assistance Act of 1980 (Public Law 96-422).

"SEC. 411. FRAUD CONTROL.

"(a) ELECTION FOR FRAUD CONTROL PROGRAM.—Any State, in the administration of its State plan approved under section 402, may elect to establish and operate a fraud control program in accordance with this section.

"(b) PENALTY FOR FALSE OR MISLEADING STATEMENT OR MISREPRESENTATION OF

FACT.—Under any such program, if an individual who is a member of a family applying for or receiving aid under the State plan approved under section 402 is found by a Federal or State court or pursuant to an administrative hearing meeting requirements determined in regulations of the Secretary, on the basis of a plea of guilty or nolo contendere or otherwise, to have intentionally—

"(1) made a false or misleading statement or misrepresented, concealed, or withheld facts, or

"(2) committed any act intended to mislead, misrepresent, conceal, or withhold facts or propound a falsity, for the purpose of establishing or maintaining the family's eligibility for aid under such State plan or of increasing (or preventing a reduction in) the amount of such aid, then the needs of such individual shall not be taken into account by the State in determining eligibility for transitional aid under this part with respect to his or her family—

"(A) for a period of 6 months upon the first occasion of any such offense,

"(B) for a period of 12 months upon the second occasion of any such offense, and

"(C) permanently upon the third or a subsequent occasion of any such offense.

"(c) PROCEEDINGS AGAINST VIOLATORS BY STATE AGENCY.—The State agency involved shall proceed against any individual alleged to have committed an offense described in subsection (b) either by way of administrative hearing or by referring the matter to the appropriate authorities for civil or criminal action in a court of law. The State agency shall coordinate its actions under this section with any corresponding actions being taken under the food stamp program in any case where the factual issues involved arise from the same or related circumstances.

"(d) DURATION OF PERIOD OF SANCTIONS; REVIEW.—Any period for which sanctions are imposed under subsection (b) shall remain in effect, without possibility of administrative stay, unless and until the finding upon which the sanctions were imposed is subsequently reversed by a court of appropriate jurisdiction; but in no event shall the duration of the period for which such sanctions are imposed be subject to review.

"(e) ADDITIONAL SANCTIONS PROVIDED BY LAW.—The sanctions provided under subsection (b) shall be in addition to, and not in substitution for, any other sanctions which may be provided for by law with respect to the offenses involved.

"(f) WRITTEN NOTICE OF PENALTIES FOR FRAUD.—Each State which has elected to establish and operate a fraud control program under this section must provide all applicants for transitional aid to families with needy children under its approved State plan, at the time of their application for such aid, with a written notice of the penalties for fraud which are provided for under this section.

"SEC. 412. ASSISTANT SECRETARY FOR FAMILY SUPPORT.

"The programs under this part, part D, and part F of this title shall be administered by an Assistant Secretary for Family Support within the Department of Health and Human Services, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be in addition to any other Assistant Secretary of Health and Human Services provided for by law.".

(b) TRANSITION FROM AFDC TO TRANSITIONAL AID PROGRAM.—In the case of any individual who is an applicant for or recipient of aid to families with dependent children under part A of title IV of the Social Security Act, as in effect on the day before the effective date of this title, the State may, at the State's option, provide that—

(1) such individual be treated as an applicant for or recipient of (as the case may be) transitional aid to families with needy children under part A of title IV of the Social Security Act as in effect on such effective date, or

(2) such individual submit an application for transitional aid in accordance with the provisions of the State plan approved under such part A as so in effect.

TITLE II—WORK AND GAINFUL EMPLOYMENT (WAGE) PROGRAM

SEC. 201. WAGE PROGRAM.

Part F of title IV of the Social Security Act (42 U.S.C. 681 et seq.) is amended to read as follows:

"PART F—WAGE PROGRAM

"SEC. 480. PURPOSE.

"It is the purpose of this part to provide States with flexibility to design programs to ensure that needy families with children obtain employment and avoid long-term welfare dependence.

"Subpart 1—Block Grant

"SEC. 481. BLOCK GRANT.

"(a) BLOCK GRANT AMOUNT.—Subject to section 482, each State that operates a WAGE program in accordance with subpart 2 shall be entitled to receive for each fiscal year a block grant amount equal to—

"(1) the base payment amount determined under subsection (b) and the additional amount described in subsection (b)(3); plus

"(2) the performance award amount (if any) determined under subsection (c).

"(b) BASE PAYMENT AMOUNT.—

"(1) IN GENERAL.—Subject to the limitation of paragraph (3), the base payment amount determined under this subsection with respect to each State is—

"(A) for fiscal year 1996, an amount equal to the base amount determined under paragraph (2); and

"(B) for fiscal year 1997 and each subsequent fiscal year, an amount equal to 103 percent of the base payment amount determined under this subsection for the prior fiscal year.

"(2) BASE AMOUNT.—The base amount determined under this paragraph with respect to each State is an amount equal to the greater of—

"(A) 103 percent of the Federal payments made to the State in fiscal year 1995—

"(i) for child care services described in clause (i) or (ii) of section 402(g)(1)(a) (relating to AFDC-JOBS child care and transitional child care);

"(ii) under section 403(a)(3) (relating to administrative costs of operating the AFDC program), other than any payments made under such section for automated data processing systems; and

"(iii) under section 403(a)(5) (relating to emergency assistance); or

"(B) 103 percent of the average of the Federal payments described in clauses (i), (ii), and (iii) of subparagraph (A) made to the State in fiscal years 1993, 1994, and 1995.

"(3) ADDITIONAL PAYMENTS.—

"(A) IN GENERAL.—In addition to the amounts specified in paragraph (2), each State shall be entitled to receive an amount that bears the same ratio to the amount specified in subparagraph (B) for such fiscal year as the average monthly number of families with needy children receiving transitional aid in the State in the preceding fiscal year bears to the average monthly number of such families in all the States for such preceding year.

"(B) AMOUNT SPECIFIED.—The amount specified in this subparagraph is—

"(i) for fiscal year 1996, $1,200,000,000;

"(ii) for fiscal year 1997, $1,700,000,000;

"(iii) for fiscal year 1998, $2,100,000,000;

"(iv) for fiscal year 1999, $2,700,000,000; and

"(v) for fiscal year 2000, $3,200,000,000.

"(c) PERFORMANCE AWARD.—

"(1) IN GENERAL.—Subject to the limitation of paragraph (4), the performance award determined under this subsection for a fiscal year for a State is an amount equal to the sum of—

"(A) the full-time employment savings of the State, plus

"(B) the part-time employment savings of the State.

"(2) FULL-TIME EMPLOYMENT SAVINGS.—For purposes of this subsection—

"(A) IN GENERAL.—The full-time employment savings of a State for any fiscal year is an amount equal to the product of—

"(i) the total number of full-time performance award employees, and

"(ii) an amount equal to 6 times the Federal share of the average monthly transitional aid paid to individuals in accordance with the State plan under part A for the preceding fiscal year.

"(B) FULL-TIME PERFORMANCE AWARD EMPLOYEES.—The term 'full-time performance award employees' means, with respect to any fiscal year, a number of employees equal to the applicable percentage of the average monthly number of individuals who, during the preceding fiscal year, received transitional aid under the program operated in accordance with the State plan under part A.

"(C) APPLICABLE PERCENTAGE.—The term 'applicable percentage' means, with respect to any fiscal year, the number of whole percentage points (if any) by which—

"(i) the percentage which—

"(I) the average monthly number of individuals who became ineligible during the preceding fiscal year to receive transitional aid under the program operated in accordance with the State plan under part A by reason of earnings from employment, bears to

"(II) the number of individuals receiving transitional aid under the program operated in accordance with the State plan under part A for such preceding fiscal year, exceeds

"(ii) the percentage determined under clause (i) for fiscal year 1996.

"(D) SPECIAL RULE FOR SHORT-TERM EMPLOYEES.—An individual shall not be taken into account under subclause (I) of subparagraph (C)(i) unless the employment described in such subclause has continued for 6 consecutive months. If an individual is not taken into account for a fiscal year by reason of this subparagraph, such individual shall be taken into account in the following fiscal year if such 6-month period ends in such following fiscal year.

"(3) PART-TIME EMPLOYMENT SAVINGS.—For purposes of this subsection—

"(A) IN GENERAL.—The part-time employment savings of a State for any fiscal year is an amount equal to the product of—

"(i) the total number of part-time performance award employees, and

"(ii) an amount equal to 6 times the Federal share of the average monthly transitional aid (weighted for family size) which would otherwise be paid to individuals described in subparagraph (C)(i)(I) in accordance with the State plan under part A for the preceding fiscal year but for the fact the individual worked at least 20 hours per week.

"(B) PART-TIME PERFORMANCE AWARD EMPLOYEES.—The term 'part-time performance award employees' means, with respect to any fiscal year, a number of employees equal to the applicable percentage of the average monthly number of individuals who, during the preceding fiscal year, received transitional aid under the program operated in accordance with the State plan under part A.

"(C) APPLICABLE PERCENTAGE.—The term 'applicable percentage' means, with respect to any fiscal year, the number of whole percentage points (if any) by which—

"(i) the percentage which—

"(I) the average monthly number of individuals who were eligible to receive transitional aid under the program operated in accordance with the State plan under part A during the preceding fiscal year, and worked at least 20 hours a week in a position which was not subsidized by the State, bears to

"(II) the number of individuals receiving transitional aid under the program operated in accordance with the State plan under part A for such preceding fiscal year, exceeds

"(ii) the percentage determined under clause (i) for fiscal year 1996.

"(D) SPECIAL RULE FOR AREAS OF HIGH UNEMPLOYMENT.—In the case of any State (or any area of a State) which has an average monthly unemployment rate which is more than 6.5 percent (as determined by the Secretary of Labor) for the fiscal year for which the percentage described in subparagraph (C)(i) is being determined, such State may, in applying subparagraph (C)(i)(I), include individuals residing in such State (or area) who worked at least 20 hours a week in positions fully subsidized by the State.

"(4) LIMITATION.—

"(A) IN GENERAL.—The performance award under paragraph (1) for a State for any fiscal year shall not exceed the amount that bears the same ratio to the amount specified in clause (ii) for such fiscal year as the amount of full-time and part-time performance award employees of the State for a fiscal year bears to the amount of such employees for all States for such fiscal year.

"(B) AMOUNT SPECIFIED.—The amount specified in this subparagraph is—

"(i) for fiscal year 1998, $200,000,000;

"(ii) for fiscal year 1999, $400,000,000; and

"(iii) for fiscal year 2000 and each fiscal year thereafter, $600,000,000.

"(5) AWARD BEGINNING WITH FISCAL YEAR 1998.—No amount shall be paid to a State as a performance award determined under this subsection before October 1, 1997.

"(d) PAYMENTS TO INDIAN TRIBES.—The Secretary shall reserve for payment to Indian tribes and Alaska Native organizations with an application approved under section 492(a)(1)(A) an amount equal to not more than 2 percent of the amount appropriated under subsection (a). Such amounts shall be distributed to each tribe and Alaska Native organization in an amount that bears the same ratio to the total amount reserved under this subsection as the number of the participants required to be served in the preceding fiscal year in the tribe's or Alaska Native organization's service area bears to the number of participants to be served by all tribes and Alaska Native organizations in such preceding year. In making such distributions, the Secretary shall take into account such other factors as the Secretary deems appropriate, including unique geographic, economic, demographic, and administrative conditions of individual Indian tribes and Alaska Native organizations.

"SEC. 482. PARTICIPATION RATES.

"(a) PARTICIPATION RATE REQUIREMENT.—

"(1) IN GENERAL.—Notwithstanding section 481, the Secretary shall pay to a State an amount equal to 95 percent of the base payment amount determined for the State for a fiscal year if the State's participation rate determined under subsection (c) for the preceding fiscal year does not exceed or equal the following percentage:

"Fiscal year:	Percentage:
1996	35
1997	40
1998	45
1999	50
2000	55.

"(2) REQUIRED WORK ACTIVITY.—A State shall not be treated as having a participation rate meeting the requirements of this subsection if the number of individuals described in subsection (c)(1) engaged in work activities is not at least 50 percent of the total number of individuals described in subsection (c)(1).

"(b) ELECTION BY THE STATE.—In lieu of the reduction described in subsection (a), a State that does not meet the participation rate requirements described in subsection (a), may elect to receive the full amount of the payments described in section 481(a)(1) to which the State is otherwise entitled for the fiscal year if the State makes available non-Federal contributions for the fiscal year in an amount equal to not less than 5 percent of the State's non-Federal contributions for the preceding fiscal year.

"(c) DETERMINATION OF PARTICIPATION RATE.—The State's participation rate for a fiscal year shall be the number, expressed as a percentage, equal to—

"(1) the sum of—

"(A) the average monthly number of individuals in the State who have participated in work activities or work preparation activities under the WAGE program under subpart 2 for an average of at least 20 hours a week,

"(B) the average monthly number of individuals who within the previous 6-month period have become ineligible for transitional aid under part A or the WAGE program because the individuals are employed, and

"(C) the average monthly number of individuals under sanctions for failing to comply with a WAGE Plan, divided by

"(2) the average monthly number of families with an adult recipient, not including those who are exempt under section 402(a)(11).

"(d) DEFINITION OF WORK ACTIVITIES.—For purposes of this section, the term 'work activities' means—

"(1) unsubsidized employment;

"(2) subsidized private sector employment;

"(3) subsidized public sector employment or work experience (including work associated with the refurbishing of publicly assisted housing) only if sufficient private sector employment is not available;

"(4) on-the-job training; and

"(5) microenterprise employment.

"(e) TWO-YEAR LIMIT.—For purposes of subsection (c)(1)(A), an individual who has participated in the WAGE program for 2 years may not be counted in determining the State's participation rate unless such individual is engaged in a work activity.

"Subpart 2—Establishment and Operation of WAGE Program

"SEC. 490. REQUIREMENT TO ESTABLISH A WAGE PROGRAM.

"A State shall establish a work and gainful employment program (hereafter in this part referred to as the 'WAGE program') in accordance with section 491.

"SEC. 491. ESTABLISHMENT AND OPERATION OF FLEXIBLE STATE PROGRAMS.

"(a) PROGRAM REQUIREMENTS.—Any State with a State plan approved under subsection (c) shall establish and operate a program that meets the following requirements:

"(1) OBJECTIVE.—The objective of the program is for each program participant to find and hold a full-time unsubsidized paid job, and for this goal to be achieved in a cost-effective fashion.

"(2) METHODS OF OBTAINING OBJECTIVE.—The objective of the program under paragraph (1) shall be achieved by connecting recipients of transitional aid with the private sector labor market as soon as possible and offering them the support and skills necessary to remain in the labor market. Each component of the program should seek to attain the objective by emphasizing employment and conveying an understanding that minimum wage jobs are a stepping stone to more highly paid employment. The program is intended to provide recipients with job search and placement, education, training, wage supplementation, temporary subsidized jobs, or such other services as the State deems necessary to help a recipient obtain private sector employment.

"(3) JOB CREATION.—The creation of jobs, with an emphasis on private sector jobs, shall be a component of the program and shall be a priority for each State office that has responsibility under the program.

"(4) ASSISTANCE.—The State may provide assistance to participants in the program in the following forms:

"(A) State job placement services, which may include employment opportunity centers that act as one-stop placement entities through which the State makes available to each program participant services under programs carried out under one or more of the following provisions of law:

"(i) Part A of title II of the Job Training Partnership Act (29 U.S.C. 1601 et seq.) (relating to the adult training program).

"(ii) Part B of title II of such Act (29 U.S.C. 1630 et seq.) (relating to the summer youth employment and training programs).

"(iii) Part C of title II of such Act (29 U.S.C. 1641 et seq.) (relating to the youth training program).

"(iv) Title III of such Act (29 U.S.C. 1651 et seq.) (relating to employment and training assistance for dislocated workers).

"(v) Part B of title IV of such Act (29 U.S.C. 1691 et seq.) (relating to the Job Corps).

"(vi) The Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.).

"(vii) The Adult Education Act (20 U.S.C. 1201 et seq.).

"(viii) Part B of chapter 1 of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 2741 et seq.) (relating to Even Start family literacy programs).

"(ix) Subtitle A of title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11421) (relating to adult education for the homeless).

"(x) Subtitle B of title VII of such Act (42 U.S.C. 11431 et seq.) (relating to education for homeless children and youth).

"(xi) Subtitle C of title VII of such Act (42 U.S.C. 11441) (relating to job training for the homeless).

"(xii) The School-to-Work Opportunities Act of 1994.

"(xiii) The National and Community Service Act of 1990 (42 U.S.C. 12501 et seq.).

"(xiv) The National Skill Standards Act of 1994.

"(B) Private placement company services, which may include contracts the State enters into with private companies (whether operated for profit or not for profit) or community action agencies for placement of participants in the program in positions of full-time or part-time employment, preferably in the private sector, for wages sufficient to eliminate the need of such participants for cash assistance.

"(C) Microenterprise programs, including programs under which the State makes grants and loans to public and private organizations, agencies, and other entities (whether operated for profit or not for profit) to enable such entities to facilitate economic development by—

"(i) providing technical assistance, advice, and business support services (including assistance, advice, and support relating to

business planning, financing, marketing, and other microenterprise development activities) to owners of microenterprises and persons developing microenterprises; and

"(ii) providing general support (such as peer support and self-esteem programs) to owners of microenterprises and persons developing microenterprises.

"(D) Work supplementation programs, under which the State may use part or all of the sums that would otherwise be payable to participants in the program as transitional aid under part A for the purpose of providing and subsidizing jobs for such participants as an alternative to the transitional aid that would otherwise be so payable to them.

"(E) Innovative JOBS programs, including programs similar to—

"(i) the program known as the 'GAIN Program' that has been operated by Riverside County, California, under Federal law in effect immediately before the date this section first applies to the State of California;

"(ii) the program known as 'JOBS Plus' that has been operated by the State of Oregon under Federal law in effect immediately before the date this section first applies to the State of Oregon; and

"(iii) the program known as 'JOBS' that has been operated by Kenosha County, Wisconsin, under Federal law in effect immediately before the date this section first applies to the State of Wisconsin.

"(F) Temporary subsidized job creation, which may include workfare programs.

"(G) Education or training services.

"(H) Any other service which provides individuals with the support and skills necessary to obtain and keep employment in the private sector.

For purposes of subparagraph (C), the term 'microenterprise' means a commercial enterprise which has 5 or fewer employees, one or more of whom owns the enterprise.

"(5) WAGE PLAN.—The State agency shall develop a WAGE Plan in accordance with subsection (b) with each program participant.

"(6) HOURS OF PARTICIPATION REQUIREMENT.—The State shall provide that each participant in the program under this section shall participate in activities in accordance with this section for at least 20 hours per week (or, at the State's option, a greater number of hours per week), including job search in cases where the individual is not employed in an unsubsidized job in the private sector.

"(7) TIME LIMIT.—A State may establish a time limit of any duration for participation by an individual in the WAGE program. A State shall not terminate any participant subject to such time limit if the participant has complied with the requirements set forth in the WAGE Plan established in accordance with paragraph (5).

"(8) CHILD CARE SERVICES.—The State shall offer each individual participating in the program child care services (as determined by the State) if such individual requires child care services in order to participate.

"(9) NONDISPLACEMENT.—The program shall comply with the requirements of subsection (g).

"(10) NONCUSTODIAL PARENTS.—

"(A) IN GENERAL.—The State may provide services under the program, on a voluntary or mandatory basis, to noncustodial parents of needy children who are recipients of transitional aid.

"(B) PARTICIPATION RATE.—Noncustodial parents who participate in the WAGE program shall be treated as participants for purposes of determining the participation rate under section 482.

"(b) WAGE PLAN.—

"(1) IN GENERAL.—On the basis of an initial assessment of the skills, prior work experience, and employability of each individual who the State requires to participate in the WAGE program, the State agency shall, together with the individual, develop a WAGE Plan, which—

"(A) sets forth an employment goal for the individual and contains an individualized comprehensive plan developed by the State agency with the participant for moving the individual into the workforce;

"(B) provides that the participant shall spend at least 20 hours per week (or, at the option of the State, a greater number of hours per week) in activities provided for in the WAGE Plan, including job search in cases where the individual is not employed in an unsubsidized job in the private sector;

"(C) sets forth the obligations of the individual, which may include a requirement that the individual attend school, maintain certain grades and attendance, keep school age children of the individual in school, immunize children, attend parenting and money management classes, or do other things that will help the individual become and remain employed in the private sector;

"(D) provides that the participant shall accept any bona fide offer of unsubsidized full-time employment, unless the participant has good cause for not doing so;

"(E) describes the child care and other social services and assistance which the State will provide in order to allow the individual to take full advantage of the activities under the program operated in accordance with this section;

"(F) at the option of the State, provides that aid under the transitional aid program is to be paid to the participant based on the number of hours that the participant spends in activities provided for in the agreement; and

"(G) at the option of the State, requires the participant to undergo appropriate substance abuse treatment.

"(2) TIMING.—The State agency shall comply with paragraph (1) with respect to an individual—

"(A) within 90 days (or, at the option of the State, 180 days) after the effective date of this part, in the case of an individual who, as of such effective date, is a recipient of aid under the State plan approved under part A; or

"(B) within 30 days (or, at the option of the State, 90 days) after the individual is determined to be eligible for such aid, in the case of any other individual.

"(c) STATE PLANS.—

"(1) IN GENERAL.—Within 60 days after the date a State submits to the Secretary a plan that provides for the establishment and operation of a program that meets the requirements of subsection (a), the Secretary shall approve the plan.

"(2) AUTHORITY TO EXTEND DEADLINE.—The 60-day deadline established in paragraph (1) with respect to a State may be extended in accordance with an agreement between the Secretary and the State.

"(d) ANNUAL REPORTS.—

"(1) COMPLIANCE WITH PERFORMANCE MEASURES.—Each State that operates a program under this section shall submit to the Secretary annual reports that compare the achievements of the program with the performance-based measures established under subsection (e).

"(2) COMPLIANCE WITH PARTICIPATION RATES.—Each State that operates a program under this section for a fiscal year shall submit to the Secretary a report on the participation rate determined under section 482 of the State for the fiscal year.

"(e) PERFORMANCE-BASED MEASURES.—The Secretary shall, by regulation, establish measures of the effectiveness of the State's program established under this section in moving recipients of transitional aid under the State plan approved under part A into full-time unsubsidized employment, based on the performance of such programs.

"(f) EFFECT OF FAILURE TO MEET PARTICIPATION RATES.—

"(1) IN GENERAL.—If a State fails to achieve the participation rate required by section 482(a) for the fiscal year, the Secretary may make recommendations for changes in the program. The State may elect to follow such recommendations, and shall demonstrate to the Secretary how the State will achieve the required participation rates.

"(2) SECOND CONSECUTIVE FAILURE.—Notwithstanding paragraph (1), if the State has failed to achieve the participation rates required by section 482(a) for 2 consecutive fiscal years, the Secretary may require the State to make changes in the State program established under this section.

"(g) NO DISPLACEMENT.—No work assignment under the program shall result in—

"(1) the displacement of any currently employed worker or position (including partial displacement such as a reduction in the hours of nonovertime work, wages, or employment benefits), or result in the impairment of existing contracts for services or collective bargaining agreements;

"(2) the employment or assignment of a participant of the filling of a position when—

"(A) any other individual is on layoff from the same or any equivalent position, or

"(B) the employer has terminated the employment of any regular employee or otherwise reduced its workforce with the effect of filling the vacancy so created with a participant subsidized under the program; or

"(3) any infringement of the promotional opportunities of any currently employed individual.

No participant may be assigned under work supplementation programs or under workfare programs to fill any established unfilled position vacancy.

"SEC. 492. SPECIAL PROVISIONS RELATING TO INDIAN TRIBES AND ALASKA NATIVE ORGANIZATIONS.

"(a) SPECIAL PROVISIONS RELATING TO TRIBES AND NATIVE ORGANIZATIONS.—

"(1) IN GENERAL.—

"(A) WAGE PROGRAMS.—An Indian tribe or Alaska Native organization may apply to the Secretary to conduct a WAGE program under this part. An application to conduct a WAGE program in a fiscal year shall be submitted not later than July 1 of the preceding fiscal year. Upon approval of the application, payment in the amount determined in accordance with section 482(d) shall be made directly to the tribe or organization involved.

"(B) WAIVER OF CERTAIN REQUIREMENTS.—The Secretary may waive any requirements of this part with respect to a WAGE program conducted under this part by an Indian tribe or Alaska Native organization as the Secretary determines to be appropriate.

"(C) TERMINATION.—The WAGE program conducted by any Indian tribe or Alaska Native organization may be terminated voluntarily by such tribe or organization or may be terminated by the Secretary upon a finding that such program is not being conducted in substantial conformity with the terms of the application approved under subparagraph (A). If a WAGE program of an Indian tribe or Alaska Native organization is terminated, such tribe or organization shall not be eligible to submit a new application under subparagraph (A) with respect to any year before the 6th year following such termination.

"(D) CONSORTIUM OF TRIBES.—An Indian tribe may enter into an agreement with other Indian tribes for the provision of

WAGE program services by a tribal consortium providing for centralized administration of WAGE program services for the region served by the Indian tribes so agreeing. In the case of such an agreement, a single application under this part may be submitted by the tribal consortium and the consortium shall be entitled to receive an amount equal to the aggregate amount that all of the tribes in the consortium would have been entitled to receive if each tribe applied separately. In any case in which an application is submitted by a tribal consortium, the approval of each Indian tribe included in the consortium shall be a prerequisite to the distribution of funds to the tribal consortium.

"(2) DETERMINATION OF EXEMPT INDIVIDUAL.—An application under this section shall provide that upon approval the Indian tribe or Alaska Native organization, as the case may be, will be responsible for determining whether an individual (within the service area of the tribe or organization) is exempt under section 402(a)(11).

"(b) OTHER REQUIREMENTS.—

"(1) CHILD CARE.—Each Indian tribe and Alaska Native organization submitting an application under this section may also submit to the Secretary (as a part of the application) a description of the program that the tribe or organization will implement to meet the child care needs of WAGE program participants and may request funds to provide such child care. The Secretary may waive any other requirement of this part with respect to child care services as the Secretary determines inappropriate for such child care program, other than the requirement described in section 491(a)(8).

"(2) PAYMENT FOR CHILD CARE.—The Secretary shall adjust the payment for a fiscal year under section 481(d) to reflect the cost of child care for the number of required participants in need of such care in the preceding fiscal year (and other recipients in need of such care) in the tribe's or Alaska Native organization's service area, subject to the limitation on total funding for tribes and Alaska Native organizations.

"(3) DATA COLLECTION.—The Secretary shall establish data collection and reporting requirements with respect to child care services implemented under this subsection.

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

"(1) TRIBAL CONSORTIUM.—The term 'tribal consortium' means any group, association, partnership, corporation, or other legal entity which is controlled, sanctioned, or chartered by the governing body of more than 1 Indian tribe.

"(2) INDIAN TRIBE.—The term 'Indian tribe' means any tribe, band, nation, or other organized group or community of Indians that—

"(A) is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians; and

"(B) for which a reservation exists.

For purposes of subparagraph (B), a reservation includes Indian reservations, public domain Indian allotments, and former Indian reservations in Oklahoma.

"(3) ALASKA NATIVE ORGANIZATION.—

"(A) IN GENERAL.—The term 'Alaska Native organization' means any organized group of Alaska Natives eligible to operate a Federal program under Public Law 93-638 or such group's designee.

"(B) BOUNDARIES.—The boundaries of an Alaska Native organization shall be those of the geographical region, established pursuant to section 7(a) of the Alaska Native Claims Settlement Act, within which the Alaska Native organization is located (without regard to the ownership of the land within the boundaries).

"(C) LIMITS ON APPLICATIONS.—The Secretary may approve only one application from an Alaska Native organization for each of the 12 geographical regions established pursuant to section 7(a) of the Alaska Native Claims Settlement Act.

Nothing in this paragraph shall be construed to grant or defer any status or powers other than those expressly granted in this paragraph or to validate or invalidate any claim by Alaska Natives of sovereign authority over lands or people.".

SEC. 202. REGULATIONS.

The Secretary of Health and Human Services shall prescribe such regulations as may be necessary to implement the amendments made by this title.

SEC. 203. APPLICABILITY TO STATES.

(a) STATE OPTION TO ACCELERATE APPLICABILITY.—If a State formally notifies the Secretary of Health and Human Services that the State desires to accelerate the applicability to the State of the amendments made by this title, the amendments shall apply to the State on and after such earlier date as the State may select.

(b) STATE OPTION TO DELAY APPLICABILITY UNTIL WAIVERS EXPIRE.—The amendments made by this title shall not apply to a State with respect to which there is in effect a waiver issued under section 1115 of the Social Security Act for the State program established under part F of title IV of such Act until the waiver expires, if the State formally notifies the Secretary of Health and Human Services that the State desires to so delay such effective date.

(c) AUTHORITY OF THE SECRETARY OF HEALTH AND HUMAN SERVICES TO DELAY APPLICABILITY TO A STATE.—If a State formally notifies the Secretary of Health and Human Services that the State desires to delay the applicability to the State of the amendments made by this title, the amendments shall apply to the State on and after any later date agreed upon by the Secretary and the State.

TITLE III—CHILD CARE FOR WORKING PARENTS

SEC. 301. PURPOSE.

It is the purpose of this title to—

(1) eliminate fragmentation of child care programs; and

(2) increase the availability of affordable child care in order to promote self sufficiency and support working families.

Subtitle A—Amendments to the Child Care and Development Block Grant Act of 1990

SEC. 311. AMENDMENTS TO THE CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT OF 1990.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 658B of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858) is amended to read as follows:

"SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this subchapter $1,000,000,000 for fiscal year 1996, and such sums as may be necessary for each of the fiscal years 1997 through 2000.".

(b) LEAD AGENCY.—Section 658D(b) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858b(b)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A), by striking "State" and inserting "governmental or nongovernmental"; and

(B) in subparagraph (C), by inserting "with sufficient time and Statewide distribution of the notice of such hearing," after "hearing in the State"; and

(2) in paragraph (2), by striking the second sentence.

(c) APPLICATION AND PLAN.—Section 658E of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c) is amended—

(1) in subsection (b), by striking "implemented—" and all that follows through "plans." and inserting "implemented during a 2-year period.";

(2) in subsection (c)—

(A) in paragraph (2)—

(i) in subparagraph (A)—

(I) in clause (iii) by striking the semicolon and inserting a period; and

(II) by striking "except" and all that follows through "1992."; and

(ii) in subparagraph (E)—

(I) by striking clause (ii) and inserting the following new clause:

"(ii) the State will implement mechanisms to ensure that appropriate payment mechanisms exist so that proper payments under this subchapter will be made to providers within the State and to permit the State to furnish information to such providers."; and

(II) by adding at the end thereof the following new sentence: "In lieu of any licensing and regulatory requirements applicable under State and local law, the Secretary, in consultation with Indian tribes and tribal organizations, shall develop minimum child care standards (that appropriately reflect tribal needs and available resources) that shall be applicable to Indian tribes and tribal organization receiving assistance under this subchapter."; and

(iii) by striking subparagraphs (H) and (I); and

(B) in paragraph (3)—

(i) in subparagraph (C)—

(I) in the subparagraph heading, by striking "AND TO INCREASE" and all that follows through "CARE SERVICES";

(II) by striking "25 percent" and inserting "15 percent"; and

(III) by striking "and to provide before-" and all that follows through "658H)"; and

(ii) by adding at the end thereof the following new subparagraph:

"(D) LIMITATION ON ADMINISTRATIVE COSTS.—Not more than 5 percent of the aggregate amount of payments received under this subchapter by a State in each fiscal year may be expended for administrative costs incurred by such State to carry out all its functions and duties under this subchapter.".

(d) SLIDING FEE SCALE.—

(1) IN GENERAL.—Section 658E(c)(5) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)(5)) is amended by inserting before the period the following: "and that ensures a representative distribution of funding among the working poor and recipients of Federal welfare assistance".

(2) ELIGIBILITY.—Section 658P(4)(B) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n(4)(B)) is amended by striking "75 percent" and inserting "100 percent".

(e) QUALITY.—Section 658G of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858e) is amended—

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

(A) by striking "A State" and inserting "(a) IN GENERAL.—A State";

(B) by striking "not less than 20 percent of"; and

(C) by striking "one or more of the following" and inserting "carrying out the resource and referral activities described in subsection (b), and for one or more of the activities described in subsection (c).";

(2) in paragraph (1), by inserting before the period the following: ", including providing comprehensive consumer education to parents and the public, referrals that honor parental choice, and activities designed to improve the quality and availability of child care";

(3) by striking "(1) RESOURCE AND REFERRAL PROGRAMS.—Operating" and inserting the following:

"(b) RESOURCE AND REFERRAL PROGRAMS.—The activities described in this subsection are operating";

(4) by redesignating paragraphs (2) through (5) as paragraphs (1) through (4), respectively;

(5) by inserting before paragraph (1) (as so redesignated) the following:

"(c) OTHER ACTIVITIES.—The activities described in this section are the following:"; and

(6) by adding at the end thereof the following:

"(5) BEFORE- AND AFTER-SCHOOL ACTIVITIES.—Increasing the availability of before- and after-school care.

"(6) INFANT CARE.—Increasing the availability of child care for infants under the age of 18 months.

"(7) NONTRADITIONAL WORK HOURS.—Increasing the availability of child care between the hours of 5:00 p.m. and 8:00 a.m.

"(d) NONDISCRIMINATION.—With respect to child care providers that comply with applicable State law but which are otherwise not required to be licensed by the State, the State, in carrying out this section, may not discriminate against such a provider if such provider desires to participate in resource and referral activities carried out under subsection (b).".

(f) REPEAL.—Section 658H of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858f) is repealed.

(g) ENFORCEMENT.—Section 658I(b)(2) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858g(b)(2)) is amended—

(1) in the matter following clause (ii) of subparagraph (A), by striking "finding and that" and all that follows through the period and inserting "finding and may impose additional program requirements on the State, including a requirement that the State reimburse the Secretary for any funds that were improperly expended for purposes prohibited or not authorized by this subchapter, that the Secretary deduct from the administrative portion of the State allotment for the following fiscal year an amount that is less than or equal to any improperly expended funds, or a combination of such options."; and

(2) by striking subparagraphs (B) and (C).

(h) REPORTS.—Section 658K of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858i) is amended—

(1) in the section heading, by striking "ANNUAL REPORT" and inserting "REPORTS"; and

(2) in subsection (a)—

(A) in the subsection heading, by striking "ANNUAL REPORT" and inserting "REPORTS";

(B) by striking "December 31, 1992, and annually thereafter" and inserting "December 31, 1996, and every 2 years thereafter";

(C) in paragraph (2)—

(i) in subparagraph (A), by inserting before the semicolon "and the types of child care programs under which such assistance is provided";

(ii) by striking subparagraph (B); and

(iii) by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively;

(D) by striking paragraph (4);

(E) by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively;

(F) in paragraph (4), as so redesignated, by striking "and" at the end thereof;

(G) in paragraph (5), as so redesignated, by adding "and" at the end thereof; and

(H) by inserting after paragraph (5), as so redesignated, the following new paragraph:

"(6) describing the extent and manner to which the resource and referral activities are being carried out by the State:".

(i) REPORT BY SECRETARY.—Section 658L of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858j) is amended—

(1) by striking "1993" and inserting "1997";

(2) by striking "annually" and inserting "bi-annually"; and

(3) by striking "Education and Labor" and inserting "Economic and Educational Opportunities".

(j) ALLOTMENTS.—Section 658O of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858m) is amended—

(1) in subsection (c), by adding at the end thereof the following new paragraph:

"(6) CONSTRUCTION OR RENOVATION OF FACILITIES.—

"(A) REQUEST FOR USE OF FUNDS.—An Indian tribe or tribal organization may submit to the Secretary a request to use amounts provided under this subsection for construction or renovation purposes.

"(B) DETERMINATION.—With respect to a request submitted under subparagraph (A), and except as provided in subparagraph (C), upon a determination by the Secretary that adequate facilities are not otherwise available to an Indian tribe or tribal organization to enable such tribe or organization to carry out child care programs in accordance with this subchapter, and that the lack of such facilities will inhibit the operation of such programs in the future, the Secretary may permit the tribe or organization to use assistance provided under this subsection to make payments for the construction or renovation of facilities that will be used to carry out such programs.

"(C) LIMITATION.—The Secretary may not permit an Indian tribe or tribal organization to use amounts provided under this subsection for construction or renovation if such use will result in a decrease in the level of child care services provided by the tribe or organization as compared to the level of such services provided by the tribe or organization in the fiscal year preceding the year for which the determination under subparagraph (A) is being made.

"(D) UNIFORM PROCEDURES.—The Secretary shall develop and implement uniform procedures for the solicitation and consideration of requests under this paragraph."; and

(2) in subsection (e)—

(A) in paragraph (1), by striking "Any" and inserting "Except as provided in paragraph (4), any"; and

(B) by adding at the end thereof the following new paragraph:

"(4) INDIAN TRIBES OR TRIBAL ORGANIZATIONS.—Any portion of a grant or contract made to an Indian tribe or tribal organization under subsection (c) that the Secretary determines is not being used in a manner consistent with the provision of this subchapter in the period for with the grant or contract is made available, shall be reallocated by the Secretary to other tribes or organization that have submitted applications under subsection (c) in proportion to the original allocations to such tribes or organization.".

(k) DEFINITIONS.—Section 658P of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n) is amended—

(1) in paragraph (2), in the first sentence by inserting "or as a deposit for child care services if such a deposit is required of other children being cared for by the provider" after "child care services"; and

(2) in paragraph (5)(B)—

(A) by inserting "great grandchild, sibling (if the provider lives in a separate residence)," after "grandchild,";

(B) by striking "is registered and"; and

(C) by striking "State" and inserting "applicable".

(l) APPLICATION OF SUBCHAPTER.—The Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) is amended by adding at the end thereof the following new section:

"SEC. 658T. APPLICATION TO OTHER PROGRAMS.

"Notwithstanding any other provision of law, a State that uses funding for child care services under any Federal program shall ensure that activities carried out using such funds meet the requirements, standards, and criteria of this subchapter and the regulations promulgated under this subchapter. Such sums shall be administered through a uniform State plan. To the maximum extent practicable, amounts provided to a State under such programs shall be transferred to the lead agency and integrated into the program established under this subchapter by the State.".

SEC. 312. SENSE OF THE SENATE.

(a) FINDINGS.—The Senate finds that—

(1) the availability and accessibility of quality child care will be critical to any welfare reform effort;

(2) as parents move from welfare into the workforce or into job preparation and education, child care must be affordable and safe;

(3) whether parents are pursuing job training, transitioning off welfare, or are already in the work force and attempting to remain employed, no parent can be expected to leave his or her child in a dangerous situation;

(4) affordable and accessible child care is a prerequisite for job training and for entering the workforce; and

(5) studies have shown that the lack of quality child care is the most frequently cited barrier to employment and self-sufficiency.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the Federal Government has a responsibility to provide funding and leadership with respect to child care.

SEC. 313. REPEALS AND TECHNICAL AND CONFORMING AMENDMENTS.

(a) STATE DEPENDENT CARE DEVELOPMENT GRANTS ACT.—The State Dependent Care Development Grants Act (42 U.S.C. 9871 et seq.) is repealed.

(b) CHILD DEVELOPMENT ASSOCIATE SCHOLARSHIP ASSISTANCE ACT OF 1985.—The Child Development Associate Scholarship Assistance Act of 1985 (42 U.S.C. 10901 et seq.) is repealed.

(c) ADDITIONAL CONFORMING AMENDMENTS.—

(1) RECOMMENDED LEGISLATION.—After consultation with the appropriate committees of the Congress and the Director of the Office of Management and Budget, the Secretary of Health and Human Services shall prepare and submit to the Congress a legislative proposal in the form of an implementing bill containing technical and conforming amendments to reflect the amendments and repeals made by this Act.

(2) SUBMISSION TO CONGRESS.—Not later than 6 months after the date of enactment of this Act, the Secretary of Health and Human Services shall submit the implementing bill referred to under paragraph (1).

Subtitle B—At-Risk Child Care

SEC. 321. PROVISION OF CHILD CARE TO CERTAIN LOW-INCOME FAMILIES.

(a) IN GENERAL.—Each State agency administering the State plan approved under part A of title IV of the Social Security Act may, to the extent that it determines that resources are available, provide child care in accordance with the requirements of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) to any low-income family that the State determines—

(1) is not receiving transitional aid under the State plan approved under part A of title IV of the Social Security Act;

(2) needs such care in order to work; and

(3) would be at risk of becoming eligible for transitional aid under the State plan approved under such part if such care were not provided.

SEC. 322. USE OF FUNDS.

Amounts expended by the State agency for child care under section 321 shall be treated as amounts for which payment may be made to a State under section 323 only to the extent that such amounts are expended to provide child care in accordance with the requirements of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.).

SEC. 323. PAYMENTS TO STATES.

(a) PAYMENT AMOUNT.—Each State shall be entitled to payment from the Secretary in an amount equal to the lesser of—

(1) the Federal medical assistance percentage (as defined in section 1905(b) of the Social Security Act (42 U.S.C. 1396d(b)) of the expenditures by the State in providing child care services pursuant to this section, and in administering the provision of such child care services, for any fiscal year; or

(2) the limitation determined under subsection (b) with respect to the State for the fiscal year.

(b) LIMITATION.—

(1) LIMITATION DESCRIBED.—The limitation determined under this subsection with respect to a State for any fiscal year is the amount that bears the same ratio to the amount specified in paragraph (2) for such fiscal year as the number of children residing in the State in the second year preceding such fiscal year bears to the number of children residing in the United States in such second preceding fiscal year.

(2) AMOUNT SPECIFIED.—The amount specified in this subparagraph is $300,000,000 for fiscal year 1996, and each fiscal year thereafter.

(3) CARRYFORWARD OF STATE LIMITATION.—If the limitation determined under paragraph (1) with respect to a State for a fiscal year exceeds the amount paid to the State under this section for the fiscal year, the limitation determined under this subsection with respect to the State for the immediately succeeding fiscal year shall be increased by the amount of such excess.

SEC. 324. STATE DEFINED.

For purposes of this subtitle, the term "State" shall have the meaning given such term in section 1101(1) of the Social Security Act (42 U.S.C. 1301(1)) with respect to the use of such term in title IV of such Act (42 U.S.C. 601 et seq.).

SEC. 325. APPROPRIATIONS.

For fiscal year 1996 and each succeeding fiscal year, there are authorized to be appropriated and there are appropriated $300,000,000 for the purpose of carrying out the provisions of this title.

TITLE IV—CHILD SUPPORT RESPONSIBILITY

SEC. 400. SHORT TITLE.

This title may be cited as the "Child Support Responsibility Act of 1995".

Subtitle A—Improvements to the Child Support Collection System

PART I—ELIGIBILITY AND OTHER MATTERS CONCERNING TITLE IV-D PROGRAM CLIENTS

SEC. 401. STATE OBLIGATION TO PROVIDE PATERNITY ESTABLISHMENT AND CHILD SUPPORT ENFORCEMENT SERVICES.

(a) STATE LAW REQUIREMENTS.—Section 466(a) (42 U.S.C. 666(a)) is amended by adding at the end the following new paragraph:

"(12) Procedures under which—

"(A) every child support order established or modified in the State on or after October 1, 1998, is recorded in the central case registry established in accordance with section 454A(e); and

"(B) child support payments are collected through the centralized collections unit established in accordance with section 454B—

"(i) on and after October 1, 1998, under each order subject to wage withholding under section 466(b); and

"(ii) on and after October 1, 1999, under each other order required to be recorded in such central case registry under this paragraph or section 454A(e), if requested by either party subject to such order.".

(b) STATE PLAN REQUIREMENTS.—Section 454 (42 U.S.C. 654) is amended—

(1) by striking paragraph (4) and inserting the following new paragraph:

"(4) provide that such State will undertake to provide appropriate services under this part to—

"(A) each child with respect to whom an assignment is effective under section 402(a)(9), 471(a)(17), or 1912 (except in cases in which the State agency determines, in accordance with paragraph (25), that it is against the best interests of the child to do so); and

"(B) each child not described in subparagraph (A)—

"(i) with respect to whom an individual applies for such services; or

"(ii) on and after October 1, 1998, with respect to whom a support order is recorded in the central State case registry established under section 454A, if application is made for services under this part;"; and

(2) in paragraph (6)—

(A) by striking "(6) provide that" and all that follows through subparagraph (A) and inserting the following:

"(6) provide that—

"(A) services under the State plan shall be made available to nonresidents on the same terms as to residents;";

(B) in subparagraph (B)—

(i) by inserting "on individuals not receiving assistance under part A" after "such services shall be imposed"; and

(ii) by inserting "but no fees or costs shall be imposed on any absent or custodial parent or other individual for inclusion in the central State registry maintained pursuant to section 454A(e)";

(C) in each of subparagraphs (B), (C), (D), and (E), by indenting such subparagraph and aligning its left margin with the left margin of subparagraph (A); and

(D) in each of subparagraphs (B), (C), and (D), by striking the final comma and inserting a semicolon.

(c) CONFORMING AMENDMENTS.—

(1) PATERNITY ESTABLISHMENT PERCENTAGE.—Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended by striking "454(6)" each place it appears and inserting "454(4)(A)(ii)".

(2) STATE PLAN.—Section 454(23) (42 U.S.C. 654(23)) is amended, effective October 1, 1998, by striking "information as to any application fees for such services and".

(3) PROCEDURES TO IMPROVE ENFORCEMENT.—Section 466(a)(3)(B) (42 U.S.C. 666(a)(3)(B)) is amended by striking "in the case of overdue support which a State has agreed to collect under section 454(6)" and inserting "in any other case".

(4) DEFINITION OF OVERDUE SUPPORT.—Section 466(e) (42 U.S.C. 666(e)) is amended by striking "or (6)".

SEC. 402. DISTRIBUTION OF PAYMENTS.

(a) DISTRIBUTIONS THROUGH STATE CHILD SUPPORT ENFORCEMENT AGENCY TO FORMER ASSISTANCE RECIPIENTS.—Section 454(5) (42 U.S.C. 654(5)) is amended—

(1) in subparagraph (A)—

(A) by inserting "except as otherwise specifically provided in section 464 or 466(a)(3)," after "is effective,"; and

(B) by striking "except that" and all that follows through the semicolon; and

(2) in subparagraph (B), by striking ", except" and all that follows through "medical assistance".

(b) DISTRIBUTION TO A FAMILY CURRENTLY RECEIVING AID UNDER PART A OF TITLE IV OF THE SOCIAL SECURITY ACT.—Section 457 (42 U.S.C. 657) is amended—

(1) by striking subsection (a) and redesignating subsection (b) as subsection (a);

(2) in subsection (a), as redesignated—

(A) in the matter preceding paragraph (2), to read as follows:

"(a) IN THE CASE OF A FAMILY RECEIVING AID UNDER PART A OF TITLE IV OF THE SOCIAL SECURITY ACT.—Amounts collected under this part during any month as support of a child who is receiving assistance under part A (or a parent or caretaker relative of such a child) shall (except in the case of a State exercising the option under subsection (b)) be distributed as follows:

"(1) an amount equal to the amount that will be disregarded pursuant to section 402(a)(1)(C) shall be taken from each of—

"(A) the amounts received in a month which represent payments for that month; and

"(B) the amounts received in a month which represent payments for a prior month which were made by the absent parent in that prior month;

and shall be paid to the family without affecting its eligibility for assistance or decreasing any amount otherwise payable as assistance to such family during such month;";

(B) in paragraph (4), by striking "or (B)" and all that follows through the period and inserting "; then (B) from any remainder, amounts equal to arrearages of such support obligations assigned, pursuant to part A, to any other State or States shall be paid to such other State or States and used to pay any such arrearages (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing); and then (C) any remainder shall be paid to the family."; and

(3) by inserting after subsection (a), as redesignated, the following new subsection:

"(b) ALTERNATIVE DISTRIBUTION IN CASE OF FAMILY RECEIVING AID UNDER PART A OF TITLE IV OF THE SOCIAL SECURITY ACT.—In the case of a State electing the option under this subsection, amounts collected as described in subsection (a) shall be distributed as follows:

"(1) an amount equal to the amount that will be disregarded pursuant to section 402(a)(1)(C) shall be taken from each of—

"(A) the amounts received in a month which represent payments for that month; and

"(B) the amounts received in a month which represent payments for a prior month which were made by the absent parent in that prior month;

and shall be paid to the family without affecting its eligibility for assistance or decreasing any amount otherwise payable as assistance to such family during such month;

"(2) second, from any remainder, amounts equal to the balance of support owed for the current month shall be paid to the family;

"(3) third, from any remainder, amounts equal to arrearages of such support obligations assigned, pursuant to part A, to the State making the collection shall be retained and used by such State to pay any

such arrearages (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing);

"(4) fourth, from any remainder, amounts equal to arrearages of such support obligations assigned, pursuant to part A, to any other State or States shall be paid to such other State or States and used to pay any such arrearages (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing); and

"(5) fifth, any remainder shall be paid to the family.".

(c) DISTRIBUTION TO A FAMILY NOT RECEIVING AID UNDER PART A OF TITLE IV OF THE SOCIAL SECURITY ACT.—

(1) IN GENERAL.—Section 457(c) (42 U.S.C. 657(c)) is amended to read as follows:

"(c) DISTRIBUTIONS IN CASE OF FAMILY NOT RECEIVING AID UNDER PART A OF TITLE IV OF THE SOCIAL SECURITY ACT.—Amounts collected by a State agency under this part during any month as support of a child who is not receiving assistance under part A (or of a parent or caretaker relative of such a child) shall (subject to the remaining provisions of this section) be distributed as follows:

"(1) first, amounts equal to the total of such support owed for such month shall be paid to the family;

"(2) second, from any remainder, amounts equal to arrearages of such support obligations for months during which such child did not receive assistance under part A shall be paid to the family;

"(3) third, from any remainder, amounts equal to arrearages of such support obligations assigned to the State making the collection pursuant to part A shall be retained and used by such State to pay any such arrearages (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing); and

"(4) fourth, from any remainder, amounts equal to arrearages of such support obligations assigned to any other State pursuant to part A shall be paid to such other State or States, and used to pay such arrearages, in the order in which such arrearages accrued (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing).".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall become effective on October 1, 1999.

(d) DISTRIBUTION TO A CHILD RECEIVING ASSISTANCE UNDER TITLE IV-E.—Section 457(d) (42 U.S.C. 657(d)) is amended, in the matter preceding paragraph (1), by striking "Notwithstanding the preceding provisions of this section, amounts" and inserting the following:

"(d) DISTRIBUTIONS IN CASE OF A CHILD RECEIVING ASSISTANCE UNDER TITLE IV-E.—Amounts".

(e) REGULATIONS.—The Secretary of Health and Human Services shall promulgate regulations—

(1) under part D of title IV of the Social Security Act, establishing a uniform nationwide standard for allocation of child support collections from an obligor owing support to more than 1 family; and

(2) under part A of such title, establishing standards applicable to States electing the alternative formula under section 457(b) of such Act for distribution of collections on behalf of families receiving transitional aid, designed to minimize irregular monthly payments to such families.

(f) CLERICAL AMENDMENTS.—Section 454 (42 U.S.C. 654) is amended—

(1) in paragraph (11)—

(A) by striking "(11)" and inserting "(11)(A)"; and

(B) by inserting after the semicolon "and"; and

(2) by redesignating paragraph (12) as subparagraph (B) of paragraph (11).

(g) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to calendar quarters beginning on or after October 1, 1999 or earlier at State's option.

SEC. 403. RIGHTS TO NOTIFICATION AND HEARINGS.

(a) IN GENERAL.—Section 454 (42 U.S.C. 654), as amended by section 402(f), is amended by inserting after paragraph (11) the following new paragraph:

"(12) establish procedures to provide that—

"(A) individuals who are applying for or receiving services under this part, or are parties to cases in which services are being provided under this part—

"(i) receive notice of all proceedings in which support obligations might be established or modified; and

"(ii) receive a copy of any order establishing or modifying a child support obligation, or (in the case of a petition for modification) a notice of determination that there should be no change in the amount of the child support award, within 14 days after issuance of such order or determination;

"(B) individuals applying for or receiving services under this part have access to a fair hearing or other formal complaint procedure that meets standards established by the Secretary and ensures prompt consideration and resolution of complaints (but the resort to such procedure shall not stay the enforcement of any support order); and

"(C) the State may not provide to any noncustodial parent of a child representation relating to the establishment or modification of an order for the payment of child support with respect to that child, unless the State makes provision for such representation outside the State agency;".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1997.

SEC. 404. PRIVACY SAFEGUARDS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 454) is amended—

(1) by striking "and" at the end of paragraph (23);

(2) by striking the period at the end of paragraph (24) and inserting "; and"; and

(3) by adding after paragraph (24) the following:

"(25) provide that the State will have in effect safeguards applicable to all sensitive and confidential information handled by the State agency designed to protect the privacy rights of the parties, including—

"(A) safeguards against unauthorized use or disclosure of information relating to proceedings or actions to establish paternity, or to establish or enforce support;

"(B) prohibitions on the release of information on the whereabouts of 1 party to another party against whom a protective order with respect to the former party has been entered; and

"(C) prohibitions on the release of information on the whereabouts of 1 party to another party if the State has reason to believe that the release of the information may result in physical or emotional harm to the former party.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1997.

SEC. 405. COOPERATION REQUIREMENTS AND GOOD CAUSE EXCEPTIONS.

(a) CHILD SUPPORT ENFORCEMENT REQUIREMENTS.—Section 454, as amended by section 405, is amended—

(1) by striking "and" at the end of paragraph (24);

(2) by striking the period at the end of paragraph (25) and inserting "; and"; and

(3) by adding at the end the following new paragraph:

"(26) provide that the State agency administering the plan under this part—

"(A) will make the determination specified under paragraph (4), as to whether an individual is cooperating with efforts to establish paternity and secure support (or has good cause not to cooperate with such efforts) for purposes of the requirements of part A of this title and section 1912;

"(B) will advise individuals, both orally and in writing, of the grounds for good cause exceptions to the requirement to cooperate with such efforts;

"(C) will take the best interests of the child into consideration in making the determination whether such individual has good cause not to cooperate with such efforts;

"(D)(i) will make the initial determination as to whether an individual is cooperating (or has good cause not to cooperate) within 10 days after such individual is referred to such State agency by the State agency administering the program under part A or section 1912;

"(ii) will make redeterminations as to cooperation or good cause at appropriate intervals; and

"(iii) will promptly notify the individual, and the State agencies administering such programs, of each such determination and redetermination;

"(E) with respect to any child born on or after the date 10 months after the enactment of this provision, will not determine (or redetermine) the mother (or other custodial relative) of such child to be cooperating with efforts to establish paternity unless such individual furnishes—

"(i) the name of the putative father (or fathers); and

"(ii) sufficient additional information to enable the State agency, if reasonable efforts were made, to verify the identity of the person named as the putative father (including such information as the putative father's present address, telephone number, date of birth, past or present place of employment, school previously or currently attended, and names and addresses of parents, friends, or relatives able to provide location information, or other information that could enable service of process on such person), and

"(F)(i) (where a custodial parent who was initially determined not to be cooperating (or to have good cause not to cooperate) is later determined to be cooperating or to have good cause not to cooperate) will immediately notify the State agencies administering the programs under part A or section 1912 that this eligibility condition has been met; and

"(ii) (where a custodial parent was initially determined to be cooperating (or to have good cause not to cooperate) will not later determine such individual not to be cooperating (or not to have good cause not to cooperate)) until such individual has been afforded an opportunity for a hearing.".

(b) MEDICAID AMENDMENTS.—Section 1912(a) is amended—

(1) in paragraph (1)(B), by inserting "(except as provided in paragraph (2))" after "to cooperate with the State";

(2) in subparagraphs (B) and (C) of paragraph (1) by striking ", unless" and all that follows and inserting a semicolon; and

(3) by redesignating paragraph (2) as paragraph (5), and inserting after paragraph (1) the following new paragraphs:

"(2) provide that the State agency will immediately refer each applicant or recipient requiring paternity establishment services to the State agency administering the program under part D of title IV:

"(3) provide that an individual will not be required to cooperate with the State, as provided under paragraph (1), if the individual is found to have good cause for refusing to cooperate, as determined in accordance with standards prescribed by the Secretary, which standards shall take into consideration the best interests of the individuals involved—

"(A) to the satisfaction of the State agency administering the program under part D, as determined in accordance with section 454(26), with respect to the requirements to cooperate with efforts to establish paternity and to obtain support (including medical support) from a parent; and

"(B) to the satisfaction of the State agency administering the program under this title, with respect to other requirements to cooperate under paragraph (1);

"(4) provide that (except as provided in paragraph (5)) an applicant requiring paternity establishment services other than an individual who is presumptively eligible pursuant to section 1920) shall not be eligible for medical assistance under this title until such applicant—

"(A) has furnished to the agency administering the State plan under part D of title IV the information specified in section 454(26)(E); or

"(B) has been determined by such agency to have good cause not to cooperate; and

"(5) provide that the provisions of paragraph (4) shall not apply with respect to an applicant—

"(A) if such agency has not, within 10 days after such individual was referred to such agency, provided the notification required by section 454(26)(D)(iii), until such notification is received; and

"(B) if such individual appeals a determination that the individual lacks good cause for noncooperation, until after such determination is affirmed after notice and opportunity for a hearing.".

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to applications filed in or after the first calendar quarter beginning 10 months or more after the date of the enactment of this amendment (or such earlier quarter as the State may select) for transitional aid under part A of title IV of the Social Security Act or for medical assistance under title XIX of such Act.

PART II—PROGRAM ADMINISTRATION AND FUNDING

SEC. 411. FEDERAL MATCHING PAYMENTS.

(a) INCREASED BASE MATCHING RATE.—Section 455(a)(2) (42 U.S.C. 655(a)(2)) is amended to read as follows:

"(2) The applicable percent for a quarter for purposes of paragraph (1)(A) is—

"(A) for fiscal year 1997, 69 percent,

"(B) for fiscal year 1998, 72 percent, and

"(C) for fiscal year 1999 and succeeding fiscal years, 75 percent.".

(b) MAINTENANCE OF EFFORT.—Section 455 (42 U.S.C. 655) is amended—

(1) in subsection (a)(1), in the matter preceding subparagraph (A), by striking "From" and inserting "Subject to subsection (c), from"; and

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

"(c) Notwithstanding the provisions of subsection (a), total expenditures for the State program under this part for fiscal year 1997 and each succeeding fiscal year (excluding 1-time capital expenditures for automation), reduced by the percentage specified for such fiscal year under subsection (a)(2) shall not be less than such total expenditures for fiscal year 1996, reduced by 66 percent.".

SEC. 412. PERFORMANCE-BASED INCENTIVES AND PENALTIES.

(a) INCENTIVE ADJUSTMENTS TO FEDERAL MATCHING RATE.—Section 458 (42 U.S.C. 658) is amended to read as follows:

"INCENTIVE ADJUSTMENTS TO MATCHING RATE

"SEC. 458. (a) INCENTIVE ADJUSTMENT.—

"(1) IN GENERAL.—In order to encourage and reward State child support enforcement programs which perform in an effective manner, the Federal matching rate for payments to a State under section 455(a)(1)(A), for each fiscal year beginning on or after October 1, 1998, shall be increased by a factor reflecting the sum of the applicable incentive adjustments (if any) determined in accordance with regulations under this section with respect to Statewide paternity establishment and to overall performance in child support enforcement.

"(2) STANDARDS.—

"(A) IN GENERAL.—The Secretary shall specify in regulations—

"(i) the levels of accomplishment, and rates of improvement as alternatives to such levels, which States must attain to qualify for incentive adjustments under this section; and

"(ii) the amounts of incentive adjustment that shall be awarded to States achieving specified accomplishment or improvement levels, which amounts shall be graduated, ranging up to—

"(I) 5 percentage points, in connection with Statewide paternity establishment; and

"(II) 10 percentage points, in connection with overall performance in child support enforcement.

"(B) LIMITATION.—In setting performance standards pursuant to subparagraph (A)(i) and adjustment amounts pursuant to subparagraph (A)(ii), the Secretary shall ensure that the aggregate number of percentage point increases as incentive adjustments to all States do not exceed such aggregate increases as assumed by the Secretary in estimates of the cost of this section as of June 1995, unless the aggregate performance of all States exceeds the projected aggregate performance of all States in such cost estimates.

"(3) DETERMINATION OF INCENTIVE ADJUSTMENT.—The Secretary shall determine the amount (if any) of incentive adjustment due each State on the basis of the data submitted by the State pursuant to section 454(15)(B) concerning the levels of accomplishment (and rates of improvement) with respect to performance indicators specified by the Secretary pursuant to this section.

"(4) FISCAL YEAR SUBJECT TO INCENTIVE ADJUSTMENT.—The total percentage point increase determined pursuant to this section with respect to a State program in a fiscal year shall apply as an adjustment to the applicable percent under section 455(a)(2) for payments to such State for the succeeding fiscal year.

"(5) RECYCLING OF INCENTIVE ADJUSTMENT.—A State shall expend in the State program under this part all funds paid to the State by the Federal Government as a result of an incentive adjustment under this section.

"(b) MEANING OF TERMS.—

"(1) STATEWIDE PATERNITY ESTABLISHMENT PERCENTAGE.—

"(A) IN GENERAL.—For purposes of this section, the term 'Statewide paternity establishment percentage' means, with respect to a fiscal year, the ratio (expressed as a percentage) of—

"(i) the total number of out-of-wedlock children in the State under 1 year of age for whom paternity is established or acknowledged during the fiscal year, to

"(ii) the total number of children requiring paternity establishment born in the State during such fiscal year.

"(B) ALTERNATIVE MEASUREMENT.—The Secretary shall develop an alternate method of measurement for the Statewide paternity establishment percentage for any State that does not record the out-of-wedlock status of children on birth certificates.

"(2) OVERALL PERFORMANCE IN CHILD SUPPORT ENFORCEMENT.—The term 'overall performance in child support enforcement' means a measure or measures of the effectiveness of the State agency in a fiscal year which takes into account factors including—

"(A) the percentage of cases requiring a child support order in which such an order was established;

"(B) the percentage of cases in which child support is being paid;

"(C) the ratio of child support collected to child support due; and

"(D) the cost-effectiveness of the State program, as determined in accordance with standards established by the Secretary in regulations.".

(b) ADJUSTMENT OF PAYMENTS UNDER PART D OF TITLE IV.—Section 455(a)(2) (42 U.S.C. 655(a)(2)), as amended by section 411(a), is amended—

(1) by striking the period at the end of subparagraph (C) and inserting a comma; and

(2) by adding after and below subparagraph (C), flush with the left margin of the paragraph, the following:

"increased by the incentive adjustment factor (if any) determined by the Secretary pursuant to section 458.".

(c) CONFORMING AMENDMENTS.—Section 454(22) (42 U.S.C. 654(22)) is amended—

(1) by striking "incentive payments" the first place it appears and inserting "incentive adjustments"; and

(2) by striking "any such incentive payments made to the State for such period" and inserting "any increases in Federal payments to the State resulting from such incentive adjustments".

(d) CALCULATION OF IV-D PATERNITY ESTABLISHMENT PERCENTAGE.—

(1) OVERALL PERFORMANCE.—Section 452(g)(1) (42 U.S.C. 652(g)(1)) is amended in the matter preceding subparagraph (A) by inserting "its overall performance in child support enforcement is satisfactory (as defined in section 458(b) and regulations of the Secretary), and" after "1994,".

(2) DEFINITION.—Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended, in the matter preceding clause (i)—

(A) by striking "paternity establishment percentage" and inserting "IV-D paternity establishment percentage"; and

(B) by striking "(or all States, as the case may be)".

(3) MODIFICATION OF REQUIREMENTS.—Section 452(g)(3) (42 U.S.C. 652(g)(3)) is amended—

(A) by striking subparagraph (A) and redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively;

(B) in subparagraph (A), as redesignated, by striking "the percentage of children born out-of-wedlock in the State" and inserting "the percentage of children in the State who are born out of wedlock or for whom support has not been established"; and

(C) in subparagraph (B), as redesignated—

(i) by inserting "and overall performance in child support enforcement" after "paternity establishment percentages"; and

(ii) by inserting "and securing support" before the period.

(e) REDUCTION OF PAYMENTS UNDER PART D OF TITLE IV.—

(1) NEW REQUIREMENTS.—Section 455 (42 U.S.C. 655) is amended—

(A) by redesignating subsection (e) as subsection (f); and

(B) by inserting after subsection (d) the following new subsection:

"(e)(1) Notwithstanding any other provision of law, if the Secretary finds, with respect to a State program under this part in a fiscal year beginning on or after October 1, 1997—

"(A)(i) on the basis of data submitted by a State pursuant to section 454(15)(B), that the State program in such fiscal year failed to achieve the IV-D paternity establishment percentage (as defined in section 452(g)(2)(A)) or the appropriate level of overall performance in child support enforcement (as defined in section 458(b)(2)), or to meet other performance measures that may be established by the Secretary, or

"(ii) on the basis of an audit or audits of such State data conducted pursuant to section 452(a)(4)(C), that the State data submitted pursuant to section 454(15)(B) is incomplete or unreliable; and

"(B) that, with respect to the succeeding fiscal year—

"(i) the State failed to take sufficient corrective action to achieve the appropriate performance levels as described in subparagraph (A)(i) of this paragraph, or

"(ii) the data submitted by the State pursuant to section 454(15)(B) is incomplete or unreliable,

the amounts otherwise payable to the State under this part for quarters following the end of such succeeding fiscal year, prior to quarters following the end of the first quarter throughout which the State program is in compliance with such performance requirement, shall be reduced by the percentage specified in paragraph (2).

"(2) The reductions required under paragraph (1) shall be—

"(A) not less than 3 nor more than 5 percent, or

"(B) not less than 5 nor more than 7 percent, if the finding is the second consecutive finding made pursuant to paragraph (1), or

"(C) not less than 7 nor more than 10 percent, if the finding is the third or a subsequent consecutive such finding.

"(3) For purposes of this subsection, section 402(a)(9), and section 452(a)(4), a State which is determined as a result of an audit to have submitted incomplete or unreliable data pursuant to section 454(15)(B), shall be determined to have submitted adequate data if the Secretary determines that the extent of the incompleteness or unreliability of the data is of a technical nature which does not adversely affect the determination of the level of the State's performance.".

(2) CONFORMING AMENDMENTS.—Subsections (d)(3)(A), (g)(1), and (g)(3)(A) of section 452 (42 U.S.C. 652) are each amended by striking "403(h)" and inserting "455(e)".

(f) EFFECTIVE DATES.—

(1) INCENTIVE ADJUSTMENTS.—

(A) IN GENERAL.—The amendments made by subsections (a), (b), and (c) shall become effective on October 1, 1997, except to the extent provided in subparagraph (B).

(B) EXCEPTION.—Section 458 of the Social Security Act, as in effect prior to the enactment of this section, shall be effective for purposes of incentive payments to States for fiscal years prior to fiscal year 1999.

(2) PENALTY REDUCTIONS.—

(A) IN GENERAL.—The amendments made by subsection (d) shall become effective with respect to calendar quarters beginning on and after the date of the enactment of this Act.

(B) REDUCTIONS.—The amendments made by subsection (e) shall become effective with respect to calendar quarters beginning on and after the date 1 which is year after the date of the enactment of this Act.

SEC. 413. FEDERAL AND STATE REVIEWS AND AUDITS.

(a) STATE AGENCY ACTIVITIES.—Section 454 (42 U.S.C. 654) is amended—

(1) in paragraph (14)—

(A) by striking "(14)" and inserting "(14)(A)"; and

(B) by inserting after the semicolon "and";

(2) by redesignating paragraph (15) as subparagraph (B) of paragraph (14); and

(3) by inserting after paragraph (14) the following new paragraph:

"(15) provide for—

"(A) a process for annual reviews of and reports to the Secretary on the State program under this part—

"(i) which shall include such information as may be necessary to measure State compliance with Federal requirements for expedited procedures and timely case processing, using such standards and procedures as are required by the Secretary; and

"(ii) under which the State agency will determine the extent to which such program is in conformity with applicable requirements with respect to the operation of State programs under this part (including the status of complaints filed under the procedure required under paragraph (12)(B)); and

"(B) a process of extracting from the State automated data processing system and transmitting to the Secretary data and calculations concerning the levels of accomplishment (and rates of improvement) with respect to applicable performance indicators (including IV-D paternity establishment percentages and overall performance in child support enforcement) to the extent necessary for purposes of sections 452(g) and 458.".

(b) FEDERAL ACTIVITIES.—Section 452(a)(4) (42 U.S.C. 652(a)(4)) is amended to read as follows:

"(4)(A) review data and calculations transmitted by State agencies pursuant to section 454(15)(B) on State program accomplishments with respect to performance indicators for purposes of section 452(g) and 458, and determine the amount (if any) of penalty reductions pursuant to section 455(e) to be applied to the State;

"(B) review annual reports by State agencies pursuant to section 454(15)(A) on State program conformity with Federal requirements; evaluate any elements of a State program in which significant deficiencies are indicated by such report on the status of complaints under the State procedure under section 454(12)(B); and, as appropriate, provide to the State agency comments, recommendations for additional or alternative corrective actions, and technical assistance; and

"(C) conduct audits, in accordance with the government auditing standards of the United States Comptroller General—

"(i) at least once every 3 years (or more frequently, in the case of a State which fails to meet requirements of this part, or of regulations implementing such requirements, concerning performance standards and reliability of program data) to assess the completeness, reliability, and security of the data, and the accuracy of the reporting systems, used for the calculations of performance indicators specified in subsection (g) and section 458;

"(ii) of the adequacy of financial management of the State program, including assessments of—

"(I) whether Federal and other funds made available to carry out the State program under this part are being appropriately expended, and are properly and fully accounted for; and

"(II) whether collections and disbursements of support payments and program income are carried out correctly and are properly and fully accounted for; and

"(iii) for such other purposes as the Secretary may find necessary;".

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to calendar quarters beginning on or after the date which is 1 year after the enactment of this section.

SEC. 414. REQUIRED REPORTING PROCEDURES.

(a) ESTABLISHMENT.—Section 452(a)(5) (42 U.S.C. 652(a)(5)) is amended by inserting ", and establish procedures to be followed by States for collecting and reporting information required to be provided under this part, and establish uniform definitions (including those necessary to enable the measurement of State compliance with the requirements of this part relating to expedited processes and timely case processing) to be applied in following such procedures" before the semicolon.

(b) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 404(a) and 405, is amended—

(1) by striking "and" at the end of paragraph (25);

(2) by striking the period at the end of paragraph (26) and inserting "; and"; and

(3) by adding after paragraph (26) the following:

"(27) provide that the State shall use the definitions established under section 452(a)(5) in collecting and reporting information as required under this part.".

SEC. 415. AUTOMATED DATA PROCESSING REQUIREMENTS.

(a) REVISED REQUIREMENTS.—

(1) STATE PLAN.—Section 454(16) (42 U.S.C. 654(16)) is amended—

(A) by striking ", at the option of the State,";

(B) by inserting "and operation by the State agency" after "for the establishment";

(C) by inserting "meeting the requirements of section 454A" after "information retrieval system";

(D) by striking "in the State and localities thereof, so as (A)" and inserting "so as";

(E) by striking "(i)"; and

(F) by striking "(including, but not limited to," and all that follows and to the semicolon.

(2) AUTOMATED DATA PROCESSING.—Part D of title IV (42 U.S.C. 651-669) is amended by inserting after section 454 the following new section:

"AUTOMATED DATA PROCESSING

"SEC. 454A. (a) IN GENERAL.—In order to meet the requirements of this section, for purposes of the requirement of section 454(16), a State agency shall have in operation a single statewide automated data processing and information retrieval system which has the capability to perform the tasks specified in this section, and performs such tasks with the frequency and in the manner specified in this part or in regulations or guidelines of the Secretary.

"(b) PROGRAM MANAGEMENT.—The automated system required under this section shall perform such functions as the Secretary may specify relating to management of the program under this part, including—

"(1) controlling and accounting for use of Federal, State, and local funds to carry out such program; and

"(2) maintaining the data necessary to meet Federal reporting requirements on a timely basis.

"(c) CALCULATION OF PERFORMANCE INDICATORS.—In order to enable the Secretary to determine the incentive and penalty adjustments required by sections 452(g) and 458, the State agency shall—

"(1) use the automated system—

"(A) to maintain the requisite data on State performance with respect to paternity establishment and child support enforcement in the State; and

"(B) to calculate the IV-D paternity establishment percentage and overall performance in child support enforcement for the State for each fiscal year; and

"(2) have in place systems controls to ensure the completeness, and reliability of, and ready access to, the data described in paragraph (1)(A), and the accuracy of the calculations described in paragraph (1)(B).

"(d) INFORMATION INTEGRITY AND SECURITY.—The State agency shall have in effect safeguards on the integrity, accuracy, and completeness of, access to, and use of data in the automated system required under this section, which shall include the following (in addition to such other safeguards as the Secretary specifies in regulations):

"(1) POLICIES RESTRICTING ACCESS.—Written policies concerning access to data by State agency personnel, and sharing of data with other persons, which—

"(A) permit access to and use of data only to the extent necessary to carry out program responsibilities;

"(B) specify the data which may be used for particular program purposes, and the personnel permitted access to such data; and

"(C) ensure that data obtained or disclosed for a limited program purpose is not used or redisclosed for another, impermissible purpose.

"(2) SYSTEMS CONTROLS.—Systems controls (such as passwords or blocking of fields) to ensure strict adherence to the policies specified under paragraph (1).

"(3) MONITORING OF ACCESS.—Routine monitoring of access to and use of the automated system, through methods such as audit trails and feedback mechanisms, to guard against and promptly identify unauthorized access or use.

"(4) TRAINING AND INFORMATION.—The State agency shall have in effect procedures to ensure that all personnel (including State and local agency staff and contractors) who may have access to or be required to use sensitive or confidential program data are fully informed of applicable requirements and penalties, and are adequately trained in security procedures.

"(5) PENALTIES.—The State agency shall have in effect administrative penalties (up to and including dismissal from employment) for unauthorized access to, or disclosure or use of, confidential data.".

(3) REGULATIONS.—Section 452 (42 U.S.C. 652) is amended by adding at the end the following new subsection:

"(j) The Secretary shall prescribe final regulations for implementation of the requirements of section 454A not later than 2 years after the date of the enactment of this subsection.".

(4) IMPLEMENTATION TIMETABLE.—Section 454(24) (42 U.S.C. 654(24)), as amended by sections 404(a)(2) and 414(b)(1), is amended to read as follows:

"(24) provide that the State will have in effect an automated data processing and information retrieval system—

"(A) by October 1, 1996, meeting all requirements of this part which were enacted on or before the date of the enactment of the Family Support Act of 1988; and

"(B) by October 1, 1999, meeting all requirements of this part enacted on or before the date of the enactment of the Interstate Child Support Responsibility Act of 1995 (but this provision shall not be construed to alter earlier deadlines specified for elements of such system), except that such deadline shall be extended by 1 day for each day (if any) by which the Secretary fails to meet the deadline imposed by section 452(j);".

(b) SPECIAL FEDERAL MATCHING RATE FOR DEVELOPMENT COSTS OF AUTOMATED SYSTEMS.—Section 455(a) (42 U.S.C. 655(a)) is amended—

(1) in paragraph (1)(B)—

(A) by striking "90 percent" and inserting "the percent specified in paragraph (3)";

(B) by striking "so much of"; and

(C) by striking "which the Secretary" and all that follows through "thereof"; and

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

"(3)(A) The Secretary shall pay to each State, for each quarter in fiscal year 1996, 90 percent of so much of State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements specified in section 454(16), or meeting such requirements without regard to subparagraph (D) thereof.

"(B)(i) The Secretary shall pay to each State, for each quarter in fiscal years 1997 through 2001, the percentage specified in clause (ii) of so much of State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements specified in section 454(16) and 454A.

"(ii) The percentage specified in this clause, for purposes of clause (i), is the higher of—

"(I) 80 percent, or

"(II) the percentage otherwise applicable to Federal payments to the State under paragraph (1)(A) (as adjusted pursuant to section 458).".

(c) CONFORMING AMENDMENT.—Section 123(c) of the Family Support Act of 1988 (102 Stat. 2352; Public Law 100-485) is repealed.

SEC. 416. DIRECTOR OF CHILD SUPPORT ENFORCEMENT PROGRAM; STAFFING STUDY.

(a) REPORTING TO SECRETARY.—Section 452(a) (42 U.S.C. 652(a)) is amended in the matter preceding paragraph (1) by striking "directly".

(b) STAFFING STUDIES.—

(1) SCOPE.—The Secretary of Health and Human Services (in this subsection referred to as the "Secretary") shall, directly or by contract, conduct studies of the staffing of each State child support enforcement program under part D of title IV of the Social Security Act. Such studies shall—

(A) include a review of the staffing needs created by requirements for automated data processing, maintenance of a central case registry and centralized collections of child support, and of changes in these needs resulting from changes in such requirements; and

(B) examine and report on effective staffing practices used by the States and on recommended staffing procedures.

(2) FREQUENCY OF STUDIES.—The Secretary shall complete the first staffing study required under paragraph (1) not later than October 1, 1998, and may conduct additional studies subsequently at appropriate intervals.

(3) REPORT TO THE CONGRESS.—The Secretary shall submit a report to the Congress stating the findings and conclusions of each study conducted under this subsection.

SEC. 417. FUNDING FOR SECRETARIAL ASSISTANCE TO STATE PROGRAMS.

Section 452 (42 U.S.C. 652), as amended by section 415(a)(3), is amended by adding at the end the following new subsection:

"(k)(1) There shall be available to the Secretary, from amounts appropriated for fiscal year 1996 and each succeeding fiscal year for payments to States under this part, the amount specified in paragraph (2) for the costs to the Secretary for—

"(A) information dissemination and technical assistance to States, training of State and Federal staff, staffing studies, and related activities needed to improve programs (including technical assistance concerning State automated systems);

"(B) research, demonstration, and special projects of regional or national significance relating to the operation of State programs under this part; and

"(C) operation of the Federal Parent Locator Service under section 453, to the extent such costs are not recovered through user fees.

"(2) The amount specified in this paragraph for a fiscal year is the amount equal to a percentage of the reduction in Federal payments to States under part A on account of child support (including arrearages) collected in the preceding fiscal year on behalf of children receiving aid under such part A in such preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the third calendar quarter following the end of such preceding fiscal year), equal to 2 percent, for the activities specified in subparagraphs (A), (B), and (C) of paragraph (1).".

SEC. 418. DATA COLLECTION AND REPORTS BY THE SECRETARY.

(a) ANNUAL REPORT TO CONGRESS.—

(1) IN GENERAL.—Section 452(a)(10)(A) (42 U.S.C. 652(a)(10)(A)) is amended—

(A) by striking "this part;" and inserting "this part, including—"; and

(B) by adding at the end the following indented clauses:

"(i) the total amount of child support payments collected as a result of services furnished during such fiscal year to individuals receiving services under this part;

"(ii) the cost to the States and to the Federal Government of furnishing such services to those individuals; and

"(iii) the number of cases involving families—

"(I) who became ineligible for aid under part A during a month in such fiscal year; and

"(II) with respect to whom a child support payment was received in the same month;".

(2) CERTAIN DATA.—Section 452(a)(10)(C) (42 U.S.C. 652(a)(10)(C)) is amended—

(A) in the matter preceding clause (i), by striking "with the data required under each clause being separately stated for cases" and all that follows through "part;" and inserting "separately stated for cases where the child is receiving aid to families with dependent children (or foster care maintenance payments under part E), or formerly received such aid or payments and the State is continuing to collect support assigned to it under section 402(a)(9), 471(a)(17), or 1912, and all other cases under this part—";

(B) in each of clauses (i) and (ii), by striking ", and the total amount of such obligations";

(C) in clause (iii), by striking "described in" and all that follows through the semicolon and inserting "in which support was collected during the fiscal year;";

(D) by striking clause (iv); and

(E) by redesignating clause (v) as clause (vii), and inserting after clause (iii) the following new clauses:

"(iv) the total amount of support collected during such fiscal year and distributed as current support;

"(v) the total amount of support collected during such fiscal year and distributed as arrearages;

"(vi) the total amount of support due and unpaid for all fiscal years; and".

(3) USE OF FEDERAL COURTS.—Section 452(a)(10)(G) (42 U.S.C. 652(a)(10)(G)) is amended by striking "on the use of Federal courts and".

(4) ADDITIONAL INFORMATION NOT NECESSARY.—Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended by striking all that follows subparagraph (I).

(b) DATA COLLECTION AND REPORTING.—Section 469 (42 U.S.C. 669) is amended—

(1) by striking subsections (a) and (b) and inserting the following:

"(a) The Secretary shall collect and maintain, on a fiscal year basis, up-to-date statistics, by State, with respect to services to establish paternity and services to establish child support obligations, the data specified in subsection (b), separately stated, in the case of each such service, with respect to—

"(1) families (or dependent children) receiving aid under plans approved under part A (or E); and

"(2) families not receiving such aid.

"(b) The data referred to in subsection (a) are—

"(1) the number of cases in the caseload of the State agency administering the plan under this part in which such service is needed; and

"(2) the number of such cases in which the service has been provided."; and

(2) in subsection (c), by striking "(a)(2)" and inserting "(b)(2)".

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to fiscal year 1996 and succeeding fiscal years.

PART III—LOCATE AND CASE TRACKING

SEC. 421. CENTRAL STATE AND CASE REGISTRY.

Section 454A, as added by section 415(a)(2), is amended by adding at the end the following new subsections:

"(e) CENTRAL CASE REGISTRY.—

"(1) IN GENERAL.—The automated system required under this section shall perform the functions, in accordance with the provisions of this subsection, of a single central registry containing records with respect to each case in which services are being provided by the State agency (including, on and after October 1, 1998, each order specified in section 466(a)(12)), using such standardized data elements (such as names, social security numbers or other uniform identification numbers, dates of birth, and case identification numbers), and containing such other information (such as information on case status) as the Secretary may require.

"(2) PAYMENT RECORDS.—Each case record in the central registry shall include a record of—

"(A) the amount of monthly (or other periodic) support owed under the support order, and other amounts due or overdue (including arrearages, interest or late payment penalties, and fees);

"(B) all child support and related amounts collected (including such amounts as fees, late payment penalties, and interest on arrearages);

"(C) the distribution of such amounts collected; and

"(D) the birth date of the child for whom the child support order is entered.

"(3) UPDATING AND MONITORING.—The State agency shall promptly establish and maintain, and regularly monitor, case records in the registry required by this subsection, on the basis of—

"(A) information on administrative actions and administrative and judicial proceedings and orders relating to paternity and support;

"(B) information obtained from matches with Federal, State, or local data sources;

"(C) information on support collections and distributions; and

"(D) any other relevant information.

"(f) DATA MATCHES AND OTHER DISCLOSURES OF INFORMATION.—The automated system required under this section shall have the capacity, and be used by the State agency, to extract data at such times, and in such standardized format or formats, as may be required by the Secretary, and to share and match data with, and receive data from, other data bases and data matching services, in order to obtain (or provide) information necessary to enable the State agency (or Secretary or other State or Federal agencies) to carry out responsibilities under this part. Data matching activities of the State agency shall include at least the following:

"(1) DATA BANK OF CHILD SUPPORT ORDERS.—Furnishing to the Data Bank of Child Support Orders established under section 453(h) (and updating as necessary, with information, including notice of expiration of orders) minimal information specified by the Secretary on each child support case in the central case registry.

"(2) FEDERAL PARENT LOCATOR SERVICE.—Exchanging data with the Federal Parent Locator Service for the purposes specified in section 453.

"(3) TITLE IV-A AND MEDICAID AGENCIES.—Exchanging data with State agencies (of the State and of other States) administering the programs under part A and title XIX, as necessary for the performance of State agency responsibilities under this part and under such programs.

"(4) INTRA- AND INTERSTATE DATA MATCHES.—Exchanging data with other agencies of the State, agencies of other States, and interstate information networks, as necessary and appropriate to carry out (or assist other States to carry out) the purposes of this part.".

SEC. 422. CENTRALIZED COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 404(a), 405, and 414(b), is amended—

(1) by striking "and" at the end of paragraph (26);

(2) by striking the period at the end of paragraph (27) and inserting "; and"; and

(3) by adding after paragraph (27) the following new paragraph:

"(28) provide that the State agency, on and after October 1, 1998—

"(A) will operate a centralized, automated unit for the collection and disbursement of child support under orders being enforced under this part, in accordance with section 454B; and

"(B) will have sufficient State staff (consisting of State employees), and, at State option, contractors reporting directly to the State agency to monitor and enforce support collections through such centralized unit, including carrying out the automated data processing responsibilities specified in section 454A(g) and to impose, as appropriate in particular cases, the administrative enforcement remedies specified in section 466(c)(1).".

(b) ESTABLISHMENT OF CENTRALIZED COLLECTION UNIT.—Part D of title IV (42 U.S.C. 651-669) is amended by adding after section 454A the following new section:

"CENTRALIZED COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS

"SEC. 454B. (a) IN GENERAL.—In order to meet the requirement of section 454(28), the State agency must operate a single, centralized, automated unit for the collection and disbursement of support payments, coordinated with the automated data system required under section 454A, in accordance with the provisions of this section, which shall be—

"(1) operated directly by the State agency (or by 2 or more State agencies under a regional cooperative agreement), or by a single contractor responsible directly to the State agency; and

"(2) used for the collection and disbursement (including interstate collection and disbursement) of payments under support orders in all cases being enforced by the State pursuant to section 454(4).

"(b) REQUIRED PROCEDURES.—The centralized collections unit shall use automated procedures, electronic processes, and computer-driven technology to the maximum extent feasible, efficient, and economical, for the collection and disbursement of support payments, including procedures—

"(1) for receipt of payments from parents, employers, and other States, and for disbursements to custodial parents and other obligees, the State agency, and the State agencies of other States;

"(2) for accurate identification of payments;

"(3) to ensure prompt disbursement of the custodial parent's share of any payment; and

"(4) to furnish to either parent, upon request, timely information on the current status of support payments.".

(c) USE OF AUTOMATED SYSTEM.—Section 454A, as added by section 415(a)(2) and as amended by section 421, is amended by adding at the end the following new subsection:

"(g) CENTRALIZED COLLECTION AND DISTRIBUTION OF SUPPORT PAYMENTS.—The automated system required under this section shall be used, to the maximum extent feasible, to assist and facilitate collections and disbursement of support payments through the centralized collections unit operated pursuant to section 454B, through the performance of functions including at a minimum—

"(1) generation of orders and notices to employers (and other debtors) for the withholding of wages (and other income)—

"(A) within 2 working days after receipt (from the directory of New Hires established under section 453(i) or any other source) of notice of and the income source subject to such withholding; and

"(B) using uniform formats directed by the Secretary;

"(2) ongoing monitoring to promptly identify failures to make timely payment; and

"(3) automatic use of enforcement mechanisms (including mechanisms authorized pursuant to section 466(c)) where payments are not timely made.".

(d) EFFECTIVE DATE.—The amendments made by this section shall become effective on October 1, 1998.

SEC. 423. STATE DIRECTORY OF NEW HIRES.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 404(a), 405, 414(b), and 422(a)(2) of this Act, is amended—

(1) by striking "and" at the end of paragraph (27);

(2) by striking the period at the end of paragraph (28) and inserting "; and"; and

(3) by adding after paragraph (28) the following:

"(28) provide that, on and after October 1, 1998, the State will operate a State Directory of New Hires in accordance with section 453A.".

(b) STATE DIRECTORY OF NEW HIRES.—Part D of title IV (42 U.S.C. 651-669) is amended by inserting after section 453 the following:

"SEC. 453A. STATE DIRECTORY OF NEW HIRES.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—Not later than October 1, 1998, each State shall establish an automated directory (to be known as the 'State Directory of New Hires') which shall contain information supplied in accordance with subsection (b) by employers and labor organizations on each newly hired employee.

"(2) DEFINITIONS.—As used in this section:

"(A) EMPLOYEE.—The term 'employee'—

"(i) means an individual who is an employee within the meaning of chapter 24 of the Internal Revenue Code of 1986; and

"(ii) does not include an employee of a Federal or State agency performing intelligence or counterintelligence functions, if the head of such agency has determined that reporting pursuant to paragraph (1) with respect to the employee could endanger the

safety of the employee or compromise an ongoing investigation or intelligence mission.

"(B) GOVERNMENTAL EMPLOYERS.—The term 'employer' includes any governmental entity.

"(C) LABOR ORGANIZATION.—The term 'labor organization' shall have the meaning given such term in section 2(5) of the National Labor Relations Act, and includes any entity (also known as a 'hiring hall') which is used by the organization and an employer to carry out requirements described in section 8(f)(3) of such Act of an agreement between the organization and the employer.

"(b) EMPLOYER INFORMATION.—

"(1) REPORTING REQUIREMENT.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), each employer (or labor organization) shall furnish to the Directory of New Hires of the State in which a newly hired employee works a report that contains the name, address, and social security number of the employee, and the name of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

"(B) MULTISTATE EMPLOYERS.—An employer who has employees who are employed in 2 or more States may comply with subparagraph (A) by transmitting the report described in subparagraph (A) magnetically or electronically to the State in which the greatest number of employees of the employer are employed.

"(2) TIMING OF REPORT.—The report required by paragraph (1) with respect to an employee shall be made not later than the later of—

"(A) 15 days after the date the employer hires the employee:

"(B) the date the employee first receives wages or other compensation from the employer; or

"(C) in the case of a payroll processing service or an employer that processes more than one payroll and reports by electronic or magnetic means, the first business day of the week following the date on which the employee first receives wages or other compensation from the employer.

"(c) REPORTING FORMAT AND METHOD.—Each report required by subsection (b) shall be made on a W-4 form or the equivalent, and may be transmitted by first class mail, magnetically, or electronically.

"(d) CIVIL MONEY PENALTIES ON NONCOMPLYING EMPLOYERS.—

"(1) IN GENERAL.—An employer that fails to comply with subsection (b) with respect to an employee shall be subject to a civil money penalty of—

"(A) $25; or

"(B) $500 if, under State law, the failure is the result of a conspiracy between the employer and the employee to not supply the required report or to supply a false or incomplete report.

"(2) APPLICABILITY OF SECTION 1128.—Section 1128 (other than subsections (a) and (b) of such section) shall apply to a civil money penalty under paragraph (1) of this subsection in the same manner as such section applies to a civil money penalty or proceeding under section 1128A(a).

"(e) INFORMATION COMPARISONS.—

"(1) IN GENERAL.—Not later than October 1, 1998, an agency designated by the State shall, directly or by contract, conduct automated comparisons of the social security numbers reported by employers pursuant to subsection (b) and the social security numbers appearing in the records of the State case registry for cases being enforced under the State plan.

"(2) NOTICE OF MATCH.—When an information comparison conducted under paragraph (1) reveals a match with respect to the social security number of an individual required to provide support under a support order, the State Directory of New Hires shall provide the agency administering the State plan approved under this part of the appropriate State with the name, address, and social security number of the employee to whom the social security number is assigned, and the name of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

"(f) TRANSMISSION OF INFORMATION.—

"(1) TRANSMISSION OF WAGE WITHHOLDING NOTICES TO EMPLOYERS.—Within 2 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State agency enforcing the employee's child support obligation shall transmit a notice to the employer of the employee directing the employer to withhold from the wages of the employee an amount equal to the monthly (or other periodic) child support obligation of the employee, unless the employee's wages are not subject to withholding pursuant to section 466(b)(3).

"(2) TRANSMISSIONS TO THE NATIONAL DIRECTORY OF NEW HIRES.—

"(A) NEW HIRE INFORMATION.—Within 4 business days after the State Directory of New Hires receives information from employers pursuant to this section, the State Directory of New Hires shall furnish the information to the National Directory of New Hires.

"(B) WAGE AND UNEMPLOYMENT COMPENSATION INFORMATION.—The State Directory of New Hires shall, on a quarterly basis, furnish to the National Directory of New Hires extracts of the reports required under section 303(a)(6) to be made to the Secretary of Labor concerning the wages and unemployment compensation paid to individuals, by such dates, in such format, and containing such information as the Secretary of Health and Human Services shall specify in regulations.

"(3) BUSINESS DAY DEFINED.—As used in this subsection, the term 'business day' means a day on which State offices are open for regular business.

"(g) OTHER USES OF NEW HIRE INFORMATION.—

"(1) LOCATION OF CHILD SUPPORT OBLIGORS.—The agency administering the State plan approved under this part shall use information received pursuant to subsection (e)(2) to locate individuals for purposes of establishing paternity and establishing, modifying, and enforcing child support obligations.

"(2) VERIFICATION OF ELIGIBILITY FOR CERTAIN PROGRAMS.—A State agency responsible for administering a program specified in section 1137(b) shall have access to information reported by employers pursuant to subsection (b) of this section for purposes of verifying eligibility for the program.

"(3) ADMINISTRATION OF EMPLOYMENT SECURITY AND WORKERS COMPENSATION.—State agencies operating employment security and workers' compensation programs shall have access to information reported by employers pursuant to subsection (b) for the purposes of administering such programs.".

SEC. 424. AMENDMENTS CONCERNING INCOME WITHHOLDING.

(a) MANDATORY INCOME WITHHOLDING.—

(1) FROM WAGES.—Section 466(a)(1) (42 U.S.C. 666(a)(1)) is amended to read as follows:

"(1)(A) Procedures described in subsection (b) for the withholding from income of amounts payable as support in cases subject to enforcement under the State plan.

"(B) Procedures under which all child support orders issued (or modified) before October 1, 1996, and which are not otherwise subject to withholding under subsection (b), shall become subject to withholding from wages as provided in subsection (b) if arrearages occur, without the need for a judicial or administrative hearing.".

(2) REPEAL OF CERTAIN PROVISIONS CONCERNING ARREARAGES.—Section 466(a)(8) (42 U.S.C. 666(a)(8)) is repealed.

(3) PROCEDURES DESCRIBED.—Section 466(b) (42 U.S.C. 666(b)) is amended—

(A) in the matter preceding paragraph (1), by striking "subsection (a)(1)" and inserting "subsection (a)(1)(A)";

(B) in paragraph (5), by striking "a public agency" and all that follows through the period and inserting "the State through the centralized collections unit established pursuant to section 454B, in accordance with the requirements of such section 454B.";

(C) in paragraph (6)(A)(i)—

(i) by inserting ", in accordance with timetables established by the Secretary," after "must be required"; and

(ii) by striking "to the appropriate agency" and all that follows through the period and inserting "to the State centralized collections unit within 5 working days after the date such amount would (but for this subsection) have been paid or credited to the employee, for distribution in accordance with this part.";

(D) in paragraph (6)(A)(ii), by inserting "be in a standard format prescribed by the Secretary, and" after "shall"; and

(E) in paragraph (6)(D) to read as follows:

"(D) Provision must be made for the imposition of a fine against any employer who—

"(i) discharges from employment, refuses to employ, or takes disciplinary action against any absent parent subject to wage withholding required by this subsection because of the existence of such withholding and the obligations or additional obligations which it imposes upon the employer; or

"(ii) fails to withhold support from wages, or to pay such amounts to the State centralized collections unit in accordance with this subsection.".

(b) CONFORMING AMENDMENT.—Section 466(c) (42 U.S.C. 666(c)) is repealed.

(c) DEFINITION OF TERMS.—The Secretary of Health and Human Services shall promulgate regulations providing definitions, for purposes of part D of title IV of the Social Security Act, for the term "income" and for such other terms relating to income withholding under section 466(b) of such Act as the Secretary may find it necessary or advisable to define.

SEC. 425. LOCATOR INFORMATION FROM INTERSTATE NETWORKS.

Section 466(a) (42 U.S.C. 666(a)), as amended by section 424(a)(2), is amended by inserting after paragraph (7) the following new paragraph:

"(8) Procedures ensuring that the State will neither provide funding for, nor use for any purpose (including any purpose unrelated to the purposes of this part), any automated interstate network or system used to locate individuals—

"(A) for purposes relating to the use of motor vehicles; or

"(B) providing information for law enforcement purposes (where child support enforcement agencies are otherwise allowed access by State and Federal law),

unless all Federal and State agencies administering programs under this part (including the entities established under section 453) have access to information in such system or network to the same extent as any other user of such system or network.".

SEC. 426. EXPANSION OF THE FEDERAL PARENT LOCATOR SERVICE.

(a) EXPANDED AUTHORITY TO LOCATE INDIVIDUALS AND ASSETS.—Section 453 (42 U.S.C. 653) is amended—

(1) in subsection (a), by striking all that follows "subsection (c))" and inserting ", for

the purpose of establishing parentage, establishing, setting the amount of, modifying, or enforcing child support obligations—

"(1) information on, or facilitating the discovery of, the location of any individual—

"(A) who is under an obligation to pay child support;

"(B) against whom such an obligation is sought; or

"(C) to whom such an obligation is owed, including the individual's social security number (or numbers), most recent address, and the name, address, and employer identification number of the individual's employer;

"(2) information on the individual's wages (or other income) from, and benefits of, employment (including rights to or enrollment in group health care coverage); and

"(3) information on the type, status, location, and amount of any assets of, or debts owed by or to, any such individual.";

(2) in subsection (b)—

(A) in the matter preceding paragraph (1), by striking "social security" and all that follows through "absent parent" and inserting "information described in subsection (a)"; and

(B) in paragraph (2), by inserting before the period ", or from any consumer reporting agency (as defined in section 603(f) of the Fair Credit Reporting Act (15 U.S.C. 1681a(f))"; and

(3) in subsection (e)(1), by inserting before the period ", or by consumer reporting agencies".

(b) REIMBURSEMENT FOR INFORMATION FROM FEDERAL AGENCIES.—Section 453(e)(2) (42 U.S.C. 653(e)(2)) is amended in the 4th sentence by inserting before the period "in an amount which the Secretary determines to be reasonable payment for the information exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the information)".

(c) REIMBURSEMENT FOR REPORTS BY STATE AGENCIES.—Section 453 (42 U.S.C. 653) is amended by adding at the end the following:

"(g) The Secretary may reimburse Federal and State agencies for the costs incurred by such entities in furnishing information requested by the Secretary under this section in an amount which the Secretary determines to be reasonable payment for the information exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the information).".

(d) TECHNICAL AMENDMENTS.—

(1) Sections 452(a)(9), 453(a), 453(b), 463(a), 463(e), and 463(f) (42 U.S.C. 652(a)(9), 653(a), 653(b), 663(a), 663(e), and 663(f)) are each amended by inserting "Federal" before "Parent" each place such term appears.

(2) Section 453 (42 U.S.C. 653) is amended in the heading by adding "FEDERAL" before "PARENT".

(e) NEW COMPONENTS.—Section 453 (42 U.S.C. 653), as amended by subsection (c) of this section, is amended by adding at the end the following:

"(h) FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.—

"(1) IN GENERAL.—Not later than October 1, 1999, in order to assist States in administering programs under State plans approved under this part and programs funded under part A, and for the other purposes specified in this section, the Secretary shall establish and maintain in the Federal Parent Locator Service an automated registry (which shall be known as the 'Federal Case Registry of Child Support Orders'), which shall contain abstracts of support orders and other information described in paragraph (2) with respect to each case in each State case registry maintained pursuant to section 454A(e), as furnished (and regularly updated), pursuant to section 454A(f), by State agencies administering programs under this part.

"(2) CASE INFORMATION.—The information referred to in paragraph (1) with respect to a case shall be such information as the Secretary may specify in regulations (including the names, social security numbers or other uniform identification numbers, and State case identification numbers) to identify the individuals who owe or are owed support (or with respect to or on behalf of whom support obligations are sought to be established), and the State or States which have the case.

"(i) NATIONAL DIRECTORY OF NEW HIRES.—

"(1) IN GENERAL.—In order to assist States in administering programs under State plans approved under this part and programs funded under part A, and for the other purposes specified in this section, the Secretary shall, not later than October 1, 1999, establish and maintain in the Federal Parent Locator Service an automated directory to be known as the National Directory of New Hires, which shall contain the information supplied pursuant to section 453A(f)(2).

"(2) ADMINISTRATION OF FEDERAL TAX LAWS.—The Secretary of the Treasury shall have access to the information in the Federal Directory of New Hires for purposes of administering section 32 of the Internal Revenue Code of 1986, or the advance payment of the earned income tax credit under section 3507 of such Code, and verifying a claim with respect to employment in a tax return.

"(j) INFORMATION COMPARISONS AND OTHER DISCLOSURES.—

"(1) VERIFICATION BY SOCIAL SECURITY ADMINISTRATION.—

"(A) The Secretary shall transmit information on individuals and employers maintained under this section to the Social Security Administration to the extent necessary for verification in accordance with subparagraph (B).

"(B) The Social Security Administration shall verify the accuracy of, correct, or supply to the extent possible, and report to the Secretary, the following information supplied by the Secretary pursuant to subparagraph (A):

"(i) The name, social security number, and birth date of each such individual.

"(ii) The employer identification number of each such employer.

"(2) INFORMATION COMPARISONS.—For the purpose of locating individuals in a paternity establishment case or a case involving the establishment, modification, or enforcement of a support order, the Secretary shall—

"(A) compare information in the National Directory of New Hires against information in the Federal Case Registry of Child Support Orders not less often than every 2 business days; and

"(B) within 2 such days after such a comparison reveals a match with respect to an individual, report the information to the State agency responsible for the case.

"(3) INFORMATION COMPARISONS AND DISCLOSURES OF INFORMATION IN ALL REGISTRIES FOR TITLE IV PROGRAM PURPOSES.—To the extent and with the frequency that the Secretary determines to be effective in assisting States to carry out their responsibilities under programs operated under this part and programs funded under part A, the Secretary shall—

"(A) compare the information in each component of the Federal Parent Locator Service maintained under this section against the information in each other such component (other than the comparison required by paragraph (2)), and report instances in which such a comparison reveals a match with respect to an individual to State agencies operating such programs; and

"(B) disclose information in such registries to such State agencies.

"(4) PROVISION OF NEW HIRE INFORMATION TO THE SOCIAL SECURITY ADMINISTRATION.—The National Directory of New Hires shall provide the Commissioner of Social Security with all information in the National Directory, which shall be used to determine the accuracy of payments under the supplemental security income program under title XVI and in connection with benefits under title II.

"(5) RESEARCH.—The Secretary may provide access to information reported by employers pursuant to section 453A(b) for research purposes found by the Secretary to be likely to contribute to achieving the purposes of part A or this part, but without personal identifiers.

"(k) FEES.—

"(1) FOR SSA VERIFICATION.—The Secretary shall reimburse the Commissioner of Social Security, at a rate negotiated between the Secretary and the Commissioner, for the costs incurred by the Commissioner in performing the verification services described in subsection (j).

"(2) FOR INFORMATION FROM STATE DIRECTORIES OF NEW HIRES.—The Secretary shall reimburse costs incurred by State directories of new hires in furnishing information as required by subsection (j)(3), at rates which the Secretary determines to be reasonable (which rates shall not include payment for the costs of obtaining, compiling, or maintaining such information).

"(3) FOR INFORMATION FURNISHED TO STATE AND FEDERAL AGENCIES.—A State or Federal agency that receives information from the Secretary pursuant to this section shall reimburse the Secretary for costs incurred by the Secretary in furnishing the information, at rates which the Secretary determines to be reasonable (which rates shall include payment for the costs of obtaining, verifying, maintaining, and comparing the information).

"(l) RESTRICTION ON DISCLOSURE AND USE.—Information in the Federal Parent Locator Service, and information resulting from comparisons using such information, shall not be used or disclosed except as expressly provided in this section, subject to section 6103 of the Internal Revenue Code of 1986.

"(m) INFORMATION INTEGRITY AND SECURITY.—The Secretary shall establish and implement safeguards with respect to the entities established under this section designed to—

"(1) ensure the accuracy and completeness of information in the Federal Parent Locator Service: and

"(2) restrict access to confidential information in the Federal Parent Locator Service to authorized persons, and restrict use of such information to authorized purposes.".

(f) QUARTERLY WAGE REPORTING.—Section 1137(a)(3) (42 U.S.C. 1320b-7(a)(3)) is amended—

(1) by inserting "(including any governmental entity)" after "employers",

(2) by striking "except that" and inserting "except that—",

(3) by inserting "(A)" before "the Secretary of Labor",

(4) by striking "paragraph (2)" and inserting "paragraph (2), and",

(5) by indenting the text so as to align it with new subparagraph (B) (as added by paragraph (6) of this subsection); and

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

"(B) no report shall be filed with respect to an employee of a Federal or State agency performing intelligence or counterintelligence functions, if the head of such agency has determined that filing a report with respect to the employee could endanger the

safety of the employee or compromise an ongoing investigation or intelligence mission;".

(g) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV OF THE SOCIAL SECURITY ACT.—Section 454(8)(B) (42 U.S.C. 654(8)(B)) is amended to read as follows:

"(B) the Federal Parent Locator Service established under section 453;".

(2) TO FEDERAL UNEMPLOYMENT TAX ACT.—Section 3304(a)(16) of the Internal Revenue Code of 1986 is amended—

(A) by striking "Secretary of Health, Education, and Welfare" each place such term appears and inserting "Secretary of Health and Human Services";

(B) in subparagraph (B), by striking "such information" and all that follows and inserting "information furnished under subparagraph (A) or (B) is used only for the purposes authorized under such subparagraph;";

(C) by striking "and" at the end of subparagraph (A);

(D) by redesignating subparagraph (B) as subparagraph (C); and

(E) by inserting after subparagraph (A) the following new subparagraph:

"(B) wage and unemployment compensation information contained in the records of such agency shall be furnished to the Secretary of Health and Human Services (in accordance with regulations promulgated by such Secretary) as necessary for the purposes of the National Directory of New Hires established under section 453(i) of the Social Security Act, and".

(3) TO STATE GRANT PROGRAM UNDER TITLE III OF THE SOCIAL SECURITY ACT.—Section 303(a) (42 U.S.C. 503(a)) is amended—

(A) by striking "and" at the end of paragraph (8);

(B) by striking "and" at the end of paragraph (9);

(C) by striking the period at the end of paragraph (10) and inserting "; and"; and

(D) by adding after paragraph (10) the following:

"(11) The making of quarterly electronic reports, at such dates, in such format, and containing such information, as required by the Secretary of Health and Human Services under section 453(i)(3), and compliance with such provisions as such Secretary may find necessary to ensure the correctness and verification of such reports.".

SEC. 427. USE OF SOCIAL SECURITY NUMBERS.

(a) STATE LAW REQUIREMENT.—Section 466(a) (42 U.S.C. 666(a)), as amended by section 401(a), is amended by adding at the end the following new paragraph:

"(13) Procedures requiring the recording of social security numbers—

"(A) of both parties on marriage licenses and divorce decrees;

"(B) of both parents, on birth records and child support and paternity orders and acknowledgements;

"(C) on all applications for motor vehicle licenses and professional licenses; and

"(D) of decedents on death certificates.".

(b) CONFORMING AMENDMENTS.—Section 205(c)(2)(C) (42 U.S.C. 405(c)(2)(C)) is amended—

(1) in clause (i), by striking "may require" and inserting "shall require";

(2) in clause (ii)—

(A) by inserting after the first sentence the following: "In the administration of any law involving the issuance of a marriage certificate or license, each State shall require each party named in the certificate or license to furnish to the State (or political subdivision thereof) or any State agency having administrative responsibility for the law involved, the social security number of the party."; and

(B) by striking "Such numbers shall not be recorded on the birth certificate." and inserting "This clause shall not be considered to authorize disclosure of such numbers except as provided in the preceding sentence.";

(3) in clause (vi), by striking "may" and inserting "shall"; and

(4) by adding at the end the following:

"(x) An agency of a State (or a political subdivision thereof) charged with the administration of any law concerning the issuance or renewal of a license, certificate, permit, or other authorization to engage in a profession, an occupation, or a commercial activity shall require all applicants for issuance or renewal of the license, certificate, permit, or other authorization to provide the applicant's social security number to the agency for the purpose of administering such laws, and for the purpose of responding to requests for information from an agency operating pursuant to part D of title IV.

"(xi) All divorce decrees, support orders, and paternity determinations issued, and all paternity acknowledgments made, in each State shall include the social security number of each party to the decree, order, determination, or acknowledgement in the records relating to the matter.".

PART IV—STREAMLINING AND UNIFORMITY OF PROCEDURES

SEC. 431. ADOPTION OF UNIFORM STATE LAWS.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 401(a) and 427(a), is amended by adding at the end the following new paragraph:

"(14)(A) Procedures under which the State adopts in its entirety (with the modifications and additions specified in this paragraph) not later than January 1, 1997, and uses on and after such date, the Uniform Interstate Family Support Act, as approved by the National Conference of Commissioners on Uniform State Laws in August 1992.

"(B) The State law adopted pursuant to subparagraph (A) shall be applied to any case—

"(i) involving an order established or modified in one State and for which a subsequent modification is sought in another State; or

"(ii) in which interstate activity is required to enforce an order.

"(C) The State law adopted pursuant to subparagraph (A) of this paragraph shall contain the following provision in lieu of section 611(a)(1) of the Uniform Interstate Family Support Act described in such subparagraph (A):

"'(1) the following requirements are met:

"'(i) the child, the individual obligee, and the obligor—

"'(I) do not reside in the issuing State; and

"'(II) either reside in this State or are subject to the jurisdiction of this State pursuant to section 201; and

"'(ii) in any case where another State is exercising or seeks to exercise jurisdiction to modify the order, the conditions of section 204 are met to the same extent as required for proceedings to establish orders; or'.

"(D) The State law adopted pursuant to subparagraph (A) shall recognize as valid, for purposes of any proceeding subject to such State law, service of process upon persons in the State (and proof of such service) by any means acceptable in another State which is the initiating or responding State in such proceeding.".

SEC. 432. IMPROVEMENTS TO FULL FAITH AND CREDIT FOR CHILD SUPPORT ORDERS.

Section 1738B of title 28, United States Code, is amended—

(1) in subsection (a)(2), by striking "subsection (e)" and inserting "subsections (e), (f), and (i)";

(2) in subsection (b), by inserting after the first undesignated paragraph the following:

"'child's home State' means the State in which a child lived with a parent or a person acting as parent for at least 6 consecutive months immediately preceding the time of filing of a petition or comparable pleading for support and, if a child is less than 6 months old, the State in which the child lived from birth with any of them. A period of temporary absence of any of them is counted as part of the 6-month period.";

(3) in subsection (c), by inserting "by a court of a State" before "is made";

(4) in subsection (c)(1), by inserting "and subsections (e), (f), and (g)" after "located";

(5) in subsection (d)—

(A) by inserting "individual" before "contestant"; and

(B) by striking "subsection (e)" and inserting "subsections (e) and (f)";

(6) in subsection (e), by striking "make a modification of a child support order with respect to a child that is made" and inserting "modify a child support order issued";

(7) in subsection (e)(1), by inserting "pursuant to subsection (i)" before the semicolon;

(8) in subsection (e)(2)—

(A) by inserting "individual" before "contestant" each place such term appears; and

(B) by striking "to that court's making the modification and assuming" and inserting "with the State of continuing, exclusive jurisdiction for a court of another State to modify the order and assume";

(9) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively;

(10) by inserting after subsection (e) the following new subsection:

"(f) RECOGNITION OF CHILD SUPPORT ORDERS.—If 1 or more child support orders have been issued in this or another State with regard to an obligor and a child, a court shall apply the following rules in determining which order to recognize for purposes of continuing, exclusive jurisdiction and enforcement:

"(1) If only 1 court has issued a child support order, the order of that court must be recognized.

"(2) If 2 or more courts have issued child support orders for the same obligor and child, and only 1 of the courts would have continuing, exclusive jurisdiction under this section, the order of that court must be recognized.

"(3) If 2 or more courts have issued child support orders for the same obligor and child, and only 1 of the courts would have continuing, exclusive jurisdiction under this section, an order issued by a court in the current home State of the child must be recognized, but if an order has not been issued in the current home State of the child, the order most recently issued must be recognized.

"(4) If 2 or more courts have issued child support orders for the same obligor and child, and none of the courts would have continuing, exclusive jurisdiction under this section, a court may issue a child support order, which must be recognized.

"(5) The court that has issued an order recognized under this subsection is the court having continuing, exclusive jurisdiction.";

(11) in subsection (g) (as so redesignated)—

(A) by striking "PRIOR" and inserting "MODIFIED"; and

(B) by striking "subsection (e)" and inserting "subsections (e) and (f)";

(12) in subsection (h) (as so redesignated)—

(A) in paragraph (2), by inserting "including the duration of current payments and other obligations of support" before the comma; and

(B) in paragraph (3), by inserting "arrears under" after "enforce"; and

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

"(i) REGISTRATION FOR MODIFICATION.—If there is no individual contestant or child residing in the issuing State, the party or support enforcement agency seeking to modify, or to modify and enforce, a child support order issued in another State shall register that order in a State with jurisdiction over the nonmovant for the purpose of modification.".

SEC. 433. STATE LAWS PROVIDING EXPEDITED PROCEDURES.

(a) STATE LAW REQUIREMENTS.—Section 466 (42 U.S.C. 666), as amended by section 424(b), is amended—

(1) in subsection (a)(2), in the first sentence, to read as follows: "Expedited administrative and judicial procedures (including the procedures specified in subsection (c)) for establishing paternity and for establishing, modifying, and enforcing support obligations."; and

(2) by adding after subsection (b) the following new subsection:

"(c) The procedures specified in this subsection are the following:

"(1) Procedures which give the State agency the authority (and recognize and enforce the authority of State agencies of other States), without the necessity of obtaining an order from any other judicial or administrative tribunal (but subject to due process safeguards, including (as appropriate) requirements for notice, opportunity to contest the action, and opportunity for an appeal on the record to an independent administrative or judicial tribunal), to take the following actions relating to establishment or enforcement of orders:

"(A) To order genetic testing for the purpose of paternity establishment as provided in section 466(a)(5).

"(B) To enter a default order, upon a showing of service of process and any additional showing required by State law—

"(i) establishing paternity, in the case of any putative father who refuses to submit to genetic testing; and

"(ii) establishing or modifying a support obligation, in the case of a parent (or other obligor or obligee) who fails to respond to notice to appear at a proceeding for such purpose.

"(C) To subpoena any financial or other information needed to establish, modify, or enforce an order, and to sanction failure to respond to any such subpoena.

"(D) To require all entities in the State (including for-profit, nonprofit, and governmental employers) to provide promptly, in response to a request by the State agency of that or any other State administering a program under this part, information on the employment, compensation, and benefits of any individual employed by such entity as an employee or contractor, and to sanction failure to respond to any such request.

"(E) To obtain access, subject to safeguards on privacy and information security, to the following records (including automated access, in the case of records maintained in automated data bases):

"(i) Records of other State and local government agencies, including—

"(I) vital statistics (including records of marriage, birth, and divorce);

"(II) State and local tax and revenue records (including information on residence address, employer, income and assets);

"(III) records concerning real and titled personal property;

"(IV) records of occupational and professional licenses, and records concerning the ownership and control of corporations, partnerships, and other business entities;

"(V) employment security records;

"(VI) records of agencies administering public assistance programs;

"(VII) records of the motor vehicle department; and

"(VIII) corrections records.

"(ii) Certain records held by private entities, including—

"(I) customer records of public utilities and cable television companies; and

"(II) information (including information on assets and liabilities) on individuals who owe or are owed support (or against or with respect to whom a support obligation is sought) held by financial institutions (subject to limitations on liability of such entities arising from affording such access).

"(F) To order income withholding in accordance with subsection (a)(1) and (b) of section 466.

"(G) In cases where support is subject to an assignment under section 402(a)(9), 471(a)(17), or 1912, or to a requirement to pay through the centralized collections unit under section 454B) upon providing notice to obligor and obligee, to direct the obligor or other payor to change the payee to the appropriate government entity.

"(H) For the purpose of securing overdue support—

"(i) to intercept and seize any periodic or lump-sum payment to the obligor by or through a State or local government agency, including—

"(I) unemployment compensation, workers' compensation, and other benefits;

"(II) judgments and settlements in cases under the jurisdiction of the State or local government; and

"(III) lottery winnings;

"(ii) to attach and seize assets of the obligor held by financial institutions;

"(iii) to attach public and private retirement funds in appropriate cases, as determined by the Secretary; and

"(iv) to impose liens in accordance with paragraph (a)(4) and, in appropriate cases, to force sale of property and distribution of proceeds.

"(I) For the purpose of securing overdue support, to increase the amount of monthly support payments to include amounts for arrearages (subject to such conditions or restrictions as the State may provide).

"(J) To suspend drivers' licenses of individuals owing past-due support, in accordance with subsection (a)(16).

"(2) The expedited procedures required under subsection (a)(2) shall include the following rules and authority, applicable with respect to all proceedings to establish paternity or to establish, modify, or enforce support orders:

"(A) Procedures under which—

"(i) the parties to any paternity or child support proceedings are required (subject to privacy safeguards) to file with the tribunal before entry of an order, and to update as appropriate, information on location and identity (including social security number, residential and mailing addresses, telephone number, driver's license number, and name, address, and telephone number of employer); and

"(ii) in any subsequent child support enforcement action between the same parties, the tribunal shall be authorized, upon sufficient showing that diligent effort has been made to ascertain such party's current location, to deem due process requirements for notice and service of process to be met, with respect to such party, by delivery to the most recent residential or employer address so filed pursuant to clause (i).

"(B) Procedures under which—

"(i) the State agency and any administrative or judicial tribunal with authority to hear child support and paternity cases exerts statewide jurisdiction over the parties, and orders issued in such cases have statewide effect; and

"(ii) in the case of a State in which orders in such cases are issued by local jurisdictions, a case may be transferred between jurisdictions in the State without need for any additional filing by the petitioner, or service of process upon the respondent, to retain jurisdiction over the parties.".

(b) EXCEPTIONS FROM STATE LAW REQUIREMENTS.—Section 466(d) (42 U.S.C. 666(d)) is amended—

(1) by striking "(d) If" and inserting "(d)(1) Subject to paragraph (2), if"; and

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

"(2) The Secretary shall not grant an exemption from the requirements of—

"(A) subsection (a)(5) (concerning procedures for paternity establishment);

"(B) subsection (a)(10) (concerning modification of orders);

"(C) subsection (a)(12) (concerning recording of orders in the central State case registry);

"(D) subsection (a)(13) (concerning recording of social security numbers);

"(E) subsection (a)(14) (concerning interstate enforcement); or

"(F) subsection (c) (concerning expedited procedures), other than paragraph (1)(A) thereof (concerning establishment or modification of support amount).".

(c) AUTOMATION OF STATE AGENCY FUNCTIONS.—Section 454A, as added by section 415(a)(2) and as amended by sections 421 and 422(c), is amended by adding at the end the following new subsection:

"(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—The automated system required under this section shall be used, to the maximum extent feasible, to implement any expedited administrative procedures required under section 466(c).".

SEC. 434. ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 401(a), 427, and 431, is amended by adding at the end the following:

"(15) Procedures under which—

"(A)(i) the State shall respond within 5 business days to a request made by another State to enforce a support order; and

"(ii) the term 'business day' means a day on which State offices are open for regular business;

"(B) the State may, by electronic or other means, transmit to another State a request for assistance in a case involving the enforcement of a support order, which request—

"(i) shall include such information as will enable the State to which the request is transmitted to compare the information about the case to the information in the data bases of the State; and

"(ii) shall constitute a certification by the requesting State—

"(I) of the amount of support under the order the payment of which is in arrears; and

"(II) that the requesting State has complied with all procedural due process requirements applicable to the case;

"(C) if the State provides assistance to another State pursuant to this paragraph with respect to a case, neither State shall consider the case to be transferred to the caseload of such other State; and

"(D) the State shall maintain records of—

"(i) the number of such requests for assistance received by the State;

"(ii) the number of cases for which the State collected support in response to such a request; and

"(iii) the amount of such collected support.".

SEC. 435. USE OF FORMS IN INTERSTATE ENFORCEMENT.

(a) PROMULGATION.—Section 452(a) (42 U.S.C. 652(a)) is amended—

(1) by striking "and" at the end of paragraph (9);

(2) by striking the period at the end of paragraph (10) and inserting "; and"; and

(3) by adding at the end the following:

"(11) not later than June 30, 1996, promulgate forms to be used by States in interstate cases for—

"(A) collection of child support through income withholding;

"(B) imposition of liens; and

"(C) administrative subpoenas.".

(b) USE BY STATES.—Section 454(9) (42 U.S.C. 654(9)) is amended—

(1) by striking "and" at the end of subparagraph (C);

(2) by inserting "and" at the end of subparagraph (D); and

(3) by adding at the end the following:

"(E) no later than October 1, 1996, in using the forms promulgated pursuant to section 452(a)(11) for income withholding, imposition of liens, and issuance of administrative subpoenas in interstate child support cases;".

PART V—PATERNITY ESTABLISHMENT

SEC. 441. STATE LAWS CONCERNING PATERNITY ESTABLISHMENT.

(a) STATE LAWS REQUIRED.—Section 466(a)(5) (42 U.S.C. 666(a)(5)) is amended—

(1) in subparagraph (B)—

(A) by striking "(B)" and inserting "(B)(i)";

(B) in clause (i), as redesignated, by inserting before the period ", where such request is supported by a sworn statement—

"(I) by such party alleging paternity setting forth facts establishing a reasonable possibility of the requisite sexual contact of the parties; or

"(II) by such party denying paternity setting forth facts establishing a reasonable possibility of the nonexistence of sexual contact of the parties;"; and

(C) by inserting after clause (i) (as redesignated) the following new clause:

"(ii) Procedures which require the State agency, in any case in which such agency orders genetic testing—

"(I) to pay the costs of such tests, subject to recoupment (where the State so elects) from the putative father if paternity is established; and

"(II) to obtain additional testing in any case where an original test result is disputed, upon request and advance payment by the disputing party.";

(2) by striking subparagraphs (C), (D), (E), and (F) and inserting the following:

"(C)(i) Procedures for a simple civil process for voluntarily acknowledging paternity under which the State must provide that, before a mother and a putative father can sign an acknowledgment of paternity, the putative father and the mother must be given notice, orally, in writing, and in a language that each can understand, of the alternatives to, the legal consequences of, and the rights (including, if 1 parent is a minor, any rights afforded due to minority status) and responsibilities that arise from, signing the acknowledgment.

"(ii) Such procedures must include a hospital-based program for the voluntary acknowledgment of paternity focusing on the period immediately before or after the birth of a child.

"(iii) Such procedures must require the State agency responsible for maintaining birth records to offer voluntary paternity establishment services.

"(iv) The Secretary shall prescribe regulations governing voluntary paternity establishment services offered by hospitals and birth record agencies. The Secretary shall prescribe regulations specifying the types of other entities that may offer voluntary paternity establishment services, and governing the provision of such services, which shall include a requirement that such an entity must use the same notice provisions used by, the same materials used by, provide the personnel providing such services with the same training provided by, and evaluate the provision of such services in the same manner as, voluntary paternity establishment programs of hospitals and birth record agencies.

"(D)(i) Procedures under which a signed acknowledgment of paternity is considered a legal finding of paternity, subject to the right of any signatory to rescind the acknowledgment within 60 days.

"(ii)(I) Procedures under which, after the 60-day period referred to in clause (i), a signed acknowledgment of paternity may be challenged in court only on the basis of fraud, duress, or material mistake of fact, with the burden of proof upon the challenger, and under which the legal responsibilities (including child support obligations) of any signatory arising from the acknowledgment may not be suspended during the challenge, except for good cause shown.

"(II) Procedures under which, after the 60-day period referred to in clause (i), a minor who signs an acknowledgment of paternity other than in the presence of a parent or court-appointed guardian ad litem may rescind the acknowledgment in a judicial or administrative proceeding, until the earlier of—

"(aa) attaining the age of majority; or

"(bb) the date of the first judicial or administrative proceeding brought (after the signing) to establish a child support obligation, visitation rights, or custody rights with respect to the child whose paternity is the subject of the acknowledgment, and at which the minor is represented by a parent, guardian ad litem, or attorney.

"(E) Procedures under which no judicial or administrative proceedings are required or permitted to ratify an unchallenged acknowledgment of paternity.

"(F) Procedures requiring—

"(i) that the State admit into evidence, for purposes of establishing paternity, results of any genetic test that is—

"(I) of a type generally acknowledged, by accreditation bodies designated by the Secretary, as reliable evidence of paternity; and

"(II) performed by a laboratory approved by such an accreditation body;

"(ii) that any objection to genetic testing results must be made in writing not later than a specified number of days before any hearing at which such results may be introduced into evidence (or, at State option, not later than a specified number of days after receipt of such results); and

"(iii) that, if no objection is made, the test results are admissible as evidence of paternity without the need for foundation testimony or other proof of authenticity or accuracy."; and

(3) by adding after subparagraph (H) the following new subparagraphs:

"(I) Procedures providing that the parties to an action to establish paternity are not entitled to a jury trial.

"(J) Procedures which require that a temporary order be issued, upon motion by a party, requiring the provision of child support pending an administrative or judicial determination of parentage, where there is clear and convincing evidence of paternity (on the basis of genetic tests or other evidence).

"(K) Procedures under which bills for pregnancy, childbirth, and genetic testing are admissible as evidence without requiring third-party foundation testimony, and shall constitute prima facie evidence of amounts incurred for such services and testing on behalf of the child.

"(L) At the option of the State, procedures under which the tribunal establishing paternity and support has discretion to waive rights to all or part of amounts owed to the State (but not to the mother) for costs related to pregnancy, childbirth, and genetic testing and for public assistance paid to the family where the father cooperates or acknowledges paternity before or after genetic testing.

"(M) Procedures ensuring that the putative father has a reasonable opportunity to initiate a paternity action.

"(N) Procedures under which voluntary acknowledgements and adjudications of paternity by judicial or administrative processes are filed with the State registry of birth records for comparison with information in the central case registry.".

(b) STATE PLANS.—Section 454(a)(7) (42 U.S.C. 654(a)(7)) is amended to read as follows:

"(7) provide for entering into cooperative arrangements with—

"(A) appropriate courts and law enforcement officials to—

"(i) assist the agency administering the plan, and

"(ii) to assist such courts and officials and such agency with respect to matters of common concern; and

"(B) the State registry of birth records to record voluntary acknowledgments and adjudications of paternity and to make such records available for data matches and other purposes required by the agency administering the plan;".

(c) NATIONAL PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is amended by inserting ", and develop an affidavit to be used for the voluntary acknowledgment of paternity which shall include the social security number of each parent" before the semicolon.

(d) TECHNICAL AMENDMENT.—Section 468 (42 U.S.C. 668) is amended by striking "a simple civil process for voluntarily acknowledging paternity and".

SEC. 442. OUTREACH FOR VOLUNTARY PATERNITY ESTABLISHMENT.

(a) STATE PLAN REQUIREMENT.—Section 454(23) (42 U.S.C. 654(23)) is amended—

(1) by striking "(23)" and inserting "(23)(A)";

(2) by inserting "and" after the semicolon; and

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

"(B) publicize the availability and encourage the use of procedures for voluntary establishment of paternity and child support through a variety of means, which—

"(i) include distribution of written materials at health care facilities (including hospitals and clinics), and other locations such as schools;

"(ii) may include pre-natal programs to educate expectant couples on individual and joint rights and responsibilities with respect to paternity (and may require all expectant recipients of assistance under part A to participate in such pre-natal programs, as an element of cooperation with efforts to establish paternity and child support);

"(iii) include, with respect to each child discharged from a hospital after birth for whom paternity or child support has not been established, reasonable followup efforts, providing—

"(I) in the case of a child for whom paternity has not been established, information on the benefits of and procedures for establishing paternity; and

"(II) in the case of a child for whom paternity has been established but child support has not been established, information on the benefits of and procedures for establishing a

child support order, and an application for child support services;".

(b) ENHANCED FEDERAL MATCHING.—Section 455(a)(1)(C) (42 U.S.C. 655(a)(1)(C)) is amended—

(1) by inserting "(i)" before "laboratory costs", and

(2) by inserting before the semicolon ", and (ii) costs of outreach programs designed to encourage voluntary acknowledgment of paternity".

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by subsection (a) shall become effective October 1, 1997.

(2) EXCEPTION.—The amendments made by subsection (b) shall be effective with respect to calendar quarters beginning on and after October 1, 1996.

PART VI—ESTABLISHMENT AND MODIFICATION OF SUPPORT ORDERS

SEC. 451. NATIONAL CHILD SUPPORT GUIDELINES COMMISSION.

(a) ESTABLISHMENT.—There is hereby established a commission to be known as the "National Child Support Guidelines Commission" (in this section referred to as the "Commission").

(b) GENERAL DUTIES.—

(1) IN GENERAL.—The Commission shall determine—

(A) whether it is appropriate to develop a national child support guideline for consideration by the Congress or for adoption by individual States; or

(B) based on a study of various guideline models, the benefits and deficiencies of such models, and any needed improvements.

(2) DEVELOPMENT OF MODELS.—If the Commission determines under paragraph (1)(A) that a national child support guideline is needed or under paragraph (1)(B) that improvements to guideline models are needed, the Commission shall develop such national guideline or improvements.

(c) MATTERS FOR CONSIDERATION BY THE COMMISSION.—In making the recommendations concerning guidelines required under subsection (b), the Commission shall consider—

(1) the adequacy of State child support guidelines established pursuant to section 467 of the Social Security Act;

(2) matters generally applicable to all support orders, including—

(A) the feasibility of adopting uniform terms in all child support orders;

(B) how to define income and under what circumstances income should be imputed; and

(C) tax treatment of child support payments;

(3) the appropriate treatment of cases in which either or both parents have financial obligations to more than 1 family, including the effect (if any) to be given to—

(A) the income of either parent's spouse; and

(B) the financial responsibilities of either parent for other children or stepchildren;

(4) the appropriate treatment of expenses for child care (including care of the children of either parent, and work-related or job-training-related child care);

(5) the appropriate treatment of expenses for health care (including uninsured health care) and other extraordinary expenses for children with special needs;

(6) the appropriate duration of support by 1 or both parents, including

(A) support (including shared support) for post-secondary or vocational education; and

(B) support for disabled adult children;

(7) procedures to automatically adjust child support orders periodically to address changed economic circumstances, including changes in the consumer price index or either parent's income and expenses in particular cases;

(8) procedures to help non-custodial parents address grievances regarding visitation and custody orders to prevent such parents from withholding child support payments until such grievances are resolved; and

(9) whether, or to what extent, support levels should be adjusted in cases in which custody is shared or in which the noncustodial parent has extended visitation rights.

(d) MEMBERSHIP.—

(1) NUMBER; APPOINTMENT.—

(A) IN GENERAL.—The Commission shall be composed of 12 individuals appointed jointly by the Secretary of Health and Human Services and the Congress, not later than January 15, 1997, of which—

(i) 2 shall be appointed by the Chairman of the Committee on Finance of the Senate, and 1 shall be appointed by the ranking minority member of the Committee;

(ii) 2 shall be appointed by the Chairman of the Committee on Ways and Means of the House of Representatives, and 1 shall be appointed by the ranking minority member of the Committee; and

(iii) 6 shall be appointed by the Secretary of Health and Human Services.

(B) QUALIFICATIONS OF MEMBERS.—Members of the Commission shall have expertise and experience in the evaluation and development of child support guidelines. At least 1member shall represent advocacy groups for custodial parents, at least 1 member shall represent advocacy groups for noncustodial parents, and at least 1 member shall be the director of a State program under part D of title IV of the Social Security Act.

(2) TERMS OF OFFICE.—Each member shall be appointed for a term of 2 years. A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(e) COMMISSION POWERS, COMPENSATION, ACCESS TO INFORMATION, AND SUPERVISION.—The first sentence of subparagraph (C), the first and third sentences of subparagraph (D), subparagraph (F) (except with respect to the conduct of medical studies), clauses (ii) and (iii) of subparagraph (G), and subparagraph (H) of section 1886(e)(6) of the Social Security Act shall apply to the Commission in the same manner in which such provisions apply to the Prospective Payment Assessment Commission.

(f) REPORT.—Not later than 2 years after the appointment of members, the Commission shall submit to the President, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate, a recommended national child support guideline and a final assessment of issues relating to such a proposed national child support guideline.

(g) TERMINATION.—The Commission shall terminate 6 months after the submission of the report described in subsection (e).

SEC. 452. SIMPLIFIED PROCESS FOR REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS.

Section 466(a)(10) (42 U.S.C. 666(a)(10)) is amended to read as follows:

"(10)(A)(i) Procedures under which—

"(I) every 3 years, at the request of either parent subject to a child support order, the State shall review and, as appropriate, adjust the order in accordance with the guidelines established under section 467(a) if the amount of the child support award under the order differs from the amount that would be awarded in accordance with such guidelines, without a requirement for any other change in circumstances; and

"(II) upon request at any time of either parent subject to a child support order, the State shall review and, as appropriate, adjust the order in accordance with the guidelines established under section 467(a) based on a substantial change in the circumstances of either such parent.

"(ii) Such procedures shall require both parents subject to a child support order to be notified of their rights and responsibilities provided for under clause (i) at the time the order is issued and in the annual information exchange form provided under subparagraph (B).

"(B) Procedures under which each child support order issued or modified in the State after the effective date of this subparagraph shall require the parents subject to the order to provide each other with a complete statement of their respective financial condition annually on a form which shall be provided by the State. The Secretary shall establish regulations for the enforcement of such exchange of information.".

PART VII—ENFORCEMENT OF SUPPORT ORDERS

SEC. 461. FEDERAL INCOME TAX REFUND OFFSET.

(a) CHANGED ORDER OF REFUND DISTRIBUTION UNDER INTERNAL REVENUE CODE.—Section 6402(c) of the Internal Revenue Code of 1986 (relating to offset of past-due support against overpayments) is amended by striking the third sentence.

(b) ELIMINATION OF DISPARITIES IN TREATMENT OF ASSIGNED AND NONASSIGNED ARREARAGES.—

(1) IN GENERAL.—Section 464(a) (42 U.S.C. 664(a)) is amended—

(A) in paragraph (1)—

(i) in the first sentence, by striking "which has been assigned to such State pursuant to section 402(a)(9) or section 471(a)(17)"; and

(ii) in the second sentence, by striking "in accordance with section 457 (b)(4) or (d)(3)" and inserting "as provided in paragraph (2)";

(B) in paragraph (2), to read as follows:

"(2) The State agency shall distribute amounts paid by the Secretary of the Treasury pursuant to paragraph (1)—

"(A) in accordance with subsection (a)(4) or (d)(3) of section 457, in the case of past-due support assigned to a State pursuant to section 402(a)(9) or section 471(a)(17); and

"(B) to or on behalf of the child to whom the support was owed, in the case of past-due support not so assigned.";

(C) in paragraph (3)—

(i) by striking "or (2)" each place it appears; and

(ii) in subparagraph (B), by striking "under paragraph (2)" and inserting "on account of past-due support described in paragraph (2)(B)".

(2) NOTICES OF PAST-DUE SUPPORT.—Section 464(b) (42 U.S.C. 664(b)) is amended—

(A) by striking "(b)(1)" and inserting "(b)"; and

(B) by striking paragraph (2).

(3) DEFINITION OF PAST-DUE SUPPORT.—Section 464(c) (42 U.S.C. 664(c)) is amended—

(A) by striking "(c)(1) Except as provided in paragraph (2), as" and inserting "(c) As"; and

(B) by striking paragraphs (2) and (3).

(c) EFFECTIVE DATE.—The amendments made by this section shall become effective October 1, 1999.

SEC. 462. INTERNAL REVENUE SERVICE COLLECTION OF ARREARAGES.

(a) AMENDMENT TO INTERNAL REVENUE CODE.—Section 6305(a) of the Internal Revenue Code of 1986 (relating to collection of certain liability) is amended—

(1) in paragraph (1), by inserting "except as provided in paragraph (5)" after "collected";

(2) by striking "and" at the end of paragraph (3);

(3) by striking the period at the end of paragraph (4) and inserting ", and"; and

(4) by adding at the end the following new paragraph:

"(5) no additional fee may be assessed for adjustments to an amount previously certified pursuant to such section 452(b) with respect to the same obligor."; and

(5) by striking "Secretary of Health, Education, and Welfare" each place it appears and inserting "Secretary of Health and Human Services".

(b) EFFECTIVE DATE.—The amendments made by this section shall become effective October 1, 1997.

SEC. 463. AUTHORITY TO COLLECT SUPPORT FROM FEDERAL EMPLOYEES.

(a) CONSOLIDATION AND STREAMLINING OF AUTHORITIES.—Section 459 (42 U.S.C. 659) is amended—

(1) in the heading, by inserting "INCOME WITHHOLDING," before "GARNISHMENT";

(2) in subsection (a)—

(A) by striking "section 207" and inserting "section 207 and section 5301 of title 38, United States Code"; and

(B) by striking "to legal process" and all that follows through the period and inserting "to withholding in accordance with State law pursuant to subsections (a)(1) and (b) of section 466 and regulations of the Secretary thereunder, and to any other legal process brought, by a State agency administering a program under this part or by an individual obligee, to enforce the legal obligation of such individual to provide child support or alimony.";

(3) by striking subsection (b) and inserting the following new subsection:

"(b) Except as otherwise provided herein, each entity specified in subsection (a) shall be subject, with respect to notice to withhold income pursuant to subsection (a)(1) or (b) of section 466, or to any other order or process to enforce support obligations against an individual (if such order or process contains or is accompanied by sufficient data to permit prompt identification of the individual and the moneys involved), to the same requirements as would apply if such entity were a private person.";

(4) by striking subsections (c) and (d) and inserting the following new subsections:

"(c)(1) The head of each agency subject to the requirements of this section shall—

"(A) designate an agent or agents to receive orders and accept service of process; and

"(B) publish—

"(i) in the appendix of such regulations;

"(ii) in each subsequent republication of such regulations; and

"(iii) annually in the Federal Register,

the designation of such agent or agents, identified by title of position, mailing address, and telephone number.

"(2) Whenever an agent designated pursuant to paragraph (1) receives notice pursuant to subsection (a)(1) or (b) of section 466, or is effectively served with any order, process, or interrogatories, with respect to an individual's child support or alimony payment obligations, such agent shall—

"(A) as soon as possible (but not later than 15 days) thereafter, send written notice of such notice or service (together with a copy thereof) to such individual at his duty station or last-known home address;

"(B) not later than 30 days (or such longer period as may be prescribed by applicable State law) after receipt of a notice pursuant to subsection (a)(1) or (b) of section 466, comply with all applicable provisions of such section 466; and

"(C) not later than 30 days (or such longer period as may be prescribed by applicable State law) after effective service of any other such order, process, or interrogatories, respond thereto.

"(d) In the event that a governmental entity receives notice or is served with process, as provided in this section, concerning amounts owed by an individual to more than 1 person—

"(1) support collection under section 466(b) must be given priority over any other process, as provided in section 466(b)(7);

"(2) allocation of moneys due or payable to an individual among claimants under section 466(b) shall be governed by the provisions of such section 466(b) and regulations thereunder; and

"(3) such moneys as remain after compliance with subparagraphs (A) and (B) shall be available to satisfy any other such processes on a first-come, first-served basis, with any such process being satisfied out of such moneys as remain after the satisfaction of all such processes which have been previously served.";

(5) in subsection (f)—

(A) by striking "(f)" and inserting "(f)(1)"; and

(B) by adding at the end the following new paragraph:

"(2) No Federal employee whose duties include taking actions necessary to comply with the requirements of subsection (a) with regard to any individual shall be subject under any law to any disciplinary action or civil or criminal liability or penalty for, or on account of, any disclosure of information made by him in connection with the carrying out of such duties."; and

(6) by adding at the end the following new subsections:

"(g) Authority to promulgate regulations for the implementation of the provisions of this section shall, insofar as the provisions of this section are applicable to moneys due from (or payable by)—

"(1) the executive branch of the Federal Government (including in such branch, for the purposes of this subsection, the territories and possessions of the United States, the United States Postal Service, the Postal Rate Commission, any wholly owned Federal corporation created by an Act of Congress, and the government of the District of Columbia), be vested in the President (or the President's designee);

"(2) the legislative branch of the Federal Government, be vested jointly in the President pro tempore of the Senate and the Speaker of the House of Representatives (or their designees); and

"(3) the judicial branch of the Federal Government, be vested in the Chief Justice of the United States (or the Chief Justice's designee).

"(h) Subject to subsection (i), moneys paid or payable to an individual which are considered to be based upon remuneration for employment, for purposes of this section—

"(1) consist of—

"(A) compensation paid or payable for personal services of such individual, whether such compensation is denominated as wages, salary, commission, bonus, pay, allowances, or otherwise (including severance pay, sick pay, and incentive pay);

"(B) periodic benefits (including a periodic benefit as defined in section 228(h)(3)) or other payments—

"(i) under the insurance system established by title II;

"(ii) under any other system or fund established by the United States which provides for the payment of pensions, retirement or retired pay, annuities, dependents' or survivors' benefits, or similar amounts payable on account of personal services performed by the individual or any other individual;

"(iii) as compensation for death under any Federal program;

"(iv) under any Federal program established to provide 'black lung' benefits; or

"(v) by the Secretary of Veterans Affairs as pension, or as compensation for a service-connected disability or death (except any compensation paid by such Secretary to a former member of the Armed Forces who is in receipt of retired or retainer pay if such former member has waived a portion of his retired pay in order to receive such compensation); and

"(C) worker's compensation benefits paid under Federal or State law; but

"(2) do not include any payment—

"(A) by way of reimbursement or otherwise, to defray expenses incurred by such individual in carrying out duties associated with his employment; or

"(B) as allowances for members of the uniformed services payable pursuant to chapter 7 of title 37, United States Code, as prescribed by the Secretaries concerned (defined by section 101(5) of such title) as necessary for the efficient performance of duty.

"(i) In determining the amount of any moneys due from, or payable by, the United States to any individual, there shall be excluded amounts which—

"(1) are owed by such individual to the United States;

"(2) are required by law to be, and are, deducted from the remuneration or other payment involved, including Federal employment taxes, and fines and forfeitures ordered by court-martial;

"(3) are properly withheld for Federal, State, or local income tax purposes, if the withholding of such amounts is authorized or required by law and if amounts withheld are not greater than would be the case if such individual claimed all the dependents that the individual was entitled to (the withholding of additional amounts pursuant to section 3402(i) of the Internal Revenue Code of 1986 may be permitted only when such individual presents evidence of a tax obligation which supports the additional withholding);

"(4) are deducted as health insurance premiums;

"(5) are deducted as normal retirement contributions (not including amounts deducted for supplementary coverage); or

"(6) are deducted as normal life insurance premiums from salary or other remuneration for employment (not including amounts deducted for supplementary coverage).

"(j) For purposes of this section—".

(b) TRANSFER OF SUBSECTIONS.—Subsections (a) through (d) of section 462 (42 U.S.C. 662), are transferred and redesignated as paragraphs (1) through (4), respectively, of section 459(j) (as added by subsection (a)(6)), and the left margin of each of such paragraphs (1) through (4) is indented 2 ems to the right of the left margin of subsection (j) (as added by subsection (a)(6)).

(c) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV.—Sections 461 and 462 (42 U.S.C. 661) are repealed.

(2) TO TITLE 5, UNITED STATES CODE.—Section 5520a of title 5, United States Code, is amended, in subsections (h)(2) and (i), by striking "sections 459, 461, and 462 of the Social Security Act (42 U.S.C. 659, 661, and 662)" each place it appears and inserting "section 459 of the Social Security Act (42 U.S.C. 659)".

(d) MILITARY RETIRED AND RETAINER PAY.—Section 1408 of title 10, United States Code, is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) in subparagraph (B), by striking "and";

(ii) in subparagraph (C), by striking the period and inserting "; and"; and

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

"(D) any administrative or judicial tribunal of a State competent to enter orders for support or maintenance (including a State agency administering a State program under part D of title IV of the Social Security Act).";

(B) in paragraph (2), by inserting "or a court order for the payment of child support not included in or accompanied by such a decree or settlement," before "which—";

(2) in subsection (d)—

(A) in the heading, by inserting "(OR FOR BENEFIT OF)" after "CONCERNED"; and

(B) in paragraph (1), in the first sentence, by inserting "(or for the benefit of such spouse or former spouse to a State central collections unit or other public payee designated by a State, in accordance with part D of title IV of the Social Security Act, as directed by court order, or as otherwise directed in accordance with such part D)" before "in an amount sufficient"; and

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

"(j) RELATIONSHIP TO OTHER LAWS.—In any case involving a child support order against a member who has never been married to the other parent of the child, the provisions of this section shall not apply, and the case shall be subject to the provisions of section 459 of the Social Security Act.".

(e) EFFECTIVE DATE.—The amendments made by this section shall become effective 6 months after the date of the enactment of this Act.

SEC. 464. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS OF MEMBERS OF THE ARMED FORCES.

(a) AVAILABILITY OF LOCATOR INFORMATION.—

(1) MAINTENANCE OF ADDRESS INFORMATION.—The Secretary of Defense shall establish a centralized personnel locator service that includes the address of each member of the Armed Forces under the jurisdiction of the Secretary. Upon request of the Secretary of Transportation, addresses for members of the Coast Guard shall be included in the centralized personnel locator service.

(2) TYPE OF ADDRESS.—

(A) RESIDENTIAL ADDRESS.—Except as provided in subparagraph (B), the address for a member of the Armed Forces shown in the locator service shall be the residential address of that member.

(B) DUTY ADDRESS.—The address for a member of the Armed Forces shown in the locator service shall be the duty address of that member in the case of a member—

(i) who is permanently assigned overseas, to a vessel, or to a routinely deployable unit; or

(ii) with respect to whom the Secretary concerned makes a determination that the member's residential address should not be disclosed due to national security or safety concerns.

(3) UPDATING OF LOCATOR INFORMATION.—Not later than 30 days after a member listed in the locator service establishes a new residential address (or a new duty address, in the case of a member covered by paragraph (2)(B)), the Secretary concerned shall update the locator service to indicate the new address of the member.

(4) AVAILABILITY OF INFORMATION.—The Secretary of Defense shall make information regarding the address of a member of the Armed Forces listed in the locator service available, on request, to the Federal Parent Locator Service.

(b) FACILITATING GRANTING OF LEAVE FOR ATTENDANCE AT HEARINGS.—

(1) REGULATIONS.—The Secretary of each military department, and the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy, shall prescribe regulations to facilitate the granting of leave to a member of the Armed Forces under the jurisdiction of that Secretary in a case in which—

(A) the leave is needed for the member to attend a hearing described in paragraph (2);

(B) the member is not serving in or with a unit deployed in a contingency operation (as defined in section 101 of title 10, United States Code); and

(C) the exigencies of military service (as determined by the Secretary concerned) do not otherwise require that such leave not be granted.

(2) COVERED HEARINGS.—Paragraph (1) applies to a hearing that is conducted by a court or pursuant to an administrative process established under State law, in connection with a civil action—

(A) to determine whether a member of the Armed Forces is a natural parent of a child; or

(B) to determine an obligation of a member of the Armed Forces to provide child support.

(3) DEFINITIONS.—For purposes of this subsection:

(A) The term "court" has the meaning given that term in section 1408(a) of title 10, United States Code.

(B) The term "child support" has the meaning given such term in section 462 of the Social Security Act (42 U.S.C. 662).

(c) PAYMENT OF MILITARY RETIRED PAY IN COMPLIANCE WITH CHILD SUPPORT ORDERS.—Section 1408 of title 10, United States Code, as amended by section 463(d)(3), is amended—

(1) by redesignating subsections (i) and (j) as subsections (j) and (k), respectively;

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

"(i) CERTIFICATION DATE.—It is not necessary that the date of a certification of the authenticity or completeness of a copy of a court order or an order of an administrative process established under State law for child support received by the Secretary concerned for the purposes of this section be recent in relation to the date of receipt by the Secretary."; and

(3) in subsection (d)—

(A) in paragraph (1), by inserting after the first sentence the following: "In the case of a spouse or former spouse who, pursuant to section 402(a)(9) of the Social Security Act (42 U.S.C. 602(26)), assigns to a State the rights of the spouse or former spouse to receive support, the Secretary concerned may make the child support payments referred to in the preceding sentence to that State in amounts consistent with that assignment of rights."; and

(B) by adding at the end the following new paragraph:

"(6) In the case of a court order or an order of an administrative process established under State law for which effective service is made on the Secretary concerned on or after the date of the enactment of this paragraph and which provides for payments from the disposable retired pay of a member to satisfy the amount of child support set forth in the order, the authority provided in paragraph (1) to make payments from the disposable retired pay of a member to satisfy the amount of child support set forth in a court order or an order of an administrative process established under State law shall apply to payment of any amount of child support arrearages set forth in that order as well as to amounts of child support that currently become due.".

SEC. 465. MOTOR VEHICLE LIENS.

Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended—

(1) by striking "(4)" and inserting "(4)(A)"; and

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

"(B) Procedures for placing liens for arrearages of child support on motor vehicle titles of individuals owing such arrearages equal to or exceeding 1 month of support (or other minimum amount set by the State), under which—

"(i) any person owed such arrearages may place such a lien;

"(ii) the State agency administering the program under this part shall systematically place such liens;

"(iii) expedited methods are provided for—

"(I) ascertaining the amount of arrears;

"(II) affording the person owing the arrears or other titleholder to contest the amount of arrears or to obtain a release upon fulfilling the support obligation;

"(iv) such a lien has precedence over all other encumbrances on a vehicle title other than a purchase money security interest; and

"(v) the individual or State agency owed the arrears may execute on, seize, and sell the property in accordance with State law.

"(C) Procedures under which—

"(i) liens arise by operation of law against real and personal property for amounts of overdue support owed by an absent parent who resides or owns property in the State; and

"(ii) the State accords full faith and credit to such liens which arise in another State, without registration of the underlying order which is the basis for such lien.".

SEC. 466. VOIDING OF FRAUDULENT TRANSFERS.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 401(a), 427(a), 431, and 434, is amended by adding at the end the following new paragraph:

"(16) Procedures under which—

"(A) the State has in effect—

"(i) the Uniform Fraudulent Conveyance Act of 1981,

"(ii) the Uniform Fraudulent Transfer Act of 1984, or

"(iii) another law, specifying indicia of fraud which create a prima facie case that a debtor transferred income or property to avoid payment to a child support creditor, which the Secretary finds affords comparable rights to child support creditors; and

"(B) in any case in which the State knows of a transfer by a child support debtor with respect to which such a prima facie case is established, the State must—

"(i) seek to void such transfer; or

"(ii) obtain a settlement in the best interests of the child support creditor.".

SEC. 467. STATE LAW AUTHORIZING SUSPENSION OF LICENSES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 401(a), 427(a), 431, 434, and 466, is amended by adding at the end the following new paragraph:

"(17) Procedures under which the State has (and uses in appropriate cases) authority (subject to appropriate due process safeguards) to withhold or suspend, or to restrict the use of driver's licenses, professional and occupational licenses, and recreational licenses of individuals owing overdue child support or failing, after receiving appropriate notice, to comply with subpoenas or warrants relating to paternity or child support proceedings.".

SEC. 468. REPORTING ARREARAGES TO CREDIT BUREAUS.

Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended to read as follows:

"(7)(A) Procedures (subject to safeguards pursuant to subparagraph (B)) requiring the State to report periodically to consumer reporting agencies (as defined in section 603(f) of the Fair Credit Reporting Act (15 U.S.C. 1681a(f)) the name of any absent parent who is delinquent in the payment of support, and the amount of overdue support owed by such parent.

"(B) Procedures ensuring that, in carrying out subparagraph (A), information with respect to an absent parent is reported—

"(i) only after such parent has been afforded all due process required under State law, including notice and a reasonable opportunity to contest the accuracy of such information; and

"(ii) only to an entity that has furnished evidence satisfactory to the State that the entity is a consumer reporting agency.".

SEC. 469. EXTENDED STATUTE OF LIMITATION FOR COLLECTION OF ARREARAGES.

(a) IN GENERAL.—Section 466(a)(9) (42 U.S.C. 666(a)(9)) is amended—

(1) by redesignating subparagraphs (A), (B), and (C) as clauses (i), (ii), and (iii), respectively;

(2) by striking "(9)" and inserting "(9)(A)"; and

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

"(B) Procedures under which the statute of limitations on any arrearages of child support extends at least until the child owed such support is 30 years of age.".

(b) APPLICATION OF REQUIREMENT.—The amendment made by this section shall not be interpreted to require any State law to revive any payment obligation which had lapsed prior to the effective date of such State law.

SEC. 470. CHARGES FOR ARREARAGES.

(a) STATE LAW REQUIREMENT.—Section 466(a) (42 U.S.C. 666(a)), as amended by sections 401(a), 427(a), 431, 434, 466, and 467, is amended by adding at the end the following new paragraph:

"(18) Procedures providing for the calculation and collection of interest or penalties for arrearages of child support, and for distribution of such interest or penalties collected for the benefit of the child (except where the right to support has been assigned to the State).".

(b) REGULATIONS.—The Secretary of Health and Human Services shall establish by regulation a rule to resolve choice of law conflicts arising in the implementation of the amendment made by subsection (a).

(c) CONFORMING AMENDMENT.—Section 454(21) (42 U.S.C. 654(21)) is repealed.

(d) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to arrearages accruing on or after October 1, 1998.

SEC. 471. DENIAL OF PASSPORTS FOR NONPAYMENT OF CHILD SUPPORT.

(a) HHS CERTIFICATION PROCEDURE.—

(1) SECRETARIAL RESPONSIBILITY.—Section 452 (42 U.S.C. 652), as amended by sections 415(a)(3) and 417, is amended by adding at the end the following new subsection:

"(l)(1) If the Secretary receives a certification by a State agency in accordance with the requirements of section 454(29) that an individual owes arrearages of child support in an amount exceeding $5,000 or in an amount exceeding 24 months' worth of child support, the Secretary shall transmit such certification to the Secretary of State for action (with respect to denial, revocation, or limitation of passports) pursuant to section 471(b) of the Interstate Child Support Responsibility Act of 1995.

"(2) The Secretary shall not be liable to an individual for any action with respect to a certification by a State agency under this section.".

(2) STATE CHILD SUPPORT ENFORCEMENT AGENCY RESPONSIBILITY.—Section 454 (42 U.S.C. 654), as amended by sections 404(a), 405, 414(b), 422(a), and 423(a) is amended—

(A) by striking "and" at the end of paragraph (28);

(B) by striking the period at the end of paragraph (29) and inserting "; and"; and

(C) by adding after paragraph (29) the following new paragraph:

"(30) provide that the State agency will have in effect a procedure (which may be combined with the procedure for tax refund offset under section 464) for certifying to the Secretary, for purposes of the procedure under section 452(l) (concerning denial of passports) determinations that individuals owe arrearages of child support in an amount exceeding $5,000 or in an amount exceeding 24 months' worth of child support, under which procedure—

"(A) each individual concerned is afforded notice of such determination and the consequences thereof, and an opportunity to contest the determination; and

"(B) the certification by the State agency is furnished to the Secretary in such format, and accompanied by such supporting documentation, as the Secretary may require.".

(b) STATE DEPARTMENT PROCEDURE FOR DENIAL OF PASSPORTS.—

(1) IN GENERAL.—The Secretary of State, upon certification by the Secretary of Health and Human Services, in accordance with section 452(l) of the Social Security Act, that an individual owes arrearages of child support in excess of $5,000 or in an amount exceeding 24 months' worth of child support, shall refuse to issue a passport to such individual, and may revoke, restrict, or limit a passport issued previously to such individual.

(2) LIMIT ON LIABILITY.—The Secretary of State shall not be liable to an individual for any action with respect to a certification by a State agency under this section.

(c) EFFECTIVE DATE.—This section and the amendments made by this section shall become effective October 1, 1996.

SEC. 472. INTERNATIONAL CHILD SUPPORT ENFORCEMENT.

(a) SENSE OF THE CONGRESS THAT THE UNITED STATES SHOULD RATIFY THE UNITED NATIONS CONVENTION OF 1956.—It is the sense of the Congress that the United States should ratify the United Nations Convention of 1956.

(b) TREATMENT OF INTERNATIONAL CHILD SUPPORT CASES AS INTERSTATE CASES.—Section 454 (42 U.S.C. 654), as amended by sections 404(a), 405, 414(b), 422(a), 423(a), and 471(a)(2), is amended—

(1) by striking "and" at the end of paragraph (29);

(2) by striking the period at the end of paragraph (30) and inserting "; and"; and

(3) by inserting after paragraph (30) the following new paragraph:

"(31) provide that the State must treat international child support cases in the same manner as the State treats interstate child support cases under the plan.".

PART VIII—MEDICAL SUPPORT

SEC. 481. TECHNICAL CORRECTION TO ERISA DEFINITION OF MEDICAL CHILD SUPPORT ORDER.

(a) IN GENERAL.—Section 609(a)(2)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)(2)(B)) is amended—

(1) by striking "issued by a court of competent jurisdiction";

(2) in clause (ii) by striking the period and inserting a comma; and

(3) by adding after clause (ii), the following flush left language:

"if such judgment, decree, or order (I) is issued by a court of competent jurisdiction or (II) is issued by an administrative adjudicator and has the force and effect of law under applicable State law.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall become effective on the date of the enactment of this Act.

(2) PLAN AMENDMENTS NOT REQUIRED UNTIL JANUARY 1, 1996.—

(A) IN GENERAL.—Any amendment to a plan required to be made by an amendment made by this section shall not be required to be made before the first plan year beginning on or after January 1, 1996, if—

(i) during the period after the date before the date of the enactment of this Act and before such first plan year, the plan is operated in accordance with the requirements of the amendments made by this section; and

(ii) such plan amendment applies retroactively to the period after the date before the date of the enactment of this Act and before such first plan year.

(B) NO FAILURE FOR COMPLIANCE WITH THIS PARAGRAPH.—A plan shall not be treated as failing to be operated in accordance with the provisions of the plan merely because it operates in accordance with this paragraph.

PART IX—ACCESS AND VISITATION PROGRAMS

SEC. 491. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

Part D of title IV is amended by adding at the end the following new section:

"GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS

"SEC. 469A. (a) PURPOSES; AUTHORIZATION OF APPROPRIATIONS.—For purposes of enabling States to establish and administer programs to support and facilitate absent parents' access to and visitation of their children, by means of activities including mediation (both voluntary and mandatory), counseling, education, development of parenting plans, visitation enforcement (including monitoring, supervision, and neutral drop-off and pickup), and development of guidelines for visitation and alternative custody arrangements, there are authorized to be appropriated $5,000,000 for each of fiscal years 1996 and 1997, and $10,000,000 for each succeeding fiscal year.

"(b) PAYMENTS TO STATES.—

"(1) IN GENERAL.—Each State shall be entitled to payment under this section for each fiscal year in an amount equal to its allotment under subsection (c) for such fiscal year, to be used for payment of 90 percent of State expenditures for the purposes specified in subsection (a).

"(2) SUPPLEMENTARY USE.—Payments under this section shall be used by a State to supplement (and not to substitute for) expenditures by the State, for activities specified in subsection (a), at a level at least equal to the level of such expenditures for fiscal year 1994.

"(c) ALLOTMENTS TO STATES.—

"(1) IN GENERAL.—For purposes of subsection (b), each State shall be entitled (subject to paragraph (2)) to an amount for each fiscal year bearing the same ratio to the amount authorized to be appropriated pursuant to subsection (a) for such fiscal year as the number of children in the State living with only 1 biological parent bears to the total number of such children in all States.

"(2) MINIMUM ALLOTMENT.—Allotments to States under paragraph (1) shall be adjusted as necessary to ensure that no State is allotted less than $50,000 for fiscal year 1996 or 1997, or $100,000 for any succeeding fiscal year.

"(d) FEDERAL ADMINISTRATION.—The program under this section shall be administered by the Administration for Children and Families.

"(e) STATE PROGRAM ADMINISTRATION.—

"(1) IN GENERAL.—Each State may administer the program under this section directly or through grants to or contracts with courts, local public agencies, or non-profit private entities.

"(2) STATEWIDE PLAN PERMISSIBLE.—State programs under this section may, but need not, be statewide.

"(3) EVALUATION.—States administering programs under this section shall monitor, evaluate, and report on such programs in accordance with requirements established by the Secretary.".

Subtitle B—Child Support Enforcement and Assurance Demonstrations

SEC. 494. CHILD SUPPORT ENFORCEMENT AND ASSURANCE DEMONSTRATIONS.

(a) DEMONSTRATIONS AUTHORIZED.—

(1) INITIAL PROJECTS.—The Secretary of Health and Human Services (hereafter in this section referred to as the "Secretary") shall make grants to three States for demonstrations under this section to determine the effectiveness of programs to provide assured levels of child support to custodial parents of children for whom paternity and support obligations have been established.

(b) DURATION OF PROJECTS.—

(1) TOTAL PROJECT PERIOD.—The Secretary shall make grants to States for demonstrations under this section beginning in fiscal year 1997, for periods of 7 to 10 years.

(2) PHASEDOWN PERIOD.—Each State implementing a demonstration project under this section shall—

(A) phase out activities under such demonstration during the final two years of the project; and

(B) obtain the Secretary's approval, before the beginning of such phasedown period, of a plan for accomplishing such phasedown.

(c) CONSIDERATIONS IN SELECTION OF PROJECTS.—

(1) SCOPE.—Projects under this section may, but need not, be statewide in scope.

(2) STATE ADMINISTRATION.—

(A) RESPONSIBLE STATE AGENCY.—A State demonstration project under this section shall be administered either by the State agency administering the program under title IV-D of the Social Security Act or the State department of revenue and taxation.

(B) AUTOMATION.—The State agency described in subparagraph (A) shall operate (or have automated access to) the automated data system required under section 454(16) of the Social Security Act, and shall have adequate automated capacity to carry out the project under this section (including the timely distribution of child support assurance benefits).

(3) CONTROLS.—At least one demonstration project under this section shall include randomly assigned control groups.

(d) ELIGIBILITY.—

(1) IN GENERAL.—Child support assurance payments under projects under this section shall be available only to children for whom paternity and support obligations have been established (or with respect to whom a determination has been made that efforts to establish paternity or support would not be in the best interests of the child).

(2) FAMILIES WITH SHARED CUSTODY.—In cases where both parents share custody of a child, a parent and child shall not be eligible for benefits under a demonstration under this section unless—

(A) a support order is in effect entitling such parent to support payments in excess of the minimum benefit; or

(B) the agency or tribunal which issued the order certifies that the child support award would be below such minimum benefit if either parent was awarded sole custody and the guidelines under section 467 were applied.

(3) STATE OPTION TO BASE ELIGIBILITY ON NEED.—At State option, eligibility for benefits under a demonstration under this section may be limited to families with incomes and resources below a standard of need established by the State.

(f) BENEFIT AMOUNTS.—

(1) RANGE OF BENEFIT LEVELS.—States shall have flexibility to set annual benefit levels under demonstrations under this section, provided that (subject to the remaining provisions of this subsection) such levels—

(A) are not lower than $1,500 for a family with one child or $3,000 for a family with four or more children; and

(B) are not higher than $3,000 for a family with one child or $4,500 for a family with four or more children;

(2) INDEXING.—Annual benefit levels for each fiscal year after fiscal year 1996 shall be indexed to reflect the change in the Consumer Price Index.

(3) UNMATCHED EXCESS BENEFITS.—The Secretary may permit States to pay benefits higher than a maximum specified in paragraphs (1) and (2), but Federal matching of such payments shall not be available for benefits in excess of the amounts specified in paragraph (1) (as adjusted in accordance with paragraph (2)) by more than $25 per month.

(g) TREATMENT OF BENEFITS.—

(1) FOR PURPOSES OF TRANSITIONAL AID.—The amount of aid otherwise payable to a family under title IV-A of the Social Security Act shall be reduced by an amount equal to the amount of child support assurance paid to such family (or, at the Secretary's discretion, by a percentage of such amount paid specified by the Secretary).

(2) TREATMENT OF BENEFITS FOR PURPOSES OF OTHER BENEFIT PROGRAMS.—

(A) IN GENERAL.—Except as provided in subparagraph (B), child support assurance paid to a family shall be considered ordinary income for purposes of determining eligibility for and benefits under any Federal or State program.

(B) DEEMED TRANSITIONAL AID ELIGIBILITY.—At State option, a child (or family) that is ineligible for aid under title IV-A of the Social Security Act because of payments under a demonstration under this section may be deemed to be receiving such aid for purposes of determining eligibility for other Federal and State programs.

(3) FOR TAX PURPOSES.—Child support assurance which is paid to a family under this section and is not reimbursed from a child support collection from a noncustodial parent shall be considered ordinary income for purposes of Federal and State tax liability.

(h) WORK PROGRAM OPTION.—At the option of the State grantee, a demonstration under this section may include a work program for unemployed noncustodial parents of eligible children.

(i) AVAILABILITY OF APPROPRIATIONS FOR PAYMENTS TO STATES.—

(1) STATE ENTITLEMENT TO IV-D FUNDING.—A State administering an approved demonstration under this section in a calendar quarter shall be entitled to payments for such quarter, pursuant to section 455 of the Social Security Act for the Federal share of reasonable and necessary expenditures (including expenditures for benefit payments and for associated administrative costs) under such project, in an amount (subject to paragraphs (2) and (3)) equal to—

(A) with respect to that portion of such expenditures equal to the reduction of expenditures under title IV-A of the Social Security Act pursuant to subsection (g)(1), a percentage equal to the percentage that would have been paid if such expenditures had been made under such title IV-A; and

(B) 90 percent of the remainder of such expenditures.

(2) STATES WITH LOW TRANSITIONAL AID BENEFITS.—In the case of a State in which benefit levels under title IV-A of the Social Security Act are below the national median for such payments, the Secretary may elect to provide 90 percent Federal matching of a portion of expenditures under a project under this section that would otherwise be matched at the rate specified in paragraph (1)(A).

(3) FUNDING LIMITS; PRO RATA REDUCTIONS OF STATE MATCHING.—

(A) FUNDS AVAILABLE.—There shall be available to the Secretary, from amounts appropriated to carry our part D of title IV of the Social Security Act, for purposes of carrying out demonstrations under this section, amounts not to exceed—

(i) $27,000,000 for fiscal year 1997;

(ii) $55,000,000 for fiscal year 1998;

(iii) $70,000,000 for each of fiscal years 1999 through 2002; and

(iv) $55,000,000 for fiscal year 2003.

(B) PRO RATA REDUCTIONS.—The Secretary shall make pro rata reductions in the amounts otherwise payable to States under this section as necessary to comply with the funding limitation specified in subparagraph (A).

(j) DISTRIBUTION OF CHILD SUPPORT COLLECTIONS.—Notwithstanding section 457 of the Social Security Act, support payments collected from the noncustodial parent of a child receiving (or who has received) child support assurance payments under this section shall be distributed as follows:

(1) first, amounts equal to the total support owed for such month shall be paid to the family;

(2) second, from any remainder, amounts owed to the State on account of child support assurance payments to the family shall be paid to the State (with appropriate reimbursement to the Federal Government of its share to such payments);

(3) third, from any remainder, arrearages of support owed to the family shall be paid to the family; and

(4) fourth, from any remainder, amounts owed to the State on account of current or past payments of aid under title IV-A of the Social Security Act shall be paid to the State (with appropriate reimbursement to the Federal Government of its share of such payments).

(k) EVALUATIONS AND REPORTS.—

(1) STATE EVALUATIONS.—Each State administering a demonstration project under this section shall—

(A) provide for ongoing and retrospective evaluation of the project, meeting such conditions and standards as the Secretary may require; and

(B) submit to the Secretary such reports (at such times, in such format, and containing such information) as the Secretary may require, including at least an interim report not later than 90 days after the end of the fourth year of the project, and a final report not later than one year after the completion of the project, which shall include information on and analysis of the effect of the project with respect to—

(i) the economic circumstances of both noncustodial and custodial parents;

(ii) the rate of compliance by noncustodial parents with support orders;

(iii) work-force participation by both custodial and noncustodial parents;

(iv) the need for or amount of transitional aid to families with needy children under title IV-A of the Social Security Act;

(v) paternity establishment rates; and

(vi) any other matters the Secretary may specify.

(2) REPORTS TO CONGRESS.—The Secretary shall, on the basis of reports received from States administering projects under this section, make the following reports, containing an assessment of the effectiveness of the projects and any recommendations the Secretary considers appropriate:

(A) an interim report, not later than 6 months following receipt of the interim State reports required by paragraph (1)(B); and

(B) a final report, not later than 6 months following receipt of the final State reports required under such paragraph.

(3) FUNDING FOR COSTS TO SECRETARY.—There are authorized to be appropriated $10,000,000 for fiscal year 1997, to remain available until expended, for payment of the

cost of evaluations by the Secretary of the demonstrations carried out under this section.

Subtitle C—Demonstration Projects To Provide Services to Certain Noncustodial Parents

SEC. 495. ESTABLISHMENT OF DEMONSTRATION PROJECTS FOR PROVIDING SERVICES TO CERTAIN NONCUSTODIAL PARENTS.

(a) IN GENERAL.—The Secretary of Health and Human Services (hereafter in this section referred to as the "Secretary") shall make grants to not more than 5 States to conduct demonstration projects in accordance with subsection (b) for the purpose of providing services to noncustodial parents who are unable to meet child support obligations due to unemployment or underemployment.

(b) REQUIREMENTS OF PROJECT.—A project conducted in accordance with this subsection shall provide noncustodial parents who are unable to meet child support obligations due to unemployment or underemployment with the following services:

(1) Assessment of job readiness.

(2) Referrals to job training and education programs.

(3) Court monitored job search.

(4) Court ordered participation in State work programs or other specialized employment programs.

(5) Technical assistance and information and interpretation of legal proceedings.

(6) Information dissemination and referrals to other available services.

(7) Other services determined by the State.

(c) APPLICATIONS.—Each State desiring to conduct a demonstration project under this section shall prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require.

(d) REPORTS.—A State that conducts a demonstration project under this section shall prepare and submit to the Secretary annual and final reports in such form and containing such information as the Secretary may require.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $1,000,000 for each of fiscal years 1997 through 1999 for the purpose of conducting demonstration projects in accordance with this section.

Subtitle D—Severability

SEC. 496. SEVERABILITY.

If any provision of subtitle A or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of subtitle A which can be given effect without regard to the invalid provision or application, and to this end the provisions of subtitle A shall be severable.

TITLE V—TRANSITIONAL MEDICAID

SEC. 501. STATE OPTION TO EXTEND TRANSITIONAL MEDICAID BENEFITS.

(a) OPTIONAL EXTENSION OF MEDICAID ENROLLMENT FOR FORMER TRANSITIONAL AID PROGRAM RECIPIENTS FOR 1 ADDITIONAL YEAR.—

(1) IN GENERAL.—Section 1925(b)(1) (42 U.S.C. 1396r-6(b)(1)) is amended by striking the period at the end and inserting the following: ", and may provide that the State may offer to each such family the option of extending coverage under this subsection for any of the first 2 succeeding 6-month periods, in the same manner and under the same conditions as the option of extending coverage under this subsection for the first succeeding 6-month period.".

(2) CONFORMING AMENDMENTS.—

(A) IN GENERAL.—Section 1925 (42 U.S.C. 1396r-6) is amended—

(i) in subsection (b)—

(I) in the heading, by striking "EXTENSION" and inserting "EXTENSIONS";

(II) in the heading of paragraph (1), by striking "REQUIREMENT" and inserting "IN GENERAL";

(III) in paragraph (2)(B)(ii)—

(aa) in the heading, by striking "PERIOD" and inserting "PERIODS"; and

(bb) by striking "in the period" and inserting "in each of the 6-month periods";

(IV) in paragraph (3)(A), by striking "the 6-month period" and inserting "any 6-month period";

(V) in paragraph (4)(A), by striking "the extension period" and inserting "any extension period"; and

(VI) in paragraph (5)(D)(i), by striking "is a 3-month period" and all that follows and inserting the following: "is, with respect to a particular 6-month additional extension period provided under this subsection, a 3-month period beginning with the 1st or 4th month of such extension period."; and

(ii) by striking subsection (f).

(B) FAMILY SUPPORT ACT.—Section 303(f)(2) of the Family Support Act of 1988 (42 U.S.C. 602 note) is amended—

(i) by striking "(A)"; and

(ii) by striking subparagraphs (B) and (C).

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by subsection (a) shall apply to calendar quarters beginning on or after October 1, 1996, without regard to whether final regulations to carry out such amendments have been promulgated by such date.

(2) WHEN STATE LEGISLATION IS REQUIRED.—In the case of a State plan for medical assistance under title XIX of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order for the plan to meet the additional requirements imposed by the amendments made by subsection (a), the State plan shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet these additional requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

TITLE VI—TEENAGE PREGNANCY PREVENTION

SEC. 601. SUPERVISED LIVING ARRANGEMENTS FOR MINORS.

Section 402(a) (42 U.S.C. 602(a)), as amended by section 101, is amended by adding at the end the following new paragraph:

"(13) RESIDENCY REQUIREMENT FOR TEENAGE PARENTS.—The State plan shall provide that—

"(A) IN GENERAL.—Except as provided in subparagraph (B)(i), in the case of any individual who is under the age of 18 and has never married, and who has a dependent child in his or her care (or is pregnant and is eligible for transitional aid to families with needy children under the State plan)—

"(i) such individual may receive transitional aid to families with needy children under the plan for the individual and such child (or for the individual if the individual is a pregnant woman) only if such individual and child (or such pregnant woman) reside in a place of residence maintained by a parent, legal guardian, or other adult relative of such individual as such parent's, guardian's, or adult relative's own home; and

"(ii) such aid (where possible) shall be provided to the parent, legal guardian, or other adult relative on behalf of such individual and child.

"(B) EXCEPTION.—

"(i) ASSISTANCE IN LOCATING ADULT-SUPERVISED LIVING ARRANGEMENT.—In the case of an individual described in clause (ii)—

"(I) the State agency shall assist such individual in locating an appropriate adult-supervised supportive living arrangement taking into consideration the needs and concerns of the individual, unless the State agency determines that the individual's current living arrangement is appropriate, and thereafter shall require that the individual (and child, if any) reside in such living arrangement as a condition of the continued receipt of aid under the plan (or in an alternative appropriate arrangement, should circumstances change and the current arrangement cease to be appropriate), or

"(II) if the State agency is unable, after making diligent efforts, to locate any such appropriate living arrangement, it shall provide for comprehensive case management, monitoring, and other social services consistent with the best interests of the individual (and child) while living independently.

"(ii) INDIVIDUAL DESCRIBED.—For purposes of clause (i), an individual is described in this clause if—

"(I) such individual has no parent or legal guardian of his or her own who is living and whose whereabouts are known;

"(II) no living parent or legal guardian of such individual allows the individual to live in the home of such parent or guardian;

"(III) the State agency determines that the physical or emotional health of such individual or any dependent child of the individual would be jeopardized if such individual and such dependent child lived in the same residence with such individual's own parent or legal guardian; or

"(IV) the State agency otherwise determines (in accordance with regulations issued by the Secretary) that it is in the best interest of the dependent child to waive the requirement of subparagraph (A) with respect to such individual.".

SEC. 602. REINFORCING FAMILIES.

(a) IN GENERAL.—Title XX (42 U.S.C. 1397-1397e) is amended by adding at the end the following new section:

"SEC. 2008. SECOND CHANCE HOUSES.

"(a) ENTITLEMENT.—

"(1) IN GENERAL.—In addition to any payment under sections 2002 and 2007, beginning with fiscal year 1996, each State shall be entitled to funds under this section for each fiscal year for the establishment, operation, and support of second chance houses for custodial parents under the age of 19 and their children.

"(2) PAYMENT TO STATES.—

"(A) IN GENERAL.—Each State shall be entitled to payment under this section for each fiscal year in an amount equal to its allotment (determined in accordance with subsection (b)) for such fiscal year, to be used by such State for the purposes set forth in paragraph (1).

"(B) TRANSFERS OF FUNDS.—The Secretary shall make payments in accordance with section 6503 of title 31, United States Code, to each State from its allotment for use under this title.

"(C) USE.—Payments to a State from its allotment for any fiscal year must be expended by the State in such fiscal year or in the succeeding fiscal year.

"(D) TECHNICAL ASSISTANCE.—A State may use a portion of the amounts described in subparagraph (A) for the purpose of purchasing technical assistance from public or private entities if the State determines that

such assistance is required in developing, implementing, or administering the program funded under this section.

"(3) SECOND CHANCE HOUSES.—For purposes of this section, the term 'second chance houses' means an entity that provides custodial parents under the age of 19 and their children with a supportive and supervised living arrangement in which such parents would be required to learn parenting skills, including child development, family budgeting, health and nutrition, and other skills to promote their long-term economic independence and the well-being of their children. A second chance house may also serve as a network center for other supportive services that might be available in the community.

"(b) ALLOTMENT.—

"(1) CERTAIN JURISDICTIONS.—The allotment for any fiscal year to each of the jurisdictions of Puerto Rico, Guam, the Virgin Islands, American Samoa, and the Northern Mariana Islands shall be an amount which bears the same ratio to the amount specified under paragraph (3) as the allotment that the jurisdiction receives under section 2003(a) for the fiscal year bears to the total amount specified for such fiscal year under section 2003(c).

"(2) OTHER STATES.—The allotment for any fiscal year for each State other than the jurisdictions of Puerto Rico, Guam, the Virgin Islands, American Samoa, and the Northern Mariana Islands shall be an amount which bears the same ratio to—

"(A) the amount specified under paragraph (3); reduced by

"(B) the total amount allotted to those jurisdictions for that fiscal year under paragraph (1),

as the allotment that the State receives under section 2003(b) for the fiscal year bears to the total amount specified for such fiscal year under section 2003(c).

"(3) AMOUNT SPECIFIED.—The amount specified for purposes of paragraphs (1) and (2) shall be $40,000,000 for fiscal year 1996 and each subsequent fiscal year.

"(c) LOCAL INVOLVEMENT.—Each State shall seek local involvement from the community in any area in which a second chance house receiving funds pursuant to this section is to be established. In determining criteria for targeting funds received under this section, each State shall evaluate the community's commitment to the establishment and planning of the house.

"(d) LIMITATIONS ON THE USE OF FUNDS.—

"(1) CONSTRUCTION.—Except as provided in paragraph (2), funds made available under this section may not be used by the State, or any other person with which the State makes arrangements to carry out the purposes of this section, for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than minor remodeling) of any building or other facility.

"(2) WAIVER.—The Secretary may waive the limitation contained in paragraph (1) upon the State's request for such a waiver if the Secretary finds that the request describes extraordinary circumstances to justify the waiver and that permitting the waiver will contribute to the State's ability to carry out the purposes of this section.

"(e) TREATMENT OF INDIAN TRIBES.—

"(1) IN GENERAL.—An Indian tribe may apply to the Secretary to establish, operate, and support adult-supervised group homes for custodial parents under the age of 19 and their children in accordance with an application procedure to be determined by the Secretary. Except as otherwise provided in this subsection, the provisions of this section shall apply to Indian tribes receiving funds under this subsection in the same manner and to the same extent as the other provisions of this section apply to States.

"(2) ALLOTMENT.—If the Secretary approves an Indian tribe's application, the Secretary shall allot to such tribe for a fiscal year an amount which the Secretary determines is the Indian tribe's fair and equitable share of the amount specified under paragraph (3) for all Indian tribes with applications approved under this subsection (based on allotment factors to be determined by the Secretary). The Secretary shall determine a minimum allotment amount for all Indian tribes with applications approved under this subsection. Each Indian tribe with an application approved under this subsection shall be entitled to such minimum allotment.

"(3) AMOUNT SPECIFIED.—The amount specified under this paragraph for all Indian tribes with applications approved under this subsection is $5,000,000 for fiscal year 1996 and each subsequent fiscal year.

"(4) INDIAN TRIBE DEFINED.—For purposes of this section, the term 'Indian tribe' means any Indian tribe, band, nation, pueblo, or other organized group or community, including any Alaska Native entity which is recognized as eligible for the special programs and services provided by the United States to Indian tribes because of their status as Indians.".

(b) RECEIPT OF PAYMENTS BY SECOND CHANCE HOUSES.—Section 402(a)(13)(A)(ii), as added by section 601, is amended by striking "or other adult relative" and inserting "other adult relative, or second chance house receiving funds under section 2008".

(c) RECOMMENDATIONS ON USAGE OF GOVERNMENT SURPLUS PROPERTY.—Not later than 6 months after the date of the enactment of this Act, after consultation with the Secretary of Defense, the Secretary of Housing and Urban Development, and the Administrator of the General Services Administration, the Secretary of Health and Human Services shall submit recommendations to the Congress on the extent to which surplus properties of the United States Government may be used for the establishment of second chance houses receiving funds under section 2008 of the Social Security Act.

SEC. 603. REQUIRED COMPLETION OF HIGH SCHOOL OR OTHER TRAINING FOR TEENAGE PARENTS.

(a) IN GENERAL.—Section 402(a) (42 U.S.C. 602(a)), as amended by sections 101, 601, and 602, is amended by adding at the end the following new paragraph:

"(14) EDUCATIONAL REQUIREMENTS.—The State plan shall provide the following educational requirements:

"(A) CUSTODIAL PARENT UNDER 19 YEARS.—In the case of a custodial parent who has not attained 19 years of age, has not successfully completed a high-school education (or its equivalent), and is required to participate in the program (including an individual who would otherwise be exempt from participation in the program solely by reason of clause (i), (ii), or (iii) of paragraph (11)(B)), the State agency shall—

"(i) require such parent to participate in—

"(I) educational activities directed toward the attainment of a high school diploma or its equivalent on a full-time basis (as defined by the educational provider); or

"(II) an alternative educational or training program (that has been approved by the Secretary) on a full-time basis (as defined by the provider); and

"(ii) provide child care in accordance with paragraph (5) with respect to the family.

"(B) CUSTODIAL PARENT 19 YEARS OLD.—

"(i) IN GENERAL.—To the extent that the program is available in the political subdivision involved and State resources otherwise permit, the State agency shall require a custodial parent who would be described in subparagraph (A), if that parent is 19 years of age, to participate in an educational activity described in clause (ii).

"(ii) TYPE OF EDUCATIONAL ACTIVITY.—The State agency may require a parent described in clause (i)—

"(I) to participate in educational activities directed toward the attainment of a high school diploma or its equivalent on a full-time basis (as defined by the educational provider); or

"(II) to participate in training or work activities in lieu of the educational activities under subclause (I) if such parent fails to make good progress in successfully completing such educational activities or if it is determined (prior to any assignment of the individual to such educational activities) pursuant to an educational assessment that participation in such educational activities is inappropriate for such parent.

"(C) EDUCATIONAL ACTIVITY CONSIDERED PARTICIPATION IN PROGRAM.—

"(i) IN GENERAL.—If the parent or other caretaker relative or any dependent child in the family is attending in good standing an institution of higher education (as defined in section 481(a) of the Higher Education Act of 1965 (20 U.S.C. 1088), or a school or course of vocational or technical training (not less than half time) consistent with the individual's employment goals, and is making satisfactory progress in such institution, school, or course, at the time he or she would otherwise commence participation in the program under this section, such attendance may, at the State's option, constitute satisfactory participation in the program (by that caretaker or child) so long as it continues and is consistent with such goals.

"(ii) ADDITIONAL REQUIREMENTS.—In addition to the requirements described in clause (i)—

"(I) any other activities in which an individual described in this subparagraph participates may not be permitted to interfere with the school or training described in such clause; and

"(II) the costs of such school or training shall not constitute a federally reimbursable expense for purposes of section 403, however the costs of day care, transportation, and other services which are necessary (as determined by the State agency) for such attendance in accordance with paragraph (5) are eligible for Federal reimbursement.".

(b) STATE OPTION TO PROVIDE ADDITIONAL INCENTIVES AND PENALTIES TO ENCOURAGE TEENAGE PARENTS TO COMPLETE HIGH SCHOOL AND PARTICIPATE IN PARENTING ACTIVITIES.—

(1) STATE PLAN.—Section 402(a)(14)(A), as added by subsection (a), is amended by adding at the end the following new subparagraph:

"(D) INCENTIVES AND PENALTY PROGRAM.—At the option of the State, some or all custodial parents and pregnant women who have not attained 19 years of age (or at the State's option, 21 years of age) and who are receiving aid under this part shall be required to participate in a program of monetary incentives and penalties for participation and completion of a high school education (or equivalent) and in parenting activities, consistent with subsection (f);".

(2) ELEMENTS OF PROGRAM.—Section 402 (42 U.S.C. 602), as amended by section 101, is amended by adding at the end the following new subsection:

"(f) INCENTIVES AND PENALTIES PROGRAM.—

"(1) IN GENERAL.—If a State opts to conduct a program of incentives and penalties described in subsection (a)(14)(D), the State shall amend its State plan—

"(A) to specify the one or more political subdivisions (or other clearly defined geographic area or areas) in which the State will conduct the program; and

"(B) to describe its program in detail.

"(2) PROGRAM DESCRIBED.—A program under this subsection—

"(A) may, at the option of the State, require full-time participation by custodial parents and pregnant women to whom the program applies in secondary school or equivalent educational activities, or participation in a course or program leading to a parenting skills certificate found appropriate by the State agency or parenting education activities (or any combination of such activities and secondary education);

"(B) shall require that the needs of such custodial parents and pregnant women shall be reviewed and the program will ensure that, either in the initial development or revision of such individual's employability plan, there will be included a description of the services that will be provided to the individual and the way in which the program and service providers will coordinate with the educational or skills training activities in which the individual is participating;

"(C) shall provide monetary incentives for more than minimally acceptable performance of required educational activities; and

"(D) shall provide penalties (which may be those allowed by subsection (a)(1)(H) or other monetary penalties that the State finds will better achieve the objectives of the program) for less than minimally acceptable performance of required activities.

"(3) MONETARY INCENTIVE PAYABLE TO PARENT.—When a monetary incentive is payable because of the more than minimally acceptable performance of required educational activities by a custodial parent, the incentive shall be paid directly to such parent, regardless of whether the State agency makes payment of aid under the State plan directly to such parent.

"(4) TREATMENT OF MONETARY INCENTIVE.—

"(A) IN GENERAL.—For purposes of this part, monetary incentives paid under this subsection shall be considered transitional aid to families with needy children.

"(B) TREATMENT UNDER OTHER FEDERAL PROGRAMS.—For purposes of any other Federal or federally-assisted program based on need, no monetary incentive paid under this subsection shall be considered income in determining a family's eligibility for or amount of benefits under such program, and if aid is reduced by reason of a penalty under this subsection, such other program shall treat the family involved as if no such penalty has been applied.

"(5) INFORMATION PROVIDED TO SECRETARY.—The State agency shall from time to time provide such information with respect to the State operation of the program as the Secretary may request.".

SEC. 604. TARGETING YOUTH AT RISK OF TEENAGE PREGNANCY.

(a) IN GENERAL.—Section 402 of the Social Security Act (42 U.S.C. 602), as amended by sections 101 and 603, is amended by adding at the end the following new subsection:

"(g) REDUCTION IN TEENAGE PREGNANCY.—

"(1) IN GENERAL.—Each State agency may, to the extent it determines resources are available, provide for the operation of projects to reduce teenage pregnancy. Such projects shall be operated by eligible entities that have submitted applications described in paragraph (3) that have been approved in accordance with paragraph (4).

"(2) ELIGIBLE ENTITY.—For purposes of this subsection, the term 'eligible entity' includes State agencies, local agencies, publicly supported organizations, private nonprofit organizations, and consortia of such entities.

"(3) APPLICATION DESCRIBED.—An application described in this paragraph shall—

"(A) describe the project;

"(B) include an endorsement of the project by the chief elected official of the jurisdiction in which the project is to be located;

"(C) demonstrate strong local commitment and local involvement in the planning and implementation of the project; and

"(D) be submitted in such manner and containing such information as the Secretary may require.

"(4) APPROVAL OF APPLICATION.—

"(A) IN GENERAL.—Subject to subparagraph (B), the chief executive officer of a State may approve an application under this paragraph based on selection criteria to be determined by such chief executive officer.

"(B) PREFERENCES IN APPROVING PROJECTS.—Preference in approving a project shall be accorded to projects that target—

"(i) both young men and women;

"(ii) areas with high teenage pregnancy rates; or

"(iii) areas with a high incidence of individuals receiving transitional aid to families with needy children.

"(5) INDIAN TRIBES.—

"(A) IN GENERAL.—An Indian tribe may apply to the Secretary to provide for the operation of projects to reduce teenage pregnancy in accordance with an application procedure to be determined by the Secretary. Except as otherwise provided in this subsection, the provisions of this section shall apply to Indian tribes receiving funds under this subsection in the same manner and to the same extent as the other provisions of this section apply to States.

"(B) INDIAN TRIBE DEFINED.—For purposes of this subsection, the term 'Indian tribe' means any Indian tribe, band, nation, pueblo, or other organized group or community, including any Alaska Native entity which is recognized as eligible for the special programs and services provided by the United States to Indian tribes because of their status as Indians.

"(6) TERM OF PROJECTS.—A project conducted under this subsection shall be conducted for not less than 3 years.

"(7) STUDY.—

"(A) IN GENERAL.—The Secretary shall conduct a study in accordance with subparagraph (B) to determine the relative effectiveness of the different approaches for preventing teenage pregnancy utilized in the projects conducted under this subsection.

"(B) STUDY REQUIREMENTS.—The study required under subparagraph (A) shall—

"(i) be based on data gathered from projects conducted in 5 States chosen by the Secretary from among the States in which projects under this subsection are operated;

"(ii) use specific outcome measures (determined by the Secretary) to test the effectiveness of the projects;

"(iii) use experimental and control groups (to the extent possible) that are composed of a random sample of participants in the projects; and

"(iv) be conducted in accordance with an experimental design determined by the Secretary to result in a comparable design among all projects.

"(C) INTERIM AND ANNUAL REPORTS.—Each eligible entity conducting a project under this subsection shall provide to the Secretary, in such form and with such frequency as the Secretary requires, interim data from the projects conducted under this subsection. The Secretary shall report to the Congress annually on the progress of such projects and shall, not later than January 1, 2003, submit to the Congress a report on the study required under subparagraph (A).

"(D) AUTHORIZATION.—There are authorized to be appropriated $500,000 for each of fiscal years 1996 through 2001 for the purpose of conducting the study required under subparagraph (A).".

(b) PAYMENT.—Section 403 of the Social Security Act (42 U.S.C. 603), as amended by section 101, is amended by adding at the end the following new subsection:

"(e) PAYMENTS FOR REDUCING TEENAGE PREGNANCY.—

"(1) IN GENERAL.—In addition to any payment under subsection (a), each State shall be entitled to payment from the Secretary for each of fiscal years 1996 through 2001 in an amount equal to the lesser of—

"(A) 75 percent of the expenditures made by the State in providing for the operation of the projects under section 402(g), and in administering the projects under such section; or

"(B) the limitation determined under paragraph (2) with respect to the State for the fiscal year.

"(2) LIMITATION.—

"(A) IN GENERAL.—The limitation determined under this paragraph with respect to a State for any fiscal year is the amount that bears the same ratio to $20,000,000 as the population with an income below the poverty line (as such term is defined in section 673(2) of the Omnibus Budget Reconciliation Act of 1981), including any revision required by such section) in the State in the second preceding fiscal year bears to such population residing in the United States in the second preceding fiscal year.

"(B) LIMITATION INCREASED.—If the limitation determined under subparagraph (A) with respect to a State for a fiscal year exceeds the amount paid to the State under this subsection for the fiscal year, the limitation determined under this paragraph with respect to the State for the immediately succeeding fiscal year shall be increased by the amount of such excess.

"(3) PAYMENTS TO INDIAN TRIBES.—

"(A) IN GENERAL.—Notwithstanding any other provision of this title, for purposes of this subsection, an Indian tribe with an application approved under section 402(g)(5) shall be entitled to payment from the Secretary for each of fiscal years 1996 through 2001 in an amount equal to the lesser of—

"(i) 75 percent of the expenditures made by the Indian tribe in providing for the operation of the projects under section 402(g)(5), and in administering the projects under such section; or

"(ii) the limitation determined under subparagraph (B) with respect to the Indian tribe for the fiscal year.

"(B) LIMITATION.—

"(i) IN GENERAL.—The limitation determined under this subparagraph with respect to an Indian tribe for any fiscal year is the amount that bears the same ratio to $3,750,000 as the population with an income below the poverty line (as such term is defined in section 673(2) of the Omnibus Budget Reconciliation Act of 1981), including any revision required by such section) in the Indian tribe in the second preceding fiscal year bears to such population of all Indian tribes with applications approved under section 402(g)(5) in the second preceding fiscal year.

"(ii) INCREASE IN LIMITATION.—If the limitation determined under clause (i) with respect to an Indian tribe for a fiscal year exceeds the amount paid to the Indian tribe under this paragraph for the fiscal year, the limitation determined under this subparagraph with respect to the Indian tribe for the immediately succeeding fiscal year shall be increased by the amount of such excess.

"(4) APPROPRIATIONS.—Amounts appropriated for a fiscal year to carry out this part shall be made available for payments under this subsection for such fiscal year.".

SEC. 605. NATIONAL CLEARINGHOUSE ON TEENAGE PREGNANCY.

(a) ESTABLISHMENT.—Not later than October 1, 1996, the Secretary of Health and

Human Services, shall within an existing office of the Department of Health and Human Services, establish a national center for the collection and provision of information that relates to adolescent pregnancy prevention programs, to be known as the "National Clearinghouse on Teenage Pregnancy Prevention Programs".

(b) FUNCTIONS.—The national center established under subsection (a) shall serve as a national information and data clearinghouse, and as a training, technical assistance, and material development source for adolescent pregnancy prevention programs. Such center shall—

(1) develop and maintain a system for disseminating information on all types of adolescent pregnancy prevention programs and on the state of adolescent pregnancy prevention program development, including information concerning the most effective model programs;

(2) develop and sponsor a variety of training institutes and curricula for adolescent pregnancy prevention program staff;

(3) identify model programs representing the various types of adolescent pregnancy prevention programs;

(4) develop technical assistance materials and activities to assist other entities in establishing and improving adolescent pregnancy prevention programs;

(5) develop networks of adolescent pregnancy prevention programs for the purpose of sharing and disseminating information; and

(6) conduct such other activities as the responsible Federal officials find will assist in developing and carrying out programs or activities to reduce adolescent pregnancy.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

SEC. 606. DENIAL OF FEDERAL HOUSING BENEFITS TO MINORS WHO BEAR CHILDREN OUT-OF-WEDLOCK.

(a) PROHIBITION OF ASSISTANCE.—Notwithstanding any other provision of law, a household whose head of household is an individual who has borne a child out-of-wedlock before attaining 18 years of age may not be provided Federal housing assistance for a dwelling unit until attaining such age, unless—

(1) after the birth of the child—

(A) the individual marries an individual who has been determined by the relevant State to be the biological father of the child; or

(B) the biological parent of the child has legal custody of the child and marries an individual who legally adopts the child;

(2) the individual is a biological and custodial parent of another child who was not born out-of-wedlock; or

(3) eligibility for such Federal housing assistance is based in whole or in part on any disability or handicap of a member of the household.

(b) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) COVERED PROGRAM.—The term "covered program" means—

(A) the program of rental assistance on behalf of low-income families provided under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f);

(B) the public housing program under title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.);

(C) the program of rent supplement payments on behalf of qualified tenants pursuant to contracts entered into under section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s);

(D) the program of interest reduction payments pursuant to contracts entered into by the Secretary of Housing and Urban Development under section 236 of the National Housing Act (12 U.S.C. 1715z-1);

(E) the program for mortgage insurance provided pursuant to sections 221(d) (3) or (4) of the National Housing Act (12 U.S.C. 17151(d)) for multifamily housing for low- and moderate-income families;

(F) the rural housing loan program under section 502 of the Housing Act of 1949 (42 U.S.C. 1472);

(G) the rural housing loan guarantee program under section 502(h) of the Housing Act of 1949 (42 U.S.C. 1472(h));

(H) the loan and grant programs under section 504 of the Housing Act of 1949 (42 U.S.C. 1474) for repairs and improvements to rural dwellings;

(I) the program of loans for rental and cooperative rural housing under section 515 of the Housing Act of 1949 (42 U.S.C. 1485);

(J) the program of rental assistance payments pursuant to contracts entered into under section 521(a)(2)(A) of the Housing Act of 1949 (42 U.S.C. 1490a(a)(2)(A));

(K) the loan and assistance programs under sections 514 and 516 of the Housing Act of 1949 (42 U.S.C. 1484, 1486) for housing for farm labor;

(L) the program of grants and loans for mutual and self-help housing and technical assistance under section 523 of the Housing Act of 1949 (42 U.S.C. 1490c);

(M) the program of grants for preservation and rehabilitation of housing under section 533 of the Housing Act of 1949 (42 U.S.C. 1490m); and

(N) the program of site loans under section 524 of the Housing Act of 1949 (42 U.S.C. 1490d).

(2) COVERED PROJECT.—The term "covered project" means any housing for which Federal housing assistance is provided that is attached to the project or specific dwelling units in the project.

(3) FEDERAL HOUSING ASSISTANCE.—The term "Federal housing assistance" means—

(A) assistance provided under a covered program in the form of any contract, grant, loan, subsidy, cooperative agreement, loan or mortgage guarantee or insurance, or other financial assistance; or

(B) occupancy in a dwelling unit that is—

(i) provided assistance under a covered program; or

(ii) located in a covered project and subject to occupancy limitations under a covered program that are based on income.

(4) STATE.—The term "State" means the States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, the Virgin Islands, American Samoa, and any other territory or possession of the United States.

(c) LIMITATIONS ON APPLICABILITY.—Subsection (a) shall not apply to Federal housing assistance provided for a household pursuant to an application or request for such assistance made by such household before the effective date of this Act if the household was receiving such assistance on the effective date of this Act.

SEC. 607. NATIONAL CAMPAIGN AGAINST TEENAGE PREGNANCY.

(a) FINDINGS.—The Congress finds that the Government has a role to play in preventing teenage pregnancy but that the Government alone cannot deal with the massive changes in societal attitudes and behavior that have occurred in recent decades.

(b) SENSE OF THE CONGRESS.—It is the sense of the Congress that the President should lead a national campaign against teenage pregnancy that—

(1) challenges all aspects of society, including businesses, national and community voluntary organizations, religious institutions, and schools, to join in a national effort to reduce teenage pregnancies;

(2) emphasizes broad themes of economic opportunity and the personal responsibility of each family in every community; and

(3) establishes national and individual goals, based on the measurable aspects of such broad themes, to define the mission and guide the work of the national campaign including—

(A) graduation from high school; and

(B) deferral of childbearing until an individual is emotionally prepared to support a child and accept economic responsibility for the child's support.

TITLE VII—CHILDREN'S ELIGIBILITY FOR SUPPLEMENTAL SECURITY INCOME

SEC. 701. DEFINITION AND ELIGIBILITY RULES.

(a) DEFINITION OF CHILDHOOD DISABILITY.—Section 1614(a)(3) (42 U.S.C. 1382c(a)(3)) is amended—

(1) in subparagraph (A), by striking "An individual" and inserting "Except as provided in subparagraph (C), an individual";

(2) in subparagraph (A), by striking "(or, in the case of an individual under the age of 18, if he suffers from any medically determinable physical or mental impairment of comparable severity)";

(3) by redesignating subparagraphs (C) through (H) as subparagraphs (D) through (I), respectively;

(4) by inserting after subparagraph (B) the following new subparagraph:

"(C) An individual under the age of 18 shall be considered disabled for the purposes of this title if that individual has a medically determinable physical or mental impairment, which results in marked and severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months."; and

(5) in subparagraph (F), as redesignated by paragraph (3), by striking "(D)" and inserting "(E)".

(b) CHANGES TO CHILDHOOD SSI REGULATIONS.—

(1) MODIFICATION TO MEDICAL CRITERIA FOR EVALUATION OF MENTAL AND EMOTIONAL DISORDERS.—The Commissioner of Social Security shall modify sections 112.00C.2. and 112.02B.2.c.(2) of appendix 1 to subpart P of part 404 of title 20, Code of Federal Regulations, to eliminate references to maladaptive behavior in the domain of personal/behavorial function.

(2) DISCONTINUANCE OF INDIVIDUALIZED FUNCTIONAL ASSESSMENT.—The Commissioner of Social Security shall discontinue the individualized functional assessment for children set forth in sections 416.924d and 416.924e of title 20, Code of Federal Regulations.

(c) EFFECTIVE DATE; REGULATIONS; APPLICATION TO CURRENT RECIPIENTS.—

(1) IN GENERAL.—The amendments made by subsections (a) and (b) shall apply to applicants for benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) REGULATIONS.—The Commissioner of Social Security shall issue such regulations as the Commissioner determines to be necessary to implement the amendments made by subsections (a) and (b) not later than 60 days after the date of the enactment of this Act.

(3) APPLICATION TO CURRENT RECIPIENTS.—

(A) ELIGIBILITY DETERMINATIONS.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall redetermine the eligibility of any individual under age 18 who is receiving supplemental security income benefits based on a disability under title XVI of the Social Security Act as of the date of the enactment

of this Act and whose eligibility for such benefits may terminate by reason of the amendments made by subsection (a) or (b). With respect to redeterminations under this subparagraph—

(i) section 1614(a)(4) of the Social Security Act (42 U.S.C. 1382c(a)(4)) shall not apply;

(ii) the Commissioner of Social Security shall apply the eligibility criteria for new applicants for benefits under title XVI of such Act; and

(iii) the Commissioner shall give such redeterminations priority over all other reviews under such title.

(B) GRANDFATHER PROVISION.—The amendments made by subsections (a) and (b), and the redetermination under subparagraph (A), shall only apply with respect to the benefits of an individual described in subparagraph (A) for months beginning on or after January 1, 1997.

(C) NOTICE.—Not later than 90 days after the date of the enactment of this Act, the Commissioner of Social Security shall notify an individual described in subparagraph (A) of the provisions of this paragraph.

SEC. 702. **ELIGIBILITY REDETERMINATIONS AND CONTINUING DISABILITY REVIEWS.**

(a) CONTINUING DISABILITY REVIEWS RELATING TO CERTAIN CHILDREN.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as redesignated by section 701(a)(3), is amended—

(1) by inserting "(i)" after "(H)"; and

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

"(ii)(I) Not less frequently than once every 3 years, the Commissioner shall review in accordance with paragraph (4) the continued eligibility for benefits under this title of each individual who has not attained 18 years of age and is eligible for such benefits by reason of an impairment (or combination of impairments) which may improve (or, which is unlikely to improve, at the option of the Commissioner).

"(II) A parent or guardian of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.".

(b) DISABILITY ELIGIBILITY REDETERMINATIONS REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS OF AGE.—

(1) IN GENERAL.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as amended by subsection (a), is amended by adding at the end the following new clause:

"(iii) If an individual is eligible for benefits under this title by reason of disability for the month preceding the month in which the individual attains the age of 18 years, the Commissioner shall redetermine such eligibility—

"(I) during the 1-year period beginning on the individual's 18th birthday; and

"(II) by applying the criteria used in determining the initial eligibility for applicants who have attained the age of 18 years.

With respect to a redetermination under this clause, paragraph (4) shall not apply and such redetermination shall be considered a substitute for a review or redetermination otherwise required under any other provision of this subparagraph during that 1-year period.".

(2) CONFORMING REPEAL.—Section 207 of the Social Security Independence and Program Improvements Act of 1994 (42 U.S.C. 1382 note; 108 Stat. 1516) is hereby repealed.

(c) CONTINUING DISABILITY REVIEW REQUIRED FOR LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as amended by subsections (a) and (b), is amended by adding at the end the following new clause:

"(iv)(I) Not later than 12 months after the birth of an individual, the Commissioner shall review in accordance with paragraph (4) the continuing eligibility for benefits under this title by reason of disability of such individual whose low birth weight is a contributing factor material to the Commissioner's determination that the individual is disabled.

"(II) A review under subclause (I) shall be considered a substitute for a review otherwise required under any other provision of this subparagraph during that 12-month period.

"(III) A parent or guardian of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.".

(d) MEDICAID FOR CHILDREN SHOWING IMPROVEMENT.—Section 1634 (42 U.S.C. 1383c) is amended by adding at the end the following new subsection:

"(f) In the case of any individual who has not attained 18 years of age and who has been determined to be ineligible for benefits under this title—

"(1) because of medical improvement following a continuing disability review under section 1631(a)(3)(H), or

"(2) as the result of the application of section 611(b)(2) of the Work First Act of 1995,

such individual shall continue to be considered eligible for such benefits for purposes of determining eligibility under title XIX if such individual is not otherwise eligible for medical assistance under such title and, in the case of an individual described in paragraph (1), such assistance is needed to maintain functional gains, and, in the case of an individual described in paragraph (2), such assistance would be available if such section 611(b)(2) had not been enacted.".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

SEC. 703. **ADDITIONAL ACCOUNTABILITY REQUIREMENTS.**

(a) TIGHTENING OF REPRESENTATIVE PAYEE REQUIREMENTS.—

(1) CLARIFICATION OF ROLE.—Section 1631(a)(2)(B)(ii) (42 U.S.C. 1383(a)(2)(B)(ii)) is amended by striking "and" at the end of subclause (II), by striking the period at the end of subclause (IV) and inserting ": and", and by adding after subclause (IV) the following new subclause:

"(V) advise such person through the notice of award of benefits, and at such other times as the Commissioner of Social Security deems appropriate, of specific examples of appropriate expenditures of benefits under this title and the proper role of a representative payee.".

(2) DOCUMENTATION OF EXPENDITURES REQUIRED.—

(A) IN GENERAL.—Subparagraph (C)(i) of section 1631(a)(2) (42 U.S.C. 1383(a)(2)) is amended to read as follows:

"(C)(i) In any case where payment is made to a representative payee of an individual or spouse, the Commissioner of Social Security shall—

"(I) require such representative payee to document expenditures and keep contemporaneous records of transactions made using such payment; and

"(II) implement statistically valid procedures for reviewing a sample of such contemporaneous records in order to identify instances in which such representative payee is not properly using such payment.".

(B) CONFORMING AMENDMENT WITH RESPECT TO PARENT PAYEES.—Clause (ii) of section 1631(a)(2)(C) (42 U.S.C. 1383(a)(2)(C)) is amended by striking "Clause (i)" and inserting "Subclauses (II) and (III) of clause (i)".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to benefits paid after the date of the enactment of this Act.

(b) DEDICATED SAVINGS ACCOUNTS.—

(1) IN GENERAL.—Section 1631(a)(2)(B) (42 U.S.C. 1383(a)(2)(B)) is amended by adding at the end the following new clause:

"(xiv) Notwithstanding clause (x), the Commissioner of Social Security may, at the request of the representative payee, pay any lump sum payment for the benefit of a child into a dedicated savings account that could only be used to purchase for such child—

"(I) education and job skills training;

"(II) special equipment or housing modifications or both specifically related to, and required by the nature of, the child's disability; and

"(III) appropriate therapy and rehabilitation.".

(2) DISREGARD OF TRUST FUNDS.—Section 1613(a) (42 U.S.C. 1382b) is amended—

(A) by striking "and" at the end of paragraph (9),

(B) by striking the period at the end of paragraph (10) the first place it appears and inserting a semicolon,

(C) by redesignating paragraph (10) the second place it appears as paragraph (11) and striking the period at the end of such paragraph and inserting "; and", and

(D) by inserting after paragraph (11), as so redesignated, the following new paragraph:

"(12) all amounts deposited in, or interest credited to, a dedicated savings account described in section 1631(a)(2)(B)(xiv).".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to payments made after the date of the enactment of this Act.

TITLE VIII—FINANCING AND FOOD ASSISTANCE REFORM

Subtitle A—Treatment of Aliens

SEC. 801. **UNIFORM ALIEN ELIGIBILITY CRITERIA FOR PUBLIC ASSISTANCE PROGRAMS.**

(a) DEFINITION OF "QUALIFIED ALIEN".—

(1) IN GENERAL.—Section 1101(a) (42 U.S.C. 1301(a)) is amended by adding at the end the following new paragraph:

"(10) The term 'qualified alien' means an alien—

"(A) who is lawfully admitted for permanent residence within the meaning of section 101(a)(20) of the Immigration and Nationality Act;

"(B) who is admitted as a refugee pursuant to section 207 of such Act;

"(C) who is granted asylum pursuant to section 208 of such Act;

"(D) whose deportation is withheld pursuant to section 243(h) of such Act;

"(E) whose deportation is suspended pursuant to section 244 of such Act;

"(F) who is granted conditional entry pursuant to section 203(a)(7) of such Act as in effect prior to April 1, 1980;

"(G) who is lawfully admitted for temporary residence pursuant to section 210 or 245A of such Act;

"(H) who is within a class of aliens lawfully present within the United States pursuant to any other provision of such Act, if—

"(i) the Attorney General determines that the continued presence of such class of aliens serves a humanitarian or other compelling public interest, and

"(ii) the Secretary of Health and Human Services determines that such interest would be further served by treating each alien within such class as a 'qualified alien' for purposes of this Act; or

"(I)(i) who is the spouse, or unmarried child under 21 years of age, of a citizen of the United States, or

"(ii)(I) who is the parent of a citizen of the United States who is at least 21 years of age, and

"(II) with respect to whom an application for adjustment to lawful permanent residence is pending, such status not having changed.".

(2) CONFORMING AMENDMENT.—Section 244A(f)(1) of the Immigration and Nationality Act (8 U.S.C. 1254a(f)(1)) is amended by inserting "and shall not be considered to be a qualified alien within the meaning of section 1101(a)(10) of the Social Security Act" before the semicolon.

(b) FEDERAL ASSISTANCE PROGRAMS.—

(1) SUPPLEMENTAL SECURITY INCOME.—Section 1614(a)(1)(B)(i) (42 U.S.C. 1382c(a)(1)(B)(i)) is amended to read as follows:

"(B)(i) is a resident of the United States, and is either (I) a citizen or national of the United States, or (II) a qualified alien (as defined in section 1101(a)(10)), or".

(2) MEDICAID.—

(A) ELIGIBILITY LIMITATION.—Section 1903(v)(1) (42 U.S.C. 1396b(v)(1)) is amended to read as follows:

"(v)(1) Notwithstanding the preceding provisions of this section and except as provided in paragraph (2)—

"(A) no payment may be made to a State under this section for medical assistance furnished to an individual who is disqualified from receiving such assistance by reason of section 210(f) or 245A(h) of the Immigration and Nationality Act (8 U.S.C. 1160(f) or 1155a(h)) or any other provision of law, and

"(B) no such payment may be made for medical assistance furnished to an individual unless such individual is—

"(i) a citizen or national of the United States, or

"(ii) a qualified alien (as defined in section 1101(a)(10)).".

(B) CONFORMING AMENDMENTS.—

(i) Section 1903(v)(2) (42 U.S.C. 1396b(v)(2)) is amended by striking "alien" each place it appears and inserting "individual".

(ii) Section 1902(a) (42 U.S.C. 1396a(a)) is amended in the last sentence by striking "alien" and all that follows to the end period and inserting "individual who is not (A) a citizen or national of the United States, or (B) a qualified alien (as defined in section 1101(a)(10)) only in accordance with section 1903(v).".

(iii) Section 1902(b)(3) (42 U.S.C. 1396a(b)(3)) is amended by inserting "or national" after "citizen".

(c) STATE AND LOCAL PROGRAMS.—A State or political subdivision thereof may provide that an alien is not eligible for any program of cash assistance based on need that is furnished by such State or political subdivision thereof for any month unless such alien is a qualified alien as defined in section 1101(a)(10) of the Social Security Act.

SEC. 802. EXTENSION OF DEEMING OF INCOME AND RESOURCES UNDER TRANSITIONAL AID, SSI, AND FOOD STAMP PROGRAMS.

(a) IN GENERAL.—Except as provided in subsections (b) and (c), in applying sections 410 and 1621 of the Social Security Act and section 5(i) of the Food Stamp Act of 1977, the period in which each respective section otherwise applies with respect to a qualified alien (as defined in section 1101(a)(10) of the Social Security Act shall be extended through the date (if any) on which the alien becomes a citizen of the United States pursuant to chapter 2 of title III of the Immigration and Nationality Act.

(b) EXCEPTIONS.—Subsection (a) shall not apply to a qualified alien if—

(1) the alien has been lawfully admitted to the United States for permanent residence, has attained 75 years of age, and has resided in the United States for at least 5 years;

(2) the alien—

(A) is a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge,

(B) is on active duty (other than active duty for training) in the Armed Forces of the United States, or

(C) is the spouse or unmarried dependent child of an individual described in subparagraph (A) or (B);

(3) the alien is the subject of domestic violence by the alien's spouse and a divorce between the alien and the alien's spouse has been initiated through the filing of an appropriate action in an appropriate court;

(4) there has been paid with respect to the self-employment income or employment of the alien, or of a parent or spouse of the alien, taxes under chapter 2 or chapter 21 of the Internal Revenue Code of 1986 in each of 20 different calendar quarters; or

(5) the alien is unable because of physical or developmental disability or mental impairment (including Alzheimer's disease) to comply with the naturalization requirements of section 312(a) of the Immigration and Nationality Act.

(c) HOLD HARMLESS FOR MEDICAID ELIGIBILITY.—Subsection (a) shall not apply with respect to a determination of eligibility for benefits under part A of title IV of the Social Security Act or under the supplemental security income program of title XVI of such Act to the extent such determinations provide for eligibility for medical assistance under title XIX of such Act.

(d) STATE AND LOCAL PROGRAMS.—A State or political subdivision thereof may provide that an alien is not eligible for any program of cash assistance based on need that is furnished by such State or political subdivision thereof for any month if such alien has been determined to be ineligible for such month for benefits under—

(1) the program under part A of title IV of the Social Security Act;

(2) the program of supplemental security income authorized by title XVI of the Social Security Act; or

(3) the Food Stamp Act of 1977;

as a result of this section.

(e) EFFECTIVE DATE.—This section shall apply to benefits payable under the transitional aid program under part A of title IV of the Social Security Act, the program of supplemental security income authorized under title XVI of the Social Security Act, or the Food Stamp Act of 1977, for months beginning after September 30, 1995, on the basis of—

(1) an application filed after such date, or

(2) an application filed on or before such date by or on behalf of an individual subject to the provisions of section 1621(a) or section 410(a) of the Social Security Act or section 5(i)(1) of the Food Stamp Act of 1977 (as the case may be) on such date.

SEC. 803. REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT.

(a) IN GENERAL.—Section 213 of the Immigration and Nationality Act (8 U.S.C. 1183) is amended—

(1) in the heading, by striking "ON GIVING BOND" and inserting "UPON PROVISION OF BOND OR GUARANTEE OF FINANCIAL RESPONSIBILITY";

(2) by designating the existing matter as subsection (a); and

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

"(b)(1) An alien excludable under section 212(a)(4) may, if otherwise admissible, be admitted in the discretion of the Attorney General upon a finding by the Attorney General that—

"(A) the alien has received a guarantee of financial responsibility in such form as may be prescribed pursuant to paragraph (4) and meets the conditions described in paragraph (2); and

"(B) taking into consideration all relevant circumstances, it is reasonable to expect that the sponsor, as defined in paragraph (2)(A), has the financial capacity to meet the obligations of the guarantee.

"(2) A guarantee of financial responsibility for an alien must—

"(A) be signed in the presence of an immigration officer or consular officer (or in the presence of a notary public) by an individual (referred to in this subsection as the 'sponsor') who is—

"(i) 21 years of age or older;

"(ii) of good moral character; and

"(iii) a citizen of the United States or an alien lawfully admitted for permanent residence domiciled in any of the several States of the United States, the District of Columbia, or any territory or possession of the United States;

"(B) provide that the sponsor enters into a legally binding commitment to furnish to or on behalf of the alien financial support sufficient to meet the alien's basic subsistence needs during the period that begins on the date that the alien acquires the status of an alien lawfully admitted for permanent residence and ends on the earlier of—

"(i) the date the alien becomes a citizen of the United States under chapter 2 of title III;

"(ii) the first date the alien is a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge;

"(iii) the first date as of which there has been paid with respect to the self-employment income or employment of the alien, or of a parent or spouse of the alien, taxes under chapter 2 or chapter 21 of the Internal Revenue Code of 1986 in each of 20 different calendar quarters; or

"(iv) any period in which the alien is—

"(I) on active duty (other than active duty for training) in the Armed Forces of the United States; or

"(II) the spouse or unmarried dependent child of an individual described in clause (ii) or subclause (I) of this clause; and

"(C) contain the sponsor's authorization to the Internal Revenue Service to disclose any tax return information necessary to verify the sponsor's income to the extent necessary to determine the eligibility for benefits under—

"(i) the program under part A of title IV of the Social Security Act;

"(ii) the program of supplemental security income authorized by title XVI of the Social Security Act; or

"(iii) the Food Stamp Act of 1977,

for an alien sponsored by the sponsor.

"(3) Any guarantee of financial support executed on behalf of an alien pursuant to this subsection—

"(A) must be enforceable against the sponsor; and

"(B) may be enforced against the sponsor in a civil suit brought by the alien or by the Federal Government, any State, district, territory, or possession of the United States, or any political subdivision of such State, district, territory, or possession of the United States, which provides benefits to the alien in any court of competent jurisdiction.

"(4) The Secretary of State, the Attorney General, the Secretary of Health and Human Services, the Secretary of Agriculture, and the Commissioner of Social Security, shall jointly establish the form of the guarantee of financial support described in this section.".

(b) DATE FOR ESTABLISHMENT OF FORM; EFFECTIVE DATE.—

(1) DATE FOR ESTABLISHMENT.—The Secretary of State, the Attorney General, the Secretary of Health and Human Services, the Secretary of Agriculture, and the Commissioner of Social Security shall establish a form for the guarantee of financial support pursuant to section 213(b)(4) (as added by this subsection) not later than 180 days after the date of the enactment of this Act.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to affidavits of support executed on or after a date specified by the Attorney General, which date shall be not earlier than 60 days (and not later than 90 days) after the date the form for the guarantee of financial support is developed under section 213(b)(4) of the Immigration and Nationality Act (as added by this subsection).

(c) CLERICAL AMENDMENT.—The table of contents of the Immigration and Nationality Act is amended by amending the item relating to section 213 to read as follows:

"Sec. 213. Admission of certain aliens upon provision of bond or guarantee of financial responsibility.".

SEC. 804. EXTENDING REQUIREMENT FOR AFFIDAVITS OF SUPPORT TO FAMILY-RELATED AND DIVERSITY IMMIGRANTS.

(a) IN GENERAL.—Section 212(a)(4) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(4)) is amended to read as follows:

"(4) PUBLIC CHARGE AND AFFIDAVITS OF SUPPORT.—

"(A) PUBLIC CHARGE.—Any alien who, in the opinion of the consular officer at the time of application for a visa, or in the opinion of the Attorney General at the time of application for admission or adjustment of status, is likely at any time to become a public charge is excludable.

"(B) AFFIDAVITS OF SUPPORT.—Any immigrant who seeks admission or adjustment of status as any of the following is excludable unless there has been executed with respect to the immigrant an affidavit of support pursuant to section 213(b):

"(i) As an immediate relative (under section 201(b)(2)).

"(ii) As a family-sponsored immigrant under section 203(a) (or as the spouse or child under section 203(d) of such immigrant).

"(iii) As the spouse or child (under section 203(d)) of an employment-based immigrant under section 203(b).

"(iv) As a diversity immigrant under section 203(c) (or as the spouse or child under section 203(d) of such an immigrant).".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to aliens with respect to whom an immigrant visa is issued (or adjustment of status is granted) after the date specified by the Attorney General under section 803(b)(2).

Subtitle B—Food Assistance Provisions

SEC. 821. MANDATORY CLAIMS COLLECTION METHODS.

(a) Section 11(e)(8) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(8)) is amended by inserting "or refunds of Federal taxes as authorized pursuant to section 3720A of title 31, United States Code" before the semicolon at the end.

(b) Section 13(d) of the Food Stamp Act of 1977 (7 U.S.C. 2022(d)) is amended—

(1) by striking "may" and inserting "shall"; and

(2) by inserting "or refunds of Federal taxes as authorized pursuant to section 3720A of title 31, United States Code" before the period at the end.

(c) Section 6103(*l*) of the Internal Revenue Code of 1986 (26 U.S.C. 6103(*l*)) is amended—

(1) by striking "officers and employees" in paragraph (10)(A) and inserting "officers, employees or agents, including State agencies"; and

(2) by striking "officers and employees" in paragraph (10)(B) and inserting "officers, employees or agents, including State agencies".

SEC. 822. REDUCTION OF BASIC BENEFIT LEVEL.

The second sentence of section 3(o) of the Food Stamp Act of 1977 (7 U.S.C. 2012(o)) is amended—

(1) by striking "and (11)" and inserting "(11)";

(2) in paragraph (11), by inserting "through October 1, 1994" after "each October 1 thereafter"; and

(3) by inserting before the period at the end the following: ", and (12) on October 1, 1995, and on each October 1 thereafter, adjust the cost of such diet to reflect 100 percent of the cost, in the preceding June (without regard to any previous adjustment made under this paragraph or paragraphs (4) through (11)) and round the result to the nearest lower dollar increment for each household size".

SEC. 823. PRORATING BENEFITS AFTER INTERRUPTIONS IN PARTICIPATION.

Section 8(c)(2)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2017(c)(2)(B)) is amended by striking "of more than one month".

SEC. 824. WORK REQUIREMENT FOR ABLE-BODIED RECIPIENTS.

(a) WORK REQUIREMENT.—Section 6(d) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)) is amended by adding at the end the following:

"(5)(A) Except as provided in subparagraphs (B), (C), and (D), an individual who has received an allotment for 6 consecutive months during which such individual has not been employed a minimum of an average of 20 hours per week shall be disqualified if such individual is not employed at least an average of 20 hours per week, participating in a workfare program under section 20 (or a comparable State or local workfare program), or participating in and complying with the requirements of an approved employment and training program under paragraph (4).

"(B) The provisions of subparagraph (A) shall not apply in the case of an individual who—

"(i) is under 18 or over 50 years of age;

"(ii) is certified by a physician as physically or mentally unfit for employment;

"(iii) is a parent or other member of a household that includes a minor child;

"(iv) is participating a minimum of an average of 20 hours per week and is in compliance with the requirements of—

"(I) a program under the Job Training Partnership Act (29 U.S.C. 1501 et seq.);

"(II) a program under section 236 of the Trade Act of 1974 (19 U.S.C. 2296); or

"(III) another program for the purpose of employment and training operated by a State or local government, as determined appropriate by the Secretary; or

"(v) would otherwise be exempt under paragraph (2).

"(C) The Secretary may waive the requirements of subparagraph (A) in the case of some or all individuals within all or part of a State if the Secretary finds that such area—

"(i) has an unemployment rate of over 7 percent; or

"(ii) does not have a sufficient number of jobs to provide employment for individuals subject to this paragraph.

The Secretary shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the basis on which the Secretary made this decision.

"(D) An individual who has been disqualified from the food stamp program by reason of subparagraph (A) may reestablish eligibility for assistance—

"(i) by meeting the requirements of subparagraph (A);

"(ii) by becoming exempt under subparagraph (B); or

"(iii) if the Secretary grants a waiver under subparagraph (C).

"(E) A household (as defined in section 3(i)) that includes an individual who is not exempt under paragraph (2) and who refuses to work, refuses to look for work, turns down a job, or refuses to participate in the State program if the State places the individual in such program shall be ineligible to receive food stamp benefits. The State agency shall reduce, by such amount the State considers appropriate, the amount otherwise payable to a household that includes an individual who fails without good cause to comply with other requirements of the WAGE Plan signed by the individual.

"(F) The State agency shall make an initial assessment of the skills, prior work experience, and employability of each participant not exempted under subparagraph (B) within 6 months of initial certification. The State agency shall use such assessment, in consultation with the program participant, to develop a WAGE Plan for the participant. Such plan—

"(i) shall provide that participation in food stamp employment and training activities shall be a condition of eligibility for food stamp benefits, except during any period during which the individual is employed in full-time unsubsidized employment in the private sector;

"(ii) shall establish an employment goal and a plan for moving the individual into private sector employment immediately;

"(iii) shall establish the obligations of the individual, which shall include actions that will help the individual obtain and keep private sector employment; and

"(iv) may require that the individual enter the State program approved under part F of title IV of the Social Security Act if the caseworker determines that the individual will need education, training, job placement assistance, wage enhancement, or other services to obtain private sector employment.".

(b) ENHANCED EMPLOYMENT AND TRAINING PROGRAM.—Section 16(h)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2025 (h)(1)) is amended—

(1) in subparagraph (A)—

(A) by striking "$75,000,000" and inserting "$150,000,000"; and

(B) by striking "1991 through 1995" and inserting "1996 through 2000";

(2) by striking subparagraphs (B), (C), (E) and (F) and redesignating subparagraph (D) as subparagraph (B); and

(3) in subparagraph (B) (as so redesignated), by striking "for each" and all that follows through "of $60,000,000" and inserting "the Secretary shall allocate funding".

(c) REQUIRED PARTICIPATION IN WORK AND TRAINING PROGRAMS.—Section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)) is amended by adding at the end the following:

"(O) The State agency shall provide an opportunity to participate in the employment and training program under this paragraph to any individual who would otherwise become subject to disqualification under paragraph (5)(A).".

(d) COORDINATING WORK REQUIREMENTS IN TRANSITIONAL AID AND FOOD STAMP PROGRAMS.—Section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)), as amended by subsection (c), is amended by adding at the end the following:

"(P)(i) Notwithstanding any other provision of this paragraph, a State agency that meets the participation requirements of clause (ii) may operate the employment and

training program of the State for individuals who are members of households receiving allotments under this Act as part of its WAGE Program under part F of title IV of the Social Security Act (42 U.S.C. 681 et seq.), except that sections 487(b) and 489(a)(4) shall not apply to any month during which the individual participates in such program while not receiving income under part A of subtitle IV of the Social Security Act (42 U.S.C. 601 et seq.). If a State agency exercises the option provided under this clause, the operation of the program shall be subject to the requirements of such part F, except that any reference to 'transitional aid to families with needy children' in such part shall be deemed a reference to food stamp allotments for purposes of any person not receiving income under such part A.

"(ii) A State agency may exercise the option provided under clause (i) if the State agency provides an individual who is subject to the requirements of paragraph (5) who is not employed at least an average of 20 hours per week or participating in a workfare program under section 20 (or a comparable State or local program) with the opportunity to participate in an approved employment and training program. A State agency shall be considered to have complied with the requirements of this subparagraph in any area for which a waiver under paragraph (5)(4)(C) is in effect.".

SEC. 825. EXTENDING CURRENT CLAIMS RETENTION RATES.

Section 16(a) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)) is amended by striking "September 30, 1995" each place it appears and inserting "September 30, 2002".

SEC. 826. TWO-YEAR FREEZE OF STANDARD DEDUCTION.

Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended in the second sentence by inserting "except October 1, 1995 and October 1, 1996" after "thereafter".

SEC. 827. NUTRITION ASSISTANCE FOR PUERTO RICO.

Section 19(a)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(1)(A)) is amended—

(1) by striking "1994, and" and inserting "1994,"; and

(2) by inserting "and $1,143,000,000 for fiscal year 1996," before "to finance".

SEC. 828. REPEAL OF SPECIAL RULE FOR PERSONS WHO DO NOT PURCHASE AND PREPARE FOOD SEPARATELY.

(a) REPEALER.—Section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended by striking the third sentence.

(b) CONFORMING AMENDMENT.—Section 5(a) of the Food Stamp Act of 1977 (7 U.S.C. 2014(a)) is amended by striking ", 16(e)(1), and the third sentence of section 3(i)" and inserting "and 16(e)(1)".

SEC. 829. EARNINGS OF CERTAIN HIGH SCHOOL STUDENTS COUNTED AS INCOME.

Section 5(d)(7) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(7)) is amended by striking "21" and inserting "18".

SEC. 830. ENERGY ASSISTANCE COUNTED AS INCOME.

(a) LIMITING EXCLUSION.—Section 5(d)(11) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(11)) is amended—

(1) by striking "(A) under any Federal law, or (B)"; and

(2) by inserting before the comma at the end the following: ", except that no benefits provided under the State program under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall be excluded under this clause".

(b) CONFORMING AMENDMENTS.—

(1) Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by striking sentences nine through twelve.

(2) Section 5(k)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(k)(2)) is amended by striking subparagraph (C) and redesignating subparagraphs (D) through (H) as subparagraphs (C) through (G), respectively.

SEC. 831. VENDOR PAYMENTS FOR TRANSITIONAL HOUSING COUNTED AS INCOME.

Section 5(k)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(k)(2)), as amended by section 830(b)(2), is amended—

(1) by striking subparagraph (F); and

(2) by redesignating subparagraphs (G) and (H) as subparagraphs (F) and (G), respectively.

SEC. 832. DENIAL OF FOOD STAMP BENEFITS FOR 10 YEARS TO CERTAIN INDIVIDUALS FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE TO OBTAIN BENEFITS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) is amended by adding at the end the following:

"(i) An individual shall be ineligible to participate in the food stamp program as a member of any household during the 10-year period beginning on the date the individual is found by a State to have made, or is convicted in Federal or State court of having made, a fraudulent statement or representation with respect to the place of residence of the individual in order to receive benefits simultaneously from 2 or more States under the food stamp program or under programs that are funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), under title XIX of such Act (42 U.S.C. 1396 et seq.), or under the supplemental security income program under title XVI of such Act (42 U.S.C. 1381 et seq.).".

SEC. 833. DISQUALIFICATION RELATING TO CHILD SUPPORT ARREARS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 833, is amended by adding at the end the following:

"(j) A State plan under section 11 may provide that no individual is eligible to participate in the food stamp program as a member of any household during any period such individual has a payment overdue that is both—

"(1) under a court order for the support of a child of such individual; and

"(2) not included in a payment plan approved by a court or the State agency designated under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.) with which the individual is in current compliance.".

SEC. 834. LIMITING ADJUSTMENT OF MINIMUM BENEFIT.

Section 8(a) of the Food Stamp Act of 1977 (7 U.S.C. 2017(a)) is amended by striking "nearest $5" and inserting "nearest $10".

SEC. 835. PENALTY FOR FAILURE TO COMPLY WITH WORK REQUIREMENTS OF OTHER PROGRAMS.

Section 8(d) of the Food Stamp Act of 1977 (7 U.S.C. 2017(d)) is amended—

(1) by inserting "or any work requirement under such program" after "assistance program"; and

(2) by inserting at the end "The State agency may impose the same penalty on a household for such failure to comply with a work requirement in the program under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) that is imposed under such part."

SEC. 836. RESUMPTION OF DISCRETIONARY FUNDING FOR NUTRITION EDUCATION AND TRAINING PROGRAM.

Section 19(i)(2)(A) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(i)(2)(A)) is amended—

(1) by striking "Out of" and all that follows through "and $10,000,000" and inserting "To carry out the provisions of this section, there is hereby authorized to be appropriated not to exceed $10,000,000"; and

(2) by striking the last sentence.

SEC. 837. IMPROVEMENT OF CHILD AND ADULT CARE FOOD PROGRAM OPERATED UNDER THE NATIONAL SCHOOL LUNCH ACT.

(a) IN GENERAL.—Section 17(f)(3)(A) of the National School Lunch Act (42 U.S.C. 1766(f)(3)(A)) is amended to read as follows:

"(A)(i) Institutions that participate in the program under this section as family or group day care home sponsoring organizations shall be provided, for payment to such homes, the reimbursement factors in accordance with this subparagraph for the cost of obtaining and preparing food and prescribed labor costs, involved in providing meals under this section.

"(ii)(I) A low- or moderate-income family or group day care home shall be provided the reimbursement factors without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subparagraph for meals or supplements served to the children of a person acting as a family or group day care home provider unless such children meet the eligibility standards for free or reduced price meals under section 9 of this Act. The reimbursement factors applied to such a home shall be the factors in effect on the date of the enactment of the Work and Gainful Employment Act. The reimbursement factors under this subparagraph shall be adjusted on July 1 of each year to reflect changes in the Consumer Price Index for food away from home for the most recent 12-month period for which such data are available. The reimbursement factors under this subparagraph shall be rounded to the nearest one-fourth cent.

"(II) For purposes of this clause, the term 'low- or moderate-income family or group day care home' means—

"(aa) a family or group day care home that is located in a census tract area in which at least 50 percent of the children residing in such area are members of households whose incomes meet the eligibility standards for free or reduced price meals under section 9 of this Act, as determined by the family or group day care home sponsoring organization using census tract data provided to such organization by the State agency in accordance with subparagraph (B)(i);

"(bb) a family or group day care home that is located in an area served by a school in which at least 50 percent of the total number of children enrolled are certified to receive free or reduced price meals under this Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.), as determined by the family or group day care home sponsoring organization using data provided to such organization by the State agency in accordance with subparagraph (B)(ii); or

"(cc) a family or group day care home that is operated by a provider whose household meets the eligibility standards for free or reduced price meals under section 9 of this Act.

"(iii)(I) Except as provided for in subclause (II), with respect to meals or supplements served under this clause by a family or group day care home that does not meet the criteria set forth in clause (ii)(II), the reimbursement factors shall be—

"(aa) $1.00 for lunches and suppers;

"(bb) $.40 for breakfasts; and

"(cc) $.20 for supplements.

Such factors shall be adjusted on July 1, 1997, and each July 1 thereafter to reflect changes in the Consumer Price Index for food away from home for the most recent 12-month period for which such data are available. The reimbursement factors under this clause shall be rounded to the nearest one-fourth cent. A family or group day care home shall be provided a reimbursement factor under this subclause without a requirement for

documentation of the costs described in clause (i), except that reimbursement shall not be provided under this clause for meals or supplements served to the children of a person acting as a family or group day care home provider unless such children meet the eligibility standards for free or reduced price meals under section 9 of this Act.

"(II) A family or group day care home that does not meet the criteria set forth in clause (ii)(II), may elect to be provided a reimbursement factor determined in accordance with the following requirements:

"(aa) With respect to meals or supplements served under this subsection to children who are members of households whose incomes meet the eligibility standards for free or reduced price meals under section 9 of this Act, the family or group day care home shall be provided reimbursement factors set by the Secretary in accordance with subclause (ii)(I).

"(bb) With respect to meals or supplements served under this subsection to children who are members of households whose incomes do not meet such eligibility standards, the family or group day care home shall be provided a reimbursement factor in accordance with subclause (I).

"(III) A family or group day care home electing to use the procedures under subclause (II) may consider a child with a parent participating in the WAGE program established under part F of title IV of the Social Security Act or a State child care program with an income eligibility limit that does not exceed the eligibility standard for free or reduced price meals under section 9 of this Act, to be a child who is a member of a household whose income meets the eligibility standards under section 9 of this Act. A family or group day care home may elect to receive the reimbursement factors prescribed under clause (ii)(I) solely for such children if it does not wish to have income statements collected from parents.

"(IV) The Secretary shall prescribe simplified meal counting and reporting procedures for use by family and group day care homes that elect to use the procedures under subclause (II) and by family and group day care home sponsoring organizations that serve such homes. Such procedures may include the following:

"(aa) Setting an annual percentage for each such home of the number of meals served that are to be reimbursed in accordance with the reimbursement factors prescribed under clause (ii)(I) and an annual percentage of the number of meals served that are to be reimbursed in accordance with the reimbursement factors prescribed under clause (ii)(I), based on the incomes of children enrolled in the home in a specified month or other period.

"(bb) Setting blended reimbursement factors for a home annually based on the incomes of children enrolled in the home in a specified month or period.

"(cc) Placing a home into one of several reimbursement categories annually based on the percentage of children in the home whose households have incomes that meet the eligibility standards under section 9 of this Act.

"(dd) Such other simplified procedures as the Secretary may prescribe.".

(b) PROVISION OF DATA TO FAMILY OR GROUP DAY CARE HOMES.—Section 17(f)(3) of such Act (42 U.S.C. 1766(f)(3)) is amended—

(1) by redesignating subparagraphs (B) and (C) as subparagraphs (D) and (E), respectively; and

(2) by inserting after subparagraph (A) (as amended by subsection (a)) the following new subparagraph:

"(B)(i) The Secretary shall provide to each State agency administering a child and adult care food program under this section data from the most recent decennial census for which such data are available showing which census tracts in the State meet the requirements of subparagraph (A)(ii)(II)(aa). The State agency shall provide such data to family or group day care home sponsoring organizations located in the State.

"(ii) Each State agency administering a child and adult care food program under this section shall annually provide to family or group day care home sponsoring organizations located in the State a list of all schools in the State in which at least 50 percent of the children are enrolled and certified to receive free or reduced price meals under this Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.). The Secretary shall direct State agencies administering the school lunch program under this Act and the school breakfast program under the Child Nutrition Act of 1966 to collect this information annually and to provide it on a timely basis to the State agency administering the program under this section.".

(c) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—Section 17(f)(3) of such Act (42 U.S.C. 1766(f)(3)) is amended by inserting after subparagraph (B) (as added by subsection (b)(2)) the following new subparagraph:

"(C)(i) From amounts appropriated to carry out this section, the Secretary shall reserve $2,000,000 in fiscal year 1996 and $5,000,000 in fiscal year 1997 to provide grants to States for the purpose of providing grants to family and day care home sponsoring organizations and other appropriate organizations to secure and provide training, materials, automated data processing assistance, and other assistance for the staff of such sponsoring organizations and for family and group day care homes in order to assist in the implementation of the requirements contained in subparagraph (A).

"(ii) From amounts appropriated to carry out this section, the Secretary shall reserve $5,000,000 in fiscal year 1998 and in each fiscal year thereafter to provide grants to States for the purpose of making grants to family or group day care home sponsoring organizations and other appropriate organizations to assist low- or moderate-income family or group day care homes (as such term is defined in subparagraph (A)(ii)(II)) to become licensed or registered for the program under this section or overcome other barriers to the program.".

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by subsections (a) and (b) shall take effect on July 1, 1996.

(2) GRANTS TO STATES.—The amendment made by subsection (c) shall take effect on the date of the enactment of this Act.

Subtitle C—Supplemental Security Income

SEC. 841. VERIFICATION OF ELIGIBILITY FOR CERTAIN SSI DISABILITY BENEFITS.

Section 1631 (42 U.S.C. 1383) is amended by adding at the end the following new subsection:

"(o)(1) Notwithstanding any other provision of law, if the Commissioner of Social Security determines that an individual, who is 18 years of age or older, is eligible to receive benefits pursuant to section 1614(a)(3), the Commissioner shall, at the time of the determination, either exempt the individual from an eligibility review or establish a schedule for reviewing the individual's continuing eligibility in accordance with paragraph (2).

"(2)(A) The Commissioner shall establish a periodic review with respect to the continuing eligibility of an individual to receive benefits, unless the individual is exempt from review under subparagraph (C) or is subject to a scheduled review under subparagraph (B). A periodic review under this subparagraph shall be initiated by the Commissioner not later than 30 months after the date a determination is made that the individual is eligible for benefits and every 30 months thereafter, unless a waiver is granted under section 221(i)(2). However, the Commissioner shall not postpone the initiation of a periodic review for more than 12 months in any case in which such waiver has been granted unless exigent circumstances require such postponement.

"(B)(i) In the case of an individual, other than an individual who is exempt from review under subparagraph (C) or with respect to whom subparagraph (A) applies, the Commissioner shall schedule a review regarding the individual's continuing eligibility to receive benefits at any time the Commissioner determines, based on the evidence available, that there is a significant possibility that the individual may cease to be entitled to such benefits.

"(ii) The Commissioner may establish classifications of individuals for whom a review of continuing eligibility is scheduled based on the impairments that are the basis for such individuals' eligibility for benefits. A review of an individual covered by a classification shall be scheduled in accordance with the applicable classification, unless the Commissioner determines that applying such schedule is inconsistent with the purpose of this Act or the integrity of the supplemental security income program.

"(C)(i) The Commissioner may exempt an individual from review under this subsection, if the individual's eligibility for benefits is based on a condition that, as a practical matter, has no substantial likelihood of improving to a point where the individual will be able to perform substantial gainful activity.

"(ii) The Commissioner may establish classifications of individuals who are exempt from review under this subsection based on the impairments that are the basis for such individuals' eligibility for benefits. Notwithstanding any such classification, the Commissioner may, at the time of determining an individual's eligibility, schedule a review of such individual's continuing eligibility if the Commissioner determines that a review is necessary to preserve the integrity of the supplemental security income program.

"(3) The Commissioner may revise a determination made under paragraph (1) and schedule a review under paragraph (2)(B), if the Commissioner obtains credible evidence that an individual may no longer be eligible for benefits or the Commissioner determines that a review is necessary to maintain the integrity of the supplemental security income program. Information obtained under section 1137 may be used as the basis to schedule a review.

"(4)(i) The requirements of sections 1614(a)(4) and 1633 shall apply to reviews conducted under this subsection.

"(ii) Such reviews may be conducted by the applicable State agency or the Commissioner, whichever is appropriate.".

SEC. 842. NONPAYMENT OF SSI DISABILITY BENEFITS TO SUBSTANCE ABUSERS.

(a) IN GENERAL.—Section 1614(a)(3) (42 U.S.C. 1382c(a)(3)) is amended by adding at the end the following new subparagraph:

"(I) Notwithstanding subparagraph (A), an individual shall not be considered disabled for purposes of this title if alcoholism or drug addiction would (but for this subparagraph) be a contributing factor material to the Commissioner's determination that the individual is disabled.".

(b) ADDITIONAL ELIGIBILITY REQUIREMENTS.—Section 1611(e)(3)(A) (42 U.S.C. 1382(e)(3)(A)) is amended—

(1) in clause (i), by striking subclause (I) and inserting the following new subclause:

"(I) In the case of any individual who is eligible for benefits under this title by reason of disability for the month in which the Work and Gainful Employment Act becomes effective, whose alcoholism or drug addiction was a contributing factor material to the Commissioner's determination that such individual is disabled, whose benefits are terminated as a result of section 1614(a)(3)(I), and who subsequently becomes re-eligible for benefits under this title based on a disability, such individual shall comply with the provisions of this subparagraph. In any case in which an individual is required to comply with the provisions of this subparagraph, the Commissioner shall include in the individual's notification of such eligibility a notice informing the individual of such requirement."; and

(2) in clause (vi)—

(A) in subclause (I), by striking "who is eligible for benefits" through "is disabled," and inserting "described in clause (i),";

(B) in subclause (V), by striking "or (v)"; and

(C) by redesignating clause (vi) as clause (v).

(c) CONFORMING AMENDMENTS.—

(1) Section 1611(e)(3)(B)(iii)(II)(aa) (42 U.S.C. 1382(e)(3)(B)(iii)(II)(aa)) is amended by striking "with respect to whom" through "they are disabled" and inserting "described in subparagraph (A)(i)".

(2) Section 201(b)(3) of the Social Security Independence and Program Improvements Act of 1994 (42 U.S.C. 425 note) is amended by striking subparagraph (C).

(d) MEDICAID BENEFITS.—Section 1634(e) (42 U.S.C. 1383c(e)) is amended—

(1) by striking "or (v)";

(2) by inserting "(1)" after "(e)"; and

(3) by inserting at the end thereof:

"(2) Each person who is eligible for benefits under this title by reason of disability for the month in which the Work and Gainful Employment Act becomes effective and whose benefits are terminated as a result of section 1614(a)(3)(I) shall be deemed to be receiving such benefits for purposes of title XIX.".

(e) PAYMENT OF BENEFITS TO REPRESENTATIVE PAYEES.—

(1) Section 1631(a)(2)(A)(ii)(II) (42 U.S.C. 1383(a)(2)(A)(ii)(II)) is amended to read as follows:

"(II) In the case of an indi- vidual described in section 1611(e)(3)(A)(i)(I), the payment of benefits under this title by reason of disability to a representative payee shall be deemed to serve the interest of the individual under this title. In any case in which payment is so deemed under this subclause to serve the interest of an individual, the Commissioner shall include, in the individual's notification of such eligibility, a notice that the Commissioner is required by the Social Security Act to pay the individual's benefits to a representative payee.".

(2) Section 1631(a)(2)(B)(vii) (42 U.S.C. 1383(a)(2)(B)(vii)) is amended by striking ", if alcoholism" through "individual is disabled" and inserting in lieu thereof "who is described in section 1611(e)(3)(A)(i)(I)".

(3) Section 1631(a)(2)(D)(i)(II) (42 U.S.C. 1383(a)(2)(D)(i)(II)) is amended by striking "alcoholism or drug addiction is a contributing factor material to the Commissioner's determination that the individual is disabled" and inserting "who is described in section 1611(e)(3)(A)(i)(I)".

TITLE IX—LEGISLATIVE PROPOSALS; EFFECTIVE DATE

SEC. 901. SECRETARIAL SUBMISSION.

The Secretary of Health and Human Services shall, within 90 days after the date of the enactment of this Act, submit to the appropriate committees of the Congress, a legislative proposal providing such technical and conforming amendments in the law as are required by the provisions of this Act.

SEC. 902. EFFECTIVE DATE.

(a) IN GENERAL.—Except as otherwise specifically provided in this Act, this Act and the amendments made by this shall be effective with respect to calendar quarters beginning on or after October 1, 1995.

(b) SPECIAL RULE.—In the case of a State that the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order to meet the additional requirements imposed by this Act or the amendments made by this Act, the State shall not be regarded as failing to comply with such requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of this subsection, in the case of a State that has a 2-year legislative session, each year of the session shall be treated as a separate regular session of the State legislature.

LEVIN AMENDMENT NO. 2533

Mr. MOYNIHAN (for Mr. LEVIN) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 417, line 15, strike "or" and insert "and".

DODD AMENDMENT NO. 2534

Mr. MOYNIHAN (for Mr. DODD) proposed an amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 397, strike lines 5 and 6 and insert the following:

"(1) 90 percent shall be reserved for making allotments under section 712;".

On page 397, line 15, strike "and" at the end thereof.

On page 397, line 17, strike the period and insert "; and".

On page 397, between lines 17 and 18, insert the following:

"(7) 2 percent shall be reserved for carrying out sections 775 and 776.".

On page 461, between lines 18 and 19, insert the following new sections and redesignate the remaining sections and cross references thereto, accordingly:

SEC. 775. NATIONAL RAPID RESPONSE GRANTS FOR DISLOCATED WORKERS.

(a) IN GENERAL.—From amounts reserved under section 734(b), the Secretary of Labor may award national rapid response grants to eligible entities to enable the entities to provide adjustment assistance to workers affected by major economic dislocations that result from plant closures, base closures, or mass layoffs.

(b) PROJECTS AND SERVICES.—

(1) IN GENERAL.—Amounts provided under grants awarded under this section shall be used to provide employment, training and related services through projects that relate to—

(A) industry-wide dislocations;

(B) multistate dislocations;

(C) dislocations resulting from reductions in defense expenditures;

(D) dislocations resulting from international trade actions;

(E) dislocations resulting from environmental laws and regulations, including the Clean Air Act (42 U.S.C. 7401 et seq.), and the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.);

(F) dislocations affecting Indian Tribes and tribal organizations; and

(G) other dislocations that result from special circumstances or that State and local resources are insufficient to address.

(2) COMMUNITY PROJECTS.—The Secretary of Labor may award grants under this section for projects that provide comprehensive planning services to assist communities in addressing and reducing the impact of an economic dislocation.

(c) ADMINISTRATION.—

(1) APPLICATION.—To be eligible to receive a grant under this section, an eligible entity shall submit an application to the Secretary of Labor at such time, in such manner, and accompanied by such information as the Secretary of Labor determines to be appropriate.

(2) ELIGIBLE ENTITIES.—The Secretary of Labor may award a grant under this section to—

(A) a State;

(B) a local entity administering assistance provided under title I;

(C) an employer or employer association;

(D) a worker-management transition assistance committee or other employer-employee entities;

(E) a representative of employees;

(F) a community development corporation or community-based organization; or

(G) an industry consortium.

(d) USE OF FUNDS IN EMERGENCIES.—

(1) IN GENERAL.—Where the Secretary of Labor and the chief executive officer of a State determine that an emergency exists with respect to any particular distressed industry or any particularly distressed area within a State, the Secretary may use amounts made available under this section to provide emergency financial assistance to dislocated workers in the form of employment, training, and related services.

(2) ARRANGEMENTS.—The Secretary of Labor may enter into arrangements with eligible entities in a State described in paragraph (1) for the immediate provision of emergency financial assistance under paragraph (1) for the purposes of this section with any necessary supportive documentation to be submitted at a date agreed to by the chief executive officer and the Secretary.

SEC. 776. DISASTER RELIEF EMPLOYMENT ASSISTANCE.

(a) QUALIFICATION FOR FUNDS.—From amounts reserved under section 734(b), the Secretary of Labor may provide assistance to the chief executive officer of a State within which is located an area that has suffered an emergency or a major disaster as defined in paragraphs (1) and (2), respectively, of section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122(1) and (2)) (hereafter referred to in this section as the "disaster area").

(b) USE OF FUNDS.—

(1) PROJECTS RESTRICTED TO DISASTER AREAS.—Funds provided to a State under subsection (a)—

(A) shall be used solely to provide eligible individuals with employment in projects to provide clothing, shelter, and other humanitarian assistance for disaster victims and in projects regarding the demolition, cleanup, repair, renovation, and reconstruction of damaged and destroyed structures, facilities, and lands located within the disaster area; and

(B) may be expended through public and private agencies and organizations administering such projects.

(2) ELIGIBILITY REQUIREMENTS.—An individual shall be eligible for employment in a project under this section if such individual is a dislocated worker or is temporarily or

permanently laid off as a result of an emergency or disaster referred to in subsection (a).

(3) LIMITATIONS ON DISASTER RELIEF EMPLOYMENT.—No individual may be employed using assistance provided under this section for a period of more than 6 months if such employment is related to recovery from a single emergency or disaster.

DORGAN AMENDMENT NO. 2535

Mr. MOYNIHAN (for Mr. DORGAN) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

At the appropriate place, add the following new section:

SEC. . SENSE OF THE SENATE ON LEGISLATIVE ACCOUNTABILITY FOR UNFUNDED MANDATES IN WELFARE REFORM LEGISLATION.

(a) FINDINGS.—The Senate finds that the purposes of the Unfunded Mandates Reform Act of 1995 are:

(1) "to strengthen the partnership between the Federal Government and State, local and tribal governments";

(2) "to end the imposition, in the absence of full consideration by Congress, of Federal mandates on State, local and tribal governments without adequate Federal funding, in a manner that may displace other essential State, local and tribal governmental priorities";

(3) "to assist Congress in its consideration of proposed legislation establishing or revising Federal programs containing Federal mandates affecting State, local and tribal governments, and the private sector by—

(A) providing for the development of information about the nature and size of mandates in proposed legislation; and

(B) establishing a mechanism to bring such information to the attention of the Senate and the House of Representatives before the Senate and the House of Representatives vote on proposed legislation":

(4) "to promote informed and deliberate decisions by Congress on the appropriateness of Federal mandates in any particular instance": and

(5) "to require that Congress consider whether to provide funding to assist State, local and tribal governments in complying with Federal mandates".

(b) SENSE OF THE SENATE.—It is the sense of the Senate that prior to the Senate acting on the conference report on either H.R. 4 or any other legislation including welfare reform provisions, the Congressional Budget Office shall prepare an analysis of the conference report to include:

(1) estimates, over each of the next seven fiscal years, by state and in total, of—

(A) the costs to states of meeting all work requirements in the conference report, including those for single-parent families, two-parent families, and those who have received cash assistance for 2 years;

(B) the resources available to the states to meet these work requirements, defined as federal appropriations authorized in the conference report for this purpose in addition to what states are projected to spend under current welfare law;

(C) the amount of any additional revenue needed by the states to meet the work requirements in the conference report, beyond resources available as defined under subparagraph (b)(1)(B);

(2) an estimate, based on the analysis in paragraph (b)(1), of how many states would opt to pay any penalty provided for by the conference report rather than raise the additional revenue needed to meet the work requirements in the conference report; and

(3) estimates, over each of the next 7 fiscal years, of the costs to States of any other requirements imposed on them by such legislation.

LIEBERMAN AMENDMENTS NOS. 2536–2537

Mr. MOYNIHAN (for Mr. LIEBERMAN) proposed two amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2536

On page 17, line 8, insert "and for each of fiscal years 1998, 1999, and 2000, the amount of the State's share of the out-of-wedlock pregnancy reduction bonus determined under subsection (f) for the fiscal year" after "year".

On page 17, line 22, insert "and the applicable percent specified under subsection (f)(3)(B)(ii) for such fiscal year" after "(B)".

On page 29, between lines 15 and 16, insert:

"(f) OUT-OF-WEDLOCK PREGNANCY REDUCTION BONUS.—

"(1) IN GENERAL.—Any State that meets the applicable percentage reduction with respect to the out-of-wedlock pregnancies in the State for a fiscal year shall be entitled to receive a share of the out-of-wedlock pregnancy reduction bonus for the fiscal year in accordance with the formula developed under paragraph (3).

"(2) APPLICABLE PERCENTAGE REDUCTION; PERCENTAGE OF OUT-OF-WEDLOCK PREGNANCIES.—

"(A) APPLICABLE PERCENTAGE REDUCTION.—The term 'applicable percentage reduction' means with respect to any fiscal year, a reduction of 2 or more whole percentage points of the percentage of out-of-wedlock pregnancies in the State for the preceding fiscal year over the percentage of out-of-wedlock pregnancies in the State for fiscal year 1995.

"(B) PERCENTAGE OF OUT-OF-WEDLOCK PREGNANCIES.—For purposes of this subsection, the term 'percentage of out-of-wedlock pregnancies' means—

"(i) the total number of abortions, live births, and spontaneous abortions among single teenagers in a State in a fiscal year, divided by—

"(ii) the total number of single teenagers in the State in the fiscal year.

"(3) ALLOCATION FORMULA; BONUS FUND.—

"(A) ALLOCATION FORMULA.—Not later than September 30, 1996, the Secretary of Health and Human Services shall develop and publish in the Federal Register a formula for allocating amounts in the out-of-wedlock pregnancy reduction bonus fund to States that achieve the applicable percentage reduction described in paragraph (2)(A).

"(B) OUT-OF-WEDLOCK PREGNANCY REDUCTION BONUS FUND.—

"(i) IN GENERAL.—The amount in the out-of-wedlock pregnancy reduction bonus fund for a fiscal year shall be an amount equal to—

"(I) the applicable percentage of the amount appropriated under section 403(a)(2)(A) for such fiscal year; and

"(II) the amount of the reduction in grants made under this section for the preceding fiscal year resulting from the application of section 407.

"(ii) APPLICABLE PERCENTAGE.—For purposes of clause (i)(I), the applicable percentage shall be determined in accordance with the following table:

"For fiscal year:	The applicable percentage is:
1998	3
1999	4
2000 and each fiscal year thereafter	5.

On page 29, line 16, strike "(f)" and insert "(g)".

At the appropriate place, insert:

SEC. ___. NATIONAL CLEARINGHOUSE ON TEENAGE PREGNANCY.

(a) ESTABLISHMENT.—The Secretary of Education and the Secretary of Health and Human Services shall establish a national center for the collection and provision of information that relates to adolescent pregnancy prevention programs, to be known as the "National Clearinghouse on Teenage Pregnancy Prevention Programs".

(b) FUNCTIONS.—The national center established under subsection (a) shall serve as a national information and data clearinghouse, and as a material development source for adolescent pregnancy prevention programs. Such center shall—

(1) develop and maintain a system for disseminating information on all types of adolescent pregnancy prevention programs and on the state of adolescent pregnancy prevention program development, including information concerning the most effective model programs;

(2) identify model programs representing the various types of adolescent pregnancy prevention programs:

(3) develop networks of adolescent pregnancy prevention programs for the purpose of sharing and disseminating information;

(4) develop technical assistance materials to assist other entities in establishing and improving adolescent pregnancy prevention programs;

(5) participate in activities designed to encourage and enhance public media campaigns on the issue of adolescent pregnancy; and

(6) conduct such other activities as the responsible Federal officials find will assist in developing and carrying out programs or activities to reduce adolescent pregnancy.

(c) APPOINTMENT OF FEDERAL COORDINATOR AND SPOKESPERSON.—The Secretary of Health and Human Services, after consultation with the President, shall appoint an employee of the Department of Health and Human Services to coordinate all the activities of the Federal Government relating to the reduction of teenage pregnancies and to serve as the spokesperson for the Federal Government on issues related to teenage pregnancies.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this section.

SEC. ___. ESTABLISHING NATIONAL GOALS TO REDUCE OUT-OF-WEDLOCK PREGNANCIES AND TO PREVENT TEENAGE PREGNANCIES.

(a) IN GENERAL.—Not later than January 1, 1997, the Secretary of Health and Human Services shall establish and implement a strategy for—

(1) reducing out-of-wedlock teenage pregnancies by at least 2 percent a year, and

(2) assuring that at least 25 percent of the communities in the United States have teenage pregnancy prevention programs in place.

(b) REPORT.—Not later than June 30, 1998, and annually thereafter, the Secretary shall report to the Congress with respect to the progress that has been made in meeting the goals described in paragraphs (1) and (2) of subsection (a).

(b) OUT-OF-WEDLOCK AND TEENAGE PREGNANCY PREVENTION PROGRAMS.—Section 2002 (42 U.S.C. 1397a) is amended by adding at the end the following new subsection:

"(f)(1) Beginning in fiscal year 1996 and each fiscal year thereafter, each State shall use at least 5 percent of its allotment under section 2003 for the fiscal year to develop and implement a State program to reduce the incidence of out-of-wedlock and teenage pregnancies in the State.

"(2) The Secretary shall conduct a study with respect to the State programs implemented under paragraph (1) to determine the

relative effectiveness of the different approaches for reducing out-of-wedlock pregnancies and preventing teenage pregnancy utilized in the programs conducted under this subsection and the approaches that can be best replicated by other States.

"(3) Each State conducting a program under this subsection shall provide to the Secretary, in such form and with such frequency as the Secretary requires, data from the programs conducted under this subsection. The Secretary shall report to the Congress annually on the progress of the programs and shall, not later than June 30, 1998, submit to the Congress a report on the study required under paragraph (2).".

SEC. —. SENSE OF THE SENATE REGARDING ENFORCEMENT OF STATUTORY RAPE LAWS.

It is the sense of the Senate that States and local jurisdictions should aggressively enforce statutory rape laws.

AMENDMENT NO. 2537

At the appropriate place, insert:

SEC. —. NATIONAL CLEARINGHOUSE ON TEENAGE PREGNANCY.

(a) ESTABLISHMENT.—The Secretary of Education and the Secretary of Health and Human Services shall establish a national center for the collection and provision of information that relates to adolescent pregnancy prevention programs, to be known as the "National Clearinghouse on Teenage Pregnancy Prevention Programs".

(b) FUNCTIONS.—The national center established under subsection (a) shall serve as a national information and data clearinghouse, and as a material development source for adolescent pregnancy prevention programs. Such center shall—

(1) develop and maintain a system for disseminating information on all types of adolescent pregnancy prevention programs and on the state of adolescent pregnancy prevention program development, including information concerning the most effective model programs;

(2) identify model programs representing the various types of adolescent pregnancy prevention programs;

(3) develop networks of adolescent pregnancy prevention programs for the purpose of sharing and disseminating information;

(4) develop technical assistance materials to assist other entities in establishing and improving adolescent pregnancy prevention programs;

(5) participate in activities designed to encourage and enhance public media campaigns on the issue of adolescent pregnancy; and

(6) conduct such other activities as the responsible Federal officials find will assist in developing and carrying out programs or activities to reduce adolescent pregnancy.

(c) APPOINTMENT OF FEDERAL COORDINATOR AND SPOKESPERSON.—The Secretary of Health and Human Services, after consultation with the President, shall appoint an employee of the Department of Health and Human Services to coordinate all the activities of the Federal Government relating to the reduction of teenage pregnancies and to serve as the spokesperson for the Federal Government on issues related to teenage pregnancies.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this section.

SEC. . ESTABLISHING NATIONAL GOALS TO REDUCE OUT-OF-WEDLOCK PREGNANCIES AND TO PREVENT TEENAGE PREGNANCIES.

(a) IN GENERAL.—Not later than January 1, 1997, the Secretary of Health and Human Services shall establish and implement a strategy for—

(1) reducing out-of-wedlock teenage pregnancies by at least 2 percent a year, and

(2) assuring that at least 25 percent of the communities in the United States have teenage pregnancy prevention programs in place.

(b) REPORT.—Not later than June 30, 1998, and annually thereafter, the Secretary shall report to the Congress with respect to the progress that has been made in meeting the goals described in paragraphs (1) and (2) of subsection (a).

(b) OUT-OF-WEDLOCK AND TEENAGE PREGNANCY PREVENTION PROGRAMS.—Section 2002 (42 U.S.C. 1397a) is amended by adding at the end the following new subsection:

"(f)(1) Beginning in fiscal year 1996 and each fiscal year thereafter, each State shall use at least 5 percent of its allotment under section 2003 for the fiscal year to develop and implement a State program to reduce the incidence of out-of-wedlock and teenage pregnancies in the State.

"(2) The Secretary shall conduct a study with respect to the State programs implemented under paragraph (1) to determine the relative effectiveness of the different approaches for reducing out-of-wedlock pregnancies and preventing teenage pregnancy utilized in the programs conducted under this subsection and the approaches that can be best replicated by other States.

"(3) Each State conducting a program under this subsection shall provide to the Secretary, in such form and with such frequency as the Secretary requires, data from the programs conducted under this subsection. The Secretary shall report to the Congress annually on the progress of the programs and shall, not later than June 30, 1998, submit to the Congress a report on the study required under paragraph (2).".

SEC. . SENSE OF THE SENATE REGARDING ENFORCEMENT OF STATUTORY RAPE LAWS.

It is the sense of the Senate that States and local jurisdictions should aggressively enforce statutory rape laws.

MOYNIHAN AMENDMENT NO. 2538

Mr. MOYNIHAN proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

In section 781(b), strike paragraph (1) (relating to the Trade Act of 1974).

In section 781(b)(2), strike "(2)" and insert "(1)".

In section 781(b)(3), strike "(3)" and insert "(2)".

In section 781(b)(4), strike "(4)" and insert "(3)".

In section 781(b)(5), strike "(5)" and insert "(4)".

In section 781(b)(6), strike "(6)" and insert "(5)".

In section 781(b)(7), strike "(7)" and insert "(6)".

In section 781(b)(8), strike "(8)" and insert "(7)".

COATS (AND ASHCROFT) AMENDMENT NO. 2539

Mr. HATCH (for Mr. COATS, for himself and Mr. ASHCROFT) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

At the end of the amendment, add the following new title:

TITLE XIII—MISCELLANEOUS PROVISIONS

SEC. 1301. CREDIT FOR CHARITABLE CONTRIBUTIONS TO CERTAIN PRIVATE CHARITIES PROVIDING ASSISTANCE TO THE POOR.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to nonrefundable personal credits) is amended by inserting after section 22 the following new section:

"SEC. 23. CREDIT FOR CERTAIN CHARITABLE CONTRIBUTIONS.

"(a) IN GENERAL.—In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the qualified charitable contributions which are paid by the taxpayer during the taxable year.

"(b) LIMITATION.—The credit allowed by subsection (a) for the taxable year shall not exceed $500 ($1,000 in the case of a joint return under section 6013).

"(c) ELIGIBLE INDIVIDUAL; QUALIFIED CHARITABLE CONTRIBUTION.—For purposes of this section—

"(1) ELIGIBLE INDIVIDUAL.—The term 'eligible individual' means, with respect to any charitable contribution, an individual who is certified by the qualified charity to whom the contribution was made by the individual as having performed at least 50 hours of volunteer service for the charity during the calendar year in which the taxable year begins.

"(2) QUALIFIED CHARITABLE CONTRIBUTION.—The term 'qualified charitable contribution' means any charitable contribution (as defined in section 170(c)) made in cash to a qualified charity but only if the amount of each such contribution, and the recipient thereof, are identified on the return for the taxable year during which such contribution is made.

"(d) QUALIFIED CHARITY.—

"(1) IN GENERAL.—For purposes of this section, the term 'qualified charity' means, with respect to the taxpayer, any organization—

"(A) which is described in section 501(c)(3) and exempt from tax under section 501(a), and

"(B) which, upon request by the organization, is certified by the Secretary as meeting the requirements of paragraphs (2) and (3).

"(2) CHARITY MUST PRIMARILY ASSIST THE POOR.—An organization meets the requirements of this paragraph only if the Secretary reasonably expects that the predominant activity of such organization will be the provision of services to individuals and families which are designed to prevent or alleviate poverty among individuals and families whose incomes fall below 150 percent of the official poverty line (as defined by the Office of Management and Budget).

"(3) MINIMUM EXPENSE REQUIREMENT.—

"(A) IN GENERAL.—An organization meets the requirements of this paragraph only if the Secretary reasonably expects that the annual poverty program expenses of such organization will not be less than 70 percent of the annual aggregate expenses of such organization.

"(B) POVERTY PROGRAM EXPENSE.—For purposes of subparagraph (A)—

"(i) IN GENERAL.—The term 'poverty program expense' means any expense in providing program services referred to in paragraph (2).

"(ii) EXCEPTIONS.—Such term shall not include—

"(I) any management or general expense,

"(II) any expense for the purpose of influencing legislation (as defined in section 4911(d)),

"(III) any expense primarily for the purpose of fundraising, and

"(IV) any expense for a legal service provided on behalf of any individual referred to in paragraph (2).

"(4) ELECTION TO TREAT POVERTY PROGRAMS AS SEPARATE ORGANIZATION.—

"(A) IN GENERAL.—An organization may elect to treat one or more programs operated

by it as a separate organization for purposes of this section.

"(B) EFFECT OF ELECTION.—If an organization elects the application of this paragraph, the organization, in accordance with regulations, shall—

"(i) maintain separate accounting for revenues and expenses of programs with respect to which the election was made,

"(ii) ensure that contributions to which this section applies be used only for such programs, and

"(iii) provide for the proportional allocation of management, general, and fundraising expenses to such programs to the extent not allocable to a specific program.

"(C) REPORTING REQUIREMENTS.—

"(i) ORGANIZATIONS NOT OTHERWISE REQUIRED TO FILE.—An organization not otherwise required to file any return under section 6033 shall be required to file such a return with respect to any poverty program treated as a separate organization under this paragraph.

"(ii) ORGANIZATIONS REQUIRED TO FILE.—An organization otherwise required to file a return under section 6033—

"(I) shall file a separate return with respect to any poverty program treated as a separate organization under this section, and

"(II) shall include on its own return the percentages equivalent to those required of qualified charities under the last sentence of section 6033(b) and determined with respect to such organization (without regard to the expenses of any poverty program under subclause (I)).

"(e) COORDINATION WITH DEDUCTION FOR CHARITABLE CONTRIBUTIONS.—

"(1) CREDIT IN LIEU OF DEDUCTION.—The credit provided by subsection (a) for any qualified charitable contribution shall be in lieu of any deduction otherwise allowable under this chapter for such contribution.

"(2) ELECTION TO HAVE SECTION NOT APPLY.—A taxpayer may elect for any taxable year to have this section not apply."

(b) RETURNS.—

(1) QUALIFIED CHARITIES REQUIRED TO PROVIDE COPIES OF ANNUAL RETURN.—Subsection (e) of section 6104 of such Code (relating to public inspection of certain annual returns and applications for exemption) is amended by adding at the end the following new paragraph:

"(3) QUALIFIED CHARITIES REQUIRED TO PROVIDE COPIES OF ANNUAL RETURN.—

"(A) IN GENERAL.—Every qualified charity (as defined in section 23(d)) shall, upon request of an individual made at an office where such organization's annual return filed under section 6033 is required under paragraph (1) to be available for inspection, provide a copy of such return to such individual without charge other than a reasonable fee for any reproduction and mailing costs. If the request is made in person, such copies shall be provided immediately and, if made other than in person, shall be provided within 30 days.

"(B) PERIOD OF AVAILABILITY.—Subparagraph (A) shall apply only during the 3-year period beginning on the filing date (as defined in paragraph (1)(D) of the return requested)."

(2) ADDITIONAL INFORMATION.—Section 6033(b) of such Code is amended by adding at the end the following new flush sentence:

"Each qualified charity (as defined in section 23(d)) to which this subsection otherwise applies shall also furnish each of the percentages determined by dividing each of the following categories of the organization's expenses for the year by its total expenses for the year: program services: management and general: fundraising; and payments to affiliates."

(c) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 22 the following new item:

"Sec. 23. Credit for certain charitable contributions."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made after the 90th day after the date of the enactment of this Act in taxable years ending after such date.

McCAIN AMENDMENT NOS. 2540–2544

Mr. HATCH (for Mr. MCCAIN) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2540

At the appropriate place, insert the following:

SEC. . REMOVAL OF BARRIERS TO INTERRACIAL AND INTERETHNIC ADOPTIONS.

(a) FINDINGS.—Congress finds that—

(1) nearly 500,000 children are in foster care in the United States;

(2) tens of thousands of children in foster care are waiting for adoption;

(3) 2 years and 8 months is the median length of time that children wait to be adopted, and minority children often wait twice as long as other children to be adopted; and

(4) child welfare agencies should work to eliminate racial, ethnic, and national origin discrimination and bias in adoption and foster care recruitment, selection, and placement procedures.

(b) PURPOSE.—The purpose of this section is to promote the best interests of children by—

(1) decreasing the length of time that children wait to be adopted; and

(2) preventing discrimination in the placement of children on the basis of race, color, or national origin.

(c) REMOVAL OF BARRIERS TO INTERRACIAL AND INTERETHNIC ADOPTIONS.—

(1) PROHIBITION.—A State or other entity that receives funds from the Federal Government and is involved in adoption or foster care placements may not—

(A) deny to any person the opportunity to become an adoptive or a foster parent, on the basis of the race, color, or national origin of the person, or of the child, involved; or

(B) delay or deny the placement of a child for adoption or into foster care, or otherwise discriminate in making a placement decision, on the basis of the race, color, or national origin of the adoptive or foster parent, or the child, involved.

(2) PENALTIES.—

(A) STATE VIOLATORS.—A State that violates paragraph (1) shall remit to the Secretary of Health and Human Services all funds that were paid to the State under part E of title IV of the Social Security Act (42 U.S.C. 670 et seq.) (relating to foster care and adoption assistance) during the period of the violation.

(B) PRIVATE VIOLATORS.—Any other entity that violates paragraph (1) shall remit to the Secretary of Health and Human Services all funds that were paid to the entity during the period of the violation by a State from funds provided under part E of title IV of the Social Security Act.

(3) PRIVATE CAUSE OF ACTION.—

(A) IN GENERAL.—Any individual or class of individuals aggrieved by a violation of paragraph (1) by a State or other entity may bring an action seeking relief in any United States district court or State court of appropriate jurisdiction.

(B) STATURE OF LIMITATIONS.—An action under this subsection may not be brought more than 2 years after the date the alleged violation occurred.

(4) ATTORNEY'S FEES.—In any action or proceeding under this Act, the court, in the discretion of the court, may allow the prevailing party, other than the United States, a reasonable attorney's fee, including litigation expenses and costs, and the States and the United States shall be liable for the fee to the same extent as a private individual.

(5) STATE IMMUNITY.—A State shall not be immune under the 11th amendment to the Constitution from an action of Federal or State court of appropriate jurisdiction for a violation of this section.

(6) NO EFFECT ON INDIAN CHILD WELFARE ACT OF 1978.—Nothing in this Act shall be construed to affect the application of the Indian Child Welfare Act of 1978 (25 U.S.C. 1901 et seq.).

(d) REPEAL.—Subpart 1 of part E of title V of the Improving America's Schools Act of 1994 (42 U.S.C. 5115a) is amended—

(1) by repealing sections 551 through 553; and

(2) by redesignating section 554 as section 551.

(e) EFFECTIVE DATE.—This section, and the amendments made by this section, shall take effect 90 days after the date of enactment of this Act.

AMENDMENT NO. 2541

On page 122, between lines 11 and 12, insert the following:

SEC. 110A. FEDERAL FUNDING FOR EXCESSIVE DATA REPORTING REQUIREMENTS.

Notwithstanding any other provision of law, a State shall not be required to comply with any data collection or data collection or data reporting requirements added by this Act that the General Accounting Office determines is in excess of normal Federal management needs (including systems development costs) unless the Federal Government provides the State with funding sufficient to allow States to comply with such requirements.

AMENDMENT NO. 2542

On page 215, line 24, add closing quotation marks and a period at the end.

On page 216, strike lines 1 through 5.

AMENDMENT NO. 2543

On page 36, line 10, strike "and".

On page 36, line 13, strike the end period.

On page 36, between lines 13 and 14, insert the following:

"(G) job readiness workshops in which an individual attends pre-employment classes to obtain business or industry specific training required to meet employer-specific needs (not to exceed 4 weeks with respect to any individual).

AMENDMENT NO. 2544

On page 122, between lines 11 and 12, insert the following:

SEC. 110A. CORRECTIVE ACTION PLAN.

(a) IN GENERAL.—

(1) NOTIFICATION OF VIOLATION.—Notwithstanding any other provision of law, the Federal Government shall, prior to assessing a penalty against a State under any program established or modified under this Act, notify the State of the violation of law for which such penalty would be assessed and allow the State the opportunity to enter into a corrective action plan in accordance with this section.

(2) 60-DAY PERIOD TO PROPOSE A CORRECTIVE ACTION PLAN.—Any State notified under paragraph (1) shall have 60 days in which to

submit to the Federal Government a corrective action plan to correct any violations described in such paragraph

(3) ACCEPTANCE OF PLAN.—The Federal Government shall have 60 days to accept or reject the State's corrective action plan and may consult with the State during this period to modify the plan. If the Federal Government does not accept or reject the corrective action plan during the period, the corrective action plan shall be deemed to be accepted.

(b) 90-DAY GRACE PERIOD.—If a corrective action plan is accepted by the Federal Government, no penalty shall be imposed with respect to a violation described in subsection (a) if the State corrects the violation pursuant to the plan within 90 days after the date on which the plan is accepted (or within such other period specified in the plan).

HARKIN AMENDMENT NO. 2545

Mr. HARKIN proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 39, strike lines 4 through 10, and insert the following:

"(a) STATE REQUIRED TO ENTER INTO A PERSONAL RESPONSIBILITY CONTRACT WITH EACH FAMILY RECEIVING ASSISTANCE.—

"(1) IN GENERAL.—Each State to which a grant is made under section 403 shall require each family receiving assistance under the State program funded under this part to enter into—

"(A) a personal responsibility contract (as developed by the State) with the State; or

"(B) a limited benefit plan.

"(2) PERSONAL RESPONSIBILITY CONTRACT.—For purposes of this subsection, the term 'personal responsibility contact' means a binding contract between the State and each family receiving assistance under the State program funded under this part that—

"(A) outlines the steps each family and the State will take to get the family off of welfare and to become self-sufficient;

"(B) specifies a negotiated time-limited period of eligibility for receipt of assistance that is consistent with unique family circumstances and is based on a reasonable plan to facilitate the transition of the family to self-sufficiency;

"(C) provides that the family will automatically enter into a limited benefit plan if the family is out of compliance with the personal responsibility contract; and

"(D) provides that the contract shall be invalid if the State agency fails to comply with the contract.

"(3) LIMITED BENEFIT PLAN.—For purposes of this subsection, the term 'limited benefit plan' means a plan which provides for a reduced level of assistance and later termination of assistance to a family that has entered into the plan in accordance with a schedule to be determined by the State.

"(4) ASSESSMENT.—The State agency shall provide, through a case manager, an initial and thorough assessment of the skills, prior work experience, and employability of each parent for use in developing and negotiating a personal responsibility contract.

"(5) DISPUTE RESOLUTION.—The State agency described in section 402(a)(6) shall establish a dispute resolution procedure for disputes related to participation in the personal responsibility contract that provides the opportunity for a hearing.

CHAFEE AMENDMENT NO. 2546

Mr. CHAFEE proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 23, beginning on line 7, strike all through page 24, line 18, and insert the following:

"(5) WELFARE PARTNERSHIP.—

"(A) IN GENERAL.—The amount of the grant otherwise determined under paragraph (1) for fiscal year 1997, 1998, 1999, or 2000 shall be reduced by the amount by which State expenditures under the State program funded under this part for the preceding fiscal year is less that 75 percent of historic State expenditures.

"(B) HISTORIC STATE EXPENDITURES.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'historic State expenditures' means expenditures by a State under parts A and F of title IV for fiscal year 1994, as in effect during such fiscal year.

"(ii) HOLD HARMLESS.—In no event shall the historic State expenditures applicable to any fiscal year exceed the amount which bears the same ratio to the amount determined under clause (i) as—

"(I) the grant amount otherwise determined under paragraph (1) for the preceding fiscal year (without regard to section 407), bears to;

"(II) the total amount of Federal payments to the State under section 403 for fiscal year 1994 (as in effect during such fiscal year).

"(C) DETERMINATION OF STATE EXPENDITURES FOR PRECEDING FISCAL YEAR.—

"(i) IN GENERAL.—For purposes of this paragraph, the expenditures of a State under the State program funded under this part for a preceding fiscal year shall be equal to the sum of the State's expenditures under the program in the preceding fiscal year for—

"(I) cash assistance;

"(II) child care assistance;

"(III) education, job training, and work; and

"(IV) administrative costs.

"(ii) TRANSFERS FROM OTHER STATE AND LOCAL PROGRAMS.—In determining State expenditures under clause (i), such expenditures shall not include funding supplanted by transfers from other State and local programs.

"(D) EXCLUSION OF FEDERAL AMOUNTS.—For purposes of this paragraph, State expenditures shall not include any expenditures from amounts made available by the Federal Government.

COHEN AMENDMENT NO. 2547

Mr. CHAFEE (for Mr. COHEN) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

Beginning on page 112, line 13, strike all through page 114, line 23, and insert the following:

SEC. 201. DRUG ADDICTS AND ALCOHOLICS UNDER THE SUPPLEMENTAL SECURITY INCOME PROGRAM.

(a) TERMINATION OF SSI CASH BENEFITS FOR DRUG ADDICTS AND ALCOHOLICS.—Section 1611(e)(3) (42 U.S.C. 1382(e)(3)) is amended—

(1) by striking "(B)" and inserting "(C)";

(2) by striking "(3)(A) and inserting "(B)"; and

(3) by inserting before subparagraph (B) as redesignated by paragraph (2) the following new subparagraph:

"(3)(A) No cash benefits shall be payable under this title to any individual who is otherwise eligible for benefits under this title by reason of disability, if such individual's alcoholism or drug addiction is a contributing factor material to the Commissioner's determination that such individual is disabled.".

(b) TREATMENT REQUIREMENTS.—

(1) Section 1611(e)(3)(B)(i)(I) (42 U.S.C. 1382(e)(3)(B)(i)(I)), as redesignated by subsection (a), is amended to read as follows:

"(B)(i)(I)(aa) Any individual who would be eligible for cash benefits under this title but for the application of subparagraph (A) may elect to comply with the provisions of this subparagraph.

"(bb) Any individual who is eligible for cash benefits under this title by reason of disability (or whose eligibility for such benefits is suspended) or is eligible for benefits pursuant to section 1619(b), and who was eligible for such benefits by reason of disability, for which such individual's alcoholism or drug addiction was a contributing factor material to the Commissioner's determination that such individual was disabled, for the month preceding the month in which section 201 of the Work Opportunity Act of 1995 takes effect, shall be required to comply with the provisions of this subparagraph.

(2) Section 1611(e)(3)(B)(i)(II) (42 U.S.C. 1382(e)(3)(B)(i)(II)), as so redesignated, is amended by striking "who is required under subclause (I)" and inserting "described in division (bb) of subclause (I) who is required".

(3) Subclauses (I) and (II) of section 1611(e)(3)(B)(ii) (42 U.S.C. 1382(e)(3)(B)(ii)), as so redesignated, are each amended by striking "clause (i)" and inserting "clause (i)(I)".

(4) Section 1611(e)(3)(B) (42 U.S.C. 1382(e)(3)(B)), as so redesignated, is amended by striking clause (v) and by redesignating clause (vi) as clause (v).

(5) Section 1611(e)(3)(B)(v) (42 U.S.C. 1382(e)(3)(B)(v)), as redesignated by paragraph (4), is amended—

(A) in subclause (I), by striking "who is eligible" and all that follows through "is disabled" and inserting "described in clause (i)(I)"; and

(B) in subclause (V), by striking "or v".

(6) Section 1611(e)(3)(C)(i) (42 U.S.C. 1382(e)(3)(C)(i)), as redesignated by subsection (a), is amended by striking "who are receiving benefits under this title and who as a condition of such benefits" and inserting "described in subparagraph (B)(i)(I)(aa) who elect to undergo treatment; and the monitoring and testing of all individuals described in subparagraph (B)(i)(I)(bb) who".

(7) Section 1611(e)(3)(C)(iii)(II)(aa) (42 U.S.C. 1382(e)(3)(C)(iii)(II)(aa)), as so redesignated, is amended by striking "residing in the State" and all that follows through "they are disabled" and inserting "described in subparagraph (B)(i)(I) residing in the State".

(8) Section 1611(e)(3)(C)(iii) (42 U.S.C. 1382(e)(3)(C)(iii)), as so redesignated, is amended by adding at the end the following:

"(III) The monitoring requirements of subclause (II) shall not apply in the case of any individual described in subparagraph (B)(i)(I)(aa) who fails to comply with the requirements of subparagraph (B).".

(9) Section 1611(e)(3) (42 U.S.C. 1382(e)(3)), as amended by subsection (a), is amended by adding at the end the following new subparagraphs:

"(D) The Commissioner shall provide appropriate notification to each individual subject to the limitation on cash benefits contained in subparagraph (A) and the treatment provisions contained in subparagraph (B).

"(E) The requirements of subparagraph (B) shall cease to apply to any individual—

"(i) after three years of treatment, or

"(ii) if the Commissioner determines that such individual no longer needs treatment.".

(c) REPRESENTATIVE PAYEE REQUIREMENTS.—

(1) Section 1631(a)(2)(A)(ii)(II) (42 U.S.C. 1383(a)(2)(A)(ii)(II)) is amended to read as follows:

"(II) In the case of an individual eligible for benefits under this title by reason of disability, if such individual also has an alcoholism or drug addiction condition (as determined by the Commissioner of Social Security), the payment of such benefits to a representative payee shall be deemed to serve the interest of the individual. In any case in which such payment is so deemed under this subclause to serve the interest of an individual, the Commissioner shall include, in the individual's notification of such eligibility, a notice that such alcoholism or drug addiction condition accompanies the disability upon which such eligibility is based and that the Commissioner is therefore required to pay the individual's benefits to a representative payee.".

(2) Section 1631(a)(2)(B)(vii) (42 U.S.C. 1383(a)(2)(B)(vii)) is amended by striking "eligible for benefits" and all that follows through "is disabled" and inserting "described in subparagraph (A)(ii)(II)".

(3) Section 1631(a)(2)(B)(ix)(II) (42 U.S.C. 1383(a)(2)(B)(ix)(II)) is amended by striking all that follows "15 years, or" and inserting "described in subparagraph (A)(ii)(II)".

(4) Section 1631(a)(2)(D)(i)(II) (42 U.S.C. 1383(a)(2)(D)(i)(II)) is amended by striking "eligible for benefits" and all that follows through "is disabled" and inserting "described in subparagraph (A)(ii)(II)".

(d) PRESERVATION OF MEDICAID ELIGIBILITY.—Section 1634(e) (42 U.S.C. 1382(e)) is amended—

(1) by striking "clause (i) or (v) of section 1611(e)(3)(A)" and inserting "subparagraph (A) or subparagraph (B)(i)(II) of section 1611(e)(3)"; and

(2) by adding at the end the following: "This subsection shall not apply to any such person—

"(i) after three years of treatment, or

"(ii) if earlier, if the Commissioner determines that such individual no longer needs treatment, or

"(iii) if such person has previously received such treatment.".

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to applicants for benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) APPLICATION TO CURRENT RECIPIENTS.—Notwithstanding any other provision of law, in the case of an individual who is receiving supplemental security income benefits under title XVI of the Social Security Act as of the date of the enactment of this Act and whose eligibility for such benefits would terminate by reason of the amendments made by this section, such amendments shall apply with respect to the benefits of such individual for months beginning after the cessation of the individual's treatment provided pursuant to such title as in effect on the day before the date of such enactment, and the Commissioner of Social Security shall so notify the individual not later than 90 days after the date of the enactment of this Act.

MOYNIHAN (AND DOLE) AMENDMENT NO. 2548

Mr. MOYNIHAN (for himself and Mr. DOLE) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 87, between lines 5 and 6, insert the following:

SEC. 105A. DEVELOPMENT OF PROTOTYPE OF COUNTERFEIT-RESISTANT SOCIAL SECURITY CARD REQUIRED.

(a) DEVELOPMENT.—

(1) IN GENERAL.—The Commissioner of Social Security (hereafter in this section referred to as the "Commissioner") shall in accordance with the provisions of this section develop a prototype of a counterfeit-resistant social security card. Such prototype card shall—

(A) be made of a durable, tamper-resistant material such as plastic or polyester,

(B) employ technologies that provide security features, such as magnetic stripes, holograms, and integrated circuits, and

(C) be developed so as to provide individuals with reliable proof of citizenship or legal resident alien status.

(2) ASSISTANCE BY ATTORNEY GENERAL.—The Attorney General of the United States shall provide such information and assistance as the Commissioner deems necessary to achieve the purposes of this section.

(b) STUDY AND REPORT.—

(1) IN GENERAL.—The Commissioner shall conduct a study and issue a report to Congress which examines different methods of improving the social security card application process.

(2) ELEMENTS OF STUDY.—The study shall include an evaluation of the cost and work load implications of issuing a counterfeit-resistant social security card for all individuals over a 3, 5, and 10 year period. The study shall also evaluate the feasibility and cost implications of imposing a user fee for replacement cards and cards issued to individuals who apply for such a card prior to the scheduled 3, 5, and 10 year phase-in options.

(3) DISTRIBUTION OF REPORT.—Copies of the report described in this subsection along with a facsimile of the prototype card as described in subsection (a) shall be submitted to the Committees on Ways and Means and Judiciary of the House of Representatives and the Committees on Finance and Judiciary of the Senate within 1 year of the date of the enactment of this Act.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated and are appropriated from the Federal Old-Age and Survivors Insurance Trust Fund such sums as may be necessary to carry out the purposes of this section.

KERREY AMENDMENT NO. 2549

Mr. MOYNIHAN (for Mr. KERREY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 229, strike lines 4 through 8 and insert the following:

"(2) ELECTION REVOCABLE.—A State that elects to participate in the program established under subsection (a) may subsequently elect to participate in the food stamp program in accordance with the other sections of this Act.

KOHL AMENDMENTS NOS. 2550-2551

Mr. MOYNIHAN (for Mr. KOHL) proposed two amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2550

On page 244, strike lines 3 through 13 and insert the following:

"(B) REDUCTIONS IN ALLOTMENTS.—

"(i) REDUCTION FOR EXEMPTED INDIVIDUALS.—

"(I) DETERMINATION.—The Secretary shall determine the Federal costs of providing benefits to and administering the food stamp program for exempted individuals in each State participating in the program established under this section.

"(II) REDUCTION.—The Secretary shall reduce the allotment to each State participating in the program established under this section by the amount determined under subclause (I).

"(ii) INSUFFICIENT FUNDS.—If the Secretary finds that the total amount of allotments to which States would otherwise be entitled for a fiscal year under subparagraph (A) will exceed the amount of funds that will be made available to provide the allotments for the fiscal year, the Secretary shall reduce the allotments made to States under this subsection, on a pro rata basis, to the extent necessary to allot under this subsection a total amount that is equal to the funds that will be made available.

"(m) EXEMPTED INDIVIDUALS.—

"(1) DEFINITION.—Subject to paragraph (2), in this subsection, the term 'exempted individual' means a individual who is—

"(A) elderly;

"(B) a child; or

"(C) disabled.

"(2) EXEMPTION.—Notwithstanding any other provision of this section, an exempted individual shall not be subject to this section and shall be subject to the other sections of this Act.".

AMENDMENT NO. 2551

On page 158, between lines 14 and 15, insert the following:

SEC. 301. DECLARATION OF POLICY.

Section 2 of the Food Stamp Act of 1977 (7 U.S.C. 2011) is amended by adding at the end the following: "Congress intends that the food stamp program support the employment focus and family strengthening mission of public welfare and welfare replacement programs by—

"(1) facilitating the transition of low-income families and households from economic dependency to economic self-sufficiency through work;

"(2) promoting employment as the primary means of income support for economically dependent families and households and reducing the barriers to employment of economically dependent families and households; and

"(3) maintaining and strengthening healthy family functioning and family life.".

On page 185, line 7, strike "and".

On page 185, between lines 13 and 14, insert the following:

(D) by redesignating clauses (vi) and (vii) as clauses (vii) and (viii), respectively; and

(E) by inserting after clause (v) the following:

"(vi) Case management, casework, and other services necessary to support healthy family functioning, enable participation in an employment and training program, or otherwise facilitate the transition from economic dependency to self-sufficiency through work.";

BRYAN AMENDMENTS NOS. 2552-2555

Mr. MOYNIHAN (for Mr. BRYAN) proposed four amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

AMENDMENT NO. 2552

At the appropriate place in the title X, insert the following new section:

At the appropriate place, insert the following new section:

SEC. . FRAUD UNDER MEANS-TESTED WELFARE AND PUBLIC ASSISTANCE PROGRAMS.

(a) IN GENERAL.—If an individual's benefits under a Federal, State, or local law relating

to a means-tested welfare or a public assistance program are reduced because of an act of fraud by the individual under the law or program, the individual may not, for the duration of the reduction, receive an increased benefit under any other means-tested welfare or public assistance program for which Federal funds are appropriated as a result of a decrease in the income of the individual (determined under the applicable program) attributed to such reduction.

(b) WELFARE OR PUBLIC ASSISTANCE PROGRAMS FOR WHICH FEDERAL FUNDS ARE APPROPRIATED.—For purposes of subsection (a), the term "means-tested welfare or public assistance program for which Federal funds are appropriated" shall include the food stamp program under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), any program of pubic or assisted housing under title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), and State programs funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

AMENDMENT NO. 2553

On page 87, between lines 5 and 6, insert the following:

SEC. . **COOPERATION REQUIRED WITH RESPECT TO PATERNITY ESTABLISHMENT AND CHILD SUPPORT ENFORCEMENT FOR ELIGIBILITY FOR ASSISTANCE.**

Subject to the provisions of titles IV and XIX of the Social Security Act and the Food Stamp Act of 1977, and notwithstanding any other provision of law, no Federal funds may be used to provide assistance based on need to, or on behalf of, a child in a family that includes an individual (including the noncustodial parent, if any) whom the agency responsible for administering such assistance determines is not cooperating in establishing the paternity of such child, or in establishing, modifying, or enforcing a support order with respect to such child, without good cause as determined by such agency in accordance with standards prescribed by such agency which shall take into consideration the best interests of the child.

AMENDMENT NO. 2554

At the appropriate place in the amendment, insert the following new section:

SEC. . **COLLECTION OF WELFARE OR PUBLIC ASSISTANCE BENEFIT OVERPAYMENTS FROM FEDERAL TAX REFUNDS.**

(a) IN GENERAL.—Paragraph (1) of section 6402(d) of the Internal Revenue Code of 1986 (relating to collection of debts owed to Federal agencies) is amended by inserting "or upon receiving notice from any State agency that a named person owes a past-due legally enforceable debt arising out of an overpayment under an applicable welfare program," before "the Secretary shall".

(b) APPLICABLE WELFARE PROGRAMS.—Section 6402(d) of such Code is amended by adding at the end the following new paragraph:

"(4) APPLICABLE WELFARE PROGRAM.—For purposes of this subsection, the term 'applicable welfare program' means any program established or significantly modified by the Work Opportunity Act of 1995."

(c) CONFORMING AMENDMENTS.—

(1) Section 6402(d)(2) of such Code is amended by inserting "or State" after "Federal".

(2) The heading for section 6402(d) of such Code is amended by inserting "or certain State" after "Federal".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to refunds payable after December 31, 1995.

AMENDMENT NO. 2555

At the appropriate place in the amendment, insert the following new section:

SEC. . Section 6(f) of the Food Stamp Act of 1977 (7 U.S.C. 2015(f)) is amended by striking the third sentence and inserting the following:

The State agency shall, at its option, consider either all income and financial resources of the individual rendered ineligible to participate in the food stamp program under this subsection, or such income, less a pro rate share, and the financial resources of the ineligible individual, to determine the eligibility and the value of the allotment of the household of which such individual is a member.

NICKLES AMENDMENT NO. 2556

Mr. HATCH (for Mr. NICKLES) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

SEC. 913 page 601 of the amendment, strike line 8 thru line 21 and insert in lieu thereof the following:

"(2) TIMING OF REPORT.—Each report required by paragraph (1) shall be made in accordance with the requirements of Section 1320b-7(3), Title 42 of U.S.C."

(c) REPORTING FORMAT.—Each report required under Section 1320b-7(3), Title 42 of U.S.C. shall include an indication of those employees newly hired during such quarter.

JEFFORDS AMENDMENT NO. 2557

Mr. HATCH (for Mr. JEFFORDS) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 36, line 12, strike "12" and insert "24".

JEFFORDS (AND PELL) AMENDMENT NO. 2558

Mr. HATCH (for Mr. JEFFORDS for himself and Mr. PELL) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

On page 381, strike lines 18 through 21, and insert the following:

(3) STATE DETERMINATIONS.—From the amount available to a State educational agency under paragraph (2)(B) for a fiscal year, such agency shall distribute such funds for workforce education activities in such State as follows:

(A) 75 percent of such amount shall be distributed for secondary school vocational education in accordance with section 722, or for postsecondary and adult vocational education in accordance with section 723, or for both; and

(B) 25 percent of such amount shall be distributed for adult education in accordance with section 724.

KYL AMENDMENT NO. 2559

Mr. HATCH (for Mr. KYL) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

In section 728, strike subsections (a) and (b) and insert the following:

(a) LOCAL AGREEMENTS.—

(1) IN GENERAL.—After a Governor submits the State plan described in section 714 to the Federal Partnership, the Governor shall negotiate and enter into a local agreement regarding the workforce employment activities, school-to-work activities, and economic development activities (within a State that is eligible to carry out such activities, as described in subsection (c)) to be carried out in each substate area in the State with local workforce development boards described in subsection (b).

(2) CONTENTS.—

(A) STATE GOALS AND STATE BENCHMARKS.—Such an agreement shall include a description of the manner in which funds allocated to a substate area under this subtitle will be spent to meet the State goals and reach the State benchmarks in a manner that reflects local labor market conditions.

(B) COLLABORATION.—The agreement shall also include information that demonstrates the manner in which—

(i) the Governor; and

(ii) the local workforce development board; collaborated in reaching the agreement.

(3) FAILURE TO REACH AGREEMENT.—If, after a reasonable effort, the Governor is unable to enter into an agreement with the local workforce development board, the Governor shall notify the board, and provide the board with the opportunity to comment, not later than 30 days after the date of the notification, on the manner in which funds allocated to such substate area will be spent to meet the State goals and reach the State benchmarks.

(4) EXCEPTION.—A State that indicates in the State plan described in section 714 that the State will be treated as a substate area for purposes of the application of this subtitle shall not be subject to this subsection.

(b) LOCAL WORKFORCE DEVELOPMENT BOARDS.—

(1) IN GENERAL.—There shall be a local workforce development board for every substate area in a State that receives assistance under this title.

(2) DUTIES.—Such a local workforce development board shall—

(A) have principal responsibility for implementing local workforce development activities (other than economic development activities), including one-stop centers or systems, school-to-work activities, and workfare activities; and

(B) shall have authority over economic development activities if no comparable oversight or policy group exists within the substate area.

(3) APPOINTMENT.—

(A) IN GENERAL.—A local workforce development board shall be appointed by the chief elected official of a unit of general purpose local government within the substate area involved, based on guidelines established by the Governor, in consultation with local elected officials in the substate area.

(B) CHIEF ELECTED OFFICIAL.—Such chief elected official shall be selected by the elected officials of 1 or more units of general purpose local government within the substate area.

(C) MEMBERSHIP.—A majority of the members of the board shall be representatives of business. The remainder of the board shall consist of such other members as the Governor may determine to be appropriate.

(4) REFERENCES.—Notwithstanding any other provision of this title, any reference in this title to a local partnership shall be deemed to be a reference to a local workforce development board established under this subsection.

DODD (AND OTHERS) AMENDMENT NO. 2560

Mr. DODD (for himself, Mr. KENNEDY, Mr. KOHL, Ms. MIKULSKI, Ms. MOSELEY-BRAUN, Mrs. MURRAY, Mrs. BOXER, Mr. LEAHY, and Mr. KERREY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 17, line 22, strike "subparagraph (B)" and insert "subparagraphs (B) and (C)",

On page 18, between lines 15 and 16, insert the following new subparagraph:

"(C) AMOUNT ATTRIBUTABLE TO CERTAIN CHILD CARE PAYMENTS.—For purposes of subparagraph (A), the amount determined under this subparagraph is an amount equal to the Federal payments to the State under subsections (g)(1)(A)(i), (g)(1)(A)(ii), and (i) of section 402 for fiscal year 1994 (as in effect during such fiscal year).".

On page 18, line 16, strike "(C)" and insert "(D)".

On page 22, line 12, strike "$16,795,323,000" and insert "$15,795,323,000".

At the end of title VI, add the following new section:

SEC. . **WORK PROGRAM RELATED CHILD CARE.**

(a) ESTABLISHMENT.—The Secretary of Health and Human Services shall, upon the application of a State under subsection (c), provide a grant to such State for the provision of child care services to individuals.

(b) FUNDING.—For the purpose of providing child care services for eligible children through the awarding of grants to States under this section for a fiscal year, the Secretary of Health and Human Services shall pay, from funds in the Treasury not otherwise appropriated, an amount equal to the sum of—

(1) the outlays for child care services under sections 402(g)(1)(A)(i), 402(g)(1)(A)(ii), and 402(i) of the Social Security Act (as such sections existed on the day before the date of enactment of this Act) for fiscal year 1994; and

(2)(A) for fiscal year 1996, $246,000,000;

(B) for fiscal year 1997, $311,000,000;

(C) for fiscal year 1998, $570,000,000;

(D) for fiscal year 1999, $1,122,000,000; and

(E) for fiscal year 2000, $3,776,000,000.

(c) APPLICATION.—To be eligible to receive a grant under this section, a State shall prepare and submit to the Secretary of Health and Human Services an application at such time, in such manner, and containing such information as the Secretary may require.

(d) AMOUNT OF GRANT.—From the amounts available under subsection (b) for a fiscal year, the Secretary of Health and Human Services shall allot to each State (with an application approved under subsection (c)) an amount which bears the same relationship to such amounts as the total number of eligible children in the State bears to the total number of eligible children in all States (with applications approved under subsection (c)).

(e) USE OF FUNDS.—

(1) IN GENERAL.—Amounts received by a State under a grant awarded under this section shall be used to carry out programs and activities to provide child care services to eligible children residing within such State.

(2) ELIGIBLE CHILDREN.—For purposes of this section, the term "eligible child" means an individual—

(A) who is less than 13 years of age; and

(B) who resides with a parent or parents who are working pursuant to a work requirement contained in section 404 of the Social Security Act (as amended by section 101), are attending a job training or educational program, or are at risk of falling into welfare.

(3) GUARANTEE.—Notwithstanding any other provision of this Act, or of part A of title IV of the Social Security Act—

(A) no parent of a preschool age child shall be penalized or sanctioned for failure to participate in a job training, educational, or work program if child care assistance in an appropriate child care program is not provided for the child of such parent; and

(B) no parent of an elementary school age child shall be penalized or sanctioned for failure to participate in a job training, educational, or work program before or after normal school hours if assistance in an appropriate before or after school program is not provided for the child of such parent.

(f) GENERAL PROVISIONS.—

(1) OTHER REQUIREMENTS.—The requirements, standards, and criteria under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.), except for the provisions of section 658G of such Act, shall apply to the funds appropriated under this section to the extent that such requirements, standards, and criteria do not directly conflict with the provisions of this section.

(2) MAINTENANCE OF EFFORT.—A State, in utilizing the proceeds of a grant received under this section, shall maintain the expenditures of the State for child care activities at a level that is equal to not less than the level of such expenditures maintained by the State under the provisions of law referred to in subsection (b) for fiscal year 1994.

(g) SENSE OF THE SENATE REGARDING FINANCING.—

(1) FINDINGS.—The Senate finds that—

(A) child care is essential to the success of real welfare reform and this Act dramatically reduces the funds designated for child care while at the same time increasing the need for such care; and

(B) obsolete corporate subsidies and tax expenditures consume a larger and growing portion of the funds in the Treasury.

(2) SENSE OF THE SENATE.—It is the sense of the Senate that the new investment in child care, above the amounts appropriated under the provisions of law referred to in subsection (b)(1) for fiscal year 1994, provided under this section should be offset by corresponding reductions in corporate welfare.

ASHCROFT AMENDMENTS NOS. 2561-2562

Mr. ASHCROFT proposed two amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2561

At the appropriate place, add the following:

Subtitle F—SSI Flexibility

SEC. 251. **SHORT TITLE.**

This subtitle may be cited as the "Supplemental Social Security Income Flexibility Act of 1995".

SEC. 252. **BLOCK GRANTS TO THE STATES FOR SUPPLEMENTAL SECURITY INCOME FOR THE DISABLED AND BLIND.**

(a) IN GENERAL.—Title XVI (42 U.S.C. 1381-1383d) is amended by adding at the end the following new part:

"PART C—BLOCK GRANTS TO STATES FOR SUPPLEMENTAL SECURITY INCOME FOR THE DISABLED AND BLIND

"PURPOSE; IMPLEMENTATION

"SEC. 1651. (a) PURPOSE.—The purpose of this part is to consolidate Federal assistance to the States for supplemental income for individuals who are disabled or blind (other than individuals who have attained age 65) into a single grant for such purpose, thereby giving States maximum flexibility to—

"(1) require beneficiaries who are parents to ensure that their school-age children attend school;

"(2) require minors who are beneficiaries to attend school;

"(3) require parent beneficiaries to ensure that their children receive the full complement of childhood immunizations;

"(4) require beneficiaries not to use illegal drugs or abuse other drugs;

"(5) deny assistance to children solely on the basis that a child is unable to perform age-appropriate activities;

"(6) deny assistance to individuals whose disabilities are primarily the result of their abuse of illegal or legal drugs, or alcohol;

"(7) deny assistance to illegal aliens;

"(8) require individuals who sponsor the residency of legal aliens to support those they sponsor;

"(9) involve religious and charitable organizations, voluntary associations, civic groups, community organizations, nonprofit entities, benevolent and fraternal orders, philanthropic entities, and other groups in the private sector, as appropriate, in the provision of assistance to needy disabled and blind individuals which the funding States receive under this part.

"(b) IMPLEMENTATION.—This purpose shall be implemented in accordance with conditions in each State and as determined by State law.

"PAYMENTS TO STATES

"SEC. 1652. (a) AMOUNT.—

"(1) IN GENERAL.—Each State shall, subject to the requirements of this part, be entitled to receive quarterly payments for fiscal years 1997, 1998, 1999, and 2000 in an amount equal to 25 percent of the annual amount determined under paragraph (2) for such fiscal year for carrying out the purpose described in section 1651.

"(2) ANNUAL AMOUNT.—The annual amount determined for a State under this paragraph for each fiscal year beginning with fiscal year 1997 is equal to an amount which bears the same relationship to the total funds for such year specified in paragraph (3) as the annual amount determined for such State under part A of this title with respect to persons who are disabled or blind individuals, other than individuals who have attained age 65, for fiscal year 1994 bore to the total funds for all States under such part with respect to such persons for such year.

"(3) TOTAL FUNDS.—The total funds specified in this paragraph are as follows:

"(A) For fiscal year 1997, $20,203,000,000.

"(B) For fiscal year 1998, $22,065,000,000.

"(C) For fiscal year 1999, $24,457,000,000.

"(D) For fiscal year 2000, $29,311,000,000.

"(b) FUNDING REQUIREMENTS.—The Secretary of the Treasury shall make quarterly payments described in subsection (a)(1) directly to each State in accordance with section 6503 of title 31, United States Code.

"(c) EXPENDITURE OF FUNDS; RAINY DAY FUND.—Amounts received by a State under this part for any fiscal year shall be expended by the State in such fiscal year or in the succeeding fiscal year; except for such amounts as the State deems necessary to set aside in a separate account to provide, without fiscal limitation, for unexpected levels of assistance as a result of events which cause an unexpected increase in the need for providing supplemental income for individuals who are disabled or blind (other than individuals who have attained the age 65). Any amounts remaining in such segregated account after fiscal year 2000 shall be expended by a State for the purpose described in section 1651 of this part as in effect in fiscal year 2000.

"(d) PROHIBITION ON USE OF FUNDS.—Except as provided in subsection (e), a State to which a payment is made under this part may not use any part of such payment to provide medical services.

"(e) AUTHORITY TO USE PORTION OF GRANT FOR OTHER PURPOSES.—

"(1) IN GENERAL.—A State may use not more than 30 percent of the annual amount paid to the State under this part for a fiscal year to carry out a State program pursuant to any or all of the following provisions of law:

"(A) Part A of title IV of this Act.

"(B) Part D of title IV of this Act.

"(C) The Food Stamp Act.

"(D) The various Acts amended by title IV of the Work Opportunity Act of 1995.

"(E) The Child Care and Development Block Grant Act of 1990.

"(F) Title VII of the Work Opportunity Act of 1995.

"(G) Title XIX of this Act.

"(2) APPLICABLE RULES.—Any amount paid to the State under this part that is used to carry out a State program pursuant to a provision of law specified in paragraph (1) shall not be subject to the requirements of this part, but shall be subject to the requirements that apply to Federal funds provided directly under the provision of law to carry out the program.

"ADMINISTRATIVE AND FISCAL ACCOUNTABILITY

"SEC. 1653. (a) AUDITS; REIMBURSEMENTS.—

"(1) AUDITS.—

"(A) IN GENERAL.—A State shall, not less than annually, audit the State expenditures from amounts received under this part. Such audit shall—

"(i) determine the extent to which such expenditures were or were not expended in accordance with this part; and

"(ii) be conducted by an approved entity (as defined in subparagraph (B)) in accordance with generally accepted auditing principles.

"(B) APPROVED ENTITY.—For purposes of subparagraph (A), the term 'approved entity' means an entity that is—

"(i) approved by the Secretary of the Treasury;

"(ii) approved by the chief executive officer of the State; and

"(iii) independent of any agency administering activities funded under this part.

"(2) REIMBURSEMENT.—

"(A) IN GENERAL.—Not later than 30 days following the completion of an audit under this subsection, a State shall submit a copy of the audit to the State legislature and to the Secretary of the Treasury.

"(B) REPAYMENT.—Each State shall pay to the United States amounts ultimately found by the approved entity under paragraph (1)(A) not to have been expended in accordance with this part plus 10 percent of such amount as a penalty, or the Secretary of the Treasury may offset such amounts plus the 10 percent penalty against any other amount in any other year that the State may be entitled to receive under this part.

"(b) ADDITIONAL ACCOUNTING REQUIREMENTS.—The provisions of chapter 75 of title 31, United States Code, shall apply to the audit requirements of this section.

"(c) REPORTING REQUIREMENTS; FORM, CONTENTS.—

"(1) ANNUAL REPORTS.—A State shall prepare comprehensive annual reports on the activities carried out with amounts received by a State under this part.

"(2) CONTENT.—Reports prepared under this section—

"(A) shall be for the most recently completed fiscal year;

"(B) shall be in accordance with generally accepted accounting principles, including the provisions of chapter 75 of title 31, United States Code;

"(C) shall include the results of the most recent audit conducted in accordance with the requirements of subsection (a) of this section; and

"(D) shall be in such form and contain such other information as the State deems necessary—

"(i) to provide an accurate description of such activities; and

"(ii) to secure a complete record of the purposes for which amounts were expended in accordance with this part.

"(3) COPIES.—A State shall make copies of the reports required under this section available for public inspection within the State. Copies also shall be provided upon request to any interested public agency, and each such agency may provide its views on such reports to the Congress.

"(d) ADMINISTRATIVE SUPERVISION—

"(1) ROLE OF THE SECRETARY OF THE TREASURY.—

"(A) IN GENERAL.—The Secretary of the Treasury shall supervise the amounts received under this part in accordance with subparagraph (B).

"(B) LIMITED SUPERVISION—The supervision by the Secretary of the Treasury shall be limited to—

"(i) making quarterly payments to the States in accordance with section 1652(b);

"(ii) approving the entities referred to in subsection (a)(1)(B); and

"(iii) withholding payment to a State based on the findings of such an entity in accordance with subsection (a)(2)(B).

"(2) OTHER FEDERAL SUPERVISION.—No administrative officer or agency of the United States, other than the Secretary of the Treasury and, as provided for in section 1654, the Attorney General, shall supervise the amounts received by the States under this part or the use of such amounts by the States.

"(e) LIMITED FEDERAL OVERSIGHT.—With the exception of the Department of the Treasury as provided for in this section and section 1654 of this part, no Federal department or agency may promulgate regulations or issue rules regarding the purpose of this part.

"NONDISCRIMINATION PROVISIONS

"SEC. 1654. (a) NO DISCRIMINATION AGAINST INDIVIDUALS.—No individual shall be excluded from participation in, denied the benefits of, or subjected to discrimination under any program or activity funded in whole or in part with amounts received under this part on the basis of such individual's—

"(1) disability under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794);

"(2) sex under title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.); or

"(3) race, color, or national origin under title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.).

"(b) COMPLIANCE.—If the Secretary of the Treasury determines that a State, or an entity that has received funds from amounts received by the State under this part, has failed to comply with a provision of law referred to in subsection (a), except as provided for in section 1655 of this part, the Secretary of the Treasury shall notify the chief executive officer of the State and shall request the officer to secure compliance with such provision of law. If, not later than 60 days after receiving such notification, the chief executive officer fails or refuses to secure compliance, the Secretary of the Treasury may—

"(1) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted;

"(2) exercise the powers and functions provided under title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.); or section 505 of the Rehabilitation Act of 1973 (29 U.S.C. 794a), (as applicable); or

"(3) take such other action as may be provided by law.

"(c) AUTHORITY OF ATTORNEY GENERAL; CIVIL ACTIONS.—When a matter is referred to the Attorney General pursuant to subsection (b)(1), or if the Attorney General has reason to believe that an entity is engaged in a pattern or practice in violation of a provision of law referred to in subsection (a), the Attorney General may bring a civil action in an appropriate district court of the United States for such relief as may be appropriate, including injunctive relief.

"SERVICES PROVIDED BY CHARITABLE, RELIGIOUS, OR PRIVATE ORGANIZATIONS.

"SEC. 1655. (a) IN GENERAL.—

(1) STATE OPTIONS.—Notwithstanding any other provision of law, a State may—

"(A) administer and provide services under the programs described in subparagraphs (A) and (B)(i) of paragraph (2) through contracts with charitable, religious, or private organizations; and

"(B) provide beneficiaries of assistance under the programs described in subparagraphs (A) and (B)(ii) of paragraph (2) with certificates, vouchers, or other forms of disbursement which are redeemable with such organizations.

"(2) PROGRAMS DESCRIBED.—The programs described in this paragraph are the following programs:

"(A) A State program funded under part A of title IV of the Social Security Act (as amended by section 101).

"(B) Any other program that is established or modified under titles I, II, or X that—

"(i) permits contracts with organizations; or

"(ii) permits certificates, vouchers, or other forms of disbursement to be provided to, or on behalf of, beneficiaries, as a means of providing assistance from an organization chosen by the beneficiaries.

"(b) RELIGIOUS ORGANIZATIONS.—The purpose of this section is to allow religious organizations to contract, or to accept certificates, vouchers, or other forms of disbursement under any program described in subsection (a)(2), on the same basis as any other provider without impairing the religious character of such organizations, and without diminishing the religious freedom of beneficiaries of assistance funded under such program.

"(c) NONDISCRIMINATION AGAINST RELIGIOUS ORGANIZATIONS.—Religious organizations are eligible, on the same basis as any other private organization, as contractors to provide assistance, or to accept certificates, vouchers, or other forms of disbursement, under any program described in subsection (a)(2). Neither the Federal Government nor a State receiving funds under such programs shall discriminate against an organization which is or applies to be a contractor to provide assistance, or which accepts certificates, vouchers, or other forms of disbursement, on the basis that the organization has a religious character.

"(d) RELIGIOUS CHARACTER AND FREEDOM.—

"(1) RELIGIOUS ORGANIZATIONS.—Notwithstanding any other provision of law, any religious organization with a contract described in subsection (a)(1)(A), or which accepts certificates, vouchers, or other forms of disbursement under subsection (a)(1)(B), shall retain its independence from Federal, State, and local governments, including such organization's control over the definition, development, practice, and expression of its religious beliefs.

"(2) ADDITIONAL SAFEGUARDS.—Neither the Federal Government nor a State shall require a religious organization to—

"(A) alter its form of internal governance;

"(B) form a separate, nonprofit corporation to receive and administer the assistance funded under a program described in subsection (a)(2) solely on the basis that it is a religious organization; or

"(C) remove religious art, icons, scripture, or other symbols;

in order to be eligible to contract to provide assistance, or to accept certificates, vouchers, or other forms of disbursement, funded under a program described in subsection (a)(2).

"(e) RIGHTS OF BENEFICIARIES OF ASSISTANCE.—

"(1) IN GENERAL.—If an individual described in paragraph (2) has an objection to the religious character of the organization or institution from which the individual receives, or would receive, assistance funded under any program described in subsection (a)(2), the State in which the individual resides shall provide such individual (if otherwise eligible for such assistance) with assistance from an alternative provider the value of which is not less than the value of the assistance which the individual would have received from such organization.

"(2) INDIVIDUAL DESCRIBED.—An individual described in this paragraph is an individual who receives, applies for, or requests to apply for, assistance under a program described in subsection (a)(2).

"(f) NONDISCRIMINATION IN EMPLOYMENT.—

"(1) IN GENERAL.—Except as provided in paragraph (2), nothing in this section shall be construed to modify or affect the provisions of any other Federal or State law or regulation that relates to discrimination in employment on the basis of religion.

"(2) EXCEPTION.—A religious organization with a contract described in subsection (a)(1)(A), or which accepts certificates, vouchers, or other forms of disbursement under subsection (a)(1)(B), may require that an employee rendering service pursuant to such contract, or pursuant to the organization's acceptance of certificates, vouchers, or other forms of disbursement adhere to—

"(A) the religious tenets and teachings of such organization; and

"(B) any rules of the organization regarding the use of drugs or alcohol.

"(g) NONDISCRIMINATION AGAINST BENEFICIARIES.—Except as otherwise provided in law, a religious organization shall not discriminate against an individual in regard to rendering assistance funded under any program described in subsection (a)(2) on the basis of religion, a religious belief, or refusal to actively participate in a religious practice.

"(h) FISCAL ACCOUNTABILITY.—

"(1) IN GENERAL.—Except as provided in paragraph (2), any religious organization contracting to provide assistance funded under any program described in subsection (a)(2) shall be subject to the same regulations as other contractors to account in accord with generally accepted auditing principles for the use of such funds provided under such programs.

"(2) LIMITED AUDIT.—If such organization segregates Federal funds provided under such programs into separate accounts, then only the financial assistance provided with such funds shall be subject to audit.

"(i) COMPLIANCE.—A religious organization which has its rights under this section violated may enforce its claim exclusively by asserting a civil action for such relief as may be appropriate, including injunctive relief or damages, in an appropriate State court against the entity or agency that allegedly commits such violation.

"SEC. 1656. LIMITATIONS ON USE OF FUNDS FOR CERTAIN PURPOSES.

"No funds provided directly to institutions or organizations to provide services and administer programs described in section 102(a)(2) and programs established or modified under this Act shall be expended for sectarian worship or instruction. This section shall not apply to financial assistance provided to or on behalf of beneficiaries of assistance in the form of certificates, vouchers, or other forms of disbursement, if such beneficiary may choose where such assistance shall be redeemed."

(b) CONFORMING AMENDMENT.—Section 1602 (42 U.S.C. 1381a) is amended by striking "Every" and inserting "(a) Every" and by adding at the end the following new subsection:

"(b) No person who is a disabled or blind individual (other than a person who has attained age 65) shall be an eligible individual or eligible spouse for purposes of this part with respect to any month beginning after September 30, 1996, but shall be eligible for services to the disabled or blind funded under part C of this title.".

SEC. 253. CONFORMING AMENDMENTS TO THE BUDGET ACT.

The Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 900 et seq.) is amended in section 255(h) (2 U.S.C. 905(h)), by striking "Supplemental Security Income Program (75-0406-0-1-609); and" and inserting "Supplemental Security Income Program and block grants to States for supplemental security income for disabled individuals; and".

SEC. 254. EFFECTIVE DATE.

The amendments made by this subtitle shall take effect on October 1, 1996.

AMENDMENT NO. 2562

Beginning on page 158, strike line 14 and all that follows through page 253, line 20, and insert the following:

SEC. 301. FOOD STAMP BLOCK GRANT PROGRAM.

The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) is amended to read as follows:

"SECTION 1. SHORT TITLE.

"This Act may be cited as the 'Food Stamp Flexibility Act of 1995'.

"SEC. 2. DEFINITION.

"In this Act, the term 'State' means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, and the reservations of an Indian tribe whose tribal organization meets the requirements of this Act for participation as a State agency.

"SEC. 3. PURPOSE; IMPLEMENTATION.

"(a) PURPOSE.—The purpose of this Act is to strengthen individuals by helping them move from dependence on government benefits to economic independence by consolidating Federal assistance to the States for food assistance to the needy into a single grant that gives a State maximum flexibility to—

"(1) require a beneficiary who is a parent to ensure that any school-age child of the parent attend school;

"(2) require a minor who is a beneficiary to attend school;

"(3) require a beneficiary who is a parent to ensure that any child of the parent receive the full complement of childhood immunizations;

"(4) limit the amount of time a beneficiary may receive assistance;

"(5) require beneficiaries not to use illegal drugs or abuse other drugs;

"(6) deny assistance to illegal aliens;

"(7) require an individual who sponsors the residency of a legal alien to support the alien sponsored; and

"(8) involve religious and charitable organizations, voluntary associations, civic groups, community organizations, nonprofit entities, benevolent and fraternal orders, philanthropic entities, and other groups in the private sector, as appropriate, in the provision of services and assistance to needy individuals with the funding the State receives under this Act.

"(b) IMPLEMENTATION.—The purpose in subsection (a) shall be implemented in accordance with conditions in each State and as determined by State law.

"SEC. 4. PAYMENT TO STATES.

"(a) STATE MANDATES FOR WORK BY BENEFICIARIES.—

"(1) IN GENERAL.—As a condition of receiving a payment of funds under this Act, a State shall—

"(A) require each adult member of any family receiving assistance from a State under this Act to engage in work (as defined by the State) when the State determines the adult member is ready to engage in work, or after 24 months (whether or not consecutive) of receiving assistance from the State under this Act, whichever is earlier; and

"(B) satisfy the minimum participation rates specified in section 404 of the Social Security Act under rules similar to the rules specified in such section.

"(2) ELIGIBILITY.—Any individual who fails or refuses to work, and any member of the family of the individual residing with the individual, shall not be eligible for assistance from funds provided to the State under this Act.

"(b) AMOUNT.—

"(1) IN GENERAL.—Subject to the requirements of this Act, each State shall be entitled to receive quarterly payments for fiscal years 1996, 1997, 1998, 1999, and 2000 in an amount equal to 25 percent of the annual amount determined under paragraph (2) for the fiscal year for carrying out the purpose described in section 3.

"(2) ANNUAL AMOUNT.—The annual amount determined for a State under this paragraph for each fiscal year beginning with fiscal year 1996 is equal to an amount which bears the same relationship to the total funds for such year specified in paragraph (3) as the annual amount determined for such State under this Act for fiscal year 1995 bore to the total funds for all States under this Act for such year.

"(3) TOTAL FUNDS.—The total funds specified in this paragraph are as follows:

"(A) For fiscal year 1996, $25,427,000,000.

"(B) For fiscal year 1997, $26,425,000,000.

"(C) For fiscal year 1998, $27,539,000,000.

"(D) For fiscal year 1999, $28,658,000,000.

"(E) For fiscal year 2000, $29,994,000,000.

"(c) FUNDING REQUIREMENTS.—The Secretary of the Treasury shall make quarterly payments described in subsection (b)(1) directly to each State in accordance with section 6503 of title 31, United States Code.

"(d) EXPENDITURE OF FUNDS.—

"(1) IN GENERAL.—Any amount received by a State under this Act for a fiscal year shall be expended by the State in the fiscal year or in the succeeding fiscal year, except for such amounts as the State considers necessary to set aside in a separate account to provide, without fiscal limitation, for unexpected levels of assistance during a period of high unemployment or any other event that causes an unexpected increase in the need for food assistance to needy individuals.

"(2) REMAINING AMOUNTS.—Any amount in the separate account under paragraph (1) after fiscal year 2000 shall be expended by the State for the purpose described in section 3 of this Act.

"(e) PROHIBITION ON USE OF FUNDS.—Except as provided in subsection (f), a State to which a payment is made under this section may not use any part of the payment to provide medical services.

"(f) AUTHORITY TO USE PORTION OF GRANT FOR OTHER PURPOSES.—

"(1) IN GENERAL.—A State may use not more than 30 percent of the annual amount paid to the State under this Act for a fiscal year to carry out a State program under—

"(A) part A of title IV of the Social Security Act;

"(B) part D of title IV of the Social Security Act;

"(C) title XVI of the Social Security Act;

"(D) the various Acts amended by title IV of the Work Opportunity Act of 1995;

"(E) the Child Care and Development Block Grant Act of 1990;

"(F) title VII of the Work Opportunity Act of 1995; or

"(G) title XIX of the Social Security Act.

"(2) APPLICABLE RULES.—Any amount paid to a State under this Act that is used to carry out a State program under a provision of law specified in paragraph (1) shall not be subject to the requirements of this Act, but shall be subject to the requirements that apply to Federal funds provided directly under the provision of law to carry out the program.

"SEC. 5. ADMINISTRATIVE AND FISCAL ACCOUNTABILITY.

"(a) AUDITS; REIMBURSEMENT.—

"(1) AUDITS.—

"(A) IN GENERAL.—A State shall, not less than annually, audit the State expenditures from amounts received under this Act. The audit shall—

"(i) determine the extent to which the expenditures were or were not expended in accordance with this Act; and

"(ii) be conducted by an approved entity in accordance with generally accepted accounting principles.

"(B) APPROVED ENTITY.—For purposes of subparagraphs (A), the term 'approved entity' means an entity that is—

"(i) approved by the Secretary of the Treasury;

"(ii) approved by the chief executive officer of a State; and

"(iii) independent of any agency administering activities funded under this Act.

"(2) REIMBURSEMENT.—

"(A) IN GENERAL.—Not later than 30 days following the completion of an audit under this subsection, a State shall submit a copy of the audit to the State legislature and to the Secretary of the Treasury.

"(B) REPAYMENT.—Each State shall pay to the United States amounts ultimately found by the approved entity under paragraph (1)(A) not to have been expended in accordance with this Act plus 10 percent of the amount as a penalty, or the Secretary of the Treasury may offset the amount plus the 10 percent penalty against any other amount in any other year that the State may be entitled to receive under this Act.

"(b) ADDITIONAL ACCOUNTING REQUIREMENT.—The provisions of chapter 75 of title 31, United States Code, shall apply to the audit requirements of this section.

"(c) REPORTING REQUIREMENTS; FORM, CONTENTS.—

"(1) ANNUAL REPORTS.—A State shall prepare comprehensive annual reports on activities carried out with amounts received by the State under this Act.

"(2) CONTENT.—Reports prepared under this section—

"(A) shall be for the most recently completed fiscal year;

"(B) shall be in accordance with generally accepted accounting principles and the provisions of section 6503 of title 31, United States Code;

"(C) shall include the results of the most recent audit conducted in accordance with the requirements of subsection (a) of this section; and

"(D) shall be in such form and contain such other information as the State considers necessary—

"(i) to provide an accurate description of each activity; and

"(ii) to secure a complete record of the purposes for which amounts were expended in accordance with this Act.

"(3) COPIES.—A State shall make copies of the reports required under this section available for public inspection within the State. Copies also shall be provided upon request to any interested public agency, and each agency may provide views on each report to the Congress.

"(d) ADMINISTRATIVE SUPERVISION.—

"(1) ROLE OF THE SECRETARY OF THE TREASURY.—

"(A) IN GENERAL.—The Secretary of the Treasury shall supervise any amounts received under this Act in accordance with subparagraph (B).

"(B) LIMITED SUPERVISION.—The supervision by the Secretary of the Treasury shall be limited to—

"(i) making quarterly payments to the States in accordance with section 4(c);

"(ii) approving an entity under subsection (a)(1)(B); and

"(iii) withholding payment to a State based on the findings of an approved entity under subsection (a)(2)(B).

"(2) OTHER FEDERAL SUPERVISION.—No administrative officer or agency of the United States, other than the Secretary of the Treasury and, as provided for in section 6, the Attorney General, shall supervise the amounts received by the States under this Act or the use of the funds by the States.

"(e) LIMITED FEDERAL OVERSIGHT.—With the exception of the Department of the Treasury under this section and section 6 of this Act, no Federal department or agency may promulgate regulations or issue rules regarding the purpose of this Act.

"SEC. 6. NONDISCRIMINATION PROVISIONS.

"(a) NO DISCRIMINATION AGAINST INDIVIDUALS.—No individual shall be excluded from participation in, denied the benefits of, or subjected to discrimination under any program or activity funded in whole or in part with amounts received under this Act on the basis of—

"(1) disability under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794);

"(2) sex under title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.); or

"(3) race, color, or national origin under title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.).

"(b) COMPLIANCE.—

"(1) NOTIFICATION.—If the Secretary of the Treasury determines that a State, or an entity that has received funds from amounts received by the State under this Act, has failed to comply with a provision of law referred to in subsection (a), except as provided for in section 7 of this Act, the Secretary of the Treasury shall notify the chief executive officer of the State and shall request the officer to secure compliance with the provision of law.

"(2) ENFORCEMENT.—If, not later than 60 days after receiving a notification under paragraph (1), the chief executive officer fails or refuses to secure compliance, the Secretary of the Treasury may—

"(A) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted;

"(B) exercise the powers and functions provided under title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.); or section 505 of the Rehabilitation Act of 1973 (29 U.S.C. 794a); or

"(C) take such other action as may be provided by law.

"(c) AUTHORITY OF ATTORNEY GENERAL; CIVIL ACTIONS.—When a matter is referred to the Attorney General under subsection (b)(2)(A), or if the Attorney General has reason to believe that an entity is engaged in a pattern or practice in violation of a provision of law referred to in subsection (a), the Attorney General may bring a civil action in an appropriate district court of the United States for such relief as may be appropriate, including injunctive relief.

SEC. 7. SERVICES PROVIDED BY CHARITABLE, RELIGIOUS, OR PRIVATE ORGANIZATIONS.

(a) IN GENERAL.—

(1) STATE OPTIONS.—Notwithstanding any other provision of law, a State may—

(A) administer and provide services under the programs described in subparagraphs (A) and (B)(i) of paragraph (2) through contracts with charitable, religious, or private organizations; and

(B) provide beneficiaries of assistance under the programs described in subparagraphs (A) and (B)(ii) of paragraph (2) with certificates, vouchers, or other forms of disbursement which are redeemable with such organizations.

(2) PROGRAMS DESCRIBED.—The programs described in this paragraph are the following programs:

(A) A State program funded under part A of title IV of the Social Security Act (as amended by section 101).

(B) Any other program that is established or modified under titles I, II, or X that—

(i) permits contracts with organizations; or

(ii) permits certificates, vouchers, or other forms of disbursement to be provided to, beneficiaries, as a means of providing assistance.

(b) RELIGIOUS ORGANIZATIONS.—The purpose of this section is to allow religious organizations to contract, or to accept certificates, vouchers, or other forms of disbursement under any program described in subsection (a)(2), on the same basis as any other provider without impairing the religious character of such organizations, and without diminishing the religious freedom of beneficiaries of assistance funded under such program.

(c) NONDISCRIMINATION AGAINST RELIGIOUS ORGANIZATIONS.—Religious organizations are eligible, on the same basis as any other private organization, as contractors to provide assistance, or to accept certificates, vouchers, or other forms of disbursement, under any program described in subsection (a)(2). Neither the Federal Government nor a State receiving funds under such programs shall discriminate against an organization which is or applies to be a contractor to provide assistance, or which accepts certificates, vouchers, or other forms of disbursement, on the basis that the organization has a religious character.

(d) RELIGIOUS CHARACTER AND FREEDOM.—

(1) RELIGIOUS ORGANIZATIONS.—Notwithstanding any other provision of law, any religious organization with a contract described in subsection (a)(1)(A), or which accepts certificates, vouchers, or other forms of disbursement under subsection (a)(1)(B), shall retain its independence from Federal, State, and local governments, including such organization's control over the definition, development, practice, and expression of its religious beliefs.

(2) ADDITIONAL SAFEGUARDS.—Neither the Federal Government nor a State shall require a religious organization to—

(A) alter its form of internal governance;

(B) form a separate, nonprofit corporation to receive and administer the assistance funded under a program described in subsection (a)(2) solely on the basis that it is a religious organization; or

(C) remove religious art, icons, scripture, or other symbols;

in order to be eligible to contract to provide assistance, or to accept certificates, vouchers, or other forms of disbursement, funded under a program described in subsection (a)(2).

(e) RIGHTS OF BENEFICIARIES OF ASSISTANCE.—

(1) IN GENERAL.—If an individual described in paragraph (2) has an objection to the religious character of the organization or institution from which the individual receives, or would receive, assistance funded under any program described in subsection (a)(2), the State in which the individual resides shall provide such individual (if otherwise eligible for such assistance) with assistance from an alternative provider the value of which is not less than the value of the assistance which the individual would have received from such organization.

(2) INDIVIDUAL DESCRIBED.—An individual described in this paragraph is an individual who receives, applies for, or requests to apply for, assistance under a program described in subsection (a)(2).

(f) NONDISCRIMINATION IN EMPLOYMENT.—

(1) IN GENERAL.—Except as provided in paragraph (2), nothing in this section shall be construed to modify or affect the provisions of any other Federal or State law or regulation that relates to discrimination in employment on the basis of religion.

(2) EXCEPTION.—A religious organization with a contract described in subsection (a)(1)(A), or which accepts certificates, vouchers, or other forms of disbursement under subsection (a)(1)(B), may require that an employee rendering service pursuant to such contract, or pursuant to the organization's acceptance of certificates, vouchers, or other forms of disbursement adhere to—

(A) the religious tenets and teachings of such organization; and

(B) any rules of the organization regarding the use of drugs or alcohol.

(g) NONDISCRIMINATION AGAINST BENEFICIARIES.—Except as otherwise provided in law, a religious organization shall not discriminate against an individual in regard to rendering assistance funded under any program described in subsection (a)(2) on the basis of religion, a religious belief, or refusal to actively participate in a religious practice.

(h) FISCAL ACCOUNTABILITY.—

(1) IN GENERAL.—Except as provided in paragraph (2), any religious organization contracting to provide assistance funded under any program described in subsection (a)(2) shall be subject to the same regulations as other contractors to account in accord with generally accepted auditing principles for the use of such funds provided under such programs.

(2) LIMITED AUDIT.—If such organization segregates Federal funds provided under such programs into separate accounts, then only the financial assistance provided with such funds shall be subject to audit.

(i) COMPLIANCE.—A religious organization which has its rights under this section violated may enforce its claim exclusively by asserting a civil action for such relief as may be appropriate, including injunctive relief or damages, in an appropriate State court against the entity or agency that allegedly commits such violation.

SEC. 8. LIMITATIONS ON USE OF FUNDS FOR CERTAIN PURPOSES.

No funds provided directly to institutions or organizations to provide services and administer programs described in section 102(a)(2) and programs established or modified under this Act shall be expended for sectarian worship or instruction. This section shall not apply to financial assistance provided to or on behalf of beneficiaries of assistance in the form of certificates, vouchers, or other forms of disbursement, if such beneficiary may choose where such assistance shall be redeemed.

SEC. 302. CONFORMING AMENDMENTS.

(a)(1) Section 250(c)(8) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 900(c)(8)) is amended—

(A) by inserting "and" at the end of subparagraph (A);

(B) by striking "; and" at the end of subparagraph (B) and inserting a period; and

(C) by striking subparagraph (C).

(2) Section 255 of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 905) is amended—

(A) in subsection (h) (as enacted by section 255 of Public Law 99-177), by striking "Food stamp programs (12-3505-0-1-605 and 12-3550-0-1-605);"; and

(B) by redesignating subsection (h) (as added by section 13101(c)(4) of Public Law 101-508) as subsection (j).

(b) Section 5 of the Agriculture and Consumer Protection Act of 1973 (Public Law 93-86; 7 U.S.C. 612c note) is amended—

(1) in subsection (h)(1), by striking "food stamps" and inserting "food assistance provided under the Food Stamp Flexibility Act of 1995"; and

(2) in subsection (i), by striking paragraph (1) and inserting the following:

"(1) food assistance provided under the Food Stamp Flexibility Act of 1995;".

(c) Section 205 of the Emergency Food Assistance Act of 1983 (Public Law 98-8; 7 U.S.C. 612c note) is amended—

(1) by striking subsection (a); and

(2) in subsection (b), by striking "(b) Except" and inserting "Except".

(d)(1) Section 3(a)(2) of the Commodity Distribution Reform Act and WIC Amendments of 1987 (Public Law 100-237; 7 U.S.C. 612c note) is amended—

(A) by striking subparagraph (B); and

(B) by redesignating subparagraphs (C) through (F) as subparagraphs (B) through (E), respectively.

(2) Section 3(e)(1)(D)(iii) of the Commodity Distribution Reform Act and WIC Amendments of 1987 (Public Law 100-237; 7 U.S.C. 612c note) is amended—

(A) by striking subclause (II); and

(B) by redesignating subclauses (III) through (V) as subclauses (II) through (IV), respectively.

(e) Section 110(h)(2) of the Hunger Prevention Act of 1988 (Public Law 100-435; 7 U.S.C. 612c note) is amended by striking "the Food Stamp Act of 1977," and inserting "the Food Stamp Flexibility Act of 1995,".

(f) The matter under the heading "FOOD STAMP PROGRAM" under the heading "FOOD AND NUTRITION SERVICE" of chapter I of title I of the Supplemental Appropriations Act, 1985 (99 Stat. 297; 7 U.S.C. 2012a) is amended by striking ": *Provided,*" and all that follows through "health centers".

(g) The first sentence of section 1337 of the Agriculture and Food Act of 1981 (7 U.S.C. 2270) is amended by striking ", including but not limited to the Food Stamp Act of 1977,".

(h)(1) Section 1584 of the Food Security Act of 1985 (7 U.S.C. 3175a) is amended by striking "in households" and all that follows through "1977" and inserting "and families eligible to participate in programs under the Food Stamp Flexibility Act of 1995".

(2) Section 1585 of the Food Security Act of 1985 (7 U.S.C. 3175b) is amended—

(A) in the matter preceding paragraph (1), by striking "Food Stamp Act of 1977" and inserting "Food Stamp Flexibility Act of 1995"; and

(B) in paragraph (1), by striking "food stamps and other".

(i) Section 1114 of the Agriculture and Food Act of 1981 (7 U.S.C. 4004a) is amended by striking subsection (d).

(j)(1) Section 931(3) of the Food, Agriculture, Conservation, and Trade Act Amendments of 1991 (Public Law 102-237; 7 U.S.C. 5930 note) is amended by striking subparagraphs (B) and (C) and inserting the following:

"(B) are participating in the food assistance block grant program established under the Food Stamp Flexibility Act of 1995; or

"(C) have income below 185 percent of the poverty line, as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), for the 48 contiguous States and the District of Columbia, Alaska, Hawaii, the Virgin Islands of the United States, and Guam, respectively.".

(2) Section 932(1) of the Food, Agriculture, Conservation, and Trade Act Amendments of 1991 (Public Law 102-237; 7 U.S.C. 5930 note) is amended by striking subparagraphs (B) and (C) and inserting the following:

"(B) is participating in the food assistance block grant program established under the Food Stamp Flexibility Act of 1995; or

"(C) has income below 185 percent of the poverty line, as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), for the 48 contiguous States and the District of Columbia, Alaska, Hawaii, the Virgin Islands of the United States, and Guam, respectively.".

(k) Section 1679(c)(2) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5932(c)(2)) is amended by striking "food stamp program, the expanded food and nutrition education program," and inserting "expanded food and nutrition education program".

(l) Section 245A(h)(1)(A)(iii) of the Immigration and Nationality Act (8 U.S.C. 1255a(h)(1)(A)(iii)) is amended by striking "Food Stamp Act of 1977" and inserting "Food Stamp Flexibility Act of 1995".

(m) Section 1956(c)(7)(D) of title 18, United States Code, is amended by striking "section 15" and all that follows through "$5,000," and inserting "the Food Stamp Flexibility Act of 1995".

(n) Section 231(d)(3)(A)(iii) of the Carl D. Perkins Vocational Education Act (20 U.S.C. 2341(d)(3)(A)(iii)) is amended by striking "Food Stamp Act of 1977" and inserting "Food Stamp Flexibility Act of 1995".

(o)(1) Section 32(j) of the Internal Revenue Code of 1986 is amended—

(A) by inserting "and" at the end of paragraph (3);

(B) by striking ", and" at the end of paragraph (4) and inserting a period; and

(C) by striking paragraph (5).

(2) Section 6103(*l*)(7) of the Code is amended—

(A) in the paragraph heading, by striking "FOOD STAMP ACT OF 1977" and inserting "FOOD STAMP FLEXIBILITY ACT OF 1995"; and

(B) in subparagraph (D)(vi), by striking "the Food Stamp Act of 1977" and inserting "the Food Stamp Flexibility Act of 1995".

(3) Section 6109 of the Code is amended—

(A) in subsection (f) (as added by section 1735(c) of Public Law 101-624)—

(i) in the subsection heading, by striking "FOOD STAMP ACT OF 1977" and inserting "THE FOOD STAMP FLEXIBILITY ACT OF 1995"; and

(ii) in paragraph (1)—

(I) in the first sentence, by striking "section 9 of the Food Stamp Act of 1977 (7 U.S.C. 2018)" and inserting "the Food Stamp Flexibility Act of 1995"; and

(II) in the second sentence, by striking "section 12 or 15 of such Act (7 U.S.C. 2021 or 2024)" and inserting "the Act".

(B) by redesignating subsection (f) (as added by section 2201(d) of Public Law 101-624) as subsection (g); and

(4) Section 7523(b)(3)(C) of the Code is amended by striking "food stamps" and inserting "food assistance under the Food Stamp Flexibility Act of 1995".

(p) Section 3(b) of the Act of June 6, 1933 (48 Stat. 114, chapter 49; 29 U.S.C. 49b(b)) is amended by striking "the food stamp" and all that follows through "2011 et seq.)," and

inserting "food assistance under the Food Stamp Flexibility Act of 1995".

(q)(1) Section 4(8)(C) of the Job Training Partnership Act (29 U.S.C. 1503(8)(C)) is amended by striking "food stamps pursuant to the Food Stamp Act of 1977" and inserting "food assistance under the Food Stamp Flexibility Act of 1995".

(2) Section 205(a) of the Job Training Partnership Act (29 U.S.C. 1605(a)) is amended—

(A) by striking paragraph (5); and

(B) by redesignating paragraphs (6) through (14) as paragraphs (5) through (13), respectively.

(3) Section 655(b) of the Job Training Partnership Act (29 U.S.C. 1645(b)) is amended—

(A) by striking paragraph (7); and

(B) by redesignating paragraphs (8), (9), and (10) as paragraphs (7), (8), and (9), respectively.

(4) Section 701(b)(2)(A) of the Job Training Partnership Act (29 U.S.C. 1792(b)(2)(A)) is amended—

(A) by inserting "and" at the end of clause (v);

(B) by striking clause (vii).

(r) Section 3803(c)(2)(C)(vii) of title 31, United States Code, is amended by striking "food stamp" and all that follows and inserting "Food Stamp Flexibility Act of 1995;".

(s) Section 522(b)(7)(C) of the Public Health Service Act (42 U.S.C. 290cc-22(b)(7)(C)) is amended by striking "food stamps" and inserting "food assistance under the Food Stamp Flexibility Act of 1995".

(t)(1) Section 205(c)(2)(C) of the Social Security Act (42 U.S.C. 405(c)(2)(C)) is amended—

(B) in clause (iii)(II), by striking the last sentence and inserting "Any information shared under this subclause may be used by the other agency or instrumentality only for the purpose of investigation of violations of Federal laws or enforcement of such laws."; and

(B) in clause (iv)—

(i) in the first sentence, by striking "section 9 of the Food Stamp Act of 1977 (7 U.S.C. 2018)" and inserting "the Food Stamp Flexibility Act of 1995"; and

(ii) in the second sentence, by striking "section 12 or 15 of such Act (7 U.S.C. 2021 or 2024)" and inserting "the Act".

(2) Section 303(d) of the Social Security Act (42 U.S.C. 503(d)) is amended—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking "food stamp agency" and inserting "food assistance agency"; and

(ii) in subparagraph (B), by striking "food stamp program" and all that follows and inserting "Food Stamp Flexibility Act of 1995.";

(B) in paragraph (2)—

(i) by striking subparagraph (B) and inserting the following:

"(B) The State agency charged with the administration of the State law—

"(i) may require each new applicant for unemployment compensation to disclose whether the applicant owes any amount to a State food assistance agency;

"(ii) may notify a State food assistance agency that the applicant has been determined to be eligible for unemployment compensation if—

"(I) the applicant disclosed under clause (i) that the applicant owes an amount to the food assistance agency; and

"(II) the applicant has been determined to be eligible for unemployment compensation;

"(iii) may deduct and withhold from any unemployment compensation otherwise payable to an individual any amount owed by the individual to a State food assistance agency; and

"(iv) shall pay any amount deducted and withheld under clause (iii) to the appropriate State food assistance agency.";

(ii) in subparagraph (C), by striking "food stamp agency" and all that follows and inserting "food assistance agency as repayment by the individual to the food assistance agency."; and

(iii) by striking subparagraph (D) and inserting the following:

"(D) A State food assistance agency shall reimburse the State agency charged with the administration of the State unemployment compensation law for the administrative costs incurred by the State agency under this paragraph that are attributable to payment to the food assistance agency under this paragraph."; and

(C) by striking paragraph (4) and inserting the following:

"(4) In this subsection, the term 'food assistance agency' means an agency designated by a State to provide food assistance under the Food Stamp Flexibility Act of 1995.".

(3) Section 402(a) of the Social Security Act (42 U.S.C. 602(a)) is amended—

(A) in the first sentence—

(i) in paragraph (7)(C)(i), by striking "family's monthly allotment of food stamp coupons" and inserting "food assistance the family receives under the Food Stamp Flexibility Act of 1995"; and

(ii) in paragraph (30)(B), by striking "food stamp" and inserting "food assistance under the Food Stamp Flexibility Act of 1995"; and

(B) in the second sentence, by striking "Food Stamp Act of 1977" and inserting "Food Stamp Flexibility Act of 1995".

(4) Section 410 of the Social Security Act (42 U.S.C. 610) is repealed.

(5) The first section of Public Law 94-585 (42 U.S.C. 610 note) is amended by striking subsection (b).

(6) The second sentence of section 416(c) of the Social Security Act (42 U.S.C. 616(c)) is amended by striking "food stamp program" and insert "Food Stamp Flexibility Act of 1995".

(7) Section 433(c) of the Social Security Act (42 U.S.C. 629c(c)) is amended—

(A) in paragraph (1), by striking "food stamp percentage" and inserting "food assistance percentage"; and

(B) in paragraph (2)—

(i) in the paragraph heading, by striking "FOOD STAMP" and inserting "FOOD ASSISTANCE"; and

(ii) by striking subparagraph (A) and inserting the following:

"(A) IN GENERAL.—As used in paragraph (1), the term 'food assistance percentage' means, with respect to a State and a fiscal year, the average monthly number of children receiving food assistance benefits in the State for months in the 3 fiscal years referred to in subparagraph (B) of this paragraph, as determined from sample surveys made under the Food Stamp Flexibility Act of 1995, expressed as a percentage of the average monthly number of children receiving food assistance benefits in the States described in paragraph (1) for months in the 3 fiscal years, as so determined.".

(8) Section 1136(f)(1) of the Social Security Act (42 U.S.C. 1320b-6(f)(1)) is amended by striking "the Federal food stamp program" and inserting "the food assistance program under the Food Stamp Flexibility Act of 1995".

(9) Section 1137 of the Social Security Act (42 U.S.C. 1320b-7) is amended—

(A) in paragraphs (2) and (5)(B) of subsection (a), by striking "food stamp program" each place it appears and inserting "food assistance program under the Food Stamp Flexibility Act of 1995; and

(B) in subsection (b), by striking paragraph (4) and inserting the following:

"(4) the food assistance program under the Food Stamp Flexibility Act of 1995; and".

(10) Section 1631(n) of the Social Security Act (42 U.S.C. 1383(n)) is amended—

(A) in the subsection heading, by striking "FOOD STAMP" and inserting "FOOD ASSISTANCE"; and

(B) by striking "food stamp program" and all that follows and inserting "food assistance program under the Food Stamp Flexibility Act of 1995."

(11) Section 1924(d)(4)(B) of the Social Security Act (42 U.S.C. 1396r-5(d)(4)(B)) is amended by striking "section 5(e) of the Food Stamp Act of 1977" and inserting "Food Stamp Flexibility Act of 1995".

(u) Section 8(k) of the United States Housing Act of 1937 (42 U.S.C. 1437f(k)) is amended by striking "the Food Stamp Act of 1977" and inserting "the Food Stamp Flexibility Act of 1995".

(v)(1) Section 9 of the National School Lunch Act (42 U.S.C. 1758) is amended—

(A) in subsection (b)—

(i) in paragraph (2)(C)(ii), by striking subclause (I) and inserting the following:

"(I) a family that is receiving food assistance under the Food Stamp Flexibility Act of 1995; or"; and

(ii) in paragraph (6)—

(I) in subparagraph (A), by striking clause (i) and inserting the following:

"(i) a member of a family receiving assistance under the Food Stamp Flexibility Act of 1995;"; and

(II) in subparagraph (B), by striking "food stamps" and inserting "food assistance under the Food Stamp Flexibility Act of 1995"; and

(ii) in subsection (d)(2)(B), by striking "the food stamp program under the Food Stamp Act of 1977" and inserting "a food assistance program under the Food Stamp Flexibility Act of 1995".

(2) Section 17(o)(5) of the National School Lunch Act (42 U.S.C. 1766(o)(5)) is amended by striking subparagraph (A) and inserting the following:

"(A) a member of a family receiving food assistance under the Food Stamp Flexibility Act of 1995; or".

(w) Section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786) is amended—

(1) in subsection (c)(1)—

(A) in subparagraph (A), by striking "food stamp program" and inserting "food assistance program under the Food Stamp Flexibility Act of 1995"; and

(B) in subparagraph (B), by striking "food stamps" and inserting "food assistance under the Act";

(2) in subsection (d)(2)(A)(ii)(I), strike "food stamps" and all that follows and insert "food assistance under the Food Stamp Flexibility Act of 1995; or";

(3) in subsection (e)(4)(A), by striking "food stamps" and inserting "food assistance under the Food Stamp Flexibility Act of 1995";

(4) in subsection (f)(1)(C)(iii), by striking "food stamp" and inserting "food assistance programs under the Food Stamp Flexibility Act of 1995"; and

(5) in subsection (m)(7)(B)—

(A) by striking "the food stamp program carried out under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.)" and inserting "any food assistance under the Food Stamp Flexibility Act of 1995"; and

(B) by striking "in lieu of food stamps".

(x)(1) Section 202(a) of the Older Americans Act of 1965 (42 U.S.C. 3012(a)) is amended—

(A) in paragraph (20)(A), by striking "benefits under the Food Stamp Act of 1977" and inserting "food assistance under the Food Stamp Flexibility Act of 1995"; and

(B) in paragraph (23), by striking "benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.)" and inserting "food assistance under the Food Stamp Flexibility Act of 1995".

(2) Section 206(g)(1)(N) of the Older Americans Act of 1965 (42 U.S.C. 3017(g)(1)(N)) is amended by striking "food stamp benefits" and inserting "food assistance under the Food Stamp Flexibility Act of 1995".

(3) Section 509 of the Older Americans Act of 1965 (42 U.S.C. 3056g) is amended—

(A) in the section heading, by striking "FOOD STAMP" and inserting "FOOD ASSISTANCE"; and

(B) by striking "the Food Stamp Act of 1977" and inserting "the Food Stamp Flexibility Act of 1995".

(4) Section 706(a)(3) of the Older Americans Act of 1965 (42 U.S.C. 3058e(a)(3)) is amended to read as follows:

"(3) food assistance under the Food Stamp Flexibility Act of 1995.".

(5) Section 741(a)(4)(D) of the Older Americans Act of 1965 (42 U.S.C. 3058k(a)(4)(D)) is amended to read as follows:

"(D) a food assistance program established under the Food Stamp Flexibility Act of 1995;".

(y) Section 705(a)(2)(D) of the Older Americans Act Amendments of 1992 (Public Law 102-375; 42 U.S.C. 3058k note) is amended to read as follows:

"(D) a food assistance program established under the Food Stamp Flexibility Act of 1995; and"

(z) Section 412 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5179) is amended to read as follows:

"SEC. 412. FOOD ASSISTANCE.

"On the determination by the President that, as a result of a major disaster, low-income households in a State are unable to purchase adequate amounts of nutritious food, the State may distribute food assistance under the Food Stamp Flexibility Act of 1995.".

(aa) Section 802(d)(2)(A) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8011(d)(2)(A)) is amended—

(1) in the subparagraph heading, by striking "FOOD STAMPS" and inserting "FOOD ASSISTANCE"; and

(2) by striking clause (i) and inserting the following:

"(i) shall—

"(I) apply as a retail provider of food under any applicable food assistance program under the Food Stamp Flexibility Act of 1995; and

"(II) if approved as a retail provider of food, accept food assistance payments from individuals receiving assistance under the Act; and"

(bb) Section 2605 of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8624) is amended—

(1) in subsection (b)(2)(A), by striking clause (iii) and inserting the following:

"(iii) food assistance under the Food Stamp Flexibility Act of 1995; or"; and

(2) in subsection (f)—

(A) in paragraph (1), by striking "food stamps" and inserting "food assistance"; and

(B) in paragraph (2), by striking "and for purposes" and all that follows through "2014(e))".

(cc) Section 29 of the Alaska Native Claims Settlement Act (43 U.S.C. 1626) is amended—

(1) in subsection (b), by striking "Notwithstanding section 5(a)" and all that follows through "food stamp program," and inserting "In determining the eligibility of a household to participate in a food assistance program under the Food Stamp Flexibility Act of 1995,"; and

(2) in subsection (c), by striking paragraph (1) and inserting the following:

"(1) participate in a food assistance program under the Food Stamp Flexibility Act of 1995.".

SEC. 303. EFFECTIVE DATE.

This title and the amendments made by this title shall take effect on October 1, 1995.

KENNEDY AMENDMENTS NOS. 2563-2564

Mr. GRAHAM (for Mr. KENNEDY) proposed two amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2563

On page 289, line 5, strike the period and insert ", but in no event shall such period extend beyond the date (if any) on which the alien becomes a citizen of the United States under chapter 2 of title III of the Immigration and Nationality Act."

On page 291, line 14, strike the period and insert ", but in no event shall such period extend beyond the date (if any) on which the alien becomes a citizen of the United States under chapter 2 of title III of the Immigration and Nationality Act."

On page 293, line 16, insert "but in no event shall the sponsor be required to provide financial support beyond the date (if any) on which the alien becomes a citizen of the United States under chapter 2 of title III of the Immigration and Nationality Act." after "quarters".

AMENDMENT NO. 2564

On page 292, line 5, strike "and".

On page 292, line 11, strike the period and insert "; and".

On page 292, between lines 11 and 12, insert the following new subparagraph:

(F) benefits or services which serve a compelling humanitarian or compelling public interest as specified by the Attorney General in consultation with appropriate Federal agencies and departments.

GRAHAM (AND OTHERS) AMENDMENT NO. 2565

Mr. GRAHAM (for himself, Mr. BUMPERS, Mr. BRYAN, Ms. MOSELEY-BRAUN, Mr. PRYOR, Mr. JOHNSTON, and Mr. REID) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

On page 17, line 2, strike "paragraphs (3) and (5), section 407 (relating to penalties)," and insert "section 407 (relating to penalties)".

On page 17, beginning on line 16, strike all through line 22, and insert the following: "equal to the amount determined under paragraph (3), reduced by the amount (if any) determined under subparagraph (B)."

On page 18, beginning on line 22, strike all through page 22, line 8, and insert the following:

"(3) STATE FAMILY ASSISTANCE GRANT.—

"(A) IN GENERAL.—Subject to subparagraphs (B) and (C), for purposes of paragraph (2), the amount of the State family assistance grant to a State for a fiscal year is an amount which bears the same ratio to the amount appropriated for such fiscal year under paragraph (4)(A) as the average number of minor children in families within the State having incomes below the poverty line for the 3-preceding fiscal years bears to the average number of minor children in families within all States having incomes below the poverty line for such 3-preceding fiscal years.

"(B) SPECIAL RULES.—

"(i) CEILING—Except as provided in clause (ii), the amount of the State family assistance grant for a fiscal year to a State shall not exceed—

"(I) for fiscal year 1996, an amount equal to 150 percent of the total amount of Federal payments to the State under section 403 for fiscal year 1994 (as such section was in effect before October 1, 1995); and

"(II) for each fiscal year there-after, an amount equal to 150 percent of the total amount of the State family assistance grant to the State for the preceding fiscal year.

"(ii) MINIMUM ALLOCATION.—

"(I) IN GENERAL.—Subject to subclause (II), if the amount of the State family assistance grant determined under subparagraph (A) for a fiscal year is less than 0.6 percent of the total amount appropriated for such fiscal year under paragraph (4)(A), the amount of such grant for such fiscal year shall be an amount equal to the lesser of—

"(aa) 0.6 percent of the amount appropriated under paragraph (4)(A) for such fiscal year, or

"(bb) an amount equal to two times the total amount of Federal payments to the State under section 403 for fiscal year 1994 (as such section was in effect before October 1, 1995).

"(II) REDUCTION IF AMOUNTS NOT AVAILABLE.—If the aggregate amount by which State family assistance grants for States is increased for a fiscal year under subclause (I) exceeds the aggregate amount by which State family assistance grants for States is decreased for the fiscal year under clause (i), the amount of the State family assistance grant to a State to which this clause applies shall be reduced by an amount which bears the same ratio to the aggregate amount of such excess as the average number of minor children in families within the State having incomes below the poverty line for the 3-preceding fiscal years bears to the average number of minor children in families within all States to which this clause applies having incomes below the poverty line for such 3-preceding fiscal years.

"(C) ALLOCATION OF REMAINDER.—

"(i) IN GENERAL.—A State that is an eligible State for a fiscal year shall be entitled to an increase in the State family assistance grant equal to the additional allocation amount determined under clause (ii) (if any) for such State for the fiscal year.

"(ii) ADDITIONAL ALLOCATION AMOUNT.—The additional allocation amount for an eligible State for a fiscal year determined under this clause is the amount which bears the same ratio to the remainder allocation amount for the fiscal year determined under clause (iii) as the average number of minor children in families within the eligible State having incomes below the poverty line for the 3-preceding fiscal years bears to the average number of minor children in families within all eligible States having incomes below the poverty line for such 3-preceding fiscal years.

"(iii) REMAINDER ALLOCATION AMOUNT.—The remainder allocation amount determined under this clause is the amount (if any) that is equal to the difference between—

"(I) the amount appropriated for the fiscal year under paragraph (4)(A), and

"(II) an amount equal to the sum of the family assistance grants determined under this paragraph (without regard to this subparagraph) for all States for such fiscal year.

"(iv) ELIGIBLE STATE.—For purposes of this subparagraph, the term 'eligible State' means a State whose State family assistance grant for the fiscal year, as determined under this paragraph (without regard to this subparagraph), is less than the total amount of Federal payments to the State under section 403 for fiscal year 1994 (as such section was in effect before October 1, 1995).

"(D) OPTION TO BASE ALLOCATIONS ON PRECEDING FISCAL YEAR DATA.—The Secretary may in lieu of using data for the 3-preceding

fiscal years, allocate funds under this paragraph based on data for the most recent fiscal year for which accurate data are available.

"(E) DEFINITIONS AND SPECIAL RULES.— For purposes of this paragraph—

"(i) POVERTY LINE.—The term 'poverty line' has the same meaning given such term in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

"(ii) 3-PRECEDING FISCAL YEARS.—The term '3-preceding fiscal years' means the 3 most recent fiscal years preceding the current fiscal year for which data are available.

"(iv) PUBLICATION OF ALLOCATIONS.—Not later than January 15th of each calendar year, the Secretary shall publish in the Federal Register the amount of the family assistance grant to which each State is entitled under this subsection for the fiscal year that begins in such calendar year.

On page 23, beginning on line 7, strike all through page 24, line 18.

GRAHAM AMENDMENT NOS. 2566-2567

Mr. GRAHAM proposed two amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

AMENDMENT NO. 2566

At the appropriate place, insert the following new section:

SEC. . UNFUNDED FEDERAL INTERGOVERNMENTAL MANDATES.

(a) IN GENERAL.—Notwithstanding any other provision of law—

(1) no later than 15 days after the beginning of fiscal year 1996, and annually thereafter through fiscal year 2000, the Director of the Congressional Budget Office shall, in a manner similar to section 424(a) (1) and (2) of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 658c(a) (1) and (2)), estimate the direct costs for the fiscal year of each Federal intergovernmental mandate resulting from the enactment of this Act or any other legislation that includes welfare reform provisions and determine whether there are sufficient appropriations for the fiscal year to provide for the direct costs.

(2) each responsible Federal agency shall, for each fiscal year described in paragraph (1), identify any appropriations bill or other legislation that provides Federal funding of the direct costs described in paragraph (1) which relate to each Federal intergovernmental mandate within the agency's jurisdiction and shall determine whether there are insufficient appropriations for the fiscal year to provide such direct costs, and

(3) no later 30 days after the beginning of each fiscal year described in paragraph (1), the responsible Federal agency shall notify the appropriate authorizing committees of Congress of the agency's determination under paragraph (2) and submit either—

(A) a statement that the agency has determined based on a re-estimate of the direct costs of such mandate, after consultation with State, local, and tribal governments, that the amount appropriated is sufficient to pay for the direct costs of such Federal intergovernmental mandate for the fiscal year, or

(B) legislative recommendations for—.

(i) implementing a less costly Federal intergovernmental mandate, or

(ii) making such mandate ineffective for the fiscal year.

(b) LEGISLATIVE ACTION.—

(1) IN GENERAL.—The Congress shall consider on an expedited basis, under procedures similar to the procedures set forth in section 425 of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 658d), the statement or legislative recommendations described in subsection (a)(3) no later than 30 days after the statement or recommendations are submitted to Congress.

(a) LEGISLATIVE ACTION REQUIRED.—The Federal intergovernmental mandate to which a statement described in subsection (a)(2) relates shall—

(i) cease to be effective on the date that is 60 days after the date the statement is submitted under subsection (a)(3)(A) unless Congress has approved the agency's determination under subsection (a)(3)(A) by joint resolution during the 60-day period;

(ii) cease to be effective on the date that is 60 days after the date of the legislative recommendations described in subsection (a)(3)(B) are submitted to the Congress, unless Congress provides otherwise by law; or

(iii) in the case that such mandate has not yet taken effect, continue not to be effective unless Congress provides otherwise by law.

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

(1) RESPONSIBLE FEDERAL AGENCY.—The term "responsible Federal agency" means the agency that has jurisdiction with respect to a Federal intergovernmental mandate created by the provisions of this Act or any other legislation that is enacted that includes welfare reform provisions.

(2) FEDERAL INTERGOVERNMENTAL MANDATE; DIRECT COSTS.—The terms "Federal intergovernmental mandate" and "direct costs" have the meanings given such terms by section 421 of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 658).

(3) WELFARE REFORM PROVISIONS.—The term "welfare reform provisions" means provisions of Federal law relating to any Federal benefit for which eligibility is based on need.

AMENDMENT NO. 2567

On page 64, line 10, after the period, insert the following: "In ranking States under this subsection, the Secretary shall take into account the average number of minor children in families in the State that have incomes below the poverty line and the amount of funding provided each State for such families."

GRAHAM AMENDMENT NOS. 2568-2569

Mr. GRAHAM proposed two amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

AMENDMENT NO. 2568

On page 12, strike lines 10 and 11, and insert the following:

"(C) Satisfy the work participation rate goals established for the State pursuant to section 404(b)(6).

On page 29, beginning with line 19, strike all through the table preceding line 3, on page 30, and insert the following:

"SEC. 404. NATIONAL WORK PARTICIPATION RATE GOALS.

"(a) NATIONAL GOALS FOR WORK PARTICIPATION RATES.—A State to which a grant is made under section 403 shall make every effort to achieve the national work participation rate goals specified in the following tables for the fiscal year with respect to—

"(1) all families receiving assistance under the State program funded under this part:

"If the fiscal year is:	The national participation rate goal for all families is:
1996	25
1997	30
1998	35
1999	40
2000 or thereafter	50:

and

"(2) with respect to 2-parent families receiving such assistance:

"If the fiscal year is:	The national participation rate goal is:
1996	60
1997 or 1998	75
1999 or thereafter	90.

On page 35, between lines 2 and 3, insert the following:

"(6) MODIFICATIONS TO NATIONAL PARTICIPATION RATE GOALS TO REFLECT THE NUMBER OF FAMILIES RECEIVING ASSISTANCE IN EACH STATE.—The Secretary, after consultation with the States, shall establish specific work participation rate goals for each State by adjusting the national participation rate goals to reflect the level of Federal funds a State is receiving under this part for the fiscal year and the average number of minor children in families having incomes below the poverty line that are estimated for the State for the fiscal year. Not later than January 15, 1996, and each year thereafter, the Secretary shall publish in the Federal Register the participation rate goals for each State for the current fiscal year.

On page 52, beginning on line 24, strike all through "fiscal year," on page 53, line 4, and insert the following:

"(3) FAILURE TO SATISFY PARTICIPATION RATE.—

"(A) IN GENERAL.—If the Secretary determines that a State has failed to satisfy the work participation rate goals specified for the State pursuant to section 404(b)(6) for a fiscal year,

AMENDMENT NO. 2569

On page 300, line 10, insert "other than section 506 of this Act," after "law,".

On page 302, between lines 5 and 6, insert the following:

SEC. 506. APPLICATION OF TITLE TO CERTAIN BENEFICIARIES.

The provisions of, and amendments made by, this title shall not apply to any noncitizen who is lawfully present in the U.S. and receiving benefits under a program on the date of the enactment of this Act.

DODD (AND LEAHY) AMENDMENT NO. 2570

Mr. DODD (for himself and Mr. LEAHY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

Section 320 is amended by adding at the end thereof the following:

"(4) STATE ELECTRONIC BENEFITS TRANSFER OPTIONS IN GENERAL.—States may implement electronic benefit transfer systems under the authorities and conditions set forth in section 7(i) and related provisions, or the authorities and conditions set forth in paragraph (5).

"(5) ELECTRONIC BENEFITS TRANSFER CARD SYSTEMS ASSISTANCE OPTION.—If a State notifies the Secretary of its intention to convert to a state-wide electronic benefits transfer card system, or a multiple-State regional electronic benefits transfer card system with other state-wide systems, within three years of the date of enactment of this paragraph, the Secretary shall allow the establishment of an electronic benefits transfer card system within the State under the following terms—

"(A) COORDINATION AND LAW ENFORCEMENT.—

"(i) CONVERSION.—The Secretary shall coordinate with, and assist, the State or States in a regional system in eliminating the use of food stamp coupons and the full conversion to an electronic benefits transfer card system within three years after the decision of the State to convert to the system set forth in this paragraph.

"(ii) OPERATIONS.—States shall take into account generally accepted standard operating rules for carrying out this paragraph, based on—

"(I) commercial electronic funds transfer technology;

"(II) the need to permit interstate operation and law enforcement monitoring; and

"(III) the need to permit monitoring and investigations by authorized law enforcement agencies.

"(iii) LAW ENFORCEMENT.—The Secretary, in consultation with the Inspector General of the United States Department of Agriculture and the United States Secret Service, shall inform the State of proper security features, good management techniques, and methods of deterring counterfeiting.

"(B) PAPER AND OTHER ALTERNATIVE BENEFIT TRANSFER SYSTEMS.—Beginning on the date of the implementation of the electronic benefits transfer card system in a State under authority of this paragraph, the Secretary shall also permit the use of paper-based and other benefit transfer approaches for providing benefits to food stamp households in the case of special-need retail food stores.

"(C) STATE-PROVIDED EQUIPMENT.—

"(i) ELECTRONIC BENEFITS TRANSFER CARD SYSTEM.—

"(I) IN GENERAL.—A retail food store that does not have point-of-sale electronic benefits transfer equipment, and does not intend to obtain point-of-sale electronic benefits transfer equipment in the near future, shall be provided by a State agency with, or reimbursed for, the costs of purchasing and installing single-function, point-of-sale equipment, and related telephone equipment, which shall be used only for Federal and State assistance program.

"(II) EQUIPMENT REQUIREMENTS.—Equipment provided under this subparagraph shall be capable of interstate operations and based on generally accepted commercial electronic benefits transfer operating principles that permit interstate law enforcement monitoring and shall be capable of providing a recipient with access to multiple Federal and State benefit programs.

"(ii) PAPER AND OTHER ALTERNATIVE BENEFIT SYSTEMS.—A special-need retail store that does not obtain, and does not intend to obtain in the near future, point-of-sale paper-based or other alternative benefits transfer equipment shall be provided by the State agency or compensated for the costs of purchasing such equipment which shall be used only for Federal and State assistance programs. Such paper systems includes using the electronic benefit transfer card to make an impression on a point-of-sale paper document.

"(iii) RETURN OF ELECTRONIC BENEFITS TRANSFER EQUIPMENT.—A retail food store may at any time return the equipment to the State and obtain equipment with funds of the store.

"(iv) COST TO STORES.—The cost of documents of systems that may be required pursuant to this paragraph may not be imposed upon a retail food store participating in the program.

"(D) CHARGING FOR ELECTRONIC BENEFITS TRANSFER CARD REPLACEMENT.—

"(i) IN GENERAL.—Under this paragraph, the Secretary shall reimburse State agencies for the costs of purchasing and issuing electronic benefits transfer cards; and

"(ii) REPLACEMENT CARDS.—Under this paragraph, the Secretary may charge a household through allotment reduction or otherwise for the cost of replacing a lost or stolen electronic benefit transfer card, unless the card was stolen by force or threat of force.".

"(E) TRANSITION FUND.—At the beginning of each fiscal year during the 10-year period beginning with the first full fiscal year following the date of enactment of this paragraph, the Secretary shall place the amount of the funds generated by the transaction fees provided in subparagraph (F) into an account, to be known as the Transition Conversion Account, to remain available until expended.

"(F) TRANSACTION FEE.—

(i) During the 10-year period beginning on the date of enactment of this paragraph, the Secretary shall, to the extent necessary to not increase costs to the Secretary under this paragraph, impose a transaction fee of not more than 2 cents for each transaction made at a retail food store using an electronic benefits transfer card authorized by this paragraph, to be taken from the benefits of the household using the card, except that no household shall be assessed more than 16 cents under this paragraph per month. The Secretary may reduce the fee on a household receiving the maximum benefits available under the program.

"(ii) FEES LIMITED TO USES.—A fee imposed under clause (i) shall be in an amount not greater than is necessary to carry out the uses of the Transition Conversion Account in subparagraph (G).

"(G)(i)DUTY OF SECRETARY.—Out of funds in the Transition Conversion Account, and, only to the extent necessary, out of funds provided to carry out this Act, the Secretary shall provide funds to provide transition assistance and funds to States participating under this paragraph for—

"(I) the reasonable cost of purchasing and installing, or for the cost of reimbursing a retail food store for the cost of purchasing and installing single-function, point-of-sale equipment described in subparagraph (C), to be used only for Federal and State assistance programs;

"(II) the reasonable start-up cost of purchasing and installing telephone equipment or connections for single-function, point-of-sale equipment, to be used only for Federal and State assistance programs; and

"(III) assistance to modify an electronic benefits transfer system implemented by a State prior to the date of enactment of this paragraph to the extent necessary to operate statewide or multi-statewide under this paragraph.

"(ii) USE OF ACCOUNT.—The Secretary shall use funds in the Transition Conversion Account in implementing this paragraph and to—

"(I) provide start-up training for State agencies, employees and recipients based on a plan approved by Secretary;

"(II) pay for other one-time reasonable costs of converting to an electronic benefits transfer system that is capable of interstate functions and is capable of being monitored by law enforcement agencies;

"(III) pay for liabilities assumed by the Secretary under subparagraph (I);

"(IV) pay other liabilities related to the electronic benefits transfer system established under this paragraph that are incurred by the Secretary; and

"(V) expand and implement a nationwide program to monitor compliance with program rules related to retail food stores and the electronic delivery of benefits under this Act.

"(H) COMPETITIVE BIDDING.—In purchasing point-of-sale equipment described in subparagraph (C), electronic benefits transfer cards, and telephone equipment or connections referred to in subparagraph (G), States shall use competitive bidding systems to ensure that they obtain the lowest prices for the equipment and cards that meet specifications. States shall not enter into purchase agreements which condition the purchase of additional services or equipment from suppliers of equipment or cards under this paragraph. The Secretary shall monitor the sale prices for such equipment and cards and the Inspector General shall investigate possible wrongdoing or fraud as appropriate.

"(I) LIABILITY OR REPLACEMENT BENEFITS FOR UNAUTHORIZED USE OF EBT CARDS.—

"(i) IN GENERAL.—The Secretary shall require State agencies that choose to implement an electronic benefits transfer system under this paragraph to advise any household participating in the food stamp program how to promptly report a lost, destroyed, damaged, improperly manufactured, dysfunctional, or stolen electronic benefits transfer card.

"(ii) REGULATIONS.—Under this paragraph, the Secretary shall issue regulations providing that—

"(I) a household shall not receive any replacement for benefits lost due to the unauthorized use of an electronic benefits transfer card; and

"(III) a household shall not be liable for any amounts in excess of the benefits available to the household at the time of the unauthorized use.

"(iii) SPECIAL LOSSES.—Notwithstanding clause (ii), under this paragraph a household shall receive a replacement for any benefits lost if the loss was caused by—

"(I) force or the threat of force.

"(II) unauthorized use of the card after the State agency receives notice that the card was lost or stolen; or

"(III) a system error or malfunction, fraud, abuse, negligence, or mistake by the service provider, the card issuing agency, or the State agency, or an inaccurate execution of a transaction by the service provider.

"*Provided*, That with respect to losses described in subclause (II) and (III), the State shall reimburse the Secretary. Nothing in subclause (III) shall prevent a State from obtaining reimbursement from the service provider or the card issuing agency for system error or malfunction, fraud, abuse, negligence, or mistake by such service provider or card issuing agency.

"(J) ELIMINATION OF FOOD STAMP COUPONS.—

"(i) IN GENERAL.—Except as provided in clause (ii) and (iii) and notwithstanding any other provision of this Act, effective beginning on the date 3 years after the date a chief executive officer of a State informs the Secretary that the State intends to implement an electronic benefits transfer system authorized by this paragraph, the Secretary shall not provide any food stamp coupons to the State.

"(ii) EXCEPTIONS.—

"(I) EXTENSION.—Clause (i) shall not apply to the extent that the chief executive officer of a State determines that an extension is necessary and so notifies the Secretary in writing, except that the extension shall not extend beyond 5 years after the date that a chief executive officer of a State informs the secretary of the decision to implement an electronic benefits transfer system under this paragraph.

"(II) WAIVER.—In addition to any extension under subclause (I), the Secretary may grant a waiver to a State to phase-in or delay, implementation of electronic benefits transfer for good cause shown by the State, except that the waiver shall not extend for more than 6 months.

"(iii) DISASTER RELIEF.—The Secretary may provide food stamp coupons for disaster relief under section 5(h).".

"(K) SPECIAL RULE.—A State agency may require a household to explain the circumstances regarding each occasion that—

"(i) the household reports a lost or stolen electronic benefits transfer card; and

"(ii) the card was used for an unauthorized transaction.

In the appropriate circumstances, the state agency shall investigate and ensure that appropriate cases are acted upon either through administrative disqualification or referral to courts of appropriate jurisdiction, or referral for prosecution.

"(L) ESTABLISHMENT.—In carrying out this paragraph, the States shall—

"(i) take into account the needs of law enforcement personnel and the need to permit and encourage further technological developments and scientific advances;

"(ii) ensure that security is protected by appropriate means such as requiring that a personal identification number be issued with each electronic benefits transfer card to help protect the integrity of the program;

"(iii) provide for—

"(I) recipient protection regarding privacy, ease of use, and access to and service in retail food stores;

"(II) financial accountability and the capability of the system to handle interstate operations and interstate monitoring by law enforcement agencies including the Inspector General of the Department of Agriculture;

"(III) rules prohibiting store participation unless any appropriate equipment necessary to permit households to purchase food with the benefits issued under the Food Stamp Act of 1977 is operational and reasonably available; and

"(IV) rules providing for monitoring and investigation by an authorized law enforcement agency including the Inspector General of the Department of Agriculture.

"(M) ADDITIONAL EMPLOYEES.—The Secretary shall assign additional employees to investigate and adequately monitor compliance with program rules related to electronic benefits transfer systems and retail food store participation.

"(N) REQUEST FOR STATEMENT.—Under this paragraph on the request of a household, the State, through a person issuing benefits to the household, shall provide once per month a statement of benefit transfers and balances for such household for the month preceding the request.

"(O) ERRORS.—Under this paragraph—

"(i) IN GENERAL.—States shall design systems to timely resolve disputes over alleged errors.

"(ii) CORRECTED ERRORS.—Households able to obtain corrections of errors under this subparagraph shall not be entitled to a fair hearing regarding the resolved dispute.

"(P) APPLICABLE LAW.

"For purposes of this Act, fraud and related activities related to electronic benefits transfer shall be governed by section 15 of this Act (U.S.C. 2024) and section 1029 of title 18, United States Code, in addition to any other applicable law.

"(Q) DEFINITIONS.—For the purpose of this paragraph—

"(i) ELECTRONIC BENEFITS TRANSFER CARD SYSTEM.—The term 'electronic benefits transfer card system' means a system to support transactions conducted with electronic benefits transfer cards, paper, or other alternative benefits transfer systems approved by the Secretary for the provision of program benefits in accordance with this paragraph.

"(ii) RETAIL FOOD STORE.—The term 'retail food store' means a retail food store, a farmer's market, or a house-to-house trade route authorized to participate in the food stamp program.

"(iii) SPECIAL-NEED RETAIL FOOD STORE.—The term 'special-need retail food store' means—

"(I) a retail food store located in a very rural area;

"(II) a retail food store without access to dependable electricity or regular telephone service; or

"(III) a farmers' market or house-to-house trade route that is authorized to participate in the food stamp program.

"(R) LEAD ROLE OF INDUSTRY AND STATES.—The Secretary shall consult with the Secretary of the Treasury, the Secretary of Health and Human Services, the Inspector General of the United States Department of Agriculture, the United States Secret Service, the National Governor's Association, the Food Marketing Institute, the National Association of Convenience Stores, the American Public Welfare Association, the National Conference of State Legislatures, the American Bankers Association, the financial services community, State agencies, and food advocates to obtain information helpful to retail stores, the financial services industry, and States in the conversion to electronic benefits transfer, including information regarding—

"(i) the degree to which an electronic benefits transfer system could be easily integrated with commercial networks;

"(ii) the usefulness of appropriate electronic benefits transfer security features and local management controls, including features in an electronic benefits transfer card to deter counterfeiting of the card;

"(iii) the use of laser scanner technology with electronic benefits transfer technology so that only eligible food items can be purchased by food stamp participants in stores that use scanners;

"(iv) how to maximize technology that uses data available from an electronic benefits transfer system to identify fraud and allow law enforcement personnel to quickly identify or target a suspected or actual program violator;

"(v) means of ensuring the confidentiality of personal information in electronic benefits transfer systems and the applicability of section 552a of title 5, United States Code, to electronic benefits transfer systems;

"(vi) the best approaches for maximizing the use of then current point-of-sale terminals and systems to reduce costs; and

"(vii) the best approaches for maximizing the use of electronic benefits transfer systems for multiple Federal and State benefit programs so as to achieve the highest cost savings possible through the implementation of electronic benefits transfer systems.".

(b) CONFORMING AMENDMENTS.—

(1) Section 3 of the Food Stamp Act of 1977 (42 U.S.C. 2012) is amended—

(A) in subsection (a), by striking "coupons" and inserting "benefits";

(B) in the first sentence of subsection (c), by striking "authorization cards" and inserting "allotments";

(C) in subsection (d), by striking "the provisions of this Act" and inserting "sections 5(h) and 7";

(D) in subsection (e)—

(i) by striking "Coupon issuer" and inserting "Benefit issuer"; and

(ii) by striking "coupons" and inserting "benefits";

(E) in the last sentence of subsection (i), by striking "coupons" and inserting "allotments"; and

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

"(v) 'Electronic benefits transfer card' means a card issued to a household participating in the program that is used to purchase food.

(2) Section 4(a) of such Act (7 U.S.C. 2013(a)) is amended—

(A) in the first sentence by inserting "and to funds made available under Section 7" after "this Act".

(B) in the first and second sentences, by striking "coupons" each place it appears and inserting "electronic benefits transfer cards or coupons"; and

(C) by striking the third sentence and inserting the following new sentence: "The Secretary, through the facilities of the Treasury of the United States, shall reimburse the stores for food purchases made with electronic benefits transfer cards or coupons provided under this Act.".

(3) The first sentence of section 6(b)(1) of such Act (7 U.S.C. 2015(b)(1)) is amended—

(A) by striking "coupons or authorization cards" and inserting "electronic benefits transfer cards, coupons, or authorization cards"; and

(B) in clauses (ii) and (iii), by inserting "or electronic benefits transfer cards" after "coupons" each place it appears.

(4) Section 7 of such Act (7 U.S.C. 2016) is amended—

(A) by striking the section heading and inserting the following new section heading:

"ISSUANCE AND USE OF ELECTRONIC BENEFITS TRANSFER CARDS OR COUPONS";

(B) in subsection (a), by striking "Coupons" and all that follows through "necessary, and" and inserting "Electronic benefits transfer cards or coupons";

(C) in subsection (b), by striking "Coupons" and inserting "Electronic benefits transfer cards or coupons";

(D) in subsection (e), by striking "coupons to coupon issuers" and replace with "benefits to benefits issuers"; and by striking "by coupon issuers" in inserting "by benefits issuers".

(E) in subsection (f)—

(i) by striking "issuance of coupons" and inserting "issuance of electronic benefits transfer cards or coupons";

(ii) by striking "coupon issuer" and inserting "electronic benefits transfer or coupon issuer"; and

(iii) by striking "coupons and allotments" and inserting "electronic benefits transfer cards, coupons, and allotments";

(F) by deleting "(1) The" in subsections (g) and (h) and inserting the following: "(1) Except with respect to electronic benefit transfer care systems operated under section 7(j)(5), the"; and

(G) by striking subparagraph (i)(2)(A); and by relettering (B) through (H) as (A) through (G).

(5) Section 8(b) of such Act (7 U.S.C. 2017(b)) is amended by striking "coupons" and inserting "electronic benefits transfer cards or coupons".

(6) Section 9 or such Act (7 U.S.C. 2018) is amended—

(A) in subsections (a) and (b), by striking "coupons" each place it appears and inserting "coupons, or accept electronic benefits transfer cards,"; and

(B) in subsection (a)(1)(B), by striking "coupon business" and inserting "electronic benefits transfer cards and coupon business".

(7) Section 10 of such Act (7 U.S.C. 2019) is amended—

(A) by striking the section heading and inserting the following:

REDEMPTION OF COUPONS OR ELECTRONIC BENEFITS TRANSFER CARDS; and

(B) in the first sentence—

(i) by inserting after "provide for" the following: "reimbursing stores for program benefits provided and for";

(ii) by inserting after "food coupons" the following: "or use their members' electronic benefits transfer cards"; and

(iii) by striking the period at the end and inserting the following: "unless the center organization, institution, shelter, group living arrangement, or establishment is equipped with a point-of-sale device for the purpose of participating in the electronic benefits transfer system.".

(8) Section 11 of such Act (7 U.S.C. 2020) is amended—

(A) in the first sentence of subsection (a), by striking "coupons" and inserting "electronic benefits transfer cards or coupons,";

(B) in subsection (e)—

(i) in paragraph (2)—

(I) by striking "a coupon allotment" and inserting "an allotment"; and

(II) by striking "issuing coupons" and inserting "issuing electronic benefits transfer cards or coupons";

(ii) in paragraph (7), by striking "coupon issuance" and inserting "electronic benefits transfer card or coupon issuance";

(iii) in paragraph (8)(C), by striking "coupons" and inserting "benefits";

(iv) in paragraph (9), by striking "coupons" each place it appears and inserting "electronic benefits transfer cards or coupons";

(v) in paragraph (11), by striking "in the form of coupons";

(vi) in paragraph (16), by striking "coupons" and inserting "electronic benefits transfer card or coupons";

(vii) in paragraph (17), by striking "food stamps" and replacing with "benefits";

(viii) in paragraph (21), by striking "coupons" and inserting "electronic benefits transfer cards or coupons";

(ix) in paragraph (24), by striking "coupons" and inserting "benefits"; and

(x) in paragraph (25), by striking "coupons" each place it appears and inserting "electronic benefits transfer cards or coupons"; and

(C) in subsection (h), by striking "face value of any coupon or coupons" and inserting "value of any benefits"; and

(D) in subsection (n)—

(i) by striking "both coupons" each place it appears and inserting "benefits under this Act"; and

(ii) by striking "of coupons" and inserting "of benefits."

(9) Section 12 of such Act (7 U.S.C. 2021) is amended—

(A) in subsection (b)(3), by striking "coupons" each place it appears and inserting "electronic benefits transfer cards or coupons";

(B) in subsection (d)—

(i) in the first sentence—

(I) by inserting after "redeem coupons" the following: "and to accept electronic benefits transfer cards"; and

(II) by striking "value of coupons" and inserting "value of benefits and coupons"; and

(ii) in the third sentence, by striking "coupons" each place it appears and inserting "benefits"; and

(C) in the first sentence of subsection (f)—

(i) by inserting after "to accept and redeem food coupons" the following: "electronic benefits transfer cards, or to accept and redeem food coupons,"; and

(ii) by inserting before the period at the end the following: "or program benefits".

(10) Section 13 of such Act (7 U.S.C. 2022) is amended by striking "coupons" each place it appears and inserting "benefits".

(11) Section 15 of such Act (7 U.S.C. 2024) is amended—

(A) in subsection (a), by striking "issuance or presentment for redemption" and inserting "issuance, presentment for redemption, or use of electronic benefits transfer cards or"; (B) in the first sentence of subsection (b)(1)—

(i) by inserting after "coupons authorization cards," each place it appears the following: "electronic benefits transfer cards,"; and

(ii) by striking "coupons or authorization cards" and place it appears and inserting the following: "coupons, authorization cards, or electronic benefits transfer cards";

(C) in the first sentence of subsection (c)—

(i) by striking "coupons" and inserting " a coupon or electronic benefits transfer card"; and

(ii) strike "such coupons are" and inserting "the payment or redemption is";

(D) in subsection (d) striking coupons" and replacing with "Benefits";

(E) in subsection (e) after "coupons" inserting "or electronic benefits transfer card";

(F) in subsection (f) after "coupon" inserting "or electronic benefits transfer card"; and

(G) in the first sentence of subsection (g), by inserting after "coupons, authorization cards," the following: "electronic benefits transfer cards,".

(12) Section 16 (7 U.S.C. 2025) is amended—

(A) in subsection (a)—

(i) in paragraph (2) after "coupons" by inserting "electronic benefits transfer cards";

(ii) in paragraph (3) by inserting after "households" the following: ", including the cost of providing equipment necessary for retail food stores to participate in an electronic benefits transfer system"

(B) by deleting subsection (d);

(C) by redesignating subsections (e) through (j) as subsections (d) through (i), respectively;

(D) in subsection (g)(5) (as redesignated by paragraph (3))—

(i) in subparagraph (A), by striking "(A)"; and

(ii) by striking subparagraph (B);

(E) in subsection (h) (as redesignated by paragraph (3)), by striking paragraph (3); and

(F) by striking subsection (i) (as redesignated by paragraph (3)).

(13) Section 17 of such Act (7 U.S.C. 2026) is amended—

(A) in the last sentence of subsection (a)(2), by striking "coupon" and inserting "benefit";

(B) by deleting the last sentence of paragraph (b)(2);

(C) by deleting the last sentence of subsection (c);

(D) in subsection (d)(1)(B), by striking "coupons" each place it appears and inserting "benefits";

(E) by deleting the last sentence of subsection (e);

(F) by striking subsection (f); and

(G) by redesignating subsections (g) through (k) as subsections (f) through (j), respectively.

(14) Section 21 of such Act (7 U.S.C. 2030) is amended—

(A) by striking "coupons" each place it appears (other than in subsections (b)(2)(A)(ii) and (d)) and inserting "benefits";

(B) in subsection (b)(2)(A)(ii), by striking "coupons" and inserting "electronic benefits transfer cards or coupons"; and

(C) in subsection (d)—

(i) in paragraph (2), by striking "Coupons" and inserting "Benefits"; and

(ii) in paragraph (3), by striking "in food coupons".

(15) Section 22 of such Act (7 U.S.C. 2031) is amended—

(A) in subsection (b)—

(i) in paragraph (3)(D)—

(I) in clause (ii), by striking "coupons" and inserting "benefits"; and

(II) in clause (iii), by striking "coupons" and inserting "electronic benefits transfer benefits";

(ii) in paragraph (9), by striking "coupons" and inserting "benefits";

(iii) in paragraph (10)(B)—

(I) in the second sentence of clause (I), by striking "Food coupons" and inserting "Program benefits"; and

(II) in clause (ii)—

(aa) in the second sentence, by striking "Food coupons" and inserting "Benefits"; and

(bb) in the third sentence, by striking "food coupons" each place it appears and inserting "benefits";

(B) in subsection (d), by striking "coupons" each place it appears and inserting "benefits";

(C) in subsection (g)(1)(A), by striking "coupon"; and

(D) in subsection (h), by striking "food coupons" and inserting "benefits".

(16) Section 1956(c)(7)(D) of title 18, United States Code, is amended by inserting "electronic benefits transfer cards or "before "coupons having".

JEFFORDS AMENDMENT NO. 2571

Mr. JEFFORDS proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

In section 403(a)(5) of the amendment, strike B-D, and insert the following:

"(B) HISTORIC STATE EXPENDITURES.—For purposes of this paragraph, the term 'historic State expenditures' means expenditures by a State under parts A and F of title IV for fiscal year 1994, as in effect during such fiscal year.

"(C) DETERMINATION OF STATE EXPENDITURES FOR PRECEDING FISCAL YEAR.—

"(i) IN GENERAL.—For purposes of this paragraph, the expenditures of a State under the State program funded under this part for a preceding fiscal year shall be equal to the sum of the State's expenditures under the program in the preceding fiscal year for—

"(I) cash assistance;

"(II) child care assistance;

"(III) job education, training, and work; and

"(IV) administrative costs.

"(ii) TRANSFERS FROM OTHER STATE AND LOCAL PROGRAMS.—In determining State expenditures under clause (i), such expenditures shall not include funding supplanted by transfers from other State and local programs.

"(D) EXCLUSION OF FEDERAL AMOUNTS.—For purposes of this paragraph, State expenditures shall not include any expenditures from amounts made available by the Federal Government.

DOMENICI AMENDMENTS NOS. 2572-2574

Mr. SANTORUM (for Mr. DOMENICI) proposed three amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

AMENDMENT NO. 2572

On page 590, after line 23, strike "(a) incentive Payments" and all that follows through page 595, line 2 and insert the following:

Share collections 50/50 with all States.

Set national standards that all States must reach before incentives are made. National standards will be set up for Paternity Establishment, Support Order establishment, percentage of cases with collections, ratio of support due to support collected and cost effectiveness.

Set basic matching rate at 50% and allow incentive matching rates up to 90% of expenditures for the performance categories.

Change audit process to invoke audit sanctions if States do not meet 50% of the performance standard.

Require IRS COBRA notices to be sent to the State Child Support Agency.

AMENDMENT NO. 2573

On page 21, after line 25, insert the following:

"(5) WELFARE PARTNERSHIP.—

"(A) IN GENERAL.—Beginning with fiscal year 1997, if a State does not maintain the expenditures of the State under the program for the proceeding fiscal year at a level equal to or greater than 75% of the level of historic State expenditures, the amount of the grant otherwise determined under paragraph (1) shall be reduced in accordance with subparagraph (B).

"(B) REDUCTION.—The amount of the reduction determined under this subparagraph shall be equal to—

(i)(I) the difference between the historic State expenditures and the expenditures of the State under the State program for the preceding fiscal year;

(ii) the amount determined under clause (i)(I)

"(C) HISTORIC STATE EXPENDITURES.—For purposes of this paragraph, the term "historic State expenditures" means expenditures by a State under parts A and F of title IV for fiscal year 1994, as in effect during such fiscal year.

"(D) DETERMINING STATE EXPENDITURES.—

"(i) IN GENERAL.—Subject to (ii) and (iii), for purposes of this paragraph the expenditures of a State under the State program funded under this part for a preceding fiscal year shall be determined by adding the expenditures of that State under its State program for—

"(I) cash assistance;

"(II) child care assistance;

"(III) job education and training, and work; and

"(IV) administrative costs; in that fiscal year.

"(ii) EXCLUSION OF GRANT AMOUNTS.—The determination under (i) shall not include grant amounts paid under paragraph (1) (or, in the case of historic State expenditures, amounts paid in accordance with section 403, as in effect during fiscal year 1994).

"(iii) RESERVATION OF FEDERAL AMOUNTS.—For any fiscal year, if a State has expended amounts reserved in accordance with subsection (b)(3), such expenditures shall not be considered a State expenditure under the State program."

AMENDMENT NO. 2574

At the appropriate place in the bill, insert the following new provision:

"SEC. . SENSE OF THE SENATE.

"It is the sense of the Senate that—

"(a) States should diligently continue their efforts to enforce child support payments to the non-custodial parent to the custodial parent, regardless of the employment status or location of the non-custodial parent; and

"(b) States are encouraged to pursue pilot programs in which the parents of a non-adult, non-custodial parent who refuses to or is unable to pay child support must—

"(1) pay or contribute to the child support owed by the non-custodial parent; or

"(2) otherwise fulfill all financial obligations and meet all conditions imposed on the non-custodial parent, such as participation in a work program or other related activity."

DOMENICI AMENDMENT NO. 2575

Mr. SANTORUM (for Mr. DOMENICI) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

On page XX, after line XX, strike ——— and all that follows through page XX, Line XX.

DOMENICI (AND BIDEN) AMENDMENT NO. 2576

Mr. SANTORUM (for Mr. DOMENICI for himself and Mr. BIDEN) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

On page 792, after line 22, add the following new title:

TITLE —CHILD CUSTODY REFORM

SEC. 01. SHORT TITLE.

This title may be cited as the "Child Custody Reform Act of 1995".

SEC. 02. REQUIREMENTS FOR EXCLUSIVE CONTINUING JURISDICTION MODIFICATION.

Section 1738A of title 28, United States Code, is amended—

(1) in subsection (d) to read as follows:

"(d)(1) Subject to paragraph (2) the jurisdiction of a court of a State that has made a child custody or visitation determination in accordance with this section continues exclusively as long as such State remains the residence of the child or of any contestant.

"(2) Continuing jurisdiction under paragraph (1) shall be subject to any applicable provision of law of the State that issued the initial child custody determination in accordance with this section, when such State law establishes limitations on continuing jurisdiction when a child is absent from such State.";

(2) in subsection (f)

(A) by redesignating paragraphs (1) and (2) as paragraphs (2) and (1), respectively and transferring paragraph (2) (as so redesignated) so as to appear after paragraph (1) (as so redesignated); and

(B) in paragraph (1) (as so redesignated), by inserting "pursuant to subsection (d)," after "the court of the other State no longer has jurisdiction,"; and

(3) in subsection (g), by inserting "or continuing jurisdiction" after "exercising jurisdiction".

SEC. 03. ESTABLISHMENT OF NATIONAL CHILD CUSTODY REGISTRY.

Section 453 of the Social Security Act (42 U.S.C. 653) (as amended by section 916) is further amended by adding at the end the following new subsection:

"(p)(1) Not later than 1 year after the date of enactment of this subsection, the Secretary, in consultation with the Attorney General, shall conduct and conclude a study regarding the most practicable and efficient way to create a national child custody registry to carry out the purposes of paragraph (3). Pursuant to this study, and subject to the availability of appropriations, the Secretary shall create a national child custody registry and promulgate regulations necessary to implement such registry. The study and regulations shall include—

"(A) a determination concerning whether a new national database should be established or whether an existing network should be expanded in order to enable courts to identify child custody determinations made by, or proceedings filed before, any court of the United States, its territories or possessions;

"(B) measures to encourage and provide assistance to States to collect and organize the data necessary to carry out subparagraph (A);

"(C) if necessary, measures describing how the Secretary will work with the related and interested State agencies so that the database described in subparagraph (A) can be linked with appropriate State registries for the purpose of exchanging and comparing the child custody information contained therein;

"(D) the information that should be entered in the registry (such as the court of jurisdiction where a child custody proceeding has been filed or a child custody determination has been made, the name of the presiding officer of the court in which a child custody proceeding has been filed, the telephone number of such court, the names and social security numbers of the parties, the name, date of birth, and social security numbers of each child) to carry out the purposes of paragraph (3);

"(E) the standards necessary to ensure the standardization of data elements, updating of information, reimbursement, reports, safeguards for privacy and information security, and other such provisions as the Secretary determines appropriate;

"(F) measures to protect confidential information and privacy rights (including safeguards against the unauthorized use or disclosure of information) which ensure that—

"(i) no confidential information is entered into the registry;

"(ii) the information contained in the registry shall be available only to courts or law enforcement officers to carry out the purposes in paragraph (3); and

"(iii) no information is entered into the registry (or where information has previously been entered, that other necessary means will be taken) if there is a reason to believe that the information may result in physical harm to a person; and

"(G) an analysis of costs associated with the establishment of the child custody registry and the implementation of the proposed regulations.

"(2) As used in this subsection—

"(A) the term 'child custody determination' means a judgment, decree, or other order of a court providing for custody or visitation of a child, and includes permanent and temporary orders, and initial orders and modifications; and

"(B) the term 'custody proceeding'—

"(i) means a proceeding in which a custody determination is one of several issues, such as a proceeding for divorce or separation, as well as neglect, abuse, dependency, wardship, guardianship, termination of parental rights, adoption, protective action from domestic violence, and Hague Child Abduction Convention proceedings; and

"(ii) does not include a judgment, decree, or other order of a court made in a juvenile delinquency, or status offender proceeding.

"(3) The purposes of this subsection are to—

"(A) encourage and provide assistance to State and local jurisdictions to permit—

"(i) courts to identify child custody determinations made by, and proceedings in, other States, local jurisdictions, and countries;

"(ii) law enforcement officers to enforce child custody determinations and recover parentally abducted children consistent with State law and regulations;

"(B) avoid duplicative and or contradictory child custody or visitation determinations by assuring that courts have the information they need to—

"(i) give full faith and credit to the child custody or visitation determination made by a court of another State as required by section 1738A of title 28, United States Code; and

"(ii) refrain from exercising jurisdiction when another court is exercising jurisdiction consistent with section 1738A of title 28, United States Code.

"(4) There are authorized to be appropriated such sums as may be necessary to establish the child custody registry and implement the regulations pursuant to paragraph (1).".

SEC. 04. SENSE OF THE SENATE REGARDING SUPERVISED CHILD VISITATION CENTERS.

It is the sense of the Senate that local governments should take full advantage of the Local Crime Prevention Block Grant Program established under subtitle B of title III of the Violent Crime Control and Law Enforcement Act of 1994, to establish supervised visitation centers for children who have been removed from their parents and placed outside the home as a result of abuse or neglect or other risk of harm to such children, and for children whose parents are separated or divorced and the children are at risk because of physical or mental abuse or domestic violence.

D'AMATO AMENDMENT NO. 2577

Mr. SANTORUM (for Mr. D'AMATO) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

On page 17, line 20, strike "February 14" and insert "May 15".

D'AMATO AMENDMENT NOS. 2578-2579

Mr. SANTORUM (for Mr. D'AMATO) proposed two amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

AMENDMENT NO. 2578

On page 124, between lines 9 and 10, insert:

(3) CLOSING OUT ACCOUNT FOR THOSE PROGRAMS TERMINATED OR SUBSTANTIALLY MODIFIED BY THIS TITLE.—In closing out accounts, Federal and State officials may use scientifically acceptable statistical sampling techniques. Claims made under programs which are repealed or substantially amended in this title and which involve State expenditures in cases where assistance or services were provided during a prior fiscal year, shall be treated as expenditures during fiscal year 1995 for purposes of reimbursement even if payment was made by a State on or after October 1, 1995. States shall complete the filing of all claims no later than September 30, 1997. Federal department heads shall—

(A) use the single audit procedure to review and resolve any claims in connection with the close out of programs, and

(B) reimburse States for any payments made for assistance of services provided during a prior fiscal year from funds for fiscal year 1995, rather than the funds authorized by this title.

AMENDMENT NO. 2579

On page 124, between lines 9 and 10, insert: Notwithstanding the preceding sentence, the Secretary of Health and Human Services shall cease efforts to recover previously granted funds, shall pay any amounts being deferred, and shall forgive any disallowance pending appeal before the Departmental Appeals Board or before any Federal court unless the Secretary determines that there was not substantial compliance with the program requirements underlying the claims or, upon probable cause, believes that there is evidence of fraud on the part of the State. The preceding sentence shall not be construed as diminishing the right of a State to administrative or judicial review of a disallowance of funds.

GRAMS AMENDMENT NO. 2580

Mr. SANTORUM (for Mr. GRAMS) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

On page 36, between lines 13 and 14, insert the following:

"(4) LIMITATION ON VOCATIONAL EDUCATION ACTIVITIES COUNTED AS WORK.—For purposes of determining monthly participation rates under paragraphs (1)(B)(i)(I) and (2)(B)(i) of subsection (b), not more than 20 percent of adults in all families and in 2-parent families determined to be engaged in work in the State for a month may meet the work activity requirement through participation in vocational educational training.

JEFFORDS AMENDMENT NO. 2581

Mr. JEFFORDS proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

Strike the matter between lines 11 and 12 of page 51 (as inserted by the modification of September 8, 1995).

WELLSTONE AMENDMENT NO. 2582

Mr. DODD (for Mr. WELLSTONE) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

On page 576, between lines 12 and 13, insert the following:

Subtitle D—Minimum Wage Rate

SEC. 841. INCREASE IN THE MINIMUM WAGE RATE.

Section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended to read as follows:

"(1) except as otherwise provided in this section, not less than $4.25 an hour during the period ending December 31, 1995, not less than $4.70 an hour during the year beginning January 1, 1996, and not less than $5.15 an hour after December 31, 1996;".

WELLSTONE (AND MURRAY) AMENDMENT NOS. 2583-2584

Mr. DODD (for Mr. WELLSTONE, for himself and Mrs. MURRAY) proposed two amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

AMENDMENT NO. 2583

On page 14, between lines 12 and 13, insert the following:

"(8) CERTIFICATION REGARDING BATTERED INDIVIDUALS.—A certification from the chief executive officer of the State specifying that—

"(A) the State will exempt from the requirements of sections 404, 405 (a) and (b), and 406 (b), (c), and (d), or modify the application of such sections to, any woman, child, or relative applying for or receiving assistance under this part, if such woman, child, or relative was battered or subjected to extreme cruelty and the physical, mental, and emotional well-being of the woman, child, or relative will be endangered by application of such sections to such woman, child, or relative, and

"(B) the State will take into consideration the family circumstances and the counseling and other supportive service needs of the woman, child, or relative.

On page 14, line 13, strike "(8)" and insert "(9)".

On page 16, between lines 22 and 23, insert the following:

"(6) BATTERED OR SUBJECTED TO EXTREME CRUELTY.—The term 'battered or subjected to extreme cruelty' includes, but is not limited to—

"(A) physical acts resulting in, or threatening to result in, physical injury;

"(B) sexual abuse, sexual activity involving a dependent child, forcing the caretaker relative of a dependent child to engage in nonconsensual sexual acts or activities, or threats of or attempts at physical or sexual abuse;

"(C) mental abuse; and

"(D) neglect or deprivation of medical care.

On page 35, between lines 2 and 3, insert the following:

"(6) CERTAIN INDIVIDUALS EXCLUDED IN CALCULATION OF PARTICIPATION RATES.—An individual who is battered or subjected to extreme cruelty and with respect to whom an exemption or modification is in effect at any time during a fiscal year by reason of section 402(a)(8) shall not be included for purposes of calculating the State's participation rate for the fiscal year under this subsection.

On page 36, after line 25, add the following:

The penalties described in paragraphs (1) and (2) shall not apply with respect to an individual who is battered or subjected to extreme cruelty and with respect to whom an exemption or modification is in effect by reason of section 402(a)(8).

On page 74, between lines 2 and 3, insert:

Such requirements, limits, and penalties shall contain exemptions described in section 402(a)(8) for individuals who have been battered or subject to extreme cruelty.

On page 175, line 16, strike "and".

On page 175, line 20, strike the period and insert "; and".

On page 175, between lines 20 and 21, insert the following:

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

"(F) The provisions of this subsection shall not apply with respect to any alien who has been battered or subjected to extreme cruelty (within the meaning of section 402(d)(6) of the Social Security Act (42 U.S.C. 602(d)(6)).".

On page 183, line 11, strike the end quotation marks and the end period.

On page 183, between lines 11 and 12, insert:

"(E) EXCEPTION FOR BATTERED INDIVIDUALS.—The requirements of this paragraph shall not apply to an individual who has been battered or subjected to extreme cruelty (within the meaning of section 402(d)(6) of the Social Security Act) if such application would endanger the physical, mental, or emotional well-being of the individual.".

On page 192, between line 16 insert at the end: "The standards shall provide a good cause exception to protect individuals who have been battered or subjected to extreme cruelty (within the meaning of section 402(d)(6) of the Social Security Act)."

On page 197, line 13, after "section" insert "6(d)(1)(E) or".

On page 287, line 21, strike "or (V)" and insert "(V), or (VI)".

On page 291, lines 18 and 19, strike "or (V)" and insert "(V), or (VI)".

On page 299, line 11, strike "or".

On page 299, line 14, strike "title II" and insert "title II; or (VI) a noncitizen who has been battered or subjected to extreme cruelty (within the meaning of section 402(d)(6))".

On page 612, line 24, strike "rights" and inserting "rights, and only if such resident parent or such resident parent's child is not an individual who has been battered or subjected to extreme cruelty (within the meaning of section 402(d)(6)) by such absent parent".

On page 715, line 8, strike "arrangements." and insert "arrangements. Such programs shall not provide for access or visitation if any individual involved is an individual who has been battered or subjected to extreme cruelty (within the meaning of section 402(d)(6)) by the absent parent.".

AMENDMENT NO. 2584

At the end of the amendment, insert the following new title:

TITLE —PROTECTION OF BATTERED INDIVIDUALS

SEC. 01. EXEMPTION OF BATTERED INDIVIDUALS FROM CERTAIN REQUIREMENTS.

(a) IN GENERAL.—Notwithstanding any other provision of, or amendment made by, this Act, the applicable administering authority of any specified provision shall exempt from (or modify) the application of such provision to any individual who was battered or subjected to extreme cruelty if the physical, mental, or emotional well-being of the individual would be endangered by the application of such provision to such individual. The applicable administering authority shall take into consideration the family circumstances and the counseling and other supportive service needs of the individual.

(b) SPECIFIED PROVISIONS.—For purposes of this section, the term "specified provision" means any requirement, limitation, or penalty under any of the following:

(1) Sections 404, 405 (a) and (b), 406 (b), (c), and (d), 414(d), 453(c), 469A, and 1614(a)(1) of the Social Security Act.

(2) Sections 5(i) and 6 (d), (j), and (n) of the Food Stamp Act of 1977.

(3) Sections 501(a) and 502 of this Act.

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

(1) BATTERED OR SUBJECTED TO EXTREME CRUELTY.—The term "battered or subjected to extreme cruelty" includes, but is not limited to—

(A) physical acts resulting in, or threatening to result in, physical injury;

(B) sexual abuse, sexual activity involving a dependent child, forcing the caretaker relative of a dependent child to engage in nonconsensual sexual acts or activities, or threats of or attempts at physical or sexual abuse;

(C) mental abuse; and

(D) neglect or deprivation of medical care.

(2) CALCULATION OF PARTICIPATION RATES.—An individual exempted from the work requirements under section 404 of the Social Security Act by reason of subsection (a) shall not be included for purposes of calculating the State's participation rate under such section.

STEVENS (AND MURKOWSKI) AMENDMENT NO. 2585

Mr. STEVENS (for himself and Mr. MURKOWSKI) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 16 of the pending amendment, beginning on line 13, strike all through line 17 and insert in lieu thereof the following:

"(4) INDIAN, INDIAN TRIBE, AND TRIBAL ORGANIZATION.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the terms 'Indian', 'Indian tribe', and 'tribal organization' have the meaning given such terms by section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

"(B) IN ALASKA.—For purposes of grants under section 414 on behalf of Indians in Alaska, the term 'Indian tribe' shall mean only the following Alaska Native regional non-profit corporations—

"(i) Arctic Slope Native Association,

"(ii) Kawerak, Inc.,

"(iii) Maniilaq Association,

"(iv) Association of Village Council Presidents,

"(v) Tanana Chiefs Conference,

"(vi) Cook Inlet Tribal Council,

"(vii) Bristol Bay Native Association,

"(viii) Aleutian and Pribilof Island Association,

"(ix) Chugachmuit,

"(x) Tlingit Haida Central Council,

"(xi) Kodiak Area Native Association, and

"(xii) Copper River Native Association.".

COHEN AMENDMENT NO. 2586

Mr. SANTORUM (for Mr. COHEN) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

In section 102(c) of the amendment, insert "so long as the programs are implemented consistent with the Establishment Clause of the United States Constitution" after "subsection (a)(2)".

In section 102(d)(2) of the amendment, strike subparagraph (B), and redesignate subparagraph (C) as subparagraph (B).

SPECTER (AND SIMON) AMENDMENT NO. 2587

Mr. SANTORUM (for Mr. SPECTER, for himself and Mr. SIMON) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

In title VII, strike chapters 1 and 2 of subtitle C and insert the following:

CHAPTER 1—GENERAL PROVISIONS

SEC. 741. DEFINITIONS.

As used in this subtitle:

(1) AT-RISK YOUTH.—The term "at-risk youth" means an individual who—

(A) is not less than age 15 and not more than age 24;

(B) is low-income (as defined in section 723(e));

(C) is 1 or more of the following:

(i) Basic skills deficient.

(ii) A school dropout.

(iii) Homeless or a runaway.

(iv) Pregnant or parenting.

(v) Involved in the juvenile justice system.

(vi) An individual who requires additional education, training, or intensive counseling and related assistance, in order to secure and hold employment or participate successfully in regular schoolwork.

(2) ENROLLEE.—The term "enrollee" means an individual enrolled in the Job Corps.

(3) GOVERNOR.—The term "Governor" means the chief executive officer of a State.

(4) JOB CORPS.—The term "Job Corps" means the Job Corps described in section 743.

(5) JOB CORPS CENTER.—The term "Job Corps center" means a center described in section 743.

(6) OPERATOR.—The term "operator" means an entity selected under this chapter to operate a Job Corps center.

(7) SECRETARY.—The term "Secretary" means the Secretary of Labor.

CHAPTER 2—JOB CORPS

SEC. 742. PURPOSES.

The purposes of this chapter are—

(1) to maintain a national Job Corps program, carried out in partnership with States and communities, to assist at-risk youth who need and can benefit from an unusually intensive program, operated in a group setting, to become more responsible, employable, and productive citizens;

(2) to set forth standards and procedures for selecting individuals as enrollees in the Job Corps;

(3) to authorize the establishment of Job Corps centers in which enrollees will participate in intensive programs of workforce development activities; and

(4) to prescribe various other powers, duties, and responsibilities incident to the operation and continuing development of the Job Corps.

SEC. 743. ESTABLISHMENT.

There shall be established in the Department of Labor a Job Corps program, to carry out activities described in this chapter for individuals enrolled in the Job Corps and assigned to a center.

SEC. 744. INDIVIDUALS ELIGIBLE FOR THE JOB CORPS.

To be eligible to become an enrollee, an individual shall be an at-risk youth.

SEC. 745. SCREENING AND SELECTION OF APPLICANTS.

(a) STANDARDS AND PROCEDURES.—

(1) IN GENERAL.—The Secretary shall prescribe specific standards and procedures for the screening and selection of applicants for the Job Corps, after considering recommendations from the Governors, State workforce development boards established under section 715, local partnerships and local workforce development boards established under section 728, and other interested parties.

(2) METHODS.—In prescribing standards and procedures under paragraph (1) for the screening and selection of Job Corps applicants, the Secretary shall—

(A) require enrollees to take drug tests within 30 days of enrollment in the Job Corps;

(B) allocate, where necessary, additional resources to increase the applicant pool;

(C) establish standards for outreach to and screening of Job Corps applicants;

(D) where appropriate, take measures to improve the professional capability of the individuals conducting such screening; and

(E) require Job Corps applicants to pass background checks, conducted in accordance with procedures established by the Secretary.

(3) IMPLEMENTATION.—To the extent practicable, the standards and procedures shall be implemented through arrangements with—

(A) one-stop career centers;

(B) agencies and organizations such as community action agencies, professional groups, and labor organizations; and

(C) agencies and individuals that have contact with youth over substantial periods of time and are able to offer reliable information about the needs and problems of the youth.

(4) CONSULTATION.—The standards and procedures shall provide for necessary consultation with individuals and organizations, including court, probation, parole, law enforcement, education, welfare, and medical authorities and advisers.

(b) SPECIAL LIMITATIONS.—No individual shall be selected as an enrollee unless the individual or organization implementing the standards and procedures determines that—

(1) there is a reasonable expectation that the individual considered for selection can participate successfully in group situations and activities, is not likely to engage in behavior that would prevent other enrollees from receiving the benefit of the program or be incompatible with the maintenance of sound discipline and satisfactory relationships between the Job Corps center to which the individual might be assigned and surrounding communities; and

(2) the individual manifests a basic understanding of both the rules to which the individual will be subject and of the consequences of failure to observe the rules.

SEC. 746. ENROLLMENT AND ASSIGNMENT.

(a) RELATIONSHIP BETWEEN ENROLLMENT AND MILITARY OBLIGATIONS.—Enrollment in

the Job Corps shall not relieve any individual of obligations under the Military Selective Service Act (50 U.S.C. App. 451 et seq.).

(b) ASSIGNMENT.—After the Secretary has determined that an enrollee is to be assigned to a Job Corps center, the enrollee shall be assigned to the center that is closest to the residence of the enrollee, except that the Secretary may waive this requirement for good cause, including to ensure an equitable opportunity for at-risk youth from various sections of the Nation to participate in the Job Corps program, to prevent undue delays in assignment of an enrollee, to adequately meet the educational or other needs of an enrollee, and for efficiency and economy in the operation of the program.

(c) PERIOD OF ENROLLMENT.—No individual may be enrolled in the Job Corps for more than 2 years, except—

(1) in a case in which completion of an advanced career training program under section 748(d) would require an individual to participate for more than 2 years; or

(2) as the Secretary may authorize in a special case.

SEC. 747. JOB CORPS CENTERS.

(a) OPERATORS AND SERVICE PROVIDERS.—

(1) ELIGIBLE ENTITIES.—The Secretary shall enter into an agreement with a Federal, State, or local agency, which may be a State board or agency that operates or wishes to develop an area vocational education school facility or residential vocational school, or with a private organization, for the operation of each Job Corps center. The Secretary shall enter into an agreement with an appropriate entity to provide services for a Job Corps center.

(2) SELECTION PROCESS.—Except as provided in subsection (c)(d), the Secretary shall select an entity to operate a Job Corps center on a competitive basis, after reviewing the operating plans described in section 750. In selecting a private or public entity to serve as an operator, the Secretary may convene and obtain the recommendation of a selection panel described in section 752(b). In selecting an entity to serve as an operator or to provide services for a Job Corps center, the Secretary shall take into consideration the previous performance of the entity, if any, relating to operating or providing services for a Job Corps center.

(b) CHARACTER AND ACTIVITIES.—Job Corps centers may be residential or nonresidential in character, and shall be designed and operated so as to provide enrollees, in a well-supervised setting, with access to activities described in section 748. In any year, no more than 20 percent of the individuals enrolled in the Job Corps may be nonresidential participants in the Job Corps.

(c) CIVILIAN CONSERVATION CENTERS.—

(1) IN GENERAL.—The Job Corps centers may include Civilian Conservation Centers operated under agreement with the Secretary of Agriculture or Secretary of Interior, located primarily in rural areas, which shall provide, in addition to other training and assistance, programs of work experience to conserve, develop, or manage public natural resources or public recreational areas or to develop community projects in the public interest.

(2) SELECTION PROCESS.—The Secretary may select a nongovernmental entity to operate a Civilian Conservation Center on a competitive basis, if the center fails to meet such national performance standards as the Secretary shall establish.

(d) The Secretary may enter into agreement with Indian Tribes to operate Job Corps centers for Native American Indians.

SEC. 748. PROGRAM ACTIVITIES.

(a) ACTIVITIES PROVIDED THROUGH JOB CORPS CENTERS.—Each Job Corps center shall provide enrollees assigned to the center with access to activities described in section 716(a)(2)(B), and such other workforce development activities as may be appropriate to meet the needs of the enrollees, including providing work-based learning throughout the enrollment of the enrollees and assisting the enrollees in obtaining meaningful unsubsidized employment, participating successfully in secondary education or postsecondary education programs, enrolling in other suitable training programs, or satisfying Armed Forces requirements, on completion of their enrollment.

(b) ARRANGEMENTS.—The Secretary shall arrange for enrollees assigned to Job Corps centers to receive workforce development activities through or in cooperation with the statewide system, including workforce development activities provided through local public or private educational agencies, vocational educational institutions, or technical institutes.

(c) JOB PLACEMENT ACCOUNTABILITY.—The Secretary shall establish a Job Placement Accountability System in conjunction with the job placement accountability system described in section 731(d) in the State in which the center is located.

(d) ADVANCED CAREER TRAINING PROGRAMS.—

(1) IN GENERAL.—The Secretary may arrange for programs of advanced career training for selected enrollees in which the enrollees may continue to participate for a period of not to exceed 1 year in addition to the period of participation to which the enrollees would otherwise be limited.

(2) POSTSECONDARY EDUCATIONAL INSTITUTIONS.—The advanced career training may be provided through a postsecondary educational institution for an enrollee who has obtained a secondary school diploma or its recognized equivalent, has demonstrated commitment and capacity in previous Job Corps participation, and has an identified occupational goal.

(3) COMPANY-SPONSORED TRAINING PROGRAMS.—The Secretary may enter into contracts with private for-profit businesses and labor unions to provide the advanced career training through intensive training in company-sponsored training programs, combined with internships in work settings.

(4) BENEFITS.—

(A) IN GENERAL.—During the period of participation in an advanced career training program, an enrollee shall be eligible for full Job Corps benefits, or a monthly stipend equal to the average value of the residential support, food, allowances, and other benefits provided to enrollees assigned to residential Job Corps centers.

(B) CALCULATION.—The total amount for which an enrollee shall be eligible under subparagraph (A) shall be reduced by the amount of any scholarship or other educational grant assistance received by such enrollee for advanced career training.

(5) DEMONSTRATION.—Each year, any operator seeking to enroll additional enrollees in an advanced career training program shall demonstrate that participants in such program have achieved a reasonable rate of completion and placement in training-related jobs before the operator may carry out such additional enrollment.

SEC. 749. SUPPORT.

The Secretary shall provide enrollees assigned to Job Corps centers with such personal allowances, including readjustment allowances, as the Secretary may determine to be necessary or appropriate to meet the needs of the enrollees.

SEC. 750. OPERATING PLAN.

(a) IN GENERAL.—To be eligible to operate a Job Corps center, an entity shall prepare and submit an operating plan to the Secretary for approval. Prior to submitting the plan to the Secretary, the entity shall submit the plan to the Governor of the State in which the center is located for review and comment. The entity shall submit any comments prepared by the Governor on the plan to the Secretary with the plan. Such plan shall include, at a minimum, information indicating—

(1) in quantifiable terms, the extent to which the center will contribute to the achievement of the proposed State goals and State benchmarks identified in the State plan submitted under section 714 for the State in which the center is located;

(2) the extent to which workforce employment activities and workforce education activities delivered through the Job Corps center are directly linked to the workforce development needs of the region in which the center is located;

(3) an implementation strategy to ensure that all enrollees assigned to the Job Corps center will have access to services through the one-stop delivery of core services described in section 716(a)(2) by the State; and

(4) an implementation strategy to ensure that the curricula of all such enrollees is integrated into the school-to-work activities of the State, including work-based learning, work experience, and career-building activities, and that such enrollees have the opportunity to obtain secondary school diplomas or their recognized equivalent.

(b) APPROVAL.—The Secretary shall not approve an operating plan described in subsection (a) for a center if the Secretary determines that the activities proposed to be carried out through the center are not sufficiently integrated with the activities carried out through the statewide system of the State in which the center is located.

SEC. 751. STANDARDS OF CONDUCT.

(a) PROVISION AND ENFORCEMENT.—The Secretary shall provide, and directors of Job Corps center shall stringently enforce, standards of conduct within the centers. Such standards of conduct shall include provisions forbidding the actions described in subsection (b)(2)(A).

(b) DISCIPLINARY MEASURES.—

(1) IN GENERAL.—To promote the proper moral and disciplinary conditions in the Job Corps, the directors of Job Corps centers shall take appropriate disciplinary measures against enrollees. If such a director determines that an enrollee has committed a violation of the standards of conduct, the director shall dismiss the enrollee from the Job Corps if the director determines that the retention of the enrollee in the Job Corps will jeopardize the enforcement of such standards or diminish the opportunities of other enrollees.

(2) ZERO TOLERANCE POLICY.—

(A) GUIDELINES.—The Secretary shall adopt guidelines establishing a zero tolerance policy for an act of violence, for use, sale, or possession of a controlled substance, for abuse of alcohol, or for another illegal or disruptive activity.

(B) DEFINITIONS.—As used in this paragraph:

(i) CONTROLLED SUBSTANCE.—The term "controlled substance" has the meaning given the term in section 102 of the Controlled Substances Act (21 U.S.C. 802).

(ii) ZERO TOLERANCE POLICY.—The term "zero tolerance policy" means a policy under which an enrollee shall be automatically dismissed from the Job Corps after a determination by the director that the enrollee has carried out an action described in subparagraph (A).

(c) APPEAL.—A disciplinary measure taken by a director under this section shall be subject to expeditious appeal in accordance with procedures established by the Secretary.

SEC. 752. COMMUNITY PARTICIPATION.

(a) ACTIVITIES.—The Secretary shall encourage and cooperate in activities to establish a mutually beneficial relationship between Job Corps centers in the State and nearby communities. The activities shall include the use of any local partnerships or local workforce development boards established in the State under section 728 to provide a mechanism for joint discussion of common problems and for planning programs of mutual interest.

(b) SELECTION PANELS.—The Governor may recommend individuals to serve on a selection panel convened by the Secretary to provide recommendations to the Secretary regarding any competitive selection of an operator for a center in the State. In recommending individuals to serve on the panel, the Governor may recommend members of State workforce development boards established under section 715, if any, members of any local partnerships or local workforce development boards established in the State under section 728, or other representatives selected by the Governor.

(c) ACTIVITIES.—Each Job Corps center director shall—

(1) give officials of nearby communities appropriate advance notice of changes in the rules, procedures, or activities of the Job Corps center that may affect or be of interest to the communities;

(2) afford the communities a meaningful voice in the affairs of the Job Corps center that are of direct concern to the communities, including policies governing the issuance and terms of passes to enrollees; and

(3) encourage the participation of enrollees in programs for improvement of the communities, with appropriate advance consultation with business, labor, professional, and other interested groups, in the communities.

SEC. 753. COUNSELING AND PLACEMENT.

The Secretary shall ensure that enrollees assigned to Job Corps centers receive academic and vocational counseling and job placement services, which shall be provided, to the maximum extent practicable, through the delivery of core services described in section 716(a)(2).

SEC. 754. ADVISORY COMMITTEES.

The Secretary is authorized to make use of advisory committees in connection with the operation of the Job Corps program, and the operation of Job Corps centers, whenever the Secretary determines that the availability of outside advice and counsel on a regular basis would be of substantial benefit in identifying and overcoming problems, in planning program or center development, or in strengthening relationships between the Job Corps and agencies, institutions, or groups engaged in related activities.

SEC. 755. APPLICATION OF PROVISIONS OF FEDERAL LAW.

(a) ENROLLEES NOT CONSIDERED TO BE FEDERAL EMPLOYEES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection and in section 8143(a) of title 5, United States Code, enrollees shall not be considered to be Federal employees and shall not be subject to the provisions of law relating to Federal employment, including such provisions regarding hours of work, rates of compensation, leave, unemployment compensation, and Federal employee benefits.

(2) PROVISIONS RELATING TO TAXES AND SOCIAL SECURITY BENEFITS.—For purposes of the Internal Revenue Code of 1986 and title II of the Social Security Act (42 U.S.C. 401 et seq.), enrollees shall be deemed to be employees of the United States and any service performed by an individual as an enrollee shall be deemed to be performed in the employ of the United States.

(3) PROVISIONS RELATING TO COMPENSATION TO FEDERAL EMPLOYEES FOR WORK INJURIES.—For purposes of subchapter I of chapter 81 of title 5, United States Code (relating to compensation to Federal employees for work injuries), enrollees shall be deemed to be civil employees of the Government of the United States within the meaning of the term "employee" as defined in section 8101 of title 5, United States Code, and the provisions of such subchapter shall apply as specified in section 8143(a) of title 5, United States Code.

(4) FEDERAL TORT CLAIMS PROVISIONS.—For purposes of the Federal tort claims provisions in title 28, United States Code, enrollees shall be considered to be employees of the Government.

(b) ADJUSTMENTS AND SETTLEMENTS.—Whenever the Secretary finds a claim for damages to a person or property resulting from the operation of the Job Corps to be a proper charge against the United States, and the claim is not cognizable under section 2672 of title 28, United States Code, the Secretary may adjust and settle the claim in an amount not exceeding $1,500.

(c) PERSONNEL OF THE UNIFORMED SERVICES.—Personnel of the uniformed services who are detailed or assigned to duty in the performance of agreements made by the Secretary for the support of the Job Corps shall not be counted in computing strength under any law limiting the strength of such services or in computing the percentage authorized by law for any grade in such services.

SEC. 756. SPECIAL PROVISIONS.

(a) ENROLLMENT OF WOMEN.—The Secretary shall immediately take steps to achieve an enrollment of 50 percent women in the Job Corps program, consistent with the need to—

(1) promote efficiency and economy in the operation of the program;

(2) promote sound administrative practice; and

(3) meet the socioeconomic, educational, and training needs of the population to be served by the program.

(b) STUDIES, EVALUATIONS, PROPOSALS, AND DATA.—The Secretary shall assure that all studies, evaluations, proposals, and data produced or developed with Federal funds in the course of carrying out the Job Corps program shall become the property of the United States.

(c) GROSS RECEIPTS.—Transactions conducted by a private for-profit contractor or a nonprofit contractor in connection with the operation by the contractor of a Job Corps center or the provision of services by the contractor for a Job Corps center shall not be considered to be generating gross receipts. Such a contractor shall not be liable, directly or indirectly, to any State or subdivision of a State (nor to any person acting on behalf of such a State or subdivision) for any gross receipts taxes, business privilege taxes measured by gross receipts, or any similar taxes imposed on, or measured by, gross receipts in connection with any payments made to or by such contractor for operating or providing services for a Job Corps center. Such a contractor shall not be liable to any State or subdivision of a State to collect or pay any sales, excise, use, or similar tax imposed on the sale to or use by such contractor of any property, service, or other item in connection with the operation of or provision of services for a Job Corps center.

(d) MANAGEMENT FEE.—The Secretary shall provide each operator or entity providing services for a Job Corps center with an equitable and negotiated management fee of not less than 1 percent of the contract amount.

(e) DONATIONS.—The Secretary may accept on behalf of the Job Corps or individual Job Corps centers charitable donations of cash or other assistance, including equipment and materials, if such donations are available for appropriate use for the purposes set forth in this chapter.

SEC. 757. REVIEW OF JOB CORPS CENTERS.

(a) NATIONAL JOB CORPS REVIEW.—Not later than March 31, 1997, the Governing Board shall conduct a review of the activities carried out under part B of title IV of the Job Training Partnership Act (29 U.S.C. 1691 et seq.), and submit to the appropriate committees of Congress a report containing the results of the review, including—

(1) information on the amount of funds expended for fiscal year 1996 to carry out activities under such part, for each State and for the United States;

(2) for each Job Corps center funded under such part, information on the amount of funds expended for fiscal year 1996 under such part to carry out activities related to the direct operation of the center, including funds expended for student training, outreach or intake activities, meals and lodging, student allowances, medical care, placement or settlement activities, and administration;

(3) for each Job Corps center, information on the amount of funds expended for fiscal year 1996 under such part through contracts to carry out activities not related to the direct operation of the center, including funds expended for student travel; national outreach, screening, and placement services, national vocational training, and national and regional administrative costs;

(4) for each Job Corps center, information on the amount of funds expended for fiscal year 1996 under such part for facility construction, rehabilitation, and acquisition expenses;

(5) information on the amount of funds required to be expended under such part to complete each new or proposed Job Corps center, and to rehabilitate and repair each existing Job Corps center, as of the date of the submission of the report;

(6) a summary of the information described in paragraphs (2) through (5) for all Job Corps centers;

(7) an assessment of the need to serve at-risk youth in the Job Corps program, including—

(A) a cost-benefit analysis of the residential component of the Job Corps program;

(B) the need for residential education and training services for at-risk youth, analyzed for each State and for the United States; and

(C) the distribution of training positions in the Job Corps program, as compared to the need for the services described in subparagraph (B), analyzed for each State;

(8) an overview of the Job Corps program as a whole and an analysis of individual Job Corps centers, including a 5-year performance measurement summary that includes information, analyzed for the program and for each Job Corps center, on—

(A) the number of enrollees served;

(B) the number of former enrollees who entered employment, including the number of former enrollees placed in a position related to the job training received through the program and the number placed in a position not related to the job training received;

(C) the number of former enrollees placed in jobs for 32 hours per week or more;

(D) the number of former enrollees who entered employment and were retained in the employment for more than 13 weeks;

(E) the number of former enrollees who entered the Armed Forces;

(F) the number of former enrollees who completed vocational training, and the rate of such completion, analyzed by vocation;

(G) the number of former enrollees who entered postsecondary education;

(H) the number and percentage of early dropouts from the Job Corps program;

(I) the average wage of former enrollees, including wages from positions described in subparagraph (B);

(J) the number of former enrollees who obtained a secondary school diploma or its recognized equivalent;

(K) the average level of learning gains for former enrollees; and

(L) the number of former enrollees that did not—

(i) enter employment or postsecondary education;

(ii) complete a vocational education program; or

(iii) make identifiable learning gains;

(9) information regarding the performance of all existing Job Corps centers over the 3 years preceding the date of submission of the report; and

(10) job placement rates for each Job Corps center and each entity providing services to a Job Corps center.

(b) RECOMMENDATIONS OF GOVERNING BOARD.—

(1) RECOMMENDATIONS.—The Governing Board shall, based on the results of the review described in subsection (a), make recommendations to the Secretary of Labor, regarding improvements in the operation of the Job Corps program, including—

(A) closing 5 Job Corps centers by September 30, 1997, and 5 additional Job Corps centers by September 30, 2000;

(B) relocating Job Corps centers described in paragraph (2)(A)(iii) in cases in which facility rehabilitation, renovation, or repair is not cost-effective; and

(C) taking any other action that would improve the operation of a Job Corps center.

(2) CONSIDERATIONS.—

(A) IN GENERAL.—In determining whether to recommend that the Secretary of Labor close a Job Corps center, the advisory committee shall consider whether the center—

(i) has consistently received low performance measurement ratings under the Department of Labor or the Office of Inspector General Job Corps rating system;

(ii) is among the centers that have experienced the highest number of serious incidents of violence or criminal activity in the past 5 years;

(iii) is among the centers that require the largest funding for renovation or repair, as specified in the Department of Labor Job Corps Construction/Rehabilitation Funding Needs Survey, or for rehabilitation or repair, as reflected in the portion of the review described in subsection (a)(5);

(iv) is among the centers for which the highest relative or absolute fiscal year 1996 expenditures were made, for any of the categories of expenditures described in paragraph (2), (3), or (4) of subsection (a), as reflected in the review described in subsection (a);

(v) is among the centers with the least State and local support; or

(vi) is among the centers with the lowest rating on such additional criteria as the advisory committee may determine to be appropriate.

(B) COVERAGE OF STATES AND REGIONS.—Notwithstanding subparagraph (A), the advisory committee shall not recommend that the Secretary of Labor close the only Job Corps center in a State or a region of the United States.

(C) ALLOWANCE FOR NEW JOB CORPS CENTERS.—Notwithstanding any other provision of this section, if the planning or construction of a Job Corps center that received Federal funding for fiscal year 1994 or 1995 has not been completed by the date of enactment of this Act—

(i) the appropriate entity may complete the planning or construction and begin operation of the center; and

(ii) the advisory committee shall not evaluate the center under this title sooner than 3 years after the first date of operation of the center.

(3) REPORT.—Not later than June 30, 1997, the Governing Board shall submit a report to the Secretary of Labor, which shall contain a detailed statement of the findings and conclusions of the Board resulting from the review described in subsection (a) together with the recommendations described in paragraph (1).

(c) IMPLEMENTATION OF PERFORMANCE IMPROVEMENTS.—The Secretary shall, after reviewing the report submitted under subsection (b)(3), implement improvements in the operation of the Job Corps program, including the closings of 10 individual Job Corps centers pursuant to subsection (b). The Secretary may close additional centers as he deems appropriate. Funds saved through the implementation of such improvements shall be used to maintain overall Job Corps program service levels, improve facilities at existing Job Corps centers, relocate Job Corps centers, initiate new Job Corps centers, and make other performance improvements in the Job Corps program.

(d) REPORT TO CONGRESS.—The Secretary shall annually report to Congress the information specified in paragraphs (8), (9), and (10) of subsection (a) and such additional information relating to the Job Corps program as the Secretary may determine to be appropriate.

SEC. 758. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), this chapter shall take effect on July 1, 1998.

(b) REPORT.—Section 757 shall take effect on the date of enactment of this Act.

In section 759(a), strike "to States to assist the States in paying for the cost of carrying out" and insert "for States, to enable the Secretary of Labor to carry out in the States, and to assist the States in paying for the cost of carrying out,".

In section 759(b)(1), strike "The State shall use a portion of the funds made available to the State through an allotment received under subsection (c)" and insert "The Secretary of Labor shall use the funds made available for a State through an allotment made under subsection (c)(2), and, at the election of the State, a portion of the funds made available to the State through an allotment received under subsection (c)(3),".

In section 759(b)(1), strike "section 755" and insert "section 757".

In section 759(b)(2), strike "the funds described in paragraph (1)" and insert "the funds made available to a State through an allotment received under subsection (c)(3)".

In section 759(c)(1), in the matter preceding subparagraph (A), strike "allot to" and insert "allot for".

In section 759(c)(1)(A), strike "available to" and insert "available for".

In section 759(c)(2), strike "to each State" and insert "for each State".

In section 759(c)(2), strike "to carry out" and insert "to enable the Secretary of Labor to carry out".

In section 759(c)(2), strike "section 755(a)(2)" and insert "section 757(a)(2), (3), and (4)".

In section 759(d)(1), strike "subsection (c)" and insert "subsection (c)(3)".

In section 771(b), strike "this title" and insert "this title (other than subtitle C)".

In section 772(a)(4)(B), strike "this title" and insert "this title (other than subtitle C)".

In section 776(c)(2)(H), strike "this title" and insert "this title (other than subtitle C)".

In the first sentence of section 776(c)(5)(A), strike "this title" and insert "this title (other than subtitle C)".

In the second sentence of section 776(c)(5)(A), strike "this title" and insert "this title (other than subtitle C)".

CHAFEE AMENDMENT NO. 2588

Mr. SANTORUM (for Mr. CHAFEE) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 50, beginning with line 12, strike all through line 17, and insert the following:

(2) VOUCHERS FOR CHILDREN BORN TO FAMILIES RECEIVING ASSISTANCE.—States must provide vouchers in lieu of cash assistance which may be used only to pay for particular goods and services specified by the State as suitable for the care of the child.

MCCAIN AMENDMENT NO. 2589

Mr. SANTORUM (for Mr. MCCAIN) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 583, between lines 6 and 7, insert the following:

"(4) FAMILIES UNDER CERTAIN AGREEMENTS.—In the case of a family receiving assistance from an Indian tribe, distribute the amount so collected pursuant to an agreement entered into pursuant to a State plan under section 454(32).

On page 712, between lines 9 and 10, insert the following:

SEC. 972. CHILD SUPPORT ENFORCEMENT FOR INDIAN TRIBES.

(a) CHILD SUPPORT ENFORCEMENT AGREEMENTS.—Section 454 (42 U.S.C. 654), as amended by sections 901(b), 904(a), 912(b), 913(a), 933, 943(a), and 970(a)(2) is amended—

(1) by striking "and" at the end of paragraph (3);

(2) by striking the period at the end of paragraph (31) and inserting "; and"; and

(3) by adding after paragraph (31) the following new paragraph:

"(32) provide that a State that receives funding pursuant to section 429 and that has within its borders Indian country (as defined in section 1151 of title 18, United States Code) shall, through the State administering agency, make reasonable efforts to enter into cooperative agreements with an Indian tribe or tribal organization (as defined in paragraphs (1) and (2) of section 428(c)), if the Indian tribe or tribal organization demonstrates that such tribe or organization has an established tribal court system or a Court of Indian Offenses with the authority to establish paternity, establish and enforce support orders, and to enter support orders in accordance with child support guidelines established by such tribe or organization, under which the State and tribe or organization shall provide for the cooperative delivery of child support enforcement services in Indian country and for the forwarding of all funding collected pursuant to the functions performed by the tribe or organization to the State agency, or conversely, by the State agency to the tribe or organization, which shall distribute such funding in accordance with such agreement.".

(b) DIRECT FEDERAL FUNDING TO INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—Section 455 (42 U.S.C. 655) is amended by adding at the end the following new subsection:

"(b) The Secretary may, in appropriate cases, make direct payments under this part

to an Indian tribe or tribal organization which has an approved child support enforcement plan under this title. In determining whether such payments are appropriate, the Secretary shall, at a minimum, consider whether services are being provided to eligible Indian recipients by the State agency through an agreement entered into pursuant to section 454(32). The Secretary shall provide for an appropriate adjustment to the State allotment under this section to take into account any payments made under this subsection to Indian tribes or tribal organizations located within such State.

(c) COOPERATIVE ENFORCEMENT AGREEMENTS.—Paragraph (7) of section 454 (42 U.S.C. 654) is amended by inserting "and Indian tribes or tribal organizations (as defined in section 450(b) of title 25, United States Code)" after "law enforcement officials".

MOYNIHAN (AND OTHERS) AMENDMENT NO. 2590

Mr. MOYNIHAN (for himself, Ms. SNOWE, Mr. ROCKEFELLER, and Mr. BYRD) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 26, between lines 21 and 22, insert the following:

"(f) ADDITIONAL AMOUNT FOR STUDIES AND DEMONSTRATIONS.—

"(1) IN GENERAL.—There are authorized to be appropriated and there are appropriated for each fiscal year described in subsection (a)(1) an additional amount equal to 0.20 percent of the amount appropriated under subparagraph (A) of subsection (a)(4) for the purpose of paying—

"(A) the Federal share of any State-initiated study approved under section 410(g);

"(B) an amount determined by the Secretary to be necessary to operate and evaluate demonstration projects, relating to part A of title IV of this Act, that are in effect or approved under section 1115 as of October 1, 1995, and are continued after such date;

"(C) the cost of conducting the research described in section 410(a); and

"(D) the cost of developing and evaluating innovative approaches for reducing welfare dependency and increasing the well-being of minor children under section 410(b).

"(2) ALLOCATION.—Of the amount appropriated under paragraph (1) for a fiscal year—

"(A) 50 percent shall be allocated for the purposes described in subparagraphs (A) and (B) of paragraph (1), and

"(B) 50 percent shall be allocated for the purposes described in subparagraphs (C) and (D) of paragraph (1).

On page 26, line 22, strike "(f)" and insert "(g)".

On page 53, beginning on line 7, strike all through page 55, line 7, and insert the following:

"(a) IN GENERAL.—The Secretary, in consultation with State and local government officials and other interested persons, shall develop a quality assurance system of data collection and reporting that promotes accountability and ensures the improvement and integrity of programs funded under this part.

"(b) STATE SUBMISSIONS.—

"(1) IN GENERAL.—Not later than the 15th day of the first month of each calendar quarter, each State to which a grant is made under section 403 shall submit to the Secretary the data described in paragraphs (2) and (3) with respect to families described in paragraph (4).

"(2) DISAGGREGATED DATA DESCRIBED.—The data described in this paragraph with respect to families described in paragraph (4) is a sample of monthly disaggregated case record data containing the following:

"(A) The age of the adults and children (including pregnant women) in each family.

"(B) The marital and familial status of each member of the family (including whether the family is a 2-parent family and whether a child is living with an adult relative other than a parent).

"(C) The gender, educational level, work experience, and race of the head of each family.

"(D) The health status of each member of the family (including whether any member of the family is seriously ill, disabled, or incapacitated and is being cared for by another member of the family).

"(E) The type and amount of any benefit or assistance received by the family, including—

"(i) the amount of and reason for any reduction in assistance, and

"(ii) if assistance is terminated, whether termination is due to employment, sanction, or time limit.

"(F) Any benefit or assistance received by a member of the family with respect to housing, food stamps, job training, or the Head Start program.

"(G) The number of months since the family filed the most recent application for assistance under the program and if assistance was denied, the reason for the denial.

"(H) The number of times a family has applied for and received assistance under the State program and the number of months assistance has been received each time assistance has been provided to the family.

"(I) The employment status of the adults in the family (including the number of hours worked and the amount earned).

"(J) The date on which an adult in the family began to engage in work, the number of hours the adult engaged in work, the work activity in which the adult participated, and the amount of child care assistance provided to the adult (if any).

"(K) The number of individuals in each family receiving assistance and the number of individuals in each family not receiving assistance, and the relationship of each individual to the youngest child in the family.

"(L) The citizenship status of each member of the family.

"(M) The housing arrangement of each member of the family.

"(N) The amount of unearned income, child support, assets, and other financial factors considered in determining eligibility for assistance under the State program.

"(O) The location in the State of each family receiving assistance.

"(P) Any other data that the Secretary determines is necessary to ensure efficient and effective program administration.

"(3) AGGREGATED MONTHLY DATA.—The data described in this paragraph is the following aggregated monthly data with respect to the families described in paragraph (4):

"(A) The number of families.

"(B) The number of adults in each family.

"(C) The number of children in each family.

"(D) The number of families for which assistance has been terminated because of employment, sanctions, or time limits.

"(4) FAMILIES DESCRIBED.—The families described in this paragraph are—

"(A) families receiving assistance under a State program funded under this part for each month in the calendar quarter preceding the calendar quarter in which the data is submitted,

"(B) families applying for such assistance during such preceding calendar quarter, and

"(C) families that became ineligible to receive such assistance during such preceding calendar quarter.

"(5) APPROPRIATE SUBSETS OF DATA COLLECTED.—The Secretary shall determine appropriate subsets of the data described in paragraphs (2) and (3) that a State is required to submit under paragraph (1) with respect to families described in subparagraphs (B) and (C) of paragraph (4).

"(6) SAMPLING AND OTHER METHODS.—The Secretary shall provide the States with such case sampling plans and data collection procedures as the Secretary deems necessary to produce statistically valid estimates of each State's program performance. The Secretary is authorized to develop and implement procedures for verifying the quality of data submitted by the States.

On page 58, between lines 5 and 6, insert the following:

"(j) REPORT TO CONGRESS.—Not later than 6 months after the end of fiscal year 1997, and each fiscal year thereafter, the Secretary shall transmit to the Congress a report describing—

"(1) whether the States are meeting—

"(A) the participation rates described in section 404(a); and

"(B) the objectives of—

"(i) increasing employment and earnings of needy families, and child support collections; and

"(ii) decreasing out-of-wedlock pregnancies and child poverty;

"(3) the demographic and financial characteristics of families applying for assistance, families receiving assistance, and families that become ineligible to receive assistance;

"(4) the characteristics of each State program funded under this part; and

"(5) the trends in employment and earnings of needy families with minor children.

On page 58, beginning on line 8, strike all through page 58, line 21, and insert the following:

"(a) RESEARCH.—The Secretary shall conduct research on the benefits, effects, and costs of operating different State programs funded under this part, including time limits relating to eligibility for assistance. The research shall include studies on the effects of different programs and the operation of such programs on welfare dependency, illegitimacy, teen pregnancy, employment rates, child well-being, and any other area the Secretary deems appropriate.

"(b) DEVELOPMENT AND EVALUATION OF INNOVATIVE APPROACHES TO REDUCING WELFARE DEPENDENCY AND INCREASING CHILD WELL-BEING.—

"(1) IN GENERAL.—The Secretary may assist States in developing, and shall evaluate, innovative approaches for reducing welfare dependency and increasing the well-being of minor children with respect to recipients of assistance under programs funded under this part. The Secretary may provide funds for training and technical assistance to carry out the approaches developed pursuant to this paragraph.

"(2) EVALUATIONS.—In performing the evaluations under paragraph (1), the Secretary shall, to the maximum extent feasible, use random assignment as an evaluation methodology.

On page 58, line 22, strike "(d)" and insert "(c)".

On page 59, line 4, strike "(e)" and insert "(d)".

On page 59, line 22, strike "(f)" and insert "(e)".

On page 60, between lines 13 and 14, insert the following:

"(g) STATE-INITIATED STUDIES.—A State shall be eligible to receive funding to evaluate the State's family assistance program funded under this part if—

"(1) the State submits a proposal to the Secretary for such evaluation,

"(2) the Secretary determines that the design and approach of the evaluation is rigorous and is likely to yield information that is credible and will be useful to other States, and

"(3) unless otherwise waived by the Secretary, the State provides a non-Federal share of at least 10 percent of the cost of such study.

BOXER AMENDMENT NO. 2591

Mr. MOYNIHAN (for Mrs. BOXER) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 17, line 2, strike "and (5)" and insert "(5), and (6)".

On page 24, between lines 18 and 19, and insert the following:

"(6) CHILD CARE MAINTENANCE OF EFFORT.—

"(A) IN GENERAL.—The amount of the grant otherwise determined under paragraph (1) for fiscal year 1997, 1998, 1999, and 2000 shall be reduced by the amount by which State expenditures under the State program funded under this part for child care for the preceding fiscal year is less than historic State child care expenditures.

"(B) HISTORIC STATE CHILD CARE EXPENDITURES.—For purposes of this paragraph, the term 'historic State child care expenditures' means amounts expended for fiscal year 1994 for child care under—

"(i) section 402(g)(1)(A)(i) of this Act (relating to AFDC-JOBs child care) (as in effect during such year);

"(ii) section 402(g)(1)(A)(ii) of this Act (relating to transitional child care) (as so in effect); and

"(iii) section 402(i) of this Act (relating to at-risk child care) (as so in effect).

"(C) DETERMINING STATE EXPENDITURES.—For purposes of this paragraph, State expenditures shall not include any expenditures from amounts made available by the Federal Government.

"(D) BONUS FOR STATES WITH HIGH WORK PARTICIPATION RATES.—The Secretary shall distribute (in a manner to be determined by the Secretary) amounts by which State grants are reduced under this section to States that exceed the minimum participation rates specified under section 404(a). If no State qualifies for such distribution, the Secretary may retain such amounts for distribution in succeeding years.".

BOXER AMENDMENTS NOS. 2592-2593

Mr. MOYNIHAN (for Mrs. BOXER) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2592

On page 292, line 5, strike "and".

On page 292, line 11, strike the end period and insert ", and".

On page 292, between lines 11 and 12, insert:

(F) payments for foster care and adoption assistance under part E of title IV of the Social Security Act.

AMENDMENT NO. 2593

At the appropriate place, insert the following new section:

SEC. ___. SENSE OF SENATE REGARDING GAG RULE.

It is the sense of the Senate that, notwithstanding any other provision of law, receipt of Federal funding by providers of health care or social services shall not permit the Federal Government, States, counties, or any other political subdivisions to restrict the content of any medical information provided by those providers in furtherance of the provision of health care or social services to their patients or clients.

FAIRCLOTH (AND GRAMM) AMENDMENT NO. 2594

Mr. SANTORUM (for Mr. FAIRCLOTH for himself and Mr. GRAMM) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 49, strike line 13 through line 19 and insert the following.

"(b) NO ASSISTANCE FOR OUT-OF-WEDLOCK BIRTHS TO MINORS UNLESS CERTAIN CONDITIONS ARE MET.—Notwithstanding subsection (d), a State to which a grant is made under section 403 may not use any part of the grant to provide cash benefits for a child born out-of-wedlock to an individual who has not attained 18 years of age, or for the individual, until the individual attains such age or unless the following conditions are met:

"(A) The individual is in, or has graduated from, a secondary school or a program offering the equivalent of vocational or technical training, or has obtained a certificate of high school equivalency.

"(B) Any cash benefits for the child or the individual are provided only to—

(I) an adult with whom the individual or child reside, and whom the State recognizes as acting in loco parentis with respect to the individual; or

(ii) the maternity home, foster home, or other adult-supervised supportive living arrangement in which the individual lives.

"(C) Any vouchers provided in lieu of cash benefits for the individual or the child may be used only to pay for—

(i) particular goods and services specified by the State as suitable for the care of the child (such as diapers, clothing, or cribs); or

(ii) the costs associated with a maternity home, foster home, or other adult supervised supportive living arrangement in which the individual and child live.

"(D) EXCEPTION FOR RAPE OR INCEST.—Subparagraph (A) shall not apply with respect to a child who is born as a result of rape or incest."

FAIRCLOTH AMENDMENTS NOS. 2595-2607

Mr. SANTORUM (for Mr. FAIRCLOTH) proposed thirteen amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2595

At the appropriate place, insert the following:

SEC. ___. REPORT ON DISQUALIFICATION OF ILLEGAL ALIENS FROM HOUSING ASSISTANCE PROGRAMS.

(a) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, the Secretary of Housing and Urban Development shall submit to the Committees on the Judiciary of the House of Representatives and the Senate, the Committee on Banking and Financial Services of the House of Representatives, and the Committee on Banking, Housing, and Urban Affairs of the Senate, a report describing the manner in which the Secretary is enforcing section 214 of the Housing and Community Development Act of 1980.

(b) CONTENTS.—The report submitted under subsection (a) shall include statistics with respect to the number of aliens denied financial assistance under such section.

Amend the table of contents accordingly.

AMENDMENT NO. 2596

At the appropriate place, insert the following:

SEC. ___. SENSE OF THE CONGRESS REGARDING A WORK REQUIREMENT FOR PUBLIC HOUSING RESIDENTS.

It is the sense of the Congress that able-bodied residents of public housing (as such term is defined in section 3(b) of the United States Housing Act of 1937) should be required to perform work service to improve and maintain the facilities in which they live.

Amend the table of contents accordingly.

AMENDMENT NO. 2597

At the end of section 731, insert the following:

(f) EVALUATIONS.—

(1) COVERED ACTIVITIES.—The activities referred to in this subsection are activities carried out under this subtitle or subtitle C.

(2) IN GENERAL.—Each State that carries out activities described in paragraph (1) shall conduct ongoing evaluations of such activities.

(3) METHODS.—The State shall conduct such evaluations through controlled experiments using experimental and control groups chosen by random assignment. In conducting the evaluations, the State shall, at a minimum, determine whether activities described in paragraph (1) effectively raise the hourly wage rates of participants in such activities.

(4) ONGOING NATURE OF EVALUATIONS.—At any given time during the 2-year period of the program, the State shall conduct at least 1 such evaluation of the activities described in paragraph (1).

AMENDMENT NO. 2598

At the end of section 712, insert the following:

(d) TRANSFERABILITY TO OPERATE WORK PROGRAMS.—

(1) TRANSFERS TO OTHER WORK AND TRAINING ACTIVITIES.—The Governor of a State that receives an allotment under this section may use 25 percent of the funds made available through the allotment—

(A) to enable the State to meet the minimum participation rates described in section 404(a) of the Social Security Act (as amended by section 101), including the provision of such child care services as the Governor may determine to be necessary to meet the rates; or

(B) for the implementation of work and training programs for recipients of Federal means tested assistance (as defined by the Federal Partnership), including the provision of the child care services described in subparagraph (A).

(2) TRANSFERS FROM OTHER WORK AND TRAINING ACTIVITIES.—The Governor of a State that receives funds under part A of title IV of the Social Security Act, or Federal financial assistance to carry out the programs described in paragraph (1)(B), may use 25 percent of the funds or financial assistance to carry out the activities described in this subtitle.

AMENDMENT NO. 2599

In section 759(b), add at the end the following:

(3) TRANSFERS TO OTHER WORK AND TRAINING ACTIVITIES.—The Governor of a State that receives an allotment under this section may use 25 percent of the funds made available through the allotment—

(A) to enable the State to meet the minimum participation rates described in section 404(a) of the Social Security Act (as amended by section 101), including the provision of

such child care services as the Governor may determine to be necessary to meet the rates; or

(B) for the implementation of work and training programs for recipients of Federal means tested assistance (as defined by the Federal Partnership), including the provision of the child care services described in subparagraph (A).

(4) TRANSFERS FROM OTHER WORK AND TRAINING ACTIVITIES.—The Governor of a State that receives funds under part A of title IV of the Social Security Act, or Federal financial assistance to carry out the programs described in paragraph (3)(B), may use 25 percent of the funds or financial assistance to carry out the activities described in this subtitle.

AMENDMENT NO. 2600

On page 200, between lines 11 and 12, insert the following:

SEC. 321. CASH AID IN LIEU OF ALLOTMENT.

Section 7 of the Food Stamp Act of 1977 (7 U.S.C. 2016) (as amended by section 320) is further amended by adding at the end the following:

"(k) CASH AID IN LIEU OF COUPONS.—

"(1) ELIGIBLE INDIVIDUALS.—For purposes of this subsection, an individual shall be eligible if the individual is—

"(A) receiving benefits under this Act;

"(B) receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); and

"(C) participating in subsidized employment, on-the-job training, or a community service program under section 404 of the Social Security Act.

"(2) STATE OPTION.—In the case of an eligible individual described in paragraph (1), a State agency may—

"(A) convert the food stamp benefits of the household of which the individual is a member to cash, and provide the cash in a single integrated payment with cash aid under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); and

"(B) sanction the individual, or a household that contains the individual, or reduce the benefits of the individual or household under the same rules and procedures as the State uses under part A of title IV of the Act (42 U.S.C. 601 et seq.).

AMENDMENT NO. 2601

On page 190, strike lines 9 through 17 and insert the following:

"(i) COMPARABLE TREATMENT UNDER SEPARATE PROGRAMS.—

"(1) IN GENERAL.—If a disqualification, penalty, or sanction is imposed on a household or part of a household for a failure of an individual to perform an action required under a Federal, State, or local law relating to a welfare or public assistance program, the State agency may impose the same disqualification, penalty, or sanction on the household or part of the household under the food stamp program using the rules and procedures that apply to the welfare or public assistance program.

AMENDMENT NO. 2602

On page 36, between lines 13 and 14, insert the following:

"(4) LIMITATION ON VOCATIONAL EDUCATION ACTIVITIES COUNTED AS WORK.—For purposes of determining monthly participation rates under paragraphs (1)(B)(i)(I) and (2)(B)(i) of subsection (b), not more than 20 percent of adults in all families and in 2-parent families determined to be engaged in work in the State for a month may meet the work activity requirement through participation in vocational educational training.

AMENDMENT NO. 2603

On page 49, strike lines 13 through 19, and insert the following:

"(b) NO ASSISTANCE FOR OUT-OF-WEDLOCK BIRTHS TO MINORS.—

"(1) GENERAL RULE.—A State to which a grant is made under section 403 may not use any part of the grant to provide cash benefits for a child born out-of-wedlock to an individual who has not attained 18 years of age, or for the individual, until the individual attains such age.

"(2) EXCEPTION FOR RAPE OR INCEST.—Paragraph (1) shall not apply with respect to a child who is born as a result of rape (other than statutory rape) or incest.

"(3) EXCEPTION FOR VOUCHERS.—Paragraph (1) shall not apply to vouchers which are provided in lieu of cash benefits and which may be used only to pay for particular goods and services specified by the State as suitable for the care of the child involved.

"(4) STATE MAY ELECT NOT TO HAVE PROVISION APPLY.—

"(A) IN GENERAL.—Paragraph (1) shall not apply to a State during any period during which there is in effect a State law which provides that individuals described in paragraph (1) are eligible for cash benefits from funds made available under section 403.

"(B) TIME FOR ELECTION.—Subparagraph (A) shall only apply if such State law is in effect on or before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of the Work Opportunity Act of 1995.

"(C) TRANSITION RULE.—Paragraph (1) shall not apply in a State before the first day of the first calendar quarter described in subparagraph (B) unless there is in effect before such day a State law prohibiting cash benefits to individuals described in paragraph (1).

AMENDMENT NO. 2604

On page 49, beginning with line 20, strike all through page 50, line 5, and insert the following:

"(c) NO ADDITIONAL CASH ASSISTANCE FOR CHILDREN BORN TO FAMILIES RECEIVING ASSISTANCE.—

"(1) GENERAL RULE.—A State to which a grant is made under section 403 may not use any part of the grant to provide cash benefits for a minor child who is born to—

"(A) a recipient of benefits under the program operated under this part; or

"(B) a person who received such benefits at any time during the 10-month period ending with the birth of the child.

"(2) EXCEPTION FOR RAPE OR INCEST.—Paragraph (1) shall not apply with respect to a child who is born as a result of rape (other than statutory rape) or incest.

"(3) EXCEPTION FOR VOUCHERS.—Paragraph (1) shall not apply to vouchers which are provided in lieu of cash benefits and which may be used only to pay for particular goods and services specified by the State as suitable for the care of the child involved.

"(4) STATE MAY ELECT NOT TO HAVE PROVISION APPLY.—

"(A) IN GENERAL.—Paragraph (1) shall not apply to a State during any period during which there is in effect a State law which provides that individuals described in paragraph (1) are eligible for cash benefits from funds made available under section 403.

"(B) TIME FOR ELECTION.—Subparagraph (A) shall only apply if such State law is in effect on or before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of the Work Opportunity Act of 1995.

"(C) TRANSITION RULE.—Paragraph (1) shall not apply in a State before the first day of the first calendar quarter described in subparagraph (B) unless there is in effect before such day a State law prohibiting cash benefits to individuals described in paragraph (1).

AMENDMENT NO. 2605

On page 49, strike lines 13 through 19, and insert the following:

"(b) NO ASSISTANCE FOR OUT-OF-WEDLOCK BIRTHS TO MINORS.—

"(1) GENERAL RULE.—A State to which a grant is made under section 403 may not use any part of the grant to provide cash benefits for a child born out-of-wedlock to an individual who has not attained 18 years of age, or for the individual, until the individual attains such age.

"(2) EXCEPTION FOR RAPE OR INCEST.—Paragraph (1) shall not apply with respect to a child who is born as a result of rape (other than statutory rape) or incest.

"(3) STATE OPTION.—Nothing in paragraph (1) shall be construed to prohibit a State from using funds provided by section 403 from providing aid in the form of vouchers that may be used only to pay for particular goods and services specified by the State as suitable for the care of the child such as diapers, clothing, and school supplies.

AMENDMENT NO. 2606

On page 42, between lines 21 and 22, insert the following:

"(f) PROVISIONS RELATING TO PATERNITY ESTABLISHMENT.—

"(1) PATERNITY NOT ESTABLISHED.—If a State provides cash benefits to families from grant funds received by the State under section 403, the State shall provide that if a family applying for such benefits includes a child who has not attained age 18 and who was born on or after January 1, 1996, with respect to whom paternity has not been established, such benefits shall not be available for—

"(A) such child (until the child attains age 18); and

"(B) the parent or caretaker relative of such child if the parent or caretaker relative of such child is not the parent or caretaker relative of another child for whom benefits are available.

"(2) EXCEPTIONS.—Notwithstanding paragraph (1)—

"(A) the State may use grant funds received by the State under section 403 to provide cash benefits to a minor child who is up to 6 months of age for whom paternity has not been established if the parent or caretaker relative of the child provides the name, address, and such other identifying information as the State may require of an individual who may be the father of the child; and

"(B) the State may exempt up to 25 percent of all families in the population described in paragraph (1) applying for cash benefits from grant funds received by the State under section 403 which include a child who was born on or after January 1, 1996, and with respect to whom paternity has not been established, from the reduction imposed under paragraph (1).

AMENDMENT NO. 2607

On page 11, beginning on line 5, strike ", and establish" and all that follows through line 7, and insert a period.

On page 11, between lines 7 and 8, insert the following:

"SEC. 401A. GOALS AND PLAN FOR REDUCING ILLEGITIMACY.

"(a) IN GENERAL.—Not later than 1 year after the date of the enactment of this Act, each State to which a grant is made under section 403 shall—

"(1) establish formal numeric goals for the State's illegitimacy ratio for fiscal years 1997 through 2007; and

"(2) submit a plan to the Secretary that—

"(A) outlines how the State intends to reduce the State's illegitimacy ratio; and

"(B) evaluates the potential impact of the States's plan for reducing the State's illegitimacy ratio on the State's abortion rate.

"(b) ILLEGITIMACY RATIO AND ABORTION RATE.—

"(1) ILLEGITIMACY RATIO.—For purposes of this section, the term 'illegitimacy ratio' means, with respect to a State and a fiscal year—

"(A) the number of out-of-wedlock births that occurred in the State during the most recent fiscal year for which such information is available; divided by

"(B) the number of births that occurred in the State during the most recent fiscal year for which such information is available.

"(2) ABORTION RATE.—For purposes of this section, the term 'abortion rate' means, with respect to a State and a fiscal year, the number of abortions performed in the State per 1,000 women who are residents of the State and are between the ages of 15 and 44 during the most recent fiscal year for which such information is available.

FAIRCLOTH (AND GRAMM) AMENDMENT NO. 2608

Mr. SANTORUM (for Mr. FAIRCLOTH for himself and Mr. GRAMM) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 425, between lines 15 and 16, insert the following:

"(d) ABSTINENCE EDUCATION PROGRAM.—

"(1) FUNDS EARMARKED.—Of the amounts appropriated under subsection (a), $200,000,000 shall be allocated to the States pursuant to the allocation formula and rules under title V of the Social Security Act (42 U.S.C. 701 et seq.) to be used exclusively for abstinence education, and at the option of the State, where appropriate, mentoring, counseling, and adult supervision to promote abstinence from sexual activity, with a focus on those groups which are most likely to bear children out-of-wedlock.

"(2) ABSTINENCE EDUCATION.—For purposes of this subsection, the term 'abstinence education' shall mean an educational or motivational program which—

"(A) has as its exclusive purpose, teaching the social, psychological, and health gains to be realized by abstaining from sexual activity;

"(B) teaches abstinence from sexual activity outside marriage as the expected standard for all school age children;

"(C) teaches that abstinence from sexual activity is the only certain way to avoid out-of-wedlock pregnancy, sexually transmitted diseases, and other associated health problems;

"(D) teaches that a mutually faithful monogamous relationship in context of marriage is the expected standard of human sexual activity;

"(E) teaches that sexual activity outside of the context of marriage is likely to have harmful psychological and physical effects;

"(F) teaches that bearing children out-of-wedlock is likely to have harmful consequences for the child, the child's parents, and society;

"(G) teaches young people how to reject sexual advances and how alcohol and drug use increases vulnerability to sexual advances; and

"(H) teaches the importance of attaining self-sufficiency before engaging in sexual activity.

FAIRCLOTH AMENDMENT NO. 2609

Mr. SANTORUM (for Mr. FAIRCLOTH) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 50, line 13, insert "except as provided in paragraph (3)," after "(A)".

On page 51, between lines 11 and 12, insert the following:

"(3) REQUIREMENT THAT ADULT RELATIVE OR GUARDIAN NOT HAVE A HISTORY OF ASSISTANCE.—A State shall not use any part of the grant paid under section 403 to provide assistance to an individual described in paragraph (2) if such individual resides with a parent, guardian, or other adult relative who—

(A) has had a child out-of-wedlock; and

(B) during the preceding 2-year period, received assistance as an adult under a State program funded under this part or under the program for aid to families with dependent children.

MOYNIHAN AMENDMENT NO. 2610

Mr. MOYNIHAN proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 122, between lines 11 and 12, insert the following:

SEC. 110A. POVERTY DATA CORRECTION.

(a) IN GENERAL.—Chapter 5 of title 13, United States Code, is amended by adding after subchapter V the following:

"SUBCHAPTER VI—POVERTY DATA

"SEC. 197. CORRECTION OF SUBNATIONAL DATA RELATING TO PROVERTY.

"(a) Any data relating to the incidence of poverty produced or published by or for the Secretary for subnational areas shall be corrected for differences in the cost of living, and data produced for State and sub-State areas shall be corrected for differences in the cost of living for at least all States of the United States.

"(b) Data under this section shall be published in 1997 and at least every second year thereafter.

"SEC. 198. DEVELOPMENT OF STATE COST-OF-LIVING INDEX AND STATE POVERTY THRESHOLDS.

"(a) To correct any data relating to the incidence of poverty for differences in the cost of living, the Secretarty shall—

"(1) develop or cause to be developed a State cost-of-living index which ranks and assigns an index value to each State using data on wage, housing, and other costs relevant to the cost of living; and

"(2) multiply the Federal Government's statistical poverty thresholds by the index value for each State's cost of living to produce State poverty thresholds for each State.

"(b) The State cost-of-living index and resulting State poverty thresholds shall be published prior to September 30, 1996, for calendar year 1995 and shall be updated annually for each subsequent calendar year.".

(b) CONFORMING AMENDMENT.—The table of subchapters of chapter 5 of title 13, United States Code, is amended by adding at the end the following:

"SUBCHAPTER VI—POVERTY DATA

"Sec. 197. Correction of subnational data relating to poverty.

"Sec. 198. Development of State cost-of-living index and State poverty thresholds.".

MOYNIHAN AMENDMENT NO. 2611

Mr. MOYNIHAN proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

At the appropriate place, insert:

TITLE ___—STATE MINIMUM RETURN OF FEDERAL TAX BURDEN

SEC. ___01. SHORT TITLE.

This title may be cited as the "State Minimum Return Act of 1995".

SEC. ___02. STATEMENT OF POLICY.

It is the purpose of this title to provide, within existing budgetary limits, authority to reallocate the distribution of certain Federal spending to various States in order to ensure by the end of fiscal year 2000 that each State receive in each fiscal year a percentage of total allocable Federal expenditures equal to a minimum of 90 percent of the percentage of total Federal tax burden attributable to such State for such fiscal year.

SEC. ___03. DEFINITIONS.

As used in this title—

(1) The term "Director" means the Director of the Office of Management and Budget.

(2) The term "Federal agency" means any agency defined in section 551(1) of title 5, United States Code.

(3) The term "State" means each of the several States and the District of Columbia.

(4) The term "historic share" means the average percentage share of Federal expenditures received by any State during the most recent three fiscal years.

(5) The term "Federal expenditures" means all outlays by the Federal Government as defined in section 3(1) of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 622(1)) which the Bureau of the Census can allocate to the several States.

(6) The term "Federal tax revenues" means all revenues collected pursuant to the Internal Revenue Code of 1986.

(7) The term "need-based program" means any program which results in direct payment to individuals and which involves an income test to help determine the eligibility of an individual for assistance under such program.

SEC. ___04. DESIGNATION OF ELIGIBLE STATES.

(a) Any State shall be eligible for a positive reallocation of allocable Federal expenditures described in section ___05 and received by such State under section ___07(a), if such State, for any fiscal year, has an allocable Federal expenditure to Federal tax ratio which is less than 90 percent.

(b) Any State shall be eligible for a positive reallocation of Federal expenditures described in section ___05 and received by such State under paragraph (1) of section ___07(a), if such State, for any fiscal year, has an allocable Federal expenditure to Federal tax ratio which is less than 100 percent but greater than or equal to 90 percent.

(c) During each fiscal year, the Director, after consultation with the Secretary of the Treasury and the Director of the Census Bureau, shall determine the eligibility of any State under this section using the most recent fiscal year data and estimated data available concerning Federal tax revenues and allocable Federal expenditures attributable to such State. The Secretary of the Treasury shall determine the attribution of Federal tax revenues to each State after consultation with the Comptroller General of the United States and other interested public and private persons.

(d) For purposes of determining the eligibility of any State under subsection (c), any water or power program in which the Federal

Government, through Government corporations, provides water or power to any State at less than market price shall be taken into account in computing such State's allocable Federal expenditure to Federal tax ratio by characterizing as an imputed Federal expenditure the difference between the market price as determined by the Secretary of the Treasury in consultation with the Director and the Secretary of Energy and the Secretary of the Interior and the program's actual price of providing such water or power to such State.

SEC. ___05. DESIGNATION OF REALLOCABLE FEDERAL EXPENDITURES.

All allocable Federal expenditures in any fiscal year shall be subject to reallocation to ensure the objective described in section ___02 with respect to eligible States designated under section ___04, except for such expenditures with respect to the following:

(1) Water and power programs which are described in section ___04(d).

(2) Compensation and allowances of officers and employees of the Federal Government.

(3) Maintenance of Federal Government buildings and installations.

(4) Offsetting receipts.

(5) Programs for which the Federal Government assumes the total cost and in which a direct payment is made to a recipient other than a governmental unit. Such programs include, but are not limited to:

(A) Social Security, including disability, retirement, survivors insurance, unemployment compensation, and Medicare, including hospital and supplementary medical insurance;

(B) Supplemental Security Income;

(C) Food Stamps;

(D) Black Lung Disability;

(E) National Guaranteed Student Loan interest subsidies;

(F) Pell grants;

(G) lower income housing assistance;

(H) social insurance payments for railroad workers;

(I) railroad retirement;

(J) excess earned income tax credits;

(K) veterans assistance, including pensions, service connected disability, nonservice connected disability, educational assistance, dependency payments, and pensions for spouses and surviving dependents;

(L) Federal workers' compensation;

(M) Federal retirement and disability;

(N) Federal employee life and health insurance; and

(O) farm income support programs.

SEC. ___06. REALLOCATION AUTHORITY.

(a) Notwithstanding any other provision of law, during any fiscal year the head of each Federal agency shall, after consultation with the Director, make such reallocations of allocable expenditures described in section ___05 to eligible States designated under section ___04 as are necessary to ensure the objective described in section ___02.

(b) Notwithstanding any other provision of law and to the extent necessary in the administration of this title, the head of each Federal agency shall waive any administrative provision with respect to allocation, allotments, reservations, priorities, or planning and application requirements (other than audit requirements) for the expenditures reallocated under this title.

(c) The head of each Federal agency having responsibilities under this title is authorized and directed to cooperate with the Director in the administration of the provisions of this title.

SEC. ___07. REALLOCATION MECHANISMS.

(a) Notwithstanding any other provision of law, for purposes of this title, during any fiscal year reallocations of expenditures required by section ___06 shall be accomplished in the following manner:

(1)(A) With respect to procurement contracts, and subcontracts in excess of $25,000, the head of each Federal agency shall—

(i) identify qualified firms in eligible States designated under section ___04 and disseminate any information to such firms necessary to increase participation by such firms in the bidding for such contracts and subcontracts,

(ii) in order to ensure the objective described in section ___02, increase the national share of such contracts and subcontracts for each eligible State designated under section ___04(a) by up to 10 percent each fiscal year, and

(iii) thirty days after the end of each fiscal year, report to the Director regarding progress made during such fiscal year to increase the share of such contracts and subcontracts for such eligible States, including the percentage increase achieved under clause (ii) and if the goal described in clause (ii) is not attained, the reasons therefor.

Within ninety days after the end of each fiscal year, the Director shall review, evaluate, and report to the Congress as to the progress made during such fiscal year to increase the share of procurement contracts and subcontracts the preponderance of the value of which has been performed in such eligible States.

(B) With respect to each fiscal year, if any Federal agency does not attain the goal described in subparagraph (A)(ii), then, during the subsequent fiscal year, such agency shall report to the Director prior to the awarding of any contract or subcontract described in subparagraph (A) to any firm in an ineligible State the reasons such contract or subcontract was not awarded to any firm in an eligible State.

(C) In the case of any competitive procurement contract or subcontract, the head of the contracting Federal agency shall award such contract or subcontract to the lowest bid from a qualified firm that will perform the preponderance of the value of the work in an eligible State designated under section ___04 if the bid for such contract or subcontract is lower or equivalent to any bid from any qualified firm that will perform the preponderance of the value of the work in an ineligible State.

(D) In the case of any noncompetitive procurement contract or subcontract, the head of each Federal agency shall identify and award such contract or subcontract to a qualified firm that will perform the preponderance of the value of the work in an eligible State designated under section ___04 and that complete such contract or subcontract at a lower or equivalent price as any qualified firm that will perform the preponderance of the value of the work in an ineligible State.

(E) For purposes of this paragraph, in the case of any procurement contract or subcontract, any firm shall be qualified if—

(i) such firm has met the elements of responsibility provided for in section 8(b)(7) of the Small Business Act (15 U.S.C. 637(b)(7)) as determined by the head of the contracting Federal agency to be necessary to complete the contract or subcontract in a timely and satisfactory manner, and

(ii) with respect to any prequalification requirement, such firm has been notified in writing of all standards which a prospective contractor must satisfy in order to become qualified, and upon request, is provided a prompt opportunity to demonstrate the ability of such firm to meet such specified standards.

(F) In order to reallocate expenditures with respect to subcontracts as required by subparagraph (A), each Federal agency shall collect necessary data to identify such subcontracts beginning in fiscal year 1991.

(2)(A) With respect to all other expenditures described in section ___05, including all grants administered by the Department of Transportation, the Department of the Interior, the Department of Agriculture, the Environmental Protection Agency, and the United States Army Corps of Engineers, any eligible State designated under section ___04(a) shall receive 110 percent of such State's historic share with respect to such expenditures.

(b) No reallocation shall be made under this section with respect to allocable expenditures for any program to any State in any fiscal year which results in a reduction of 10 percent or more of the amount of such expenditures to such State.

(c) No reallocation shall be made under the provisions of this title which will result in any allocable Federal expenditure to Federal tax ratio of any State being reduced below 90 percent.

SEC. ___08. AMENDMENTS.

No provision of law shall explicitly or implicitly amend the provisions of this title unless such provision specifically refers to this title.

SEC. ___09. STUDY.

(a) The Secretary of the Treasury or a delegate of the Secretary shall conduct a study on the impact of Federal spending, tax policy, and fiscal policy on State economies and the economic growth rate of States and regions of the United States. In particular, the Secretary or his delegate shall examine the extent to which the economies of States which have allocable Federal expenditure to Federal tax ratios below 100 are harmed by such a fiscal relationship with the Federal Government.

(b) The report of the study required by subsection (a) shall be submitted to Congress not later than December 31, 1996.

SEC. ___10. EFFECTIVE DATE.

The provisions of this title shall take effect for fiscal years beginning after the date of the enactment of this title.

GRAMM AMENDMENTS NOS. 2612-2614

Mr. SANTORUM (for Mr. GRAMM) proposed three amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT No. 2612

On page 34, line 20, strike "For any fiscal year" and insert "Solely for the first 12-month period to which the requirement to engage in work under this section is in effect".

AMENDMENT No. 2613

On page 34, beginning on line 24, strike "and may exclude" and all that follows through page 35, line 2, and insert a period.

AMENDMENT No. 2614

On page 53, strike lines 1 through 8, and insert the following:

"(A) IN GENERAL.—If the Secretary determines that a State has failed to satisfy the minimum participation rates specified in section 404(a) for a fiscal year, the Secretary shall reduce the amount of the grant that would (in the absence of this section) be payable to the State under section 403 for the immediately succeeding fiscal year by—

"(i) in the first year in which the State fails to satisfy such rates, 5 percent; and

"(ii) in subsequent years in which the State fails to satisfy such rates, the percent reduction determined under this subparagraph (if any) in the preceding year, increased by 5 percent.

GRAMM (AND FAIRCLOTH) AMENDMENTS NOS. 2615-2617

Mr. SANTORUM (for Mr. GRAMM, for himself and Mr. FAIRCLOTH) proposed

three amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2615

On page 792, strike lines 1 through 22 and insert the following:

SEC. 1202. REDUCTIONS IN FEDERAL BUREAUCRACY.

(a) IN GENERAL.—The Secretary of Health and Human Services and the Secretary of Labor shall reduce the Federal workforce within the Department of Health and Human Services and the Department of Labor, respectively, by an amount equal to the sum of—

(1) 75 percent of the full-time equivalent positions at each such Department that relate to any direct spending program, or any program funded through discretionary spending, that has been converted into a block grant program under this Act and the amendments made by this Act; and

(2) an amount equal to 75 percent of that portion of the total full-time equivalent departmental management positions at each such Department that bears the same relationship to the amount appropriated for the programs referred to in paragraph (1) as such amount relates to the total amount appropriated for use by each such Department.

(b) REDUCTIONS IN THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.—Notwithstanding any other provision of this Act, the Secretary of Health and Human Services shall take such actions as may be necessary, including reductions in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to reduce the full-time equivalent positions within the Department of Health and Human Services—

(1) by 245 full-time equivalent positions related to the program converted into a block grant under the amendment made by section 101(b); and

(2) by 60 full-time equivalent managerial positions in the Department.

(c) REDUCTIONS IN THE DEPARTMENT OF LABOR.—Notwithstanding any other provision of this Act, the Secretary of Labor shall take such actions as may be necessary, including reductions in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to reduce the full-time equivalent positions within the Department of Labor—

(1) by 675 full-time equivalent positions related to the programs converted into a block grant under titles VII and VIII; and

(2) by 156 full-time equivalent managerial positions in the Department.

AMENDMENT NO. 2616

On page 42, between lines 21 and 22, insert the following:

"(f) PROVISIONS RELATING TO PATERNITY ESTABLISHMENT.—

"(1) PATERNITY NOT ESTABLISHED.—If a State provides cash benefits to families from grant funds received by the State under section 403, the State shall provide that if a family applying for such benefits includes a child who has not attained age 18 and who was born on or after January 1, 1996, with respect to whom paternity has not been established, such benefits shall not be available for—

"(A) such child (until the child attains age 18); and

"(B) the parent or caretaker relative of such child if the parent or caretaker relative of such child is not the parent or caretaker relative of another child for whom benefits are available.

"(2) EXCEPTIONS.—Notwithstanding paragraph (1)—

"(A) the State may use grant funds received by the State under section 403 to provide cash benefits to a minor child who is up to 6 months of age for whom paternity has not been established if the parent or caretaker relative of the child provides the name, address, and such other identifying information as the State may require of an individual who may be the father of the child; and

"(B) the State may exempt up to 25 percent of all families in the population described in paragraph (1) applying for cash benefits from grant funds received by the State under section 403 which include a child who was born on or after January 1, 1996, and with respect to whom paternity has not been established, from the reduction imposed under paragraph (1).

AMENDMENT NO. 2617

At the appropriate place, insert the following:

SEC. . RESTRICTIONS ON TAXPAYER FINANCED LEGAL CHALLENGES.

(a) IN GENERAL.—No legal aid organization or other entity that provides legal services and which receives Federal funds or IOLTA funds may challenge (or act as an attorney on behalf of any party who seeks to challenge) in any legal proceeding—

(1) the legal validity—

(A) under the United States Constitution—

(i) of this Act or any regulations promulgated under this Act; and

(ii) of any law or regulation enacted or promulgated by a State pursuant to this Act;

(B) under this Act or any regulation adopted under this Act of any State law or regulation; and

(C) under any State Constitution of any law or regulation enacted or promulgated by a State pursuant to this Act; and

(2) the conflict—

(A) of this Act or any regulations promulgated under this Act with any other law or regulation of the United States; and

(B) of any law or regulation enacted or promulgated by a State pursuant to this Act with any law or regulation of the United States.

(b) IOLTA FUNDS DEFINED.—For purposes of this section, the term "IOLTA funds" means interest on lawyers trust account funds that—

(1) are generated when attorneys are required by State court or State bar rules to deposit otherwise noninterest-bearing client funds into an interest-bearing account while awaiting the outcome of a legal proceeding; and

(2) are pooled and distributed by a subdivision of a State bar association or the State court system to organizations selected by the State courts administration.

(c) LEGAL PROCEEDING DEFINED.—For purposes of this section, the term "legal proceeding" includes—

(1) a proceeding—

(A) in a court of the United States;

(B) in a court of a State; and

(C) in an administrative hearing in a Federal or State agency; and

(2) any activities related to the commencement of a proceeding described in subparagraph (A).

MOYNIHAN AMENDMENT NO. 2618

Mr. MOYNIHAN proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page , strike title XII and insert the following new title:

"TITLE XII—REDUCTIONS IN FEDERAL GOVERNMENT POSITIONS

"SEC. 1201. REDUCTIONS.

"(a) DEFINITIONS.—As used in this section:

"(1) APPROPRIATE EFFECTIVE DATE.—The term 'appropriate effective date', used with respect to a department referred to in this section, means the date on which all provisions of this Act that the Department is required to carry out, and amendments and repeals made by this Act to provisions of Federal law that the Department is required to carry out, are effective.

"(2) COVERED ACTIVITY.—The term 'covered activity', used with respect to a Department referred to in this section, means an activity that the Department is required to carry out under—

"(A) a provision of this Act; or

"(B) a provision of Federal law that is amended or repealed by this Act.

"(b) REPORTS.—

"(1) CONTENTS.—Not later than December 31, 1995, each Secretary referred to in paragraph (2) shall prepare and submit to the relevant committees described in paragraph (3) a report containing—

"(A) the determinations described in subsection (c);

"(B) appropriate documentation in support of such determinations; and

"(C) a description of the methodology used in making such determinations.

"(2) SECRETARY.—The Secretaries referred to in this paragraph are—

"(A) the Secretary of Agriculture;

"(B) the Secretary of Education;

"(C) the Secretary of Labor,

"(D) the Secretary of Housing and Urban Development, and

"(E) the Secretary of Health and Human Services.

"(3) RELEVANT COMMITTEES.—The relevant Committees described in this paragraph are the following:

"(A) With respect to each Secretary described in paragraph (2), the Committee on Government Reform and Oversight of the House of Representatives and the Committee on Governmental Affairs of the Senate.

"(B) With respect to the Secretary of Agriculture, the Committee on Agriculture and the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

"(C) With respect to the Secretary of Education, the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

"(D) With respect to the Secretary of Labor, the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

"(E) With respect to the Secretary of Housing and Urban Development, the Committee on Banking and Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.

"(F) With respect to the Secretary of Health and Human Services, the Committee on Economic and Educational Opportunities of the House of Representatives, the Committee on Labor and Human Resources of the Senate, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate.

"(4) REPORT ON CHANGES.—Not later than December 31, 1996, and each December 31 thereafter, each Secretary referred to in paragraph (2) shall prepare and submit to the relevant Committees described in paragraph (3), a report concerning any changes with respect to the determinations made under subsection (c) for the year in which the report is being submitted.

"(c) DETERMINATIONS.—Not later than December 31, 1995, each Secretary referred to in subsection (b)(2) shall determine—

"(1) the number of full-time equivalent positions required by the Department (or the Federal Partnership established under section 771) headed by such Secretary to carry out the covered activities of the Department (or Federal Partnership), as of the day before the date of enactment of this Act;

"(2) the number of such positions required by the Department (or Federal Partnership) to carry out the activities, as of the appropriate effective date for the Department (or Federal Partnership); and

"(3) the difference obtained by subtracting the number referred to in paragraph (2) from the number referred to in paragraph (1).

"(d) ACTIONS.—Not later than 30 days after the appropriate effective date for the Department involved, each Secretary referred to in subsection (b)(2) shall take such actions as may be necessary, including reduction in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to reduce the number of positions of personnel of the Department by at least the difference referred to in subsection (c)(3).

"(e) CONSISTENCY.—

"(1) EDUATION.—The Secretary of Education shall carry out this section in a manner that enables the Secretary to meet the requirements of this section and section 776(1)(2).

"(2) LABOR.—The Secretary of Labor shall carry out this section in a manner that enables the Secretary to meet the requirements of this section and section 776(1)(2).

"(f) CALCULATION.—In determining, under subsection (c), the number of full-time equivalent positions required by a Department to carry out a covered activity, a Secretary referred to in subsection (b)(2), shall include the number of such positions occupied by personnel carrying out program functions or other functions (including budgetary, legislative, administrative, planning, evaluation, and legal functions) related to the activity.

"(g) GENERAL ACCOUNTING OFFICE REPORT.—Not later than July 1, 1996, the Comptroller General of the United States shall prepare and submit to the committees described in subsection (b)(3), a report concerning the determinations made by each Secretary under subsection (c). Such report shall contain an analysis of the determinations made by each Secretary under subsection (c) and a determination as to whether further reductions in full-time equivalent positions are appropriate.".

KENNEDY AMENDMENTS NOS. 2619-2631

Mr. MOYNIHAN (for Mr. KENNEDY) proposed 13 amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2619

On page 289, line 5, strike the period and insert ", but in no event shall such period extend beyond the date (if any) on which the alien becomes a citizen of the United States under chapter 2 of title III of the Immigration and Nationality Act."

AMENDMENT NO. 2620

On page 292, strike lines 5 through lines 11 and insert the following:

Nutrition Act of 1966;

(E) public health assistance for immunizations with respect to immunizable diseases and for testing and treatment for communicable diseases if the Secretary of Health and Human Services determines that such testing and treatment is necessary; and

(F) benefits or services which serve a compelling humanitarian or compelling public interest as specified by the Attorney General in consultation with appropriate Federal agencies and departments.

AMENDMENT NO. 2621

On pages 77 through 83, strike sec. 102 and sec. 103.

AMENDMENT NO. —

On page 159, strike lines 1 through 5.

On page 792, after line 22, add the following new title:

TITLE ___—CORPORATE WELFARE REDUCTION

SEC. ___01. SHORT TITLE.

This title may be cited as the "Corporate Welfare Reduction Act of 1995".

SEC. ___02. FOREIGN OIL AND GAS INCOME.

(a) SPECIAL RULES FOR FOREIGN TAX CREDIT WITH RESPECT TO FOREIGN OIL AND GAS INCOME.—

(1) CERTAIN TAXES NOT CREDITABLE.—

(A) IN GENERAL.—Subsection (a) of section 907 of the Internal Revenue Code of 1986 (relating to reduction in amount allowed as foreign tax under section 901) is amended to read as follows:

"(a) CERTAIN TAXES NOT CREDITABLE.—

"(1) IN GENERAL.—For purposes of this subtitle, the term 'income, war profits, and excess profits taxes' shall not include—

"(A) any taxes which are paid or accrued to any foreign country with respect to foreign oil and gas income and which are not imposed under a generally applicable income tax law of such country, and

"(B) any taxes (not described in subparagraph (A)) which are paid or accrued to any foreign country with respect to foreign oil and gas income to the extent that the foreign law imposing such amount of tax is structured, or in fact operates, so that the amount of tax imposed with respect to foreign oil and gas income will generally be materially greater, over a reasonable period of time, than the amount generally imposed on income that is not foreign oil and gas income.

In computing the amount not treated as tax under subparagraph (B), such amount shall be treated as a deduction under the foreign law.

"(2) FOREIGN OIL AND GAS INCOME.—For purposes of this paragraph, the term 'foreign oil and gas income' means the amount of foreign oil and gas extraction income and foreign oil related income.

"(3) GENERALLY APPLICABLE INCOME TAX LAW.—For purposes of this paragraph, the term 'generally applicable income tax law' means any law of a foreign country imposing an income tax if such tax generally applies to all income from sources within such foreign country—

"(A) without regard to the residence or nationality of the person earning such income, and

"(B) in the case of any income earned by a corporation, partnership, or other entity, without regard to—

"(i) where such corporation, partnership, or other entity is organized, and

"(ii) the residence or nationality of the persons owning interests in such corporation, partnership, or entity."

(B) CONFORMING AMENDMENT.—Section 907 of such Code is amended by striking subsections (b), (c)(3), (c)(4), (c)(5), and (f).

(2) SEPARATE BASKETS FOR FOREIGN OIL AND GAS EXTRACTION INCOME AND FOREIGN OIL RELATED INCOME.—

(A) IN GENERAL.—Paragraph (1) of section 904(d) of such Code (relating to separate application of section with respect to certain categories of income) is amended by striking "and" at the end of subparagraph (H), by redesignating subparagraph (I) as subparagraph (K) and by inserting after subparagraph (H) the following new subparagraphs:

"(I) foreign oil and gas extraction income,

"(J) foreign oil related income, and".

(B) DEFINITIONS.—Paragraph (2) of section 904(d) of such Code is amended by redesignating subparagraphs (H) and (I) as subparagraphs (J) and (K), respectively, and by inserting after subparagraph (G) the following new subparagraphs:

"(H) FOREIGN OIL AND GAS EXTRACTION INCOME.—The term 'foreign oil and gas extraction income' has the meaning given such term by section 907(c)(1). Such term shall not include any dividend from a noncontrolled section 902 corporation.

"(I) FOREIGN OIL RELATED INCOME.—The term 'foreign oil related income' has the meaning given such term by section 907(c)(2). Such term shall not include any dividend from a noncontrolled section 902 corporation and any shipping income."

(C) CONFORMING AMENDMENT.—Clause (i) of section 904(d)(3)(F) of such Code is amended by striking "or (E)" and inserting "(E), (I), or (J)".

(3) EFFECTIVE DATE.—

(A) IN GENERAL.—Except as otherwise provided in this paragraph, the amendments made by this subsection shall apply to taxable years beginning after December 31, 1995.

(B) DISALLOWANCE RULE.—

(i) Section 907(a) of such Code (as amended by paragraph (1)) shall apply to taxes paid or accrued after December 31, 1995, in taxable years ending after such date.

(ii) In determining the amount of taxes deemed to be paid in a taxable year beginning after December 31, 1995, under section 902 or 960 of such Code, section 907(a) of such Code (as amended by paragraph (1)) shall apply to all taxes whether paid or accrued before, on, or after December 31, 1995.

(C) LOSS RULE.—Notwithstanding the amendments made by paragraph (1)(B), section 907(c)(4) of such Code shall continue to apply with respect to foreign oil and gas extraction losses for taxable years beginning before January 1, 1996.

(D) TRANSITIONAL RULES.—

(i) Any taxes paid or accrued in a taxable year beginning before January 1, 1996, with respect to income which was described in subparagraph (I) of section 904(d)(1) of such Code (as in effect on the day before the date of the enactment of this Act) shall be treated as taxes paid or accrued with respect to foreign oil and gas extraction income or foreign oil related income (as the case may be) to the extent such taxes were paid or accrued with respect to such type of income.

(ii) Any unused oil and gas extraction taxes which under section 907(f) of such Code (as so in effect) would have been allowed as a carryover to the taxpayer's first taxable year beginning after December 31, 1995 (determined without regard to the limitation of paragraph (2) of such section 907(f) for such first taxable year), shall be allowed as carryovers under section 904(c) of such Code in the same manner as if they were unused taxes under section 904(c) with respect to foreign oil and gas extraction income.

(b) ELIMINATION OF DEFERRAL FOR FOREIGN OIL AND GAS EXTRACTION INCOME.—

(1) GENERAL RULE.—Paragraph (1) of section 954(g) of the Internal Revenue Code of 1986 (defining foreign base company oil related income) is amended to read as follows:

"(1) IN GENERAL.—Except as otherwise provided in this subsection, the term 'foreign oil and gas income' means any income of a kind which would be taken into account in determining the amount of—

"(A) foreign oil and gas extraction income (as defined in section 907(c)(1)), or

"(B) foreign oil related income (as defined in section 907(c)(2))."

(2) CONFORMING AMENDMENTS.—

(A) Subsections (a)(5), (b)(4), (b)(5), and (b)(8) of section 954 of such Code are each amended by striking "base company oil related income" each place it appears (including in the heading of subsection (b)(8)) and inserting "oil and gas income".

(B) The subsection heading for subsection (g) of section 954 of such Code is amended by striking "FOREIGN BASE COMPANY OIL RELATED INCOME" and inserting "FOREIGN OIL AND GAS INCOME".

(C) Subparagraph (A) of section 954(g)(2) of such Code is amended by striking "foreign base company oil related income" and inserting "foreign oil and gas income".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years of foreign corporations beginning after December 31, 1995, and to taxable years of United States shareholders in which or with which such taxable years of foreign corporations end.

SEC. ___03. TRANSFER PRICING.

(a) AUTHORITY OF SECRETARY WHEN LEGAL LIMITS ON TRANSFER BY TAXPAYER.—Section 482 of the Internal Revenue Code of 1986 (relating to allocation of income and deductions among taxpayers) is amended by adding at the end the following: "The authority of the Secretary under this section shall not be limited by any restriction (by any law or agreement) on the ability of such interests, organizations, trades, or businesses to transfer or receive money or other property."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1995.

SEC. ___04. ELIMINATION OF EXCLUSION FOR CITIZENS OR RESIDENTS OF UNITED STATES LIVING ABROAD.

Section 911 of the Internal Revenue Code of 1986 (relating to citizens or residents of the United States living abroad) is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

"(f) TERMINATION.—This section shall not apply to any taxable year beginning after December 31, 1995."

SEC. ___05. DISPOSITION OF STOCK IN DOMESTIC CORPORATIONS BY 10-PERCENT FOREIGN SHAREHOLDERS.

(a) GENERAL RULE.—Subpart D of part II of subchapter N of chapter 1 of the Internal Revenue Code of 1986 (relating to miscellaneous provisions) is amended by adding at the end thereof the following new section:

"SEC. 899. DISPOSITION OF STOCK IN DOMESTIC CORPORATIONS BY 10-PERCENT FOREIGN SHAREHOLDERS.

"(a) GENERAL RULE.—

"(1) TREATMENT AS EFFECTIVELY CONNECTED WITH UNITED STATES TRADE OR BUSINESS.—For purposes of this title, if any nonresident alien individual or foreign corporation is a 10-percent shareholder in any domestic corporation, any gain or loss of such individual or foreign corporation from the disposition of any stock in such domestic corporation shall be taken into account—

"(A) in the case of a nonresident alien individual, under section 871(b)(1), or

"(B) in the case of a foreign corporation, under section 882(a)(1),

as if the taxpayer were engaged during the taxable year in a trade or business within the United States through a permanent establishment in the United States and as if such gain or loss were effectively connected with such trade or business and attributable to such permanent establishment. Notwithstanding section 865, any such gain or loss shall be treated as from sources in the United States.

"(2) 26-PERCENT MINIMUM TAX ON NONRESIDENT ALIEN INDIVIDUALS.—

"(A) IN GENERAL.—In the case of any nonresident alien individual, the amount determined under section 55(b)(1)(A) shall not be less than 26 percent of the lesser of—

"(i) the individual's alternative minimum taxable income (as defined in section 55(b)(2)) for the taxable year, or

"(ii) the individual's net taxable stock gain for the taxable year.

"(B) NET TAXABLE STOCK GAIN.—For purposes of subparagraph (A), the term 'net taxable stock gain' means the excess of—

"(i) the aggregate gains for the taxable year from dispositions of stock in domestic corporations with respect to which such individual is a 10-percent shareholder, over

"(ii) the aggregate of the losses for the taxable year from dispositions of such stock.

"(C) COORDINATION WITH SECTION 897(a)(2).—Section 897(a)(2)(A) shall not apply to any nonresident alien individual for any taxable year for which such individual has a net taxable stock gain, but the amount of such net taxable stock gain shall be increased by the amount of such individual's net United States real property gain (as defined in section 897(a)(2)(B)) for such taxable year.

"(b) 10-PERCENT SHAREHOLDER.—

"(1) IN GENERAL.—For purposes of this section, the term '10-percent shareholder' means any person who at any time during the shorter of—

"(A) the period beginning on January 1, 1995, and ending on the date of the disposition, or

"(B) the 5-year period ending on the date of the disposition,

owned 10 percent or more (by vote or value) of the stock in the domestic corporation.

"(2) CONSTRUCTIVE OWNERSHIP.—

"(A) IN GENERAL.—Section 318(a) (relating to constructive ownership of stock) shall apply for purposes of paragraph (1).

"(B) MODIFICATIONS.—For purposes of subparagraph (A)—

"(i) paragraph (2)(C) of section 318(a) shall be applied by substituting '10 percent' for '50 percent', and

"(ii) paragraph (3)(C) of section 318(a) shall be applied—

"(I) by substituting '10 percent' for '50 percent', and

"(II) in any case where such paragraph would not apply but for subclause (I), by considering a corporation as owning the stock (other than stock in such corporation) owned by or for any shareholder of such corporation in that proportion which the value of the stock which such shareholder owns in such corporation bears to the value of all stock in such corporation.

"(3) TREATMENT OF STOCK HELD BY CERTAIN PARTNERSHIPS.—

"(A) IN GENERAL.—For purposes of this section, if—

"(i) a partnership is a 10-percent shareholder in any domestic corporation, and

"(ii) 10 percent or more of the capital or profits interests in such partnership is held (directly or indirectly) by nonresident alien individuals or foreign corporations,

each partner in such partnership who is not otherwise a 10-percent shareholder in such corporation shall, with respect to the stock in such corporation held by the partnership, be treated as a 10-percent shareholder in such corporation.

"(B) EXCEPTION.—

"(i) IN GENERAL.—Subparagraph (A) shall not apply with respect to stock in a domestic corporation held by any partnership if, at all times during the 5-year period ending on the date of the disposition involved—

"(I) the aggregate bases of the stock and securities in such domestic corporation held by such partnership were less than 25 percent of the partnership's net adjusted asset cost, and

"(II) the partnership did not own 50 percent or more (by vote or value) of the stock in such domestic corporation.

The Secretary may by regulations disregard any failure to meet the requirements of subclause (I) where the partnership normally met such requirements during such 5-year period.

"(ii) NET ADJUSTED ASSET COST.—For purposes of clause (i), the term 'net adjusted asset cost' means—

"(I) the aggregate bases of all of the assets of the partnership other than cash and cash items, reduced by

"(II) the portion of the liabilities of the partnership not allocable (on a proportionate basis) to assets excluded under subclause (I).

"(C) EXCEPTION NOT TO APPLY TO 50-PERCENT PARTNERS.—Subparagraph (B) shall not apply in the case of any partner owning (directly or indirectly) more than 50 percent of the capital or profits interests in the partnership at any time during the 5-year period ending on the date of the disposition.

"(D) SPECIAL RULES.—For purposes of subparagraphs (B) and (C)—

"(i) TREATMENT OF PREDECESSORS.—Any reference to a partnership or corporation shall be treated as including a reference to any predecessor thereof.

"(ii) PARTNERSHIP NOT IN EXISTENCE.—If any partnership was not in existence throughout the entire 5-year period ending on the date of the disposition, only the portion of such period during which the partnership (or any predecessor) was in existence shall be taken into account.

"(E) OTHER PASS-THRU ENTITIES; TIERED ENTITIES.—Rules similar to the rules of the preceding provisions of this paragraph shall also apply in the case of any pass-thru entity other than a partnership and in the case of tiered partnerships and other entities.

"(c) COORDINATION WITH NONRECOGNITION PROVISIONS; ETC.—

"(1) COORDINATION WITH NONRECOGNITION PROVISIONS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), any nonrecognition provision shall apply for purposes of this section to a transaction only in the case of—

"(i) an exchange of stock in a domestic corporation for other property the sale of which would be subject to taxation under this chapter, or

"(ii) a distribution with respect to which gain or loss would not be recognized under section 336 if the sale of the distributed property by the distributee would be subject to tax under this chapter.

"(B) REGULATIONS.—The Secretary shall prescribe regulations (which are necessary or appropriate to prevent the avoidance of Federal income taxes) providing—

"(i) the extent to which nonrecognition provisions shall, and shall not, apply for purposes of this section, and

"(ii) the extent to which—

"(I) transfers of property in a reorganization, and

"(II) changes in interests in, or distributions from, a partnership, trust, or estate,

shall be treated as sales of property at fair market value.

"(C) NONRECOGNITION PROVISION.—For purposes of this paragraph, the term 'nonrecognition provision' means any provision of this title for not recognizing gain or loss.

"(2) CERTAIN OTHER RULES MADE APPLICABLE.—For purposes of this section, rules similar to the rules of subsections (g) and (j) of section 897 shall apply.

"(d) CERTAIN INTEREST TREATED AS STOCK.—For purposes of this section—

"(1) any option or other right to acquire stock in a domestic corporation,

"(2) the conversion feature of any debt instrument issued by a domestic corporation, and

"(3) to the extent provided in regulations, any other interest in a domestic corporation other than an interest solely as creditor,

shall be treated as stock in such corporation.

"(e) TREATMENT OF CERTAIN GAIN AS A DIVIDEND.—In the case of any gain which would be subject to tax by reason of this section but for a treaty and which results from any distribution in liquidation or redemption, for purposes of this subtitle, such gain shall be treated as a dividend to the extent of the earnings and profits of the domestic corporation attributable to the stock. Rules similar to the rules of section 1248(c) (determined without regard to paragraph (2)(D) thereof) shall apply for purposes of the preceding sentence.

"(f) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of this section, including—

"(1) regulations coordinating the provisions of this section with the provisions of section 897, and

"(2) regulations aggregating stock held by a group of persons acting together."

(b) WITHHOLDING OF TAX.—Subchapter A of chapter 3 of such Code is amended by adding at the end the following new section:

"SEC. 1447. WITHHOLDING OF TAX ON CERTAIN STOCK DISPOSITIONS.

"(a) GENERAL RULE.—Except as otherwise provided in this section, in the case of any disposition of stock in a domestic corporation by a foreign person who is a 10-percent shareholder in such corporation, the withholding agent shall deduct and withhold a tax equal to 10 percent of the amount realized on the disposition.

"(b) EXCEPTIONS.—

"(1) STOCK WHICH IS NOT REGULARLY TRADED.—In the case of a disposition of stock which is not regularly traded, a withholding agent shall not be required to deduct and withhold any amount under subsection (a) if—

"(A) the transferor furnishes to such withholding agent an affidavit by such transferor stating, under penalty of perjury, that section 899 does not apply to such disposition because—

"(i) the transferor is not a foreign person, or

"(ii) the transferor is not a 10-percent shareholder, and

"(B) such withholding agent does not know (or have reason to know) that such affidavit is not correct.

"(2) STOCK WHICH IS REGULARLY TRADED.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), a withholding agent shall not be required to deduct and withhold any amount under subsection (a) with respect to any disposition of regularly traded stock if such withholding agent does not know (or have reason to know) that section 899 applies to such disposition.

"(B) SPECIAL RULE WHERE SUBSTANTIAL DISPOSITION.—If—

"(i) there is a disposition of regularly traded stock in a corporation, and

"(ii) the amount of stock involved in such disposition constitutes 1 percent or more (by vote or value) of the stock in such corporation,

subparagraph (A) shall not apply but paragraph (1) shall apply as if the disposition involved stock which was not regularly traded.

"(C) NOTIFICATION BY FOREIGN PERSON.—If section 899 applies to any disposition by a foreign person of regularly traded stock, such foreign person shall notify the withholding agent that section 899 applies to such disposition.

"(3) NONRECOGNITION TRANSACTIONS.—A withholding agent shall not be required to deduct and withhold any amount under subsection (a) in any case where gain or loss is not recognized by reason of section 899(c) (or the regulations prescribed under such section).

"(c) SPECIAL RULE WHERE NO WITHHOLDING.—If—

"(1) there is no amount deducted and withheld under this section with respect to any disposition to which section 899 applies, and

"(2) the foreign person does not pay the tax imposed by this subtitle to the extent attributable to such disposition on the date prescribed therefor,

for purposes of determining the amount of such tax, the foreign person's basis in the stock disposed of shall be treated as zero or such other amount as the Secretary may determine (and, for purposes of section 6501, the underpayment of such tax shall be treated as due to a willful attempt to evade such tax).

"(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) WITHHOLDING AGENT.—The term 'withholding agent' means—

"(A) the last United States person to have the control, receipt, custody, disposal, or payment of the amount realized on the disposition, or

"(B) if there is no such United States person, the person prescribed in regulations.

"(2) FOREIGN PERSON.—The term 'foreign person' means any person other than a United States person.

"(3) REGULARLY TRADED STOCK.—The term 'regularly traded stock' means any stock of a class which is regularly traded on an established securities market.

"(4) AUTHORITY TO PRESCRIBE REDUCED AMOUNT.—At the request of the person making the disposition or the withholding agent, the Secretary may prescribe a reduced amount to be withheld under this section if the Secretary determines that to substitute such reduced amount will not jeopardize the collection of the tax imposed by section 871(b)(1) or 882(a)(1).

"(5) OTHER TERMS.—Except as provided in this section, terms used in this section shall have the same respective meanings as when used in section 899.

"(6) CERTAIN RULES MADE APPLICABLE.—Rules similar to the rules of section 1445(e) shall apply for purposes of this section.

"(e) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of this section, including regulations coordinating the provisions of this section with the provisions of sections 1445 and 1446."

(c) EXCEPTION FROM BRANCH PROFITS TAX.—Subparagraph (C) of section 884(d)(2) of such Code is amended to read as follows:

"(C) gain treated as effectively connected with the conduct of a trade or business within the United States under—

"(i) section 897 in the case of the disposition of a United States real property interest described in section 897(c)(1)(A)(ii), or

"(ii) section 899.".

(d) REPORTS WITH RESPECT TO CERTAIN DISTRIBUTIONS.—Paragraph (2) of section 6038B(a) of such Code (relating to notice of certain transfers to foreign person) is amended by striking "section 336" and inserting "section 302, 331, or 336".

(e) CLERICAL AMENDMENTS.—

(1) The table of sections for subpart D of part II of subchapter N of chapter 1 of such Code is amended by adding at the end the following new item:

"Sec. 899. Dispositions of stock in domestic corporations by 10-percent foreign shareholders."

(2) The table of sections for subchapter A of chapter 3 of such Code is amended by adding at the end the following new item:

"Sec. 1447. Withholding of tax on certain stock dispositions."

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to dispositions after the date of the enactment of this Act, except that section 1447 of such Code (as added by this section) shall not apply to any disposition before the date 6 months after the date of the enactment of this Act.

(2) COORDINATION WITH TREATIES.—

(A) IN GENERAL.—Sections 899 (other than subsection (e) thereof) and 1447 of such Code (as added by this section) shall not apply to any disposition if such disposition is by a qualified resident of a foreign country and the application of such sections to such disposition would be contrary to any treaty between the United States and such foreign country which is in effect on the date of the enactment of this Act and at the time of such disposition.

(B) QUALIFIED RESIDENT.—For purposes of subparagraph (A), the term "qualified resident" means any resident of the foreign country entitled to the benefits of the treaty referred to in subparagraph (A); except that such term shall not include a corporation unless such corporation is a qualified resident of such country (as defined in section 884(e)(4) of such Code).

SEC. ___06. PORTFOLIO DEBT.

(a) IN GENERAL.—Section 871(h)(3) of the Internal Revenue Code of 1986 is amended to read as follows:

"(3) PORTFOLIO INTEREST TO INCLUDE ONLY INTEREST ON GOVERNMENT OBLIGATIONS.—The term 'portfolio interest' shall include only interest paid on an obligation issued by a governmental entity."

(b) CONFORMING AMENDMENTS.—

(1) Section 881(c)(3) of such Code is amended—

(A) in subparagraph (A), by adding "or" at the end, and

(B) by striking subparagraph (B) and redesignating subparagraph (C) as subparagraph (B).

(2) Section 881(c)(4) of such Code is amended—

(A) by striking "section 871(h)(4)" and inserting "section 871(h)(3) or (4)", and

(B) in the heading, by inserting "INTEREST ON NON-GOVERNMENT OBLIGATIONS OR" after "INCLUDE".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to interest received after December 31, 1995, with respect to obligations issued after such date.

SEC. ___07. SOURCE OF INCOME FROM CERTAIN SALES OF INVENTORY PROPERTY.

(a) GENERAL RULE.—Subsection (b) of section 865 of the Internal Revenue Code of 1986 (relating to exception for inventory property) is amended to read as follows:

"(b) INVENTORY PROPERTY.—

"(1) INCOME ATTRIBUTABLE TO PRODUCTION ACTIVITY.—In the case of income from the sale of inventory property produced (in whole or in part) by the taxpayer—

"(A) a portion (determined under regulations) of such income shall be allocated to production activity (and sourced in the United States or outside the United States depending on where such activity occurs), and

"(B) the remaining portion of such income shall be sourced under the other provisions of this section.

The regulations prescribed under subparagraph (A) shall provide that at least 50 percent of such income shall be allocated to production activities.

"(2) SALES INCOME.—

"(A) UNITED STATES RESIDENTS.—Income from the sale of inventory property by a United States resident shall be sourced outside the United States if—

"(i) the property is sold for use, consumption, or disposition outside the United States and an office or another fixed place of business of the taxpayer outside the United States participated materially in the sale, and

"(ii) such sale is not (directly or indirectly) to an affiliate of the taxpayer.

"(B) NONRESIDENT.—Income from the sale of inventory property by a nonresident shall be sourced in the United States if—

"(i) the taxpayer has an office or other fixed place of business in the United States, and

"(ii) such sale is through such office or other fixed place of business.

This subparagraph shall not apply if the requirements of clauses (i) and (ii) of subparagraph (A) are met with respect to such sale.

"(3) COORDINATION WITH TREATIES.—For purposes of paragraph (2)(A)(i), a United States resident shall not be treated as having an office or fixed place of business in a foreign country if a treaty prevents such country from imposing an income tax on the income."

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to income from sales occurring after December 31, 1995.

SEC. ___08. ENHANCEMENT OF BENEFITS FOR FOREIGN SALES CORPORATIONS.

(a) IN GENERAL.—Subsection (a) of section 923 of the Internal Revenue Code of 1986 is amended—

(1) in paragraph (2), by striking "32 percent" and inserting "34 percent", and

(2) in paragraph (3), by striking "16⅔" and inserting "17⅔".

(b) SPECIAL RULES RELATING TO CORPORATE PREFERENCE ITEMS.—Paragraph (4) of section 291(a) of such Code is amended—

(1) in subparagraph (A), by striking "'30 percent' for '32 percent'" and inserting "'32 percent' for '34 percent'", and

(2) in subparagraph (B), by striking "'15⅔' for '16⅔'" and inserting "'16⅔' for '17⅔'".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

AMENDMENT NO. 2623

On page 40, between lines 16 and 17, insert the following:

"(C) WAIVER OF LIMITATION.—The Secretary, upon a demonstration by a State that an extraordinary number of families require an exemption from the application of paragraph (1) due to disability, domestic violence, homelessness, or the need to be in the home to care for a disabled child, may permit the State to provide exemptions in excess of the 15 percent limitation described in subparagraph (B) for a specified period of time.".

On page 40, between lines 16 and 17, insert the following:

"(4) NON-CASH ASSISTANCE FOR CHILDREN.—Nothing in paragraph (1) shall be construed as prohibiting a State from using funds provided under section 403 to provide aid, in the form of in-kind assistance, vouchers usable for particular goods or services as specified by the State, or vendor payments to individuals providing such goods or services, to the minor children of a needy family.".

AMENDMENT NO. 2625

On page 641, between lines 11 and 12, insert the following:

SEC. 426. DURATION OF SUPPORT.

Section 466(a) (42 U.S.C. 666(a)), as amended by this Act, is amended—

(1) by inserting after paragraph (16) the following new paragraph:

"(17) Procedures under which the State—

"(A) requires a continuing support obligation by the noncustodial parent until at least the later of the date on which a child for whom a support obligation is owed reaches the age of 18, or graduates from or is no longer enrolled in secondary school or its equivalent, unless a child marries, joins the United States armed forces, or is otherwise emancipated under State law;

"(B)(i) provides that courts or administrative agencies with child support jurisdiction have the discretionary power, until the date on which the child involved reaches the age of 22, pursuant to criteria established by the State, to order child support, payable directly or indirectly (support may be paid directly to a postsecondary or vocational school or college) to a child, at least up to the age of 22 for a child enrolled full-time in an accredited postsecondary or vocational school or college and who is a student in good standing; and

"(ii) may, without application of the rebuttable presumption in section 467(b)(2), award support under this subsection in amounts that, in whole or in part, reflect the actual costs of post secondary education; and

"(C) provides for child support to continue beyond the child's age of majority provided the child is disabled, unable to be self-supportive, and the disability arose during the child's minority."; and

(2) by adding at the end the following new sentence: "Nothing in paragraph (17) shall preclude a State from imposing more extensive child support obligations or obligations of longer duration.".

Section 781(b) is amended to read as follows:

(b) SUBSEQUENT REPEALS.—The following provisions are repealed:

(1) The Adult Education Act (20 U.S.C. 1201 et seq.).

(2) The Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.).

(3) The School-to-Work Opportunities Act of 1994 (20 U.S.C. 6101 et seq.).

(4) The Wagner-Peyser Act (29 U.S.C. et seq.).

(5) The Job Training Partnership Act (29 U.S.C. 1501 et seq.).

(6) Title V of the Older Americans Act of 1965 (42 U.S.C. 3056 et seq.).

(7) Title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11421 et seq.), other than subtitle C of such title.

In title VIII, add at the end the following:

Subtitle D—Amendment to Trade Act of 1974

SEC. 841. TRAINING AND OTHER EMPLOYMENT SERVICES FOR TRADE-IMPACTED WORKERS

Section 239(e) of the Trade Act of 1974 (19 U.S.C. 2311(e)) is amended to read as follows:

"(e) Any agreement entered into under this section shall provide that the services made available to adversely affected workers under sections 235 and 236 shall be provided through the statewide workforce development system established by the State under subtitle B of the Workforce Development Act of 1995 to provide such services to other dislocated workers.".

AMENDMENT NO. 2628

Beginning on page 520, strike line 13 and all that follows through page 529, line 2, and insert the following:

(5) The Job Training Partnership Act (29 U.S.C. 1501 et seq.).

(6) Title V of the Older Americans Act of 1965 (42 U.S.C. 3056 et seq.).

(7) Title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11421 et seq.), other than subtitle C of such title.

(c) EFFECTIVE DATES.—

(1) IMMEDIATE REPEALS.—The repeals made by subsection (a) shall take effect on the date of enactment of this Act.

(2) SUBSEQUENT REPEALS.—The repeals made by subsection (b) shall take effect on July 1, 1998.

SEC. 782. CONFORMING AMENDMENTS.

(a) IMMEDIATE REPEALS.—

(1) REFERENCES TO SECTION 204 OF THE IMMIGRATION REFORM AND CONTROL ACT OF 1986.—The table of contents for the Immigration Reform and Control Act of 1986 is amended by striking the item relating to section 204 of such Act.

(2) REFERENCES TO TITLE II OF PUBLIC LAW 95-250.—Section 103 of Public Law 95-250 (16 U.S.C. 791) is amended—

(A) by striking the second sentence of subsection (a); and

(B) by striking the second sentence of subsection (b).

(3) REFERENCES TO SUBTITLE C OF TITLE VII OF THE STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT.—

(A) Section 762(a) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11472(a)) is amended—

(i) by striking "each of the following programs" and inserting "the emergency community services homeless grant program established in section 751"; and

(ii) by striking "tribes:" and all that follows and inserting "tribes.".

(B) The table of contents of such Act is amended by striking the items relating to subtitle C of title VII of such Act.

(4) REFERENCES TO TITLE 49, UNITED STATES CODE.—

(A) Sections 5313(b)(1) and 5314(a)(1) of title 49, United States Code, are amended by striking "5317, and 5322" and inserting "and 5317".

(B) The table of contents for chapter 53 of title 49, United States Code, is amended by striking the item relating to section 5322.

(b) SUBSEQUENT REPEALS.—

(1) REFERENCES TO THE CARL D. PERKINS VOCATIONAL AND APPLIED TECHNOLOGY EDUCATION ACT.—

(A) Section 245A(h)(4)(C) of the Immigration and Nationality Act (8 U.S.C. 1255a(h)(4)(C)) is amended by striking "Vocational Education Act of 1963" and inserting "Workforce Development Act of 1995".

(B) The Goals 2000: Educate America Act (20 U.S.C. 5801 et seq.) is amended—

(i) in section 306 (20 U.S.C. 5886)—

(I) in subsection (c)(1)(A), by striking all beginning with " which process" through "Act" and inserting "which process shall include coordination with the benchmarks described in section 731(c)(2) of the Workforce Development Act of 1995"; and

(II) in subsection (l), by striking "Carl D. Perkins Vocational and Applied Technology Education Act" and inserting "Workforce Development Act of 1995"; and

(ii) in section 311(b) (20 U.S.C. 5891(b)), by striking paragraph (6).

(C) The Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.) is amended—

(i) in section 1114(b)(2)(C)(v) (20 U.S.C. 6314(b)(2)(C)(v)), by striking "Carl D. Perkins Vocational and Applied Technology Education Act" and inserting "Workforce Development Act of 1995";

(ii) in section 9115(b)(5) (20 U.S.C. 7815(b)(5)), by striking "Carl D. Perkins Vocational and Applied Technology Education Act" and inserting "Workforce Development Act of 1995";

(iii) in section 14302(a)(2) (20 U.S.C. 8852(a)(2))—

(I) by striking subparagraph (C); and

(II) by redesignating subparagraphs (D), (E), and (F) as subparagraphs (C), (D), and (E), respectively; and

(iv) in the matter preceding subparagraph (A) of section 14307(a)(1) (20 U.S.C. 8857(a)(1)), by striking "Carl D. Perkins Vocational and Applied Technology Education Act" and inserting "Workforce Development Act of 1995".

(D) Section 533(c)(4)(A) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note) is amended by striking "(20 U.S.C. 2397h(3))" and inserting ", as such section was in effect on the day preceding the date of enactment of the Workforce Development Act of 1995".

(E) Section 563 of the Improving America's Schools Act of 1994 (20 U.S.C. 6301 note) is amended by striking "the date of enactment of an Act reauthorizing the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.)" and inserting "July 1, 1998".

(F) Section 135(c)(3)(B) of the Internal Revenue Code of 1986 (26 U.S.C. 135(c)(3)(B)) is amended—

(i) by striking "subparagraph (C) or (D) of section 521(3) of the Carl D. Perkins Vocational Education Act" and inserting "subparagraph (C) or (D) of section 703(2) of the Workforce Development Act of 1995"; and

(ii) by striking "any State (as defined in section 521(27) of such Act)" and inserting "any State or outlying area (as the terms 'State' and 'outlying area' are defined in section 703 of such Act)".

(G) Section 101(a)(11)(A) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)(11)(A)) is amended by striking "Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.)" and inserting "Workforce Development Act of 1995".

(H) Section 214(c) of the Appalachian Regional Development Act of 1965 (40 U.S.C. App. 214(c)) is amended by striking "Carl D. Perkins Vocational Education Act" and inserting "Workforce Development Act of 1995".

(I) Section 104 of the Vocational Education Amendments of 1968 (82 Stat. 1091) is amended by striking "section 3 of the Carl D. Perkins Vocational Education Act" and inserting "the Workforce Development Act of 1995".

(2) REFERENCES TO THE ADULT EDUCATION ACT.—

(A) Subsection (b) of section 402 of the Refugee Education Assistance Act (8 U.S.C. 1522, note) is repealed.

(B) Paragraph (20) of section 3 of the Library Services and Construction Act (20 U.S.C. 351a(20)) is amended to read as follows:

"(20) The term 'educationally disadvantaged adult' means an individual who—

"(A) is age 16 or older, or beyond the age of compulsory school attendance under State law;

"(B) is not enrolled in secondary school;

"(C) demonstrates basic skills equivalent to or below that of students at the fifth grade level; or

"(D) has been placed in the lowest or beginning level of an adult education program when that program does not use grade level equivalencies as a measure of students' basic skills.".

(C)(i) Section 1202(c)(1) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6362(c)(1)) is amended by striking "Adult Education Act" and inserting "Workforce Development Act of 1995".

(ii) Section 1205(8)(B) of such Act (20 U.S.C. 6365(8)(B)) is amended by striking "Adult Education Act" and inserting "Workforce Development Act of 1995".

(iii) Section 1206(a)(1)(A) of such Act (20 U.S.C. 6366(a)(1)(A)) is amended by striking "an adult basic education program under the Adult Education Act" and inserting "adult education activities under the Workforce Development Act of 1995".

(iv) Section 3113(1) of such Act (20 U.S.C. 6813(1)) is amended by striking "section 312 of the Adult Education Act" and inserting "section 703 of the Workforce Development Act of 1995".

(v) Section 9161(2) of such Act (20 U.S.C. 7881(2)) is amended by striking "section 312(2) of the Adult Education Act" and inserting "section 703 of the Workforce Development Act of 1995",

(D) Section 203(b)(8) of the Older Americans Act (42 U.S.C. 3013(b)(8)) is amended by striking "Adult Education Act" and inserting "Workforce Development Act of 1995".

(3) RECOMMENDED LEGISLATION.—After consultation with the appropriate committees of Congress and the Director of the Office of Management and Budget, the Federal Partnership shall prepare and submit to Congress recommended legislation containing technical and conforming amendments to reflect the changes made by section 781(b).

(4) SUBMISSION TO CONGRESS.—Not later than March 31, 1997, the Federal Partnership shall submit the recommended legislation referred to under paragraph (3).

Subtitle G—Amendments to Wagner-Peyser Act

SEC. 791. GENERAL PROGRAM REQUIREMENTS.

Section 1 of the Wagner-Peyser Act (29 U.S.C. 49) is amended by striking "national system" and all that follows and inserting "national system of employment service offices open to the public, there shall be in the Federal Partnership a United States Employment Service.".

SEC. 792. DEFINITIONS.

(a) IN GENERAL.—Section 2 of the Wagner-Peyser Act (29 U.S.C. 49a) is amended—

(1) by striking paragraphs (1), (2), (3), and (4);

(2) by inserting before paragraph (5) the following paragraphs:

"(1) the term 'Federal Partnership' has the meaning given the term in section 703 of the Workforce Development Act of 1995;

"(2) the term 'one-stop career center system' means a means of providing one-stop delivery of core services described in section 716(a)(2)(B) of the Workforce Development Act of 1995;

"(3) the term 'Secretary', used without further modification, means the Secretary of Labor and the Secretary of Education, acting jointly; and"; and

(3) by redesignating paragraph (5) as paragraph (4).

(b) CONFORMING AMENDMENTS.—

(1) SECRETARY.—Sections 3(b), 6(b)(1), and 7(d) of the Wagner-Peyser Act (29 U.S.C. 49b(b), 49e(b)(1), and 49f(d)) are amended by striking "Secretary of Labor" and inserting "Secretary".

(2) DIRECTOR.—Section 12 of the Wagner-Peyser Act (29 U.S.C. 49k) is amended by striking "The Director, with the approval of the Secretary of Labor," and inserting "The Secretary".

SEC. 793. FUNCTIONS.

(a) IN GENERAL.—Section 3 of the Wagner-Peyser Act (29 U.S.C. 49b) is amended—

(1) by striking subsection (a) and inserting the following subsection:

"(a) The Federal Partnership shall—

"(1) assist in the coordination and development of a nationwide system of labor exchange services for the general public, provided through the one-stop career center systems of the States;

"(2) assist in the development of continuous improvement models for such nationwide system that ensure private sector satisfaction with the system and meet the demands of jobseekers relating to the system; and

"(3) ensure the continuation of services for individuals receiving unemployment compensation that were provided, under a provision specified in section 781 of the Workforce Development Act of 1995, on the day before the date of enactment of such Act."; and

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

"(c) Notwithstanding any Act referred to in section 771(b) of the Workforce Development Act of 1995, the Secretary of Labor and the Secretary of Education, acting jointly, in accordance with the plan approved or determinations made by the President under section 776(c) of such Act, shall provide for, and exercise final authority over, the effective and efficient administration of this Act and the officers and employees of the United States Employment Service.".

(b) CONFORMING AMENDMENTS.—Section 508(b) of the Unemployment Compensation Amendments of 1976 (42 U.S.C. 603a(b)) is amended—

(1) by striking "the third sentence of section 3(a)" and inserting "section 3(b)"; and

(2) by striking "49b(a)" and inserting "49b(b))".

SEC. 794. DESIGNATION OF STATE AGENCIES.

Section 4 of the Wagner-Peyser Act (29 U.S.C. 49c) is amended—

(1) by striking "a State shall, through its legislature," and inserting "a Governor shall"; and

(2) by striking "the United States Employment Service" and inserting "the Federal Partnership".

SEC. 795. APPROPRIATIONS.

Section 5(c) of the Wagner-Peyser Act (29 U.S.C. 49d(c)) is amended by striking paragraph (3).

SEC. 796. ALLOTMENTS.

Section 6 of the Wagner-Peyser Act (29 U.S.C. 49e) is amended—

(1) in subsection (a), by striking "section 5" and inserting "section 5, or made available under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A))."; and

(2) in subsection (b)(1), by striking "section 5 of this Act" and inserting "section 5, or made available under section 901(c)(1)(A) of the Social Security Act.".

SEC. 797. DISPOSITION OF ALLOTTED FUNDS.

Section 7 of the Wagner-Peyser Act (29 U.S.C. 49f) is amended—

(1) in subsection (b)(2), by striking "and the appropriate private industry council and chief elected official or officials" and inserting ", and the appropriate local partnership established under section 728(a) of the Workforce Development Act of 1995 (or, where established, the appropriate local workforce development board described in section 728(b) of such Act)";

(2) in subsection (c)(2), by striking "any program under" and all that follows and inserting "any activity carried out under the Workforce Development Act of 1995.";

(3) in subsection (d)—

(A) by striking "United States Employment Service" and inserting "Federal Partnership"; and

(B) by striking "administrative entity under the Job Training Partnership Act" and inserting "local entity under the Workforce Development Act of 1995"; and

(4) by adding at the end the following subsection:

"(e) All job search, placement, recruitment, labor market information, and other labor exchange services authorized under subsection (a) shall be provided through the one-stop career center system established by the State.".

SEC. 798. STATE PLANS.

Section 8 of the Wagner-Peyser Act (29 U.S.C. 49g) is amended—

(1) by striking subsection (a) and inserting the following new subsection:

"(a) Any State desiring to receive assistance under this Act shall include in the portion of the State workforce development plan described in section 714 of the Workforce Development Act of 1995 relating to workforce employment activities, detailed plans for carrying out this Act in such State.";

(2) by striking subsections (b), (c), and (e);

(3) in subsection (d), by striking "United States Employment Service" and inserting "Federal Partnership"; and

(4) by redesignating subsection (d) as subsection (b).

SEC. 799. FEDERAL ADVISORY COUNCIL.

Section 11 of the Wagner-Peyser Act (29 U.S.C. 49j) is repealed.

AMENDMENT NO. 2629

Beginning on page 419, strike line 17 and all that follows through page 424, line 4, and insert the following:

SEC. 733. UNEMPLOYMENT TRUST FUND.

(a) IN GENERAL.—Section 901(c) of the Social Security Act (42 U.S.C. 1101(c)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)(iii), by striking "carrying into effect section 4103" and inserting "carrying out the activities described in sections 4103, 4103A, 4104, and 4104A"; and

(B) in subparagraph (B), in the matter preceding clause (i), by striking "Department of Labor" and inserting "Department of Labor or the Workforce Development Partnership, as appropriate,"; and

(2) in the first sentence of paragraph (4), by striking "the Department of Labor" and inserting "the Workforce Development Partnership".

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect July 1, 1998.

AMENDMENT NO. 2630

Section 772(a)(4)(A) is amended to read as follows:

(A) IN GENERAL.—Notwithstanding any other provision of this Act or any amendment made by this Act, any provision of this Act or any amendment made by this Act that would otherwise grant the National Board the authority to carry out a function (as defined in section 776) shall be construed to give the National Board the authority only to provide advice to the Secretary of Labor and the Secretary of Education with respect to the function, and not the authority to carry out the function. The provision shall be deemed to grant the Secretary of Labor and the Secretary of Education, acting jointly, the authority to carry out the function.

AMENDMENT NO. 2631

Beginning on page 337, strike line 4 and all that follows through page 379, line 21, and insert the following:

(a) ACTIVITIES.—From the sum of the funds made available to a State through an allotment received under section 712, through funds received under section 6 of the Wagner-Peyser Act (29 U.S.C. 49e), or through funds made available under section 901(c)(1)(A)(ii) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)(ii)) for a program year—

(1) a portion equal to 25 percent of such sum (which portion shall include the amount made available to the State through funds received under section 6 of the Wagner-Peyser Act or through funds made available under section 901(c)(1)(A)(ii) of the Social Security Act) shall be made available for workforce employment activities, activities carried out under the Wagner-Peyser Act (29 U.S.C. 49 et seq.), or activities described in section 716(a)(10);

(2) a portion equal to 25 percent of such sum shall be made available for workforce education activities; and

(3) a portion (referred to in this title as the "flex account") equal to 50 percent of such sum shall be made available for flexible workforce activities.

(b) RECIPIENTS.—In making an allotment under section 712 to a State, the Secretary of Labor and the Secretary of Education, acting jointly, shall make a payment—

(1) to the Governor of the State for the portion described in subsection (a)(1), and such part of the flex account as the Governor may be eligible to receive, as determined under the State plan of the State submitted under section 714; and

(2) to the State educational agency of the State for the portion described in subsection (a)(2), and such part of the flex account as the State educational agency may be eligible to receive, as determined under the State plan of the State submitted under section 714.

SEC. 714. STATE PLANS.

(a) IN GENERAL.—For a State to be eligible to receive an allotment under section 712, the Governor of the State shall submit to the Federal Partnership, and obtain approval of, a single comprehensive State workforce development plan (referred to in this section as a "State plan"), outlining a 3-year strategy for the statewide system of the State.

(b) PARTS.—

(1) IN GENERAL.—The State plan shall contain 3 parts.

(2) STRATEGIC PLAN AND FLEXIBLE WORKFORCE ACTIVITIES.—The first part of the State plan shall describe a strategic plan for the statewide system, including the flexible workforce activities, and, if appropriate, economic development activities, that are designed to meet the State goals and reach the State benchmarks and are to be carried out with the allotment. The Governor shall develop the first part of the State plan, using procedures that are consistent with the procedures described in subsection (d).

(3) WORKFORCE EMPLOYMENT ACTIVITIES.—The second part of the State plan shall describe the workforce employment activities that are designed to meet the State goals and reach the State benchmarks and are to be carried out with the allotment. The Governor shall develop the second part of the State plan.

(4) WORKFORCE EDUCATION ACTIVITIES.—The third part of the State plan shall describe the workforce education activities that are designed to meet the State goals and reach the State benchmarks and are to be carried out with the allotment. The State educational agency of the State shall develop the third part of the State plan in consultation, where appropriate, with the State postsecondary education agency and with community colleges.

(c) CONTENTS OF THE PLAN.—The State plan shall include—

(1) with respect to the strategic plan for the statewide system—

(A) information describing how the State will identify the current and future workforce development needs of the industry sectors most important to the economic competitiveness of the State;

(B) information describing how the State will identify the current and future workforce development needs of all segments of the population of the State;

(C) information identifying the State goals and State benchmarks and how the goals and benchmarks will make the statewide system relevant and responsive to labor market and education needs at the local level;

(D) information describing how the State will coordinate workforce development activities to meet the State goals and reach the State benchmarks;

(E) information describing the allocation within the State of the funds made available through the flex account for the State, and how the flexible workforce activities, including school-to-work activities, to be carried out with such funds will be carried out to meet the State goals and reach the State benchmarks;

(F) information identifying how the State will obtain the active and continuous participation of business, industry, and labor in the development and continuous improvement of the statewide system;

(G) information identifying how any funds that a State receives under this subtitle will be leveraged with other public and private resources to maximize the effectiveness of such resources for all workforce development activities, and expand the participation of business, industry, labor, and individuals in the statewide system;

(H) information identifying how the workforce development activities to be carried out with funds received through the allotment will be coordinated with programs carried out by the Veterans' Employment and Training Service with funds received under title 38, United States Code, in order to meet the State goals and reach the State benchmarks related to veterans;

(I) information describing how the State will eliminate duplication in the administration and delivery of services under this title;

(J) information describing the process the State will use to independently evaluate and continuously improve the performance of the statewide system, on a yearly basis, including the development of specific performance indicators to measure progress toward meeting the State goals;

(K) an assurance that the funds made available under this subtitle will supplement and not supplant other public funds expended to provide workforce development activities;

(L) information identifying the steps that the State will take over the 3 years covered by the plan to establish common data collection and reporting requirements for workforce development activities and vocational rehabilitation program activities;

(M) with respect to economic development activities, information—

(i) describing the activities to be carried out with the funds made available under this subtitle;

(ii) describing how the activities will lead directly to increased earnings of nonmanagerial employees in the State; and

(iii) describing whether the labor organization, if any, representing the nonmanagerial employees supports the activities;

(N) the description referred to in subsection (d)(1); and

(O)(i) information demonstrating the support of individuals and entities described in subsection (d)(1) for the plan; or

(ii) in a case in which the Governor is unable to obtain the support of such individuals and entities as provided in subsection (d)(2), the comments referred to in subsection (d)(2)(B).

(2) with respect to workforce employment activities, information—

(A)(i) identifying and designating substate areas, including urban and rural areas, to which funds received through the allotment will be distributed, which areas shall, to the extent feasible, reflect local labor market areas; or

(ii) stating that the State will be treated as a substate area for purposes of the application of this subtitle, if the State receives an increase in an allotment under section 712 for a program year as a result of the application of section 712(c)(2); and

(B) describing the basic features of one-stop delivery of core services described in section 716(a)(2) in the State, including information regarding—

(i) the strategy of the State for developing fully operational one-stop delivery of core services described in section 716(a)(2);

(ii) the time frame for achieving the strategy;

(iii) the estimated cost for achieving the strategy;

(iv) the steps that the State will take over the 3 years covered by the plan to provide individuals with access to one-stop delivery of core services described in section 716(a)(2);

(v) the steps that the State will take over the 3 years covered by the plan to ensure that all publicly funded labor exchange services described in section 716(a)(2)(B), and all such services described in the Wagner-Peyser Act (29 U.S.C. 49 et seq.), are provided through the one-stop career center system of the State;

(vi) the steps that the State will take over the 3 years covered by the plan to provide information through the one-stop delivery to individuals on the quality of workforce employment activities, workforce education activities, and vocational rehabilitation program activities, provided through the statewide system;

(vii) the steps that the State will take over the 3 years covered by the plan to link services provided through the one-stop delivery with services provided through State welfare agencies; and

(viii) in a case in which the State chooses to use vouchers to deliver workforce employment activities, the steps that the State will take over the 3 years covered by the plan to comply with the requirements in section 716(a)(9) and the information required in such section;

(C) identifying performance indicators that relate to the State goals, and to the State benchmarks, concerning workforce employment activities;

(D) describing the workforce employment activities to be carried out with funds received through the allotment;

(E) describing the steps that the State will take over the 3 years covered by the plan to establish a statewide comprehensive labor market information system described in section 773(c) that will be utilized by all the providers of one-stop delivery of core services described in section 716(a)(2), providers of other workforce employment activities, and providers of workforce education activities, in the State;

(F) describing the steps that the State will take over the 3 years covered by the plan to establish a job placement accountability system described in section 731(d);

(G) describing the process the State will use to approve all providers of workforce employment activities through the statewide system; and

(H)(i) describing the steps that the State will take to segregate the amount made available to the State under section 6 of the Wagner-Peyser Act (29 U.S.C. 49e) or under section 901(c)(1)(A)(ii) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)(ii)) from the remainder of the portion described in section 713(a)(1); and

(ii) describing how the State will use the amount described in clause (i) to carry out the activities described in section 716(a)(10);

(3) with respect to workforce education activities, information—

(A) describing how funds received through the allotment will be allocated among—

(i) secondary school vocational education, or postsecondary and adult vocational education, or both; and

(ii) adult education;

(B) identifying performance indicators that relate to the State goals, and to the State benchmarks, concerning workforce education activities;

(C) describing the workforce education activities that will be carried out with funds received through the allotment;

(D) describing how the State will address the adult education needs of the State;

(E) describing how the State will disaggregate data relating to at-risk youth in order to adequately measure the progress of at-risk youth toward accomplishing the results measured by the State goals, and the State benchmarks;

(F) describing how the State will adequately address the needs of both at-risk youth who are in school, and out-of-school youth, in alternative education programs that teach to the same challenging academic, occupational, and skill proficiencies as are provided for in-school youth;

(G) describing how the workforce education activities described in the State plan and the State allocation of funds received through the allotment for such activities are an integral part of comprehensive efforts of the State to improve education for all students and adults;

(H) describing how the State will annually evaluate the effectiveness of the State plan with respect to workforce education activities;

(I) describing how the State will address the professional development needs of the State with respect to workforce education activities;

(J) describing how the State will provide local educational agencies in the State with technical assistance; and

(K) describing how the State will assess the progress of the State in implementing student performance measures.

(d) PROCEDURE FOR DEVELOPMENT OF PART OF PLAN RELATING TO STRATEGIC PLAN.—

(1) DESCRIPTION OF DEVELOPMENT.—The part of the State plan relating to the strategic plan shall include a description of the manner in which—

(A) the Governor;

(B) the State educational agency;

(C) representatives of business and industry, including representatives of key industry sectors, and of small- and medium-size and large employers, in the State;

(D) representatives of labor and workers;

(E) local elected officials from throughout the State;

(F) the State agency officials responsible for vocational education;

(G) the State agency officials responsible for postsecondary education;

(H) the State agency officials responsible for adult education;

(I) the State agency officials responsible for vocational rehabilitation;

(J) such other State agency officials, including officials responsible for economic development and employment, as the Governor may designate;

(K) the representative of the Veterans' Employment and Training Service assigned to the State under section 4103 of title 38, United States Code; and

(L) other appropriate officials, including members of the State workforce development board described in section 715, if the State has established such a board;

collaborated in the development of such part of the plan.

(2) FAILURE TO OBTAIN SUPPORT.—If, after a reasonable effort, the Governor is unable to obtain the support of the individuals and entities described in paragraph (1) for the strategic plan the Governor shall—

(A) provide such individuals and entities with copies of the strategic plan;

(B) allow such individuals and entities to submit to the Governor, not later than the end of the 30-day period beginning on the date on which the Governor provides such individuals and entities with copies of such plan under subparagraph (A), comments on such plan; and

(C) include any such comments in such plan.

(e) APPROVAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall approve a State plan if—

(1) the Federal Partnership determines that the plan contains the information described in subsection (c);

(2) the Federal Partnership determines that the State has prepared the plan in accordance with the requirements of this section, including the requirements relating to development of any part of the plan; and

(3) the State benchmarks for the State have been negotiated and approved in accordance with section 731(c).

(f) NO ENTITLEMENT TO A SERVICE.—Nothing in this title shall be construed to provide any individual with an entitlement to a service provided under this title.

SEC. 715. STATE WORKFORCE DEVELOPMENT BOARDS.

(a) ESTABLISHMENT.—A Governor of a State that receives an allotment under section 712 may establish a State workforce development board—

(1) on which a majority of the members are representatives of business and industry;

(2) on which not less than 25 percent of the members shall be representatives of labor, workers, and community-based organizations;

(3) that shall include representatives of veterans;

(4) that shall include a representative of the State educational agency and a representative from the State agency responsible for vocational rehabilitation;

(5) that may include any other individual or entity that participates in the collaboration described in section 714(d)(1); and

(6) that may include any other individual or entity the Governor may designate.

(b) CHAIRPERSON.—The State workforce development board shall select a chairperson from among the members of the board who are representatives of business and industry.

(c) FUNCTIONS.—The functions of the State workforce development board shall include—

(1) advising the Governor on the development of the statewide system, the State plan described in section 714, and the State goals and State benchmarks;

(2) assisting in the development of specific performance indicators to measure progress toward meeting the State goals and reaching the State benchmarks and providing guidance on how such progress may be improved;

(3) serving as a link between business, industry, labor, and the statewide system;

(4) assisting the Governor in preparing the annual report to the Federal Partnership regarding progress in reaching the State benchmarks, as described in section 731(a);

(5) receiving and commenting on the State plan developed under section 101 of the Rehabilitation Act of 1973 (29 U.S.C. 721);

(6) assisting the Governor in developing the statewide comprehensive labor market information system described in section 773(c) to provide information that will be utilized by all the providers of one-stop delivery of core services described in section 716(a)(2),

providers of other workforce employment activities, and providers of workforce education activities, in the State; and

(7) assisting in the monitoring and continuous improvement of the performance of the statewide system, including evaluation of the effectiveness of workforce development activities funded under this title.

SEC. 716. USE OF FUNDS.

(a) WORKFORCE EMPLOYMENT ACTIVITIES.—

(1) IN GENERAL.—Funds made available to a State under this subtitle to carry out workforce employment activities through a statewide system—

(A) shall be used to carry out the activities described in paragraphs (2), (3), and (4); and

(B) may be used to carry out the activities described in paragraphs (5), (6), (7), and (8), including providing activities described in paragraph (6) through vouchers described in paragraph (9).

(2) ONE-STOP DELIVERY OF CORE SERVICES.—

(A) ACCESS.—The State shall use a portion of the funds described in paragraph (1) to establish a means of providing access to the statewide system through core services described in subparagraph (B) available—

(i) through multiple, connected access points, linked electronically or otherwise;

(ii) through a network that assures participants that such core services will be available regardless of where the participants initially enter the statewide system;

(iii) at not less than 1 physical location in each substate area of the State; or

(iv) through some combination of the options described in clauses (i), (ii), and (iii).

(B) CORE SERVICES.—The core services referred to in subparagraph (A) shall, at a minimum, include—

(i) outreach, intake, and orientation to the information and other services available through one-stop delivery of core services described in this subparagraph;

(ii) initial assessment of skill levels, aptitudes, abilities, and supportive service needs;

(iii) job search and placement assistance and, where appropriate, career counseling;

(iv) customized screening and referral of qualified applicants to employment;

(v) provision of accurate information relating to local labor market conditions, including employment profiles of growth industries and occupations within a substate area, the educational and skills requirements of jobs in the industries and occupations, and the earnings potential of the jobs;

(vi) provision of accurate information relating to the quality and availability of other workforce employment activities, workforce education activities, and vocational rehabilitation program activities;

(vii) provision of information regarding how the substate area is performing on the State benchmarks;

(viii) provision of initial eligibility information on forms of public financial assistance that may be available in order to enable persons to participate in workforce employment activities, workforce education activities, or vocational rehabilitation program activities; and

(ix) referral to other appropriate workforce employment activities, workforce education activities, and vocational rehabilitation employment activities.

(3) LABOR MARKET INFORMATION SYSTEM.—The State shall use a portion of the funds described in paragraph (1) to establish a statewide comprehensive labor market information system described in section 773(c).

(4) JOB PLACEMENT ACCOUNTABILITY SYSTEM.—The State shall use a portion of the funds described in paragraph (1) to establish a job placement accountability system described in section 731(d).

(5) PERMISSIBLE ONE-STOP DELIVERY ACTIVITIES.—The State may provide, through one-stop delivery—

(A) co-location of services related to workforce development activities, such as unemployment insurance, vocational rehabilitation program activities, welfare assistance, veterans' employment services, or other public assistance;

(B) intensive services for participants who are unable to obtain employment through the core services described in paragraph (2)(B), as determined by the State; and

(C) dissemination to employers of information on activities carried out through the statewide system.

(6) OTHER PERMISSIBLE ACTIVITIES.—The State may use a portion of the funds described in paragraph (1) to provide services through the statewide system that may include—

(A) on-the-job training;

(B) occupational skills training;

(C) entrepreneurial training;

(D) training to develop work habits to help individuals obtain and retain employment;

(E) customized training conducted with a commitment by an employer or group of employers to employ an individual after successful completion of the training;

(F) rapid response assistance for dislocated workers;

(G) skill upgrading and retraining for persons not in the workforce;

(H) preemployment and work maturity skills training for youth;

(I) connecting activities that organize consortia of small- and medium-size businesses to provide work-based learning opportunities for youth participants in school-to-work programs;

(J) programs for adults that combine workplace training with related instruction;

(K) services to assist individuals in attaining certificates of mastery with respect to industry-based skill standards;

(L) case management services;

(M) supportive services, such as transportation and financial assistance, that enable individuals to participate in the statewide system;

(N) followup services for participants who are placed in unsubsidized employment; and

(O) an employment and training program described in section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)).

(7) STAFF DEVELOPMENT AND TRAINING.—The State may use a portion of the funds described in paragraph (1) for the development and training of staff of providers of one-stop delivery of core services described in paragraph (2), including development and training relating to principles of quality management.

(8) INCENTIVE GRANT AWARDS.—The State may use a portion of the funds described in paragraph (1) to award incentive grants to substate areas that reach or exceed the State benchmarks established under section 731(c), with an emphasis on benchmarks established under section 731(c)(3). A substate area that receives such a grant may use the funds made available through the grant to carry out any workforce development activities authorized under this title.

(9) VOUCHERS.—

(A) IN GENERAL.—A State may deliver some or all of the workforce employment activities described in paragraph (6) that are provided under this subtitle through a system of vouchers administered through the one-stop delivery of core services described in paragraph (2) in the State.

(B) ELIGIBILITY REQUIREMENTS.—

(i) IN GENERAL.—A State that chooses to deliver the activities described in subparagraph (A) through vouchers shall indicate in the State plan described in section 714 the criteria that will be used to determine—

(I) which workforce employment activities described in paragraph (6) will be delivered through the voucher system;

(II) eligibility requirements for participants to receive the vouchers and the amount of funds that participants will be able to access through the voucher system; and

(III) which employment, training, and education providers are eligible to receive payment through the vouchers.

(ii) CONSIDERATIONS.—In establishing State criteria for service providers eligible to receive payment through the vouchers under clause (i)(III), the State shall take into account industry-recognized skills standards promoted by the National Skills Standards Board.

(C) ACCOUNTABILITY REQUIREMENTS.—A State that chooses to deliver the activities described in paragraph (6) through vouchers shall indicate in the State plan—

(i) information concerning how the State will utilize the statewide comprehensive labor market information system described in section 773(c) and the job placement accountability system established under section 731(d) to provide timely and accurate information to participants about the performance of eligible employment, training, and education providers;

(ii) other information about the performance of eligible providers of services that the State believes is necessary for participants receiving the vouchers to make informed career choices; and

(iii) the timeframe in which the information developed under clauses (i) and (ii) will be widely available through the one-stop delivery of core services described in paragraph (2) in the State.

(10) FUNDS FROM UNEMPLOYMENT TRUST FUND.—Funds made available to a Governor under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) for a program year shall only be available for activities authorized under such section 901(c)(1)(A), which are—

(A) the administration of State unemployment compensation laws as provided in title III of the Social Security Act (including administration pursuant to agreements under any Federal unemployment compensation law);

(B) the establishment and maintenance of systems of public employment offices in accordance with the Wagner-Peyser Act (29 U.S.C. 49 et seq.); and

(C) carrying out the activities described in sections 4103, 4103A, 4104, and 4104A of title 38, United States Code (relating to veterans' employment services).

(b) WORKFORCE EDUCATION ACTIVITIES.—The State educational agency shall use the funds made available to the State educational agency under this subtitle for workforce education activities to carry out, through the statewide system, activities that include—

(1) integrating academic and vocational education;

(2) linking secondary education (as determined under State law) and postsecondary education, including implementing tech-prep programs;

(3) providing career guidance and counseling for students at the earliest possible age, including the provision of career awareness, exploration, planning, and guidance information to students and their parents that is, to the extent possible, in a language and form that the students and their parents understand;

(4) providing literacy and basic education services for adults and out-of-school youth,

including adults and out-of-school youth in correctional institutions;

(5) providing programs for adults and out-of-school youth to complete their secondary education;

(6) expanding, improving, and modernizing quality vocational education programs; and

(7) improving access to quality vocational education programs for at-risk youth.

(c) FISCAL REQUIREMENTS FOR WORKFORCE EDUCATION ACTIVITIES.—

(1) SUPPLEMENT NOT SUPPLANT.—Funds made available under this subtitle for workforce education activities shall supplement, and may not supplant, other public funds expended to carry out workforce education activities.

(2) MAINTENANCE OF EFFORT.—

(A) DETERMINATION.—No payments shall be made under this subtitle for any program year to a State for workforce education activities unless the Federal Partnership determines that the fiscal effort per student or the aggregate expenditures of such State for workforce education for the program year preceding the program year for which the determination is made, equaled or exceeded such effort or expenditures for workforce education for the second program year preceding the fiscal year for which the determination is made.

(B) WAIVER.—The Federal Partnership may waive the requirements of this section (with respect to not more than 5 percent of expenditures by any State educational agency) for 1 program year only, on making a determination that such waiver would be equitable due to exceptional or uncontrollable circumstances affecting the ability of the applicant to meet such requirements, such as a natural disaster or an unforeseen and precipitous decline in financial resources. No level of funding permitted under such a waiver may be used as the basis for computing the fiscal effort or aggregate expenditures required under this section for years subsequent to the year covered by such waiver. The fiscal effort or aggregate expenditures for the subsequent years shall be computed on the basis of the level of funding that would, but for such waiver, have been required.

(d) FLEXIBLE WORKFORCE ACTIVITIES.—

(1) CORE FLEXIBLE WORKFORCE ACTIVITIES.—The State shall use a portion of the funds made available to the State under this subtitle through the flex account to carry out school-to-work activities through the statewide system, except that any State that received a grant under subtitle B of title II of the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6141 et seq.) shall use such portion to support the continued development of the statewide School-to-Work Opportunities system of the State through the continuation of activities that are carried out in accordance with the terms of such grant.

(2) PERMISSIBLE FLEXIBLE WORKFORCE ACTIVITIES.—The State may use a portion of the funds made available to the State under this subtitle through the flex account—

(A) to carry out workforce employment activities through the statewide system; and

(B) to carry out workforce education activities through the statewide system.

(e) ECONOMIC DEVELOPMENT ACTIVITIES.—In the case of a State that meets the requirements of section 728(c), the State may use a portion of the funds made available to the State under this subtitle through the flex account to supplement other funds provided by the State or private sector—

(1) to provide customized assessments of the skills of workers and an analysis of the skill needs of employers;

(2) to assist consortia of small- and medium-size employers in upgrading the skills of their workforces;

(3) to provide productivity and quality improvement training programs for the workforces of small- and medium-size employers;

(4) to provide recognition and use of voluntary industry-developed skills standards by employers, schools, and training institutions;

(5) to carry out training activities in companies that are developing modernization plans in conjunction with State industrial extension service offices; and

(6) to provide on-site, industry-specific training programs supportive of industrial and economic development;

through the statewide system.

(f) LIMITATIONS.—

(1) WAGES.—No funds provided under this subtitle shall be used to pay the wages of incumbent workers during their participation in economic development activities provided through the statewide system.

(2) RELOCATION.—No funds provided under this subtitle shall be used or proposed for use to encourage or induce the relocation, of a business or part of a business, that results in a loss of employment for any employee of such business at the original location.

(3) TRAINING AND ASSESSMENTS FOLLOWING RELOCATION.—No funds provided under this subtitle shall be used for customized or skill training, on-the-job training, or company specific assessments of job applicants or workers, for any business or part of a business, that has relocated, until 120 days after the date on which such business commences operations at the new location, if the relocation of such business or part of a business, results in a loss of employment for any worker of such business at the original location.

(g) LIMITATIONS ON PARTICIPANTS.—

(1) DIPLOMA OR EQUIVALENT.—

(A) IN GENERAL.—No individual may participate in workforce employment activities described in subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6) until the individual has obtained a secondary school diploma or its recognized equivalent, or is enrolled in a program or course of study to obtain a secondary school diploma or its recognized equivalent.

(B) EXCEPTION.—Nothing in subparagraph (A) shall prevent participation in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6) by individuals who, after testing and in the judgment of medical, psychiatric, academic, or other appropriate professionals, lack the requisite capacity to complete successfully a course of study that would lead to a secondary school diploma or its recognized equivalent.

(2) SERVICES.—

(A) REFERRAL.—If an individual who has not obtained a secondary school diploma or its recognized equivalent applies to participate in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6), such individual shall be referred to State approved adult education services that provide instruction designed to help such individual obtain a secondary school diploma or its recognized equivalent.

(B) STATE PROVISION OF SERVICES.—Notwithstanding any other provision of this title, a State may use funds made available under section 713(a)(1) to provide State approved adult education services that provide instruction designed to help individuals obtain a secondary school diploma or its recognized equivalent, to individuals who—

(i) are seeking to participate in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6); and

(ii) are otherwise unable to obtain such services.

SEC. 717. INDIAN WORKFORCE DEVELOPMENT ACTIVITIES.

(a) PURPOSE.—

(1) IN GENERAL.—The purpose of this section is to support workforce development activities for Indian and Native Hawaiian individuals in order—

(A) to develop more fully the academic, occupational, and literacy skills of such individuals;

(B) to make such individuals more competitive in the workforce; and

(C) to promote the economic and social development of Indian and Native Hawaiian communities in accordance with the goals and values of such communities.

(2) INDIAN POLICY.—All programs assisted under this section shall be administered in a manner consistent with the principles of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.) and the government-to-government relationship between the Federal Government and Indian tribal governments.

(b) DEFINITIONS.—As used in this section:

(1) ALASKA NATIVE.—The term "Alaska Native" means a Native as such term is defined in section 3(b) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(b)).

(2) INDIAN, INDIAN TRIBE, AND TRIBAL ORGANIZATION.—The terms "Indian", "Indian tribe", and "tribal organization" have the same meanings given such terms in subsections (d), (e) and (l), respectively, of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(3) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" has the meaning given the term in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

(4) NATIVE HAWAIIAN AND NATIVE HAWAIIAN ORGANIZATION.—The terms "Native Hawaiian" and "Native Hawaiian organization" have the same meanings given such terms in paragraphs (1) and (3), respectively, of section 9212 of the Native Hawaiian Education Act (20 U.S.C. 7912).

(5) TRIBALLY CONTROLLED COMMUNITY COLLEGE.—The term "tribally controlled community college" has the same meaning given such term in section 2(a)(4) of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801(a)(4)).

(6) TRIBALLY CONTROLLED POSTSECONDARY VOCATIONAL INSTITUTION.—The term "tribally controlled postsecondary vocational institution" means an institution of higher education that—

(A) is formally controlled, or has been formally sanctioned or chartered, by the governing body of an Indian tribe or Indian tribes;

(B) offers a technical degree or certificate granting program;

(C) is governed by a board of directors or trustees, a majority of whom are Indians;

(D) demonstrates adherence to stated goals, a philosophy, or a plan of operation, that fosters individual Indian economic and self-sufficiency opportunity, including programs that are appropriate to stated tribal goals of developing individual entrepreneurships and self-sustaining economic infrastructures on reservations;

(E) has been in operation for at least 3 years;

(F) holds accreditation with or is a candidate for accreditation by a nationally recognized accrediting authority for postsecondary vocational education; and

(G) enrolls the full-time equivalent of not fewer than 100 students, of whom a majority are Indians.

(c) PROGRAM AUTHORIZED.—

(1) ASSISTANCE AUTHORIZED.—From amounts made available under section 734(b)(2), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to, or enter into contracts or cooperative agreements with, Indian tribes and tribal organizations, Alaska Native entities, tribally controlled community colleges, tribally controlled postsecondary vocational institutions, Indian-controlled organizations serving Indians or Alaska Natives, and Native Hawaiian organizations to carry out the authorized activities described in subsection (d).

(2) FORMULA.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to, or enter into contracts and cooperative agreements with, entities as described in paragraph (1) to carry out the activities described in paragraphs (2) and (3) of subsection (d) on the basis of a formula developed by the Federal Partnership in consultation with entities described in paragraph (1).

(d) AUTHORIZED ACTIVITIES.—

(1) IN GENERAL.—Funds made available under this section shall be used to carry out the activities described in paragraphs (2) and (3) that—

(A) are consistent with this section; and

(B) are necessary to meet the needs of Indians and Native Hawaiians preparing to enter, reenter, or retain unsubsidized employment.

(2) WORKFORCE DEVELOPMENT ACTIVITIES AND SUPPLEMENTAL SERVICES.—

(A) IN GENERAL.—Funds made available under this section shall be used for—

(i) comprehensive workforce development activities for Indians and Native Hawaiians;

(ii) supplemental services for Indian or Native Hawaiian youth on or near Indian reservations in Oklahoma, Alaska, or Hawaii; and

(iii) supplemental services to recipients of public assistance on or near Indian reservations or former reservation areas in Oklahoma or in Alaska.

(B) SPECIAL RULE.—Notwithstanding any other provision of this section, individuals who were eligible to participate in programs under section 401 of the Job Training Partnership Act (29 U.S.C. 1671) (as such section was in effect on the day before the date of enactment of this Act) shall be eligible to participate in an activity assisted under subparagraph (A)(i).

(3) VOCATIONAL EDUCATION, ADULT EDUCATION, AND LITERACY SERVICES.—Funds made available under this section shall be used for—

(A) workforce education activities conducted by entities described in subsection (c)(1); and

(B) the support of tribally controlled postsecondary vocational institutions in order to ensure continuing and expanded educational opportunities for Indian students.

(e) PROGRAM PLAN.—In order to receive a grant or enter into a contract or cooperative agreement under this section an entity described in subsection (c)(1) shall submit to the Federal Partnership a plan that describes a 3-year strategy for meeting the needs of Indian and Native Hawaiian individuals, as appropriate, in the area served by such entity. Such plan shall—

(1) be consistent with the purposes of this section;

(2) identify the population to be served;

(3) identify the education and employment needs of the population to be served and the manner in which the services to be provided will strengthen the ability of the individuals served to obtain or retain unsubsidized employment;

(4) describe the services to be provided and the manner in which such services are to be integrated with other appropriate services; and

(5) describe the goals and benchmarks to be used to assess the performance of entities in carrying out the activities assisted under this section.

(f) FURTHER CONSOLIDATION OF FUNDS.—Each entity receiving assistance under this section may consolidate such assistance with assistance received from related programs in accordance with the provisions of the Indian Employment, Training and Related Services Demonstration Act of 1992 (25 U.S.C. 3401 et seq.).

(g) NONDUPLICATIVE AND NONEXCLUSIVE SERVICES.—Nothing in this section shall be construed—

(1) to limit the eligibility of any entity described in subsection (c)(1) to participate in any program offered by a State or local entity under this title; or

(2) to preclude or discourage any agreement, between any entity described in subsection (c)(1) and any State or local entity, to facilitate the provision of services by such entity or to the population served by such entity.

(h) PARTNERSHIP PROVISIONS.—

(1) OFFICE ESTABLISHED.—There shall be established within the Federal Partnership an office to administer the activities assisted under this section.

(2) CONSULTATION REQUIRED.—

(A) IN GENERAL.—The Federal Partnership, through the office established under paragraph (1), shall develop regulations and policies for activities assisted under this section in consultation with tribal organizations and Native Hawaiian organizations. Such regulations and policies shall take into account the special circumstances under which such activities operate.

(B) ADMINISTRATIVE SUPPORT.—The Federal Partnership shall provide such administrative support to the office established under paragraph (1) as the Federal Partnership determines to be necessary to carry out the consultation required by subparagraph (A).

(3) TECHNICAL ASSISTANCE.—The Federal Partnership, through the office established under paragraph (1), is authorized to provide technical assistance to entities described in subsection (c)(1) that receive assistance under this section to enable such entities to improve the workforce development activities provided by such entities.

SEC. 718. GRANTS TO OUTLYING AREAS.

(a) GENERAL AUTHORITY.—Using funds made available under section 734(b)(3), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to outlying areas to carry out workforce development activities.

(b) APPLICATION.—The Federal Partnership shall issue regulations specifying the provisions of this title that shall apply to outlying areas that receive funds under this subtitle.

CHAPTER 2—LOCAL PROVISIONS

SEC. 721. LOCAL APPORTIONMENT BY ACTIVITY.

(a) WORKFORCE EMPLOYMENT ACTIVITIES.—

(1) IN GENERAL.—The sum of—

(A) the funds made available to a State for any fiscal year under section 713(a)(1), less any portion of such funds made available under section 6 of the Wagner-Peyser Act (29 U.S.C. 49e) or section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)); and

(B) the funds made available to a State for any fiscal year under section 713(a)(3) for workforce employment activities:

shall be made available to the Governor of such State for use in accordance with paragraph (2).

KENNEDY AMENDMENT NO. 2632

Mr. MOYNIHAN (for Mr. KENNEDY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 359, strike lines 11 through 16 and insert the following:

viduals to participate in the statewide system; and

(N) followup services for participants who are placed in unsubsidized employment.

KENNEDY AMENDMENT NO. 2633

Mr. MOYNIHAN (for Mr. KENNEDY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

In section 721(b), strike paragraph (4) and insert the following:

(4) STATE DETERMINATIONS.—From the amount available to a State educational agency under paragraph (2)(B) for a fiscal year, such agency shall distribute such amount for workforce education activities in such State as follows:

(A) 75 percent of such amount shall be distributed for secondary school vocational education in accordance with section 722, or for postsecondary and adult vocational education in accordance with section 723, or for both; and

(B) 25 percent of such amount shall be distributed for adult education in accordance with section 724.

KENNEDY (AND OTHERS) AMENDMENT NO. 2634

Mr. MOYNIHAN (for Mr. KENNEDY for himself, Mr. LIEBERMAN, Mr. BREAUX, and Mr. CONRAD) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 17, line 8, insert "and for each of fiscal years 1998, 1999 and 2000, the amount of the State's job placement performance bonus determined under subsection (f)(1) for the fiscal year" after "year".

On page 17, line 22, insert "and the applicable amount specified under subsection (f)(2)(B) for such fiscal year" after "(B)".

On page 29, between lines 15 and 16, insert:

"(f) JOB PLACEMENT PERFORMANCE BONUS.—

"(1) IN GENERAL.—The job placement performance bonus determined with respect to a State and a fiscal year is an amount equal to the amount of the State's allocation of the job placement performance fund determined in accordance with the formula developed under paragraph (2).

"(2) ALLOCATION FORMULA; BONUS FUND.—

"(A) ALLOCATION FORMULA.—

"(i) IN GENERAL.—Not later than September 30, 1996, the Secretary of Health and Human Services shall develop and publish in the Federal Register a formula for allocating amounts in the job placement performance bonus fund to States based on the number of families that received assistance under a State program funded under this part in the preceding fiscal year that became ineligible for assistance under the State program, or the number of families with a reduction in the amount of such assistance, as a result of unsubsidized employment during such year.

"(ii) FACTORS TO CONSIDER.—In developing the allocation formula under clause (i), the Secretary shall—

"(I) provide a greater financial bonus for individuals in families described in clause (i) who remain employed for greater periods of time or are at a greater risk of long-term welfare dependency;

"(II) take into account the unemployment conditions of each State or geographic area; and

"(III) take into account the number of families in each State that received assistance under a State program funded under this part in the preceding fiscal year that became ineligible for assistance under the State program, or the number of families with a reduction in the amount of such assistance, as a result of unsubsidized employment during such year, including fiscal years prior to 1997.

"(B) JOB PLACEMENT PERFORMANCE BONUS FUND.—

"(i) GENERAL.—For purposes of establishing a job placement performance bonus fund and making disbursements from such fund in accordance with subparagraph (A), with respect to a fiscal year there are authorized to be appropriated and there are appropriated an amount equal to the sum of—

"(I)(aa) for fiscal year 1998, $70,000,000;

"(bb) for fiscal year 1999, $140,000,000;

"(cc) for fiscal year 2000, $210,000,000; and

"(II) the amount of the reduction in grants made under this section for the preceding fiscal year resulting from the application of section 407 for the fiscal year involved.

On page 29, line 16, strike "(f)" and insert "(g)".

On page 66, line 7, insert "and a preliminary assessment of the job placement performance bonus established under section 403(f)" before the period.

On page 108, between lines 20 and 21, insert the following new subsection:

(i) REPEAL OF MARKET PROMOTION PROGRAM.—Section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623) is repealed.

KENNEDY AMENDMENT NO. 2635

Mr. MOYNIHAN (for Mr. KENNEDY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows

In section 716(a), add at the end the following:

(11) WORKFORCE EMPLOYMENT ACTIVITIES FOR DISLOCATED WORKERS.—Each State shall use 25 percent of the funds made available to the State for a program year under section 713(a)(1), less any portion of such funds made available under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A), to provide workforce employment activities for dislocated workers.

KENNEDY (AND BREAUX) AMENDMENTS NOS. 2636-2638

Mr. MOYNIHAN (for Mr. KENNEDY, for himself and Mr. BREAUX) proposed three amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2636

On page 324, strike lines 1 through 3 and insert the following:

(17) LOCAL WORKFORCE DEVELOPMENT BOARD.—The term "local workforce development board" means a board established under section 715.

AMENDMENT NO. 2637

On page 380, strike lines 17 through 22 and insert the following:

(ii) such additional factors as the Governor (in consultation with local workforce development boards) determines to be necessary.

AMENDMENT NO. 2638

Beginning on page 400, strike line 10 and all that follows through page 404, line 1 and insert the following:

the local workforce development board in the substate area.

SEC. 728. LOCAL AGREEMENTS AND WORKFORCE DEVELOPMENT BOARDS.

(a) LOCAL AGREEMENTS.—

(1) IN GENERAL.—After a Governor submits the State plan described in section 714 to the Federal Partnership, the Governor shall negotiate and enter into a local agreement regarding the workforce employment activities, school-to-work activities, and economic development activities (within a State that is eligible to carry out such activities, as described in subsection (c)) to be carried out in each substate area in the State with local workforce development boards.

(2) BUSINESS AND INDUSTRY INVOLVEMENT.—The business and industry representatives on the local workforce development board shall have a lead role in the design, management, and evaluation of the activities to be carried out in the substate area under the local agreement.

(3) CONTENTS.—

(A) STATE GOALS AND STATE BENCHMARKS.—Such an agreement shall include a description of the manner in which funds allocated to a substate area under this subtitle will be spent to meet the State goals and reach the State benchmarks in a manner that reflects local labor market conditions.

(B) COLLABORATION.—The agreement shall also include information that demonstrates the manner in which—

(i) the Governor; and

(ii) the local workforce development board; collaborated in reaching the agreement.

(4) FAILURE TO REACH AGREEMENT.—If, after a reasonable effort, the Governor is unable to enter into an agreement with the local workforce development board, the Governor shall notify the partnership or board, as appropriate, with the opportunity to comment, not later than 30 days after the date of the notification, on the manner in which funds allocated to such substate area will be spent to meet the State goals and reach the State benchmarks.

(5) EXCEPTION.—A State that indicates in the State plan described in section 714 that the State will be treated as a substate area for purposes of the application of this subtitle shall not be subject to this subsection.

(b) LOCAL WORKFORCE DEVELOPMENT BOARDS.—

(1) IN GENERAL.—Each State shall facilitate

KENNEDY AMENDMENT NO. 2639

Mr. MOYNIHAN (for Mr. KENNEDY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

In section 759, strike subsections (b) through (e) and insert the following:

(b) STATE USE OF FUNDS.—

(1) CORE JOB CORPS ACTIVITIES.—The State shall use a portion of the funds made available to the State through an allotment received under subsection (c) to establish and operate Job Corps centers as described in chapter 2, if a center located in the State received assistance under part B of title IV of the Job Training Partnership Act for fiscal year 1996 and was not closed in accordance with section 755.

(2) CORE WORK-BASED LEARNING OPPORTUNITIES.—

(A) IN GENERAL.—The State shall use 25 percent of the funds made available to the State through an allotment received under subsection (c) to make grants to eligible entities in substate areas, in accordance with the procedures described in subsection (e), to assist the substate areas in organizing summer jobs programs that provide work-based learning opportunities in the private and public sectors that are directly linked to year-round school-to-work activities in the substate areas.

(B) LIMITATION.—No funds provided under this subtitle shall be used to displace employed workers.

(3) PERMISSIBLE ACTIVITIES.—The State may use a portion of the funds described in paragraph (1) to—

(A) make grants to eligible entities in substate areas, in accordance with the procedures described in subsection (e), to assist each such entity in carrying out alternative programs to assist out-of-school at-risk youth in participating in school-to-work activities in the substate area; and

(B) carry out other workforce development activities specifically for at-risk youth.

(c) ALLOTMENTS.—

(1) IN GENERAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall allot to each State an amount equal to the total of—

(A) the amount made available to the State under paragraph (2); and

(B) the amounts made available to the State under subparagraphs (C), (D), and (E) of paragraph (3).

(2) ALLOTMENTS BASED ON FISCAL YEAR 1996 APPROPRIATIONS.—Using a portion of the funds appropriated under subsection (g) for a fiscal year, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State the amount that Job Corps centers in the State expended for fiscal year 1996 under part B of title IV of the Job Training Partnership Act to carry out activities related to the direct operation of the centers, as determined under section 755(a)(2).

(3) ALLOTMENTS BASED ON POPULATIONS.—

(A) DEFINITIONS.—As used in this paragraph:

(i) INDIVIDUAL IN POVERTY.—The term "individual in poverty" means an individual who—

(I) is not less than age 18;

(II) is not more than age 64; and

(III) is a member of a family (of 1 or more members) with an income at or below the poverty line.

(ii) POVERTY LINE.—The term "poverty line" means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved, using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made, and applying the definition of poverty used by the Bureau of the Census in compiling the 1990 decennial census.

(B) TOTAL ALLOTMENTS.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall use the remainder of the funds that are appropriated under subsection (g) for a fiscal year, and that are not made available under paragraph (2), to make amounts available under this paragraph.

(C) UNEMPLOYED INDIVIDUALS.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the average number of unemployed individuals (as determined by the Secretary of Labor for the most recent 24-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average number of unemployed individuals (as so determined) in the United States.

(D) INDIVIDUALS IN POVERTY.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals in poverty in the State bears to the total number of individuals in poverty in the United States.

(E) AT-RISK YOUTH.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the total number of at-risk youth in the State bears to the total number of at-risk youth in the United States.

(d) STATE PLAN.—

(1) INFORMATION.—To be eligible to receive an allotment under subsection (c), a State shall include, in the State plan to be submitted under section 714, information describing the allocation within the State of the funds made available through the allotment, and how the programs and activities described in subsection (b) will be carried out to meet the State goals and reach the State benchmarks.

(2) LIMITATION.—A State may not be required to include the information described in paragraph (1) in the State plan to be submitted under section 714 to be eligible to receive an allotment under section 712.

(e) APPLICATION.—To be eligible to receive a grant under paragraph (2) or (3)(A) of subsection (b) from a State to carry out programs in a substate area, an entity shall prepare and submit an application to the Governor of the State at such time, in such manner, and containing such information as the Governor may require. The Governor may establish criteria for reviewing such applications. Any such criteria shall, at a minimum, include the extent to which the local partnership described in section 728(a) (or, where established, the local workforce development board described in section 728(b)) for the substate area approves of such application.

KENNEDY AMENDMENTS NOS. 2640-2660

Mr. MOYNIHAN (for Mr. KENNEDY) proposed 21 amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2640

At the end of section 716(f), insert the following:

(4) DISPLACEMENT.—No funds provided under this title shall be used in a manner that would result in—

(A) the displacement of any currently employed worker (including partial displacement such as a reduction in wages, hours of nonovertime work, or employment benefits) or the impairment of an existing contract for services or collective bargaining agreement; or

(B) the employment or assignment of a participant to fill a position when—

(i) any other person is on layoff from the same or a substantially equivalent position; or

(ii) the employer has terminated the employment of any other employee or otherwise reduced its workforce in order to fill the vacancy so created with a participant subsidized under this title.

(5) HEALTH AND SAFETY.—Health and safety standards established under Federal and State law otherwise applicable to working conditions of employees shall be equally applicable to working conditions of participants engaged in work activities pursuant to this title. Appropriate workers' compensation and tort claims protections shall be provided to participants on the same basis as such protections are provided to other individuals in the State in similar employment (as determined under regulations issued by the Secretary of Labor).

(6) EMPLOYMENT CONDITIONS.—Participants employed or assigned to work in positions subsidized under this title shall be provided benefits and working conditions at the same level and to the same extent as other employees working a similar length of time and doing the same type of work.

(7) DISPUTE RESOLUTION PROCEDURE.—The State shall establish and maintain (pursuant to regulations issued by the Secretary of Labor) a dispute resolution procedure for resolving complaints alleging violations of any of the prohibitions or requirements described in this subsection. Such procedure shall include an opportunity for a hearing and shall be completed not later than the 90th day after the date of the submission of a complaint, by which day the complainant shall be provided a written decision by the State. A decision of the State under such procedure, or a failure of a State to issue a decision within the 90-day period, may be appealed to the Secretary of Labor, who shall investigate the allegations contained in the complaint and make a determination not later than 60 days after the date of the appeal as to whether a violation of a prohibition or requirement of this subsection has occurred.

(8) REMEDIES.—

(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), remedies that may be imposed under this paragraph for violations of the prohibitions and requirements described in this subsection shall be limited to—

(i) suspension or termination of payments under this title;

(ii) prohibition of placement of any participant, for an appropriate period of time, with an employer that has violated this subsection; and

(iii) appropriate equitable relief (other than back pay).

(B) EXCEPTIONS.—

(i) REPAYMENT.—If the Secretary of Labor determines that a violation of paragraph (2) or (3) has occurred, the Secretary of Labor shall require the State or substate recipient of funds that has violated paragraph (2) or (3), respectively, to repay to the United States an amount equal to the amount expended in violation of paragraph (2) or (3), respectively.

(ii) ADDITIONAL REMEDIES.—In addition to the remedies available under subparagraph (A), remedies available under this paragraph for violations of paragraph (4) may include—

(I) reinstatement of the displaced employee to the position held by such employee prior to displacement;

(II) payment of lost wages and benefits of the employee; and

(III) reestablishment of other relevant terms, conditions, and privileges of employment of the employee.

(C) OTHER LAWS OR CONTRACTS.—Nothing in this paragraph shall be construed to prohibit a complainant from pursuing a remedy authorized under another Federal, State, or local law or a contract or collective bargaining agreement for a violation of the prohibitions or requirements described in this subsection.

AMENDMENT NO. 2641

On page 337, strike lines 4 through 20 and insert the following:

(a) ACTIVITIES.—From the sum of the funds made available to a State through an allotment received under section 712 and the funds made available under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) to carry out this title for a program year—

(1) a portion equal to 40 percent of such sum (which portion shall include the amount allotted to the State from funds made available under section 901(c)(1)(A) of the Social Security Act) shall be made available for workforce employment activities or activities described in section 716(a)(10);

(2) a portion equal to 25 percent of such sum shall be made available for workforce education activities; and

(3) a portion (referred to in this title as the "flex account") equal to 35 percent of such sum shall be made available for flexible workforce activities.

AMENDMENT NO. 2642

In section 759, strike subsections (b) through (e) and insert the following:

(b) STATE USE OF FUNDS.—

(1) CORE JOB CORPS ACTIVITIES.—The State shall use a portion of the funds made available to the State through an allotment received under subsection (c) to establish and operate Job Corps centers as described in chapter 2, if a center located in the State received assistance under part B of title IV of the Job Training Partnership Act for fiscal year 1996 and was not closed in accordance with section 755.

(2) CORE WORK-BASED LEARNING OPPORTUNITIES.—

(A) IN GENERAL.—The State shall use a portion of the funds made available to the State through an allotment received under subsection (c) to make grants to eligible entities in substate areas, in accordance with the procedures described in subsection (e), to assist the substate areas in organizing summer jobs programs that provide work-based learning opportunities in the private and public sectors that are directly linked to year-round school-to-work activities in the substate areas.

(B) LIMITATION.—No funds provided under this subtitle shall be used to displace employed workers.

(3) PERMISSIBLE ACTIVITIES.—The State may use a portion of the funds described in paragraph (1) to—

(A) make grants to eligible entities in substate areas, in accordance with the procedures described in subsection (e), to assist each such entity in carrying out alternative programs to assist out-of-school at-risk youth in participating in school-to-work activities in the substate area; and

(B) carry out other workforce development activities specifically for at-risk youth.

(c) ALLOTMENTS.—

(1) IN GENERAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall allot to each State an amount equal to the total of—

(A) the amount made available to the State under paragraph (2); and

(B) the amounts made available to the State under subparagraphs (C), (D), and (E) of paragraph (3).

(2) ALLOTMENTS BASED ON FISCAL YEAR 1996 APPROPRIATIONS.—Using a portion of the funds appropriated under subsection (g) for a fiscal year, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State the amount that Job Corps centers in the State expended for fiscal year 1996 under part B of title IV of the Job Training Partnership Act to carry out activities related to the direct operation of the centers, as determined under section 755(a)(2).

(3) ALLOTMENTS BASED ON POPULATIONS.—

(A) DEFINITIONS.—As used in this paragraph:

(i) INDIVIDUAL IN POVERTY.—The term "individual in poverty" means an individual who—

(I) is not less than age 18;

(II) is not more than age 64; and

(III) is a member of a family (of 1 or more members) with an income at or below the poverty line.

(ii) POVERTY LINE.—The term "poverty line" means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved, using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made, and applying the definition of poverty used by the Bureau of the Census in compiling the 1990 decennial census.

(B) TOTAL ALLOTMENTS.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall use the remainder of the funds that are appropriated under subsection (g) for a fiscal year, and that are not made available under paragraph (2), to make amounts available under this paragraph.

(C) UNEMPLOYED INDIVIDUALS.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the average number of unemployed individuals (as determined by the Secretary of Labor for the most recent 24-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average number of unemployed individuals (as so determined) in the United States.

(D) INDIVIDUALS IN POVERTY.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals in poverty in the State bears to the total number of individuals in poverty in the United States.

(E) AT-RISK YOUTH.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the total number of at-risk youth in the State bears to the total number of at-risk youth in the United States.

(d) STATE PLAN.—

(1) INFORMATION.—To be eligible to receive an allotment under subsection (c), a State shall include, in the State plan to be submitted under section 714, information describing the allocation within the State of the funds made available through the allotment, and how the programs and activities described in subsection (b) will be carried out to meet the State goals and reach the State benchmarks.

(2) LIMITATION.—A State may not be required to include the information described in paragraph (1) in the State plan to be submitted under section 714 to be eligible to receive an allotment under section 712.

(e) APPLICATION.—To be eligible to receive a grant under paragraph (2) or (3)(A) of subsection (b) from a State to carry out programs in a substate area, an entity shall prepare and submit an application to the Governor of the State at such time, in such manner, and containing such information as the Governor may require. The Governor may establish criteria for reviewing such applications. Any such criteria shall, at a minimum, include the extent to which the local partnership described in section 728(a) (or, where established, the local workforce development board described in section 728(b)) for the substate area approves of such application.

AMENDMENT NO. 2643

On page 424, line 8, strike "$6,127,000,000" and insert "$8,100,000,000".

AMENDMENT NO. 2644

Beginning on page 366, strike line 24 and all that follows through page 367, line 24, and insert the following:

(e) ECONOMIC DEVELOPMENT ACTIVITIES.—

(1) IN GENERAL.—In the case of a State that meets the requirements of section 728(c), the State may, subject to paragraph (2), use not more than 10 percent of the funds made available to the State under this subtitle through the flex account to supplement other funds provided by the State or private sector—

(A) to provide customized assessments of the skills of workers and an analysis of the skill needs of employers;

(B) to assist consortia of small- and medium-size employers in upgrading the skills of their workforces;

(C) to provide productivity and quality improvement training programs for the workforces of small- and medium-size employers;

(D) to provide recognition and use of voluntary industry-developed skills standards by employers, schools, and training institutions;

(E) to carry out training activities in companies that are developing modernization plans in conjunction with State industrial extension service offices; and

(F) to provide on-site, industry-specific training programs supportive of industrial and economic development;

through the statewide system.

(2) CONDITIONS.—In order for a State to be eligible to use funds described in paragraph (1) to award a grant to provide services described in paragraph (1)—

(A) the State shall make available (directly or through donations from the affected employers or businesses) non-Federal contributions in an amount equal to not less than $1 for every $1 of Federal funds provided under the grant;

(B) the services are designed to result in an increase in the wages of the incumbent workers served; and

(C) the providers of the services are—

(i) eligible to provide services under the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.); or

(ii) determined to be eligible, under procedures established by the Governor, to receive payment through vouchers as described in subsection (a)(9)(B)(i)(III).

AMENDMENT NO. 2645

On page 407, line 16, strike "the funds" and insert "not more than 10 percent of the funds".

AMENDMENT NO. 2646

Beginning on page 333, line 20, strike all through page 569, line 2, and insert the following:

734(b)(7), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership—

(A) using funds equal to 60 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals who are not less than 15 and not more than 65 (as determined by the Federal Partnership using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made) in the State bears to the total number of such individuals in all States;

(B) using funds equal to 10 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals in poverty in the State bears to the total number of individuals in poverty in all States;

(C) using funds equal to 10 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the average number of unemployed individuals (as determined by the Secretary of Labor for the most recent 24-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average number of unemployed individuals (as so determined) in all States; and

(D) using funds equal to 20 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the average monthly number of adult recipients of assistance (as determined by the Secretary of Health and Human Services for the most recent 12-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average monthly number of adult recipients of assistance (as so determined) in all States.

(c) ADJUSTMENTS.—

(1) DEFINITION.—As used in this subsection, the term "national average per capita payment", used with respect to a program year, means the amount obtained by dividing—

(A) the total amount allotted to all States under this section for the program year; by

(B) the total number of individuals who are not less than 15 and not more than 65 (as determined by the Federal Partnership using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made) in all States.

(2) MINIMUM ALLOTMENT.—Except as provided in paragraph (3), no State with a State plan approved under section 714 for a program year shall receive an allotment under this section for the program year in an amount that is less than 0.5 percent of the amount reserved under section 734(b)(7) for the program year.

(3) LIMITATION.—No State that receives an increase in an allotment under this section for a program year as a result of the application of paragraph (2) shall receive an allotment under this section for the program year in an amount that is more than the product obtained by multiplying—

(A) the total number of individuals who are not less than 15 and not more than 65 (as determined by the Federal Partnership using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made) in the State; and

(B) the product obtained by multiplying—

(i) 1.3; and

(ii) the national average per capita payment for the program year.

SEC. 713. STATE APPORTIONMENT BY ACTIVITY.

(a) ACTIVITIES.—From the sum of the funds made available to a State through an allotment received under section 712 and the funds made available under section

901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) to carry out this title for a program year—

(1) a portion equal to 25 percent of such sum (which portion shall include the amount allotted to the State from funds made available under section 901(c)(1)(A) of the Social Security Act) shall be made available for workforce employment activities;

(2) a portion equal to 25 percent of such sum shall be made available for workforce education activities; and

(3) a portion (referred to in this title as the "flex account") equal to 50 percent of such sum shall be made available for flexible workforce activities.

(b) RECIPIENTS.—In making an allotment under section 712 to a State, the Secretary of Labor and the Secretary of Education, acting jointly, shall make a payment—

(1) to the Governor of the State for the portion described in subsection (a)(1), and such part of the flex account as the Governor may be eligible to receive, as determined under the State plan of the State submitted under section 714; and

(2) to the State educational agency of the State for the portion described in subsection (a)(2), and such part of the flex account as the State educational agency may be eligible to receive, as determined under the State plan of the State submitted under section 714.

SEC. 714. STATE PLANS.

(a) IN GENERAL.—For a State to be eligible to receive an allotment under section 712, the Governor of the State shall submit to the Federal Partnership, and obtain approval of, a single comprehensive State workforce development plan (referred to in this section as a "State plan"), outlining a 3-year strategy for the statewide system of the State.

(b) PARTS.—

(1) IN GENERAL.—The State plan shall contain 3 parts.

(2) STRATEGIC PLAN AND FLEXIBLE WORKFORCE ACTIVITIES.—The first part of the State plan shall describe a strategic plan for the statewide system, including the flexible workforce activities, and, if appropriate, economic development activities, that are designed to meet the State goals and reach the State benchmarks and are to be carried out with the allotment. The Governor shall develop the first part of the State plan, using procedures that are consistent with the procedures described in subsection (d).

(3) WORKFORCE EMPLOYMENT ACTIVITIES.—The second part of the State plan shall describe the workforce employment activities that are designed to meet the State goals and reach the State benchmarks and are to be carried out with the allotment. The Governor shall develop the second part of the State plan.

(4) WORKFORCE EDUCATION ACTIVITIES.—The third part of the State plan shall describe the workforce education activities that are designed to meet the State goals and reach the State benchmarks and are to be carried out with the allotment. The State educational agency of the State shall develop the third part of the State plan in consultation, where appropriate, with the State postsecondary education agency and with community colleges.

(c) CONTENTS OF THE PLAN.—The State plan shall include—

(1) with respect to the strategic plan for the statewide system—

(A) information describing how the State will identify the current and future workforce development needs of the industry sectors most important to the economic competitiveness of the State;

(B) information describing how the State will identify the current and future workforce development needs of all segments of the population of the State;

(C) information identifying the State goals and State benchmarks and how the goals and benchmarks will make the statewide system relevant and responsive to labor market and education needs at the local level;

(D) information describing how the State will coordinate workforce development activities to meet the State goals and reach the State benchmarks;

(E) information describing the allocation within the State of the funds made available through the flex account for the State, and how the flexible workforce activities, including school-to-work activities, to be carried out with such funds will be carried out to meet the State goals and reach the State benchmarks;

(F) information identifying how the State will obtain the active and continuous participation of business, industry, and labor in the development and continuous improvement of the statewide system;

(G) information identifying how any funds that a State receives under this subtitle will be leveraged with other public and private resources to maximize the effectiveness of such resources for all workforce development activities, and expand the participation of business, industry, labor, and individuals in the statewide system;

(H) information identifying how the workforce development activities to be carried out with funds received through the allotment will be coordinated with programs carried out by the Veterans' Employment and Training Service with funds received under title 38, United States Code, in order to meet the State goals and reach the State benchmarks related to veterans;

(I) information describing how the State will eliminate duplication in the administration and delivery of services under this title;

(J) information describing the process the State will use to independently evaluate and continuously improve the performance of the statewide system, on a yearly basis, including the development of specific performance indicators to measure progress toward meeting the State goals;

(K) an assurance that the funds made available under this subtitle will supplement and not supplant other public funds expended to provide workforce development activities;

(L) information identifying the steps that the State will take over the 3 years covered by the plan to establish common data collection and reporting requirements for workforce development activities and vocational rehabilitation program activities;

(M) with respect to economic development activities, information—

(i) describing the activities to be carried out with the funds made available under this subtitle;

(ii) describing how the activities will lead directly to increased earnings of nonmanagerial employees in the State; and

(iii) describing whether the labor organization, if any, representing the nonmanagerial employees supports the activities;

(N) the description referred to in subsection (d)(1); and

(O)(i) information demonstrating the support of individuals and entities described in subsection (d)(1) for the plan; or

(ii) in a case in which the Governor is unable to obtain the support of such individuals and entities as provided in subsection (d)(2), the comments referred to in subsection (d)(2)(B).

(2) with respect to workforce employment activities, information—

(A)(i) identifying and designating substate areas, including urban and rural areas, to which funds received through the allotment will be distributed, which areas shall, to the extent feasible, reflect local labor market areas; or

(ii) stating that the State will be treated as a substate area for purposes of the application of this subtitle, if the State receives an increase in an allotment under section 712 for a program year as a result of the application of section 712(c)(2); and

(B) describing the basic features of one-stop delivery of core services described in section 716(a)(2) in the State, including information regarding—

(i) the strategy of the State for developing fully operational one-stop delivery of core services described in section 716(a)(2);

(ii) the time frame for achieving the strategy;

(iii) the estimated cost for achieving the strategy;

(iv) the steps that the State will take over the 3 years covered by the plan to provide individuals with access to one-stop delivery of core services described in section 716(a)(2);

(v) the steps that the State will take over the 3 years covered by the plan to provide information through the one-stop delivery to individuals on the quality of workforce employment activities, workforce education activities, and vocational rehabilitation program activities, provided through the statewide system;

(vi) the steps that the State will take over the 3 years covered by the plan to link services provided through the one-stop delivery with services provided through State welfare agencies; and

(vii) in a case in which the State chooses to use vouchers to deliver workforce employment activities, the steps that the State will take over the 3 years covered by the plan to comply with the requirements in section 716(a)(9) and the information required in such section;

(C) identifying performance indicators that relate to the State goals, and to the State benchmarks, concerning workforce employment activities;

(D) describing the workforce employment activities to be carried out with funds received through the allotment;

(E) describing the steps that the State will take over the 3 years covered by the plan to establish a statewide comprehensive labor market information system described in section 773(c) that will be utilized by all the providers of one-stop delivery of core services described in section 716(a)(2), providers of other workforce employment activities, and providers of workforce education activities, in the State;

(F) describing the steps that the State will take over the 3 years covered by the plan to establish a job placement accountability system described in section 731(d);

(G) describing the process the State will use to approve all providers of workforce employment activities through the statewide system; and

(H)(i) describing the steps that the State will take to segregate the amount allotted to the State from funds made available under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) from the remainder of the portion described in section 713(a)(1); and

(ii) describing how the State will use the amount allotted to the State from funds made available under such section 901(c)(1)(A) to carry out the required activities described in clauses (ii) through (v) of section 716(a)(2)(B) and section 773;

(3) with respect to workforce education activities, information—

(A) describing how funds received through the allotment will be allocated among—

(i) secondary school vocational education, or postsecondary and adult vocational education, or both; and

(ii) adult education;

(B) identifying performance indicators that relate to the State goals, and to the State benchmarks, concerning workforce education activities;

(C) describing the workforce education activities that will be carried out with funds received through the allotment;

(D) describing how the State will address the adult education needs of the State;

(E) describing how the State will disaggregate data relating to at-risk youth in order to adequately measure the progress of at-risk youth toward accomplishing the results measured by the State goals, and the State benchmarks;

(F) describing how the State will adequately address the needs of both at-risk youth who are in school, and out-of-school youth, in alternative education programs that teach to the same challenging academic, occupational, and skill proficiencies as are provided for in-school youth;

(G) describing how the workforce education activities described in the State plan and the State allocation of funds received through the allotment for such activities are an integral part of comprehensive efforts of the State to improve education for all students and adults;

(H) describing how the State will annually evaluate the effectiveness of the State plan with respect to workforce education activities;

(I) describing how the State will address the professional development needs of the State with respect to workforce education activities;

(J) describing how the State will provide local educational agencies in the State with technical assistance; and

(K) describing how the State will assess the progress of the State in implementing student performance measures.

(d) PROCEDURE FOR DEVELOPMENT OF PART OF PLAN RELATING TO STRATEGIC PLAN.—

(1) DESCRIPTION OF DEVELOPMENT.—The part of the State plan relating to the strategic plan shall include a description of the manner in which—

(A) the Governor;

(B) the State educational agency;

(C) representatives of business and industry, including representatives of key industry sectors, and of small- and medium-size and large employers, in the State;

(D) representatives of labor and workers;

(E) local elected officials from throughout the State;

(F) the State agency officials responsible for vocational education;

(G) the State agency officials responsible for postsecondary education;

(H) the State agency officials responsible for adult education;

(I) the State agency officials responsible for vocational rehabilitation;

(J) such other State agency officials, including officials responsible for economic development and employment, as the Governor may designate;

(K) the representative of the Veterans' Employment and Training Service assigned to the State under section 4103 of title 38, United States Code; and

(L) other appropriate officials, including members of the State workforce development board described in section 715, if the State has established such a board;

collaborated in the development of such part of the plan.

(2) FAILURE TO OBTAIN SUPPORT.—If, after a reasonable effort, the Governor is unable to obtain the support of the individuals and entities described in paragraph (1) for the strategic plan the Governor shall—

(A) provide such individuals and entities with copies of the strategic plan;

(B) allow such individuals and entities to submit to the Governor, not later than the end of the 30-day period beginning on the date on which the Governor provides such individuals and entities with copies of such plan under subparagraph (A), comments on such plan; and

(C) include any such comments in such plan.

(e) APPROVAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall approve a State plan if—

(1) the Federal Partnership determines that the plan contains the information described in subsection (c);

(2) the Federal Partnership determines that the State has prepared the plan in accordance with the requirements of this section, including the requirements relating to development of any part of the plan; and

(3) the State benchmarks for the State have been negotiated and approved in accordance with section 731(c).

(f) NO ENTITLEMENT TO A SERVICE.—Nothing in this title shall be construed to provide any individual with an entitlement to a service provided under this title.

SEC. 715. STATE WORKFORCE DEVELOPMENT BOARDS.

(a) ESTABLISHMENT.—A Governor of a State that receives an allotment under section 712 may establish a State workforce development board—

(1) on which a majority of the members are representatives of business and industry;

(2) on which not less than 25 percent of the members shall be representatives of labor, workers, and community-based organizations;

(3) that shall include representatives of veterans;

(4) that shall include a representative of the State educational agency and a representative from the State agency responsible for vocational rehabilitation;

(5) that may include any other individual or entity that participates in the collaboration described in section 714(d)(1); and

(6) that may include any other individual or entity the Governor may designate.

(b) CHAIRPERSON.—The State workforce development board shall select a chairperson from among the members of the board who are representatives of business and industry.

(c) FUNCTIONS.—The functions of the State workforce development board shall include—

(1) advising the Governor on the development of the statewide system, the State plan described in section 714, and the State goals and State benchmarks;

(2) assisting in the development of specific performance indicators to measure progress toward meeting the State goals and reaching the State benchmarks and providing guidance on how such progress may be improved;

(3) serving as a link between business, industry, labor, and the statewide system;

(4) assisting the Governor in preparing the annual report to the Federal Partnership regarding progress in reaching the State benchmarks, as described in section 731(a);

(5) receiving and commenting on the State plan developed under section 101 of the Rehabilitation Act of 1973 (29 U.S.C. 721);

(6) assisting the Governor in developing the statewide comprehensive labor market information system described in section 773(c) to provide information that will be utilized by all the providers of one-stop delivery of core services described in section 716(a)(2), providers of other workforce employment activities, and providers of workforce education activities, in the State; and

(7) assisting in the monitoring and continuous improvement of the performance of the statewide system, including evaluation of the effectiveness of workforce development activities funded under this title.

SEC. 716. USE OF FUNDS.

(a) WORKFORCE EMPLOYMENT ACTIVITIES.—

(1) IN GENERAL.—Funds made available to a State under this subtitle to carry out workforce employment activities through a statewide system—

(A) shall be used to carry out the activities described in paragraphs (2), (3), and (4); and

(B) may be used to carry out the activities described in paragraphs (5), (6), (7), and (8), including providing activities described in paragraph (6) through vouchers described in paragraph (9).

(2) ONE-STOP DELIVERY OF CORE SERVICES.—

(A) ACCESS.—The State shall use a portion of the funds described in paragraph (1) to establish a means of providing access to the statewide system through core services described in subparagraph (B) available—

(i) through multiple, connected access points, linked electronically or otherwise;

(ii) through a network that assures participants that such core services will be available regardless of where the participants initially enter the statewide system;

(iii) at not less than 1 physical location in each substate area of the State; or

(iv) through some combination of the options described in clauses (i), (ii), and (iii).

(B) CORE SERVICES.—The core services referred to in subparagraph (A) shall, at a minimum, include—

(i) outreach, intake, and orientation to the information and other services available through one-stop delivery of core services described in this subparagraph;

(ii) initial assessment of skill levels, aptitudes, abilities, and supportive service needs;

(iii) job search and placement assistance and, where appropriate, career counseling;

(iv) customized screening and referral of qualified applicants to employment;

(v) provision of accurate information relating to local labor market conditions, including employment profiles of growth industries and occupations within a substate area, the educational and skills requirements of jobs in the industries and occupations, and the earnings potential of the jobs;

(vi) provision of accurate information relating to the quality and availability of other workforce employment activities, workforce education activities, and vocational rehabilitation program activities;

(vii) provision of information regarding how the substate area is performing on the State benchmarks;

(viii) provision of initial eligibility information on forms of public financial assistance that may be available in order to enable persons to participate in workforce employment activities, workforce education activities, or vocational rehabilitation program activities; and

(ix) referral to other appropriate workforce employment activities, workforce education activities, and vocational rehabilitation employment activities.

(3) LABOR MARKET INFORMATION SYSTEM.—The State shall use a portion of the funds described in paragraph (1) to establish a statewide comprehensive labor market information system described in section 773(c).

(4) JOB PLACEMENT ACCOUNTABILITY SYSTEM.—The State shall use a portion of the funds described in paragraph (1) to establish a job placement accountability system described in section 731(d).

(5) PERMISSIBLE ONE-STOP DELIVERY ACTIVITIES.—The State may provide, through one-stop delivery—

(A) co-location of services related to workforce development activities, such as

unemployment insurance, vocational rehabilitation program activities, welfare assistance, veterans' employment services, or other public assistance:

(B) intensive services for participants who are unable to obtain employment through the core services described in paragraph (2)(B), as determined by the State; and

(C) dissemination to employers of information on activities carried out through the statewide system.

(6) OTHER PERMISSIBLE ACTIVITIES.—The State may use a portion of the funds described in paragraph (1) to provide services through the statewide system that may include—

(A) on-the-job training;

(B) occupational skills training;

(C) entrepreneurial training;

(D) training to develop work habits to help individuals obtain and retain employment;

(E) customized training conducted with a commitment by an employer or group of employers to employ an individual after successful completion of the training;

(F) rapid response assistance for dislocated workers;

(G) skill upgrading and retraining for persons not in the workforce;

(H) preemployment and work maturity skills training for youth;

(I) connecting activities that organize consortia of small- and medium-size businesses to provide work-based learning opportunities for youth participants in school-to-work programs;

(J) programs for adults that combine workplace training with related instruction;

(K) services to assist individuals in attaining certificates of mastery with respect to industry-based skill standards;

(L) case management services;

(M) supportive services, such as transportation and financial assistance, that enable individuals to participate in the statewide system;

(N) followup services for participants who are placed in unsubsidized employment; and

(O) an employment and training program described in section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)).

(7) STAFF DEVELOPMENT AND TRAINING.—The State may use a portion of the funds described in paragraph (1) for the development and training of staff of providers of one-stop delivery of core services described in paragraph (2), including development and training relating to principles of quality management.

(8) INCENTIVE GRANT AWARDS.—The State may use a portion of the funds described in paragraph (1) to award incentive grants to substate areas that reach or exceed the State benchmarks established under section 731(c), with an emphasis on benchmarks established under section 731(c)(3). A substate area that receives such a grant may use the funds made available through the grant to carry out any workforce development activities authorized under this title.

(9) VOUCHERS.—

(A) IN GENERAL.—A State may deliver some or all of the workforce employment activities described in paragraph (6) that are provided under this subtitle through a system of vouchers administered through the one-stop delivery of core services described in paragraph (2) in the State.

(B) ELIGIBILITY REQUIREMENTS.—

(i) IN GENERAL.—A State that chooses to deliver the activities described in subparagraph (A) through vouchers shall indicate in the State plan described in section 714 the criteria that will be used to determine—

(I) which workforce employment activities described in paragraph (6) will be delivered through the voucher system;

(II) eligibility requirements for participants to receive the vouchers and the amount of funds that participants will be able to access through the voucher system; and

(III) which employment, training, and education providers are eligible to receive payment through the vouchers.

(ii) CONSIDERATIONS.—In establishing State criteria for service providers eligible to receive payment through the vouchers under clause (i)(III), the State shall take into account industry-recognized skills standards promoted by the National Skills Standards Board.

(C) ACCOUNTABILITY REQUIREMENTS.—A State that chooses to deliver the activities described in paragraph (6) through vouchers shall indicate in the State plan—

(i) information concerning how the State will utilize the statewide comprehensive labor market information system described in section 773(c) and the job placement accountability system established under section 731(d) to provide timely and accurate information to participants about the performance of eligible employment, training, and education providers;

(ii) other information about the performance of eligible providers of services that the State believes is necessary for participants receiving the vouchers to make informed career choices; and

(iii) the timeframe in which the information developed under clauses (i) and (ii) will be widely available through the one-stop delivery of core services described in paragraph (2) in the State.

(10) FUNDS FROM UNEMPLOYMENT TRUST FUND.—Funds made available to a Governor under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) for a program year shall only be available for workforce employment activities authorized under such section 901(c)(1)(A), which are—

(A) the administration of State unemployment compensation laws as provided in title III of the Social Security Act (including administration pursuant to agreements under any Federal unemployment compensation law);

(B) the establishment and maintenance of statewide workforce development systems, to the extent the systems are used to carry out activities described in section 773, or in any of clauses (ii) through (v) of section 716(a)(2)(B); and

(C) carrying out the activities described in sections 4103, 4103A, 4104, and 4104A of title 38, United States Code (relating to veterans' employment services).

(b) WORKFORCE EDUCATION ACTIVITIES.—The State educational agency shall use the funds made available to the State educational agency under this subtitle for workforce education activities to carry out, through the statewide system, activities that include—

(1) integrating academic and vocational education;

(2) linking secondary education (as determined under State law) and postsecondary education, including implementing tech-prep programs;

(3) providing career guidance and counseling for students at the earliest possible age, including the provision of career awareness, exploration, planning, and guidance information to students and their parents that is, to the extent possible, in a language and form that the students and their parents understand;

(4) providing literacy and basic education services for adults and out-of-school youth, including adults and out-of-school youth in correctional institutions;

(5) providing programs for adults and out-of-school youth to complete their secondary education;

(6) expanding, improving, and modernizing quality vocational education programs; and

(7) improving access to quality vocational education programs for at-risk youth.

(c) FISCAL REQUIREMENTS FOR WORKFORCE EDUCATION ACTIVITIES.—

(1) SUPPLEMENT NOT SUPPLANT.—Funds made available under this subtitle for workforce education activities shall supplement, and may not supplant, other public funds expended to carry out workforce education activities.

(2) MAINTENANCE OF EFFORT.—

(A) DETERMINATION.—No payments shall be made under this subtitle for any program year to a State for workforce education activities unless the Federal Partnership determines that the fiscal effort per student or the aggregate expenditures of such State for workforce education for the program year preceding the program year for which the determination is made, equaled or exceeded such effort or expenditures for workforce education for the second program year preceding the fiscal year for which the determination is made.

(B) WAIVER.—The Federal Partnership may waive the requirements of this section (with respect to not more than 5 percent of expenditures by any State educational agency) for 1 program year only, on making a determination that such waiver would be equitable due to exceptional or uncontrollable circumstances affecting the ability of the applicant to meet such requirements, such as a natural disaster or an unforeseen and precipitous decline in financial resources. No level of funding permitted under such a waiver may be used as the basis for computing the fiscal effort or aggregate expenditures required under this section for years subsequent to the year covered by such waiver. The fiscal effort or aggregate expenditures for the subsequent years shall be computed on the basis of the level of funding that would, but for such waiver, have been required.

(d) FLEXIBLE WORKFORCE ACTIVITIES.—

(1) CORE FLEXIBLE WORKFORCE ACTIVITIES.—The State shall use a portion of the funds made available to the State under this subtitle through the flex account to carry out school-to-work activities through the statewide system, except that any State that received a grant under subtitle B of title II of the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6141 et seq.) shall use such portion to support the continued development of the statewide School-to-Work Opportunities system of the State through the continuation of activities that are carried out in accordance with the terms of such grant.

(2) PERMISSIBLE FLEXIBLE WORKFORCE ACTIVITIES.—The State may use a portion of the funds made available to the State under this subtitle through the flex account—

(A) to carry out workforce employment activities through the statewide system; and

(B) to carry out workforce education activities through the statewide system.

(e) ECONOMIC DEVELOPMENT ACTIVITIES.—In the case of a State that meets the requirements of section 728(c), the State may use a portion of the funds made available to the State under this subtitle through the flex account to supplement other funds provided by the State or private sector—

(1) to provide customized assessments of the skills of workers and an analysis of the skill needs of employers;

(2) to assist consortia of small- and medium-size employers in upgrading the skills of their workforces;

(3) to provide productivity and quality improvement training programs for the

workforces of small- and medium-size employers;

(4) to provide recognition and use of voluntary industry-developed skills standards by employers, schools, and training institutions;

(5) to carry out training activities in companies that are developing modernization plans in conjunction with State industrial extension service offices; and

(6) to provide on-site, industry-specific training programs supportive of industrial and economic development;

through the statewide system.

(f) LIMITATIONS.—

(1) WAGES.—No funds provided under this subtitle shall be used to pay the wages of incumbent workers during their participation in economic development activities provided through the statewide system.

(2) RELOCATION.—No funds provided under this subtitle shall be used or proposed for use to encourage or induce the relocation, of a business or part of a business, that results in a loss of employment for any employee of such business at the original location.

(3) TRAINING AND ASSESSMENTS FOLLOWING RELOCATION.—No funds provided under this subtitle shall be used for customized or skill training, on-the-job training, or company specific assessments of job applicants or workers, for any business or part of a business, that has relocated, until 120 days after the date on which such business commences operations at the new location, if the relocation of such business or part of a business, results in a loss of employment for any worker of such business at the original location.

(g) LIMITATIONS ON PARTICIPANTS.—

(1) DIPLOMA OR EQUIVALENT.—

(A) IN GENERAL.—No individual may participate in workforce employment activities described in subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6) until the individual has obtained a secondary school diploma or its recognized equivalent, or is enrolled in a program or course of study to obtain a secondary school diploma or its recognized equivalent.

(B) EXCEPTION.—Nothing in subparagraph (A) shall prevent participation in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6) by individuals who, after testing and in the judgment of medical, psychiatric, academic, or other appropriate professionals, lack the requisite capacity to complete successfully a course of study that would lead to a secondary school diploma or its recognized equivalent.

(2) SERVICES.—

(A) REFERRAL.—If an individual who has not obtained a secondary school diploma or its recognized equivalent applies to participate in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6), such individual shall be referred to State approved adult education services that provide instruction designed to help such individual obtain a secondary school diploma or its recognized equivalent.

(B) STATE PROVISION OF SERVICES.—Notwithstanding any other provision of this title, a State may use funds made available under section 713(a)(1) to provide State approved adult education services that provide instruction designed to help individuals obtain a secondary school diploma or its recognized equivalent, to individuals who—

(i) are seeking to participate in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6); and

(ii) are otherwise unable to obtain such services.

SEC. 717. INDIAN WORKFORCE DEVELOPMENT ACTIVITIES.

(a) PURPOSE.—

(1) IN GENERAL.—The purpose of this section is to support workforce development activities for Indian and Native Hawaiian individuals in order—

(A) to develop more fully the academic, occupational, and literacy skills of such individuals;

(B) to make such individuals more competitive in the workforce; and

(C) to promote the economic and social development of Indian and Native Hawaiian communities in accordance with the goals and values of such communities.

(2) INDIAN POLICY.—All programs assisted under this section shall be administered in a manner consistent with the principles of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.) and the government-to-government relationship between the Federal Government and Indian tribal governments.

(b) DEFINITIONS.—As used in this section:

(1) ALASKA NATIVE.—The term "Alaska Native" means a Native as such term is defined in section 3(b) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(b)).

(2) INDIAN, INDIAN TRIBE, AND TRIBAL ORGANIZATION.—The terms "Indian", "Indian tribe", and "tribal organization" have the same meanings given such terms in subsections (d), (e) and (l), respectively, of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(3) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" has the meaning given the term in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

(4) NATIVE HAWAIIAN AND NATIVE HAWAIIAN ORGANIZATION.—The terms "Native Hawaiian" and "Native Hawaiian organization" have the same meanings given such terms in paragraphs (1) and (3), respectively, of section 9212 of the Native Hawaiian Education Act (20 U.S.C. 7912).

(5) TRIBALLY CONTROLLED COMMUNITY COLLEGE.—The term "tribally controlled community college" has the same meaning given such term in section 2(a)(4) of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801(a)(4)).

(6) TRIBALLY CONTROLLED POSTSECONDARY VOCATIONAL INSTITUTION.—The term "tribally controlled postsecondary vocational institution" means an institution of higher education that—

(A) is formally controlled, or has been formally sanctioned or chartered, by the governing body of an Indian tribe or Indian tribes;

(B) offers a technical degree or certificate granting program;

(C) is governed by a board of directors or trustees, a majority of whom are Indians;

(D) demonstrates adherence to stated goals, a philosophy, or a plan of operation, that fosters individual Indian economic and self-sufficiency opportunity, including programs that are appropriate to stated tribal goals of developing individual entrepreneurships and self-sustaining economic infrastructures on reservations;

(E) has been in operation for at least 3 years;

(F) holds accreditation with or is a candidate for accreditation by a nationally recognized accrediting authority for postsecondary vocational education; and

(G) enrolls the full-time equivalent of not fewer than 100 students, of whom a majority are Indians.

(c) PROGRAM AUTHORIZED.—

(1) ASSISTANCE AUTHORIZED.—From amounts made available under section 734(b)(1), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to, or enter into contracts or cooperative agreements with, Indian tribes and tribal organizations, Alaska Native entities, tribally controlled community colleges, tribally controlled postsecondary vocational institutions, Indian-controlled organizations serving Indians or Alaska Natives, and Native Hawaiian organizations to carry out the authorized activities described in subsection (d).

(2) FORMULA.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to, or enter into contracts and cooperative agreements with, entities as described in paragraph (1) to carry out the activities described in paragraphs (2) and (3) of subsection (d) on the basis of a formula developed by the Federal Partnership in consultation with entities described in paragraph (1).

(d) AUTHORIZED ACTIVITIES.—

(1) IN GENERAL.—Funds made available under this section shall be used to carry out the activities described in paragraphs (2) and (3) that—

(A) are consistent with this section; and

(B) are necessary to meet the needs of Indians and Native Hawaiians preparing to enter, reenter, or retain unsubsidized employment.

(2) WORKFORCE DEVELOPMENT ACTIVITIES AND SUPPLEMENTAL SERVICES.—

(A) IN GENERAL.—Funds made available under this section shall be used for—

(i) comprehensive workforce development activities for Indians and Native Hawaiians;

(ii) supplemental services for Indian or Native Hawaiian youth on or near Indian reservations in Oklahoma, Alaska, or Hawaii; and

(iii) supplemental services to recipients of public assistance on or near Indian reservations or former reservation areas in Oklahoma or in Alaska.

(B) SPECIAL RULE.—Notwithstanding any other provision of this section, individuals who were eligible to participate in programs under section 401 of the Job Training Partnership Act (29 U.S.C. 1671) (as such section was in effect on the day before the date of enactment of this Act) shall be eligible to participate in an activity assisted under subparagraph (A)(i).

(3) VOCATIONAL EDUCATION, ADULT EDUCATION, AND LITERACY SERVICES.—Funds made available under this section shall be used for—

(A) workforce education activities conducted by entities described in subsection (c)(1); and

(B) the support of tribally controlled postsecondary vocational institutions in order to ensure continuing and expanded educational opportunities for Indian students.

(e) PROGRAM PLAN.—In order to receive a grant or enter into a contract or cooperative agreement under this section an entity described in subsection (c)(1) shall submit to the Federal Partnership a plan that describes a 3-year strategy for meeting the needs of Indian and Native Hawaiian individuals, as appropriate, in the area served by such entity. Such plan shall—

(1) be consistent with the purposes of this section;

(2) identify the population to be served;

(3) identify the education and employment needs of the population to be served and the manner in which the services to be provided will strengthen the ability of the individuals served to obtain or retain unsubsidized employment;

(4) describe the services to be provided and the manner in which such services are to be integrated with other appropriate services; and

(5) describe the goals and benchmarks to be used to assess the performance of entities in carrying out the activities assisted under this section.

(f) FURTHER CONSOLIDATION OF FUNDS.—Each entity receiving assistance under this section may consolidate such assistance with assistance received from related programs in accordance with the provisions of the Indian Employment, Training and Related Services Demonstration Act of 1992 (25 U.S.C. 3401 et seq.).

(g) NONDUPLICATIVE AND NONEXCLUSIVE SERVICES.—Nothing in this section shall be construed—

(1) to limit the eligibility of any entity described in subsection (c)(1) to participate in any program offered by a State or local entity under this title; or

(2) to preclude or discourage any agreement, between any entity described in subsection (c)(1) and any State or local entity, to facilitate the provision of services by such entity or to the population served by such entity.

(h) PARTNERSHIP PROVISIONS.—

(1) OFFICE ESTABLISHED.—There shall be established within the Federal Partnership an office to administer the activities assisted under this section.

(2) CONSULTATION REQUIRED.—

(A) IN GENERAL.—The Federal Partnership, through the office established under paragraph (1), shall develop regulations and policies for activities assisted under this section in consultation with tribal organizations and Native Hawaiian organizations. Such regulations and policies shall take into account the special circumstances under which such activities operate.

(B) ADMINISTRATIVE SUPPORT.—The Federal Partnership shall provide such administrative support to the office established under paragraph (1) as the Federal Partnership determines to be necessary to carry out the consultation required by subparagraph (A).

(3) TECHNICAL ASSISTANCE.—The Federal Partnership, through the office established under paragraph (1), is authorized to provide technical assistance to entities described in subsection (c)(1) that receive assistance under this section to enable such entities to improve the workforce development activities provided by such entities.

SEC. 718. GRANTS TO OUTLYING AREAS.

(a) GENERAL AUTHORITY.—Using funds made available under section 734(b)(2), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to outlying areas to carry out workforce development activities.

(b) APPLICATION.—The Federal Partnership shall issue regulations specifying the provisions of this title that shall apply to outlying areas that receive funds under this subtitle.

CHAPTER 2—LOCAL PROVISIONS

SEC. 721. LOCAL APPORTIONMENT BY ACTIVITY.

(a) WORKFORCE EMPLOYMENT ACTIVITIES.—

(1) IN GENERAL.—The sum of the funds made available to a State for any program year under paragraphs (1) and (3) of section 713(a) for workforce employment activities shall be made available to the Governor of such State for use in accordance with paragraph (2).

(2) DISTRIBUTION.—Of the sum described in paragraph (1), for a program year—

(A) 25 percent shall be reserved by the Governor to carry out workforce employment activities through the statewide system, of which not more than 20 percent of such 25 percent may be used for administrative expenses; and

(B) 75 percent shall be distributed by the Governor to local entities to carry out workforce employment activities through the statewide system, based on—

(i) such factors as the relative distribution among substate areas of individuals who are not less than 15 and not more than 65, individuals in poverty, unemployed individuals, and adult recipients of assistance, as determined using the definitions specified and the determinations described in section 712(b); and

(ii) such additional factors as the Governor (in consultation with local partnerships described in section 728(a) or, where established, local workforce development boards described in section 728(b)), determines to be necessary.

(b) WORKFORCE EDUCATION ACTIVITIES.—

(1) IN GENERAL.—The sum of the funds made available to a State for any program year under paragraphs (2) and (3) of section 713(a) for workforce education activities shall be made available to the State educational agency serving such State for use in accordance with paragraph (2).

(2) DISTRIBUTION.—Of the sum described in paragraph (1), for a program year—

(A) 20 percent shall be reserved by the State educational agency to carry out statewide workforce education activities through the statewide system, of which not more than 5 percent of such 20 percent may be used for administrative expenses; and

(B) 80 percent shall be distributed by the State educational agency to entities eligible for financial assistance under section 722, 723, or 724, to carry out workforce education activities through the statewide system.

(3) STATE ACTIVITIES.—Activities to be carried out under paragraph (2)(A) may include professional development, technical assistance, and program assessment activities.

(4) STATE DETERMINATIONS.—From the amount available to a State educational agency under paragraph (2)(B) for a program year, such agency shall determine the percentage of such amount that will be distributed in accordance with sections 722, 723, and 724 for such year for workforce education activities in such State in each of the following areas:

(A) Secondary school vocational education, or postsecondary and adult vocational education, or both; and

(B) Adult education.

(c) SPECIAL RULE.—Nothing in this subtitle shall be construed to prohibit any individual, entity, or agency in a State (other than the State educational agency) that is administering workforce education activities or setting education policies consistent with authority under State law for workforce education activities, on the day preceding the date of enactment of this Act from continuing to administer or set education policies consistent with authority under State law for such activities under this subtitle.

SEC. 722. DISTRIBUTION FOR SECONDARY SCHOOL VOCATIONAL EDUCATION.

(a) ALLOCATION.—Except as otherwise provided in this section and section 725, each State educational agency shall distribute the portion of the funds made available for any program year (from funds made available for the corresponding fiscal year, as determined under section 734(c)) by such agency for secondary school vocational education under section 721(b)(3)(A) to local educational agencies within the State as follows:

(1) SEVENTY PERCENT.—From 70 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 70 percent as the amount such local educational agency was allocated under section 1124 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6333) for the preceding fiscal year bears to the total amount received under such section by all local educational agencies in the State for such year.

(2) TWENTY PERCENT.—From 20 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 20 percent as the number of students with disabilities who have individualized education programs under section 614(a)(5) of the Individuals with Disabilities Education Act (20 U.S.C. 1414(a)(5)) served by such local educational agency for the preceding fiscal year bears to the total number of such students served by all local educational agencies in the State for such year.

(3) TEN PERCENT.—From 10 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 10 percent as the number of students enrolled in schools and adults enrolled in training programs under the jurisdiction of such local educational agency for the preceding fiscal year bears to the number of students enrolled in schools and adults enrolled in training programs under the jurisdiction of all local educational agencies in the State for such year.

(b) MINIMUM ALLOCATION.—

(1) IN GENERAL.—Except as provided in paragraph (2), no local educational agency shall receive an allocation under subsection (a) unless the amount allocated to such agency under subsection (a) is not less than $15,000. A local educational agency may enter into a consortium with other local educational agencies for purposes of meeting the minimum allocation requirement of this paragraph.

(2) WAIVER.—The State educational agency may waive the application of paragraph (1) in any case in which the local educational agency—

(A) is located in a rural, sparsely-populated area; and

(B) demonstrates that such agency is unable to enter into a consortium for purposes of providing services under this section.

(3) REDISTRIBUTION.—Any amounts that are not allocated by reason of paragraph (1) or (2) shall be redistributed to local educational agencies that meet the requirements of paragraph (1) or (2) in accordance with the provisions of this section.

(c) LIMITED JURISDICTION AGENCIES.—

(1) IN GENERAL.—In applying the provisions of subsection (a), no State educational agency receiving assistance under this subtitle shall allocate funds to a local educational agency that serves only elementary schools, but shall distribute such funds to the local educational agency or regional educational agency that provides secondary school services to secondary school students in the same attendance area.

(2) SPECIAL RULE.—The amount to be allocated under paragraph (1) to a local educational agency that has jurisdiction only over secondary schools shall be determined based on the number of students that entered such secondary schools in the previous year from the elementary schools involved.

(d) ALLOCATIONS TO AREA VOCATIONAL EDUCATION SCHOOLS AND EDUCATIONAL SERVICE AGENCIES.—

(1) IN GENERAL.—Each State educational agency shall distribute the portion of funds made available for any program year by such agency for secondary school vocational education under section 721(b)(3)(A) to the appropriate area vocational education school or educational service agency in any case in which—

(A) the area vocational education school or educational service agency, and the local educational agency concerned—

(i) have formed or will form a consortium for the purpose of receiving funds under this section; or

(ii) have entered into or will enter into a cooperative arrangement for such purpose; and

(B)(i) the area vocational education school or educational service agency serves an approximately equal or greater proportion of students who are individuals with disabilities or are low-income than the proportion of such students attending the secondary schools under the jurisdiction of all of the local educational agencies sending students to the area vocational education school or the educational service agency; or

(ii) the area vocational education school, educational service agency, or local educational agency demonstrates that the vocational education school or educational service agency is unable to meet the criterion described in clause (i) due to the lack of interest by students described in clause (i) in attending vocational education programs in that area vocational education school or educational service agency.

(2) ALLOCATION BASIS.—If an area vocational education school or educational service agency meets the requirements of paragraph (1), then—

(A) the amount that will otherwise be distributed to the local educational agency under this section shall be allocated to the area vocational education school, the educational service agency, and the local educational agency, based on each school's or agency's relative share of students described in paragraph (1)(B)(i) who are attending vocational education programs (based, if practicable, on the average enrollment for the prior 3 years); or

(B) such amount may be allocated on the basis of an agreement between the local educational agency and the area vocational education school or educational service agency.

(3) STATE DETERMINATION.—

(A) IN GENERAL.—For the purposes of this subsection, the State educational agency may determine the number of students who are low-income on the basis of—

(i) eligibility for—

(I) free or reduced-price meals under the National School Lunch Act (7 U.S.C. 1751 et seq.);

(II) assistance under a State program funded under part A of title IV of the Social Security Act;

(III) benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.); or

(IV) services under title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.); and

(ii) another index of economic status, including an estimate of such index, if the State educational agency demonstrates to the satisfaction of the Federal Partnership that such index is a more representative means of determining such number.

(B) DATA.—If a State educational agency elects to use more than 1 factor described in subparagraph (A) for purposes of making the determination described in such subparagraph, the State educational agency shall ensure that the data used is not duplicative.

(4) APPEALS PROCEDURE.—The State educational agency shall establish an appeals procedure for resolution of any dispute arising between a local educational agency and an area vocational education school or an educational service agency with respect to the allocation procedures described in this section, including the decision of a local educational agency to leave a consortium.

(5) SPECIAL RULE.—Notwithstanding the provisions of paragraphs (1), (2), (3), and (4), any local educational agency receiving an allocation that is not sufficient to conduct a secondary school vocational education program of sufficient size, scope, and quality to be effective may—

(A) form a consortium or enter into a cooperative agreement with an area vocational education school or educational service agency offering secondary school vocational education programs of sufficient size, scope, and quality to be effective and that are accessible to students who are individuals with disabilities or are low-income, and are served by such local educational agency; and

(B) transfer such allocation to the area vocational education school or educational service agency.

(e) SPECIAL RULE.—Each State educational agency distributing funds under this section shall treat a secondary school funded by the Bureau of Indian Affairs within the State as if such school were a local educational agency within the State for the purpose of receiving a distribution under this section.

SEC. 723. DISTRIBUTION FOR POSTSECONDARY AND ADULT VOCATIONAL EDUCATION.

(a) ALLOCATION.—

(1) IN GENERAL.—Except as provided in subsection (b) and section 725, each State educational agency, using the portion of the funds made available for any program year by such agency for postsecondary and adult vocational education under section 721(b)(3)(A)—

(A) shall reserve funds to carry out subsection (d); and

(B) shall distribute the remainder to eligible institutions or consortia of the institutions within the State.

(2) FORMULA.—Each such eligible institution or consortium shall receive an amount for the program year (from funds made available for the corresponding fiscal year, as determined under section 734(c)) from such remainder bears the same relationship to such remainder as the number of individuals who are Pell Grant recipients or recipients of assistance from the Bureau of Indian Affairs and are enrolled in programs offered by such institution or consortium for the preceding fiscal year bears to the number of all such individuals who are enrolled in any such program within the State for such preceding year.

(3) CONSORTIUM REQUIREMENTS.—In order for a consortium of eligible institutions described in paragraph (1) to receive assistance pursuant to such paragraph such consortium shall operate joint projects that—

(A) provide services to all postsecondary institutions participating in the consortium; and

(B) are of sufficient size, scope, and quality to be effective.

(b) WAIVER FOR MORE EQUITABLE DISTRIBUTION.—The Federal Partnership may waive the application of subsection (a) in the case of any State educational agency that submits to the Federal Partnership an application for such a waiver that—

(1) demonstrates that the formula described in subsection (a) does not result in a distribution of funds to the institutions or consortia within the State that have the highest numbers of low-income individuals and that an alternative formula will result in such a distribution; and

(2) includes a proposal for an alternative formula that may include criteria relating to the number of individuals attending the institutions or consortia within the State who—

(A) receive need-based postsecondary financial aid provided from public funds;

(B) are members of families receiving assistance under a State program funded under part A of title IV of the Social Security Act;

(C) are enrolled in postsecondary educational institutions that—

(i) are funded by the State;

(ii) do not charge tuition; and

(iii) serve only low-income students;

(D) are enrolled in programs serving low-income adults; or

(E) are Pell Grant recipients.

(c) MINIMUM AMOUNT.—

(1) IN GENERAL.—No distribution of funds provided to any institution or consortium for a program year under this section shall be for an amount that is less than $50,000.

(2) REDISTRIBUTION.—Any amounts that are not distributed by reason of paragraph (1) shall be redistributed to eligible institutions or consortia in accordance with the provisions of this section.

(d) SPECIAL RULE FOR CRIMINAL OFFENDERS.—Each State educational agency shall distribute the funds reserved under subsection (a)(1)(A) to 1 or more State corrections agencies to enable the State corrections agencies to administer vocational education programs for juvenile and adult criminal offenders in correctional institutions in the State, including correctional institutions operated by local authorities.

(e) DEFINITION.—For the purposes of this section—

(1) the term "eligible institution" means a postsecondary educational institution, a local educational agency serving adults, or an area vocational education school serving adults that offers or will offer a program that seeks to receive financial assistance under this section;

(2) the term "low-income", used with respect to a person, means a person who is determined under guidelines developed by the Federal Partnership to be low-income, using the most recent available data provided by the Bureau of the Census, prior to the determination; and

(3) the term "Pell Grant recipient" means a recipient of financial aid under subpart 1 of part A of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070a et seq.).

SEC. 724. DISTRIBUTION FOR ADULT EDUCATION.

(a) IN GENERAL.—Except as provided in subsection (b)(3), from the amount made available by a State educational agency for adult education under section 721(b)(3)(B) for a program year, such agency shall award grants, on a competitive basis, to local educational agencies, correctional education agencies, community-based organizations of demonstrated effectiveness, volunteer literacy organizations, libraries, public or private nonprofit agencies, postsecondary educational institutions, public housing authorities, and other nonprofit institutions that have the ability to provide literacy services to adults and families, or consortia of agencies, organizations, or institutions described in this subsection, to enable such agencies, organizations, institutions, and consortia to establish or expand adult education programs.

(b) GRANT REQUIREMENTS.—

(1) ACCESS.—Each State educational agency making funds available for any program year for adult education under section 721(b)(3)(B) shall ensure that the entities described in subsection (a) will be provided direct and equitable access to all Federal funds provided under this section.

(2) CONSIDERATIONS.—In awarding grants under this section, the State educational agency shall consider—

(A) the past effectiveness of applicants in providing services (especially with respect to recruitment and retention of educationally disadvantaged adults and the learning gains demonstrated by such adults);

(B) the degree to which an applicant will coordinate and utilize other literacy and social services available in the community; and

(C) the commitment of the applicant to serve individuals in the community who are most in need of literacy services.

(3) CONSORTIA.—A State educational agency may award a grant under subsection (a) to a consortium that includes an entity described in subsection (a) and a for-profit agency, organization, or institution, if such agency, organization, or institution—

(A) can make a significant contribution to carrying out the purposes of this title; and

(B) enters into a contract with the entity described in subsection (a) for the purpose of establishing or expanding adult education programs.

(c) LOCAL ADMINISTRATIVE COSTS LIMITS.—

(1) IN GENERAL.—Except as provided in paragraph (2), of the funds provided under this section by a State educational agency to an agency, organization, institution, or consortium described in subsection (a), at least 95 percent shall be expended for provision of adult education instructional activities. The remainder shall be used for planning, administration, personnel development, and interagency coordination.

(2) SPECIAL RULE.—In cases where the cost limits described in paragraph (1) will be too restrictive to allow for adequate planning, administration, personnel development, and interagency coordination supported under this section, the State educational agency shall negotiate with the agency, organization, institution, or consortium described in subsection (a) in order to determine an adequate level of funds to be used for noninstructional purposes.

SEC. 725. SPECIAL RULE FOR MINIMAL ALLOCATION.

(a) GENERAL AUTHORITY.—For any program year for which a minimal amount is made available by a State educational agency for distribution under section 722 or 723 such agency may, notwithstanding the provisions of section 722 or 723, respectively, in order to make a more equitable distribution of funds for programs serving the highest numbers of low-income individuals (as defined in section 723(e)), distribute such minimal amount—

(1) on a competitive basis; or

(2) through any alternative method determined by the State educational agency.

(b) MINIMAL AMOUNT.—For purposes of this section, the term "minimal amount" means not more than 15 percent of the total amount made available by the State educational agency under section 721(b)(3)(A) for section 722 or 723, respectively, for such program year.

SEC. 726. REDISTRIBUTION.

(a) IN GENERAL.—In any program year that an entity receiving financial assistance under section 722 or 723 does not expend all of the amounts distributed to such entity for such year under section 722 or 723, respectively, such entity shall return any unexpended amounts to the State educational agency for distribution under section 722 or 723, respectively.

(b) REDISTRIBUTION OF AMOUNTS RETURNED LATE IN A PROGRAM YEAR.—In any program year in which amounts are returned to the State educational agency under subsection (a) for programs described in section 722 or 723 and the State educational agency is unable to redistribute such amounts according to section 722 or 723, respectively, in time for such amounts to be expended in such program year, the State educational agency shall retain such amounts for distribution in combination with amounts provided under such section for the following program year.

SEC. 727. LOCAL APPLICATION FOR WORKFORCE EDUCATION ACTIVITIES.

(a) IN GENERAL.—

(1) IN GENERAL.—Each eligible entity desiring financial assistance under this subtitle for workforce education activities shall submit an application to the State educational agency at such time, in such manner and accompanied by such information as such agency (in consultation with such other educational entities as the State educational agency determines to be appropriate) may require. Such application shall cover the same period of time as the period of time applicable to the State workforce development plan.

(2) DEFINITION.—For the purpose of this section the term "eligible entity" means an entity eligible for financial assistance under section 722, 723, or 724 from a State educational agency.

(b) CONTENTS.—Each application described in subsection (a) shall, at a minimum—

(1) describe how the workforce education activities required under section 716(b), and other workforce education activities, will be carried out with funds received under this subtitle;

(2) describe how the activities to be carried out relate to meeting the State goals, and reaching the State benchmarks, concerning workforce education activities;

(3) describe how the activities to be carried out are an integral part of the comprehensive efforts of the eligible entity to improve education for all students and adults;

(4) describe the process that will be used to independently evaluate and continuously improve the performance of the eligible entity; and

(5) describe how the eligible entity will coordinate the activities of the entity with the activities of the local workforce development board, if any, in the substate area.

SEC. 728. LOCAL PARTNERSHIPS, AGREEMENTS, AND WORKFORCE DEVELOPMENT BOARDS.

(a) LOCAL AGREEMENTS.—

(1) IN GENERAL.—After a Governor submits the State plan described in section 714 to the Federal Partnership, the Governor shall negotiate and enter into a local agreement regarding the workforce employment activities, school-to-work activities, and economic development activities (within a State that is eligible to carry out such activities, as described in subsection (c)) to be carried out in each substate area in the State with local partnerships (or, where established, local workforce development boards described in subsection (b)).

(2) LOCAL PARTNERSHIPS.—

(A) IN GENERAL.—A local partnership referred to in paragraph (1) shall be established by the local chief elected official, in accordance with subparagraphs (B) and (C), and shall consist of individuals representing business, industry, and labor, local secondary schools, local postsecondary education institutions, local adult education providers, local elected officials, rehabilitation agencies and organizations, community-based organizations, and veterans, within the appropriate substate area.

(B) MULTIPLE JURISDICTIONS.—In any case in which there are 2 or more units of general local government in the substate area involved, the chief elected official of each such unit shall appoint members of the local partnership in accordance with an agreement entered into by such chief elected officials. In the absence of such an agreement, such appointments shall be made by the Governor of the State involved from the individuals nominated or recommended by the chief elected officials.

(C) SELECTION OF BUSINESS AND INDUSTRY REPRESENTATIVES.—Individuals representing business and industry in the local partnership shall be appointed by the chief elected official from nominations submitted by business organizations in the substate area involved. Such individuals shall reasonably represent the industrial and demographic composition of the business community. Where possible, at least 50 percent of such business and industry representatives shall be representatives of small business.

(3) BUSINESS AND INDUSTRY INVOLVEMENT.—The business and industry representatives shall have a lead role in the design, management, and evaluation of the activities to be carried out in the substate area under the local agreement.

(4) CONTENTS.—

(A) STATE GOALS AND STATE BENCHMARKS.—Such an agreement shall include a description of the manner in which funds allocated to a substate area under this subtitle will be spent to meet the State goals and reach the State benchmarks in a manner that reflects local labor market conditions.

(B) COLLABORATION.—The agreement shall also include information that demonstrates the manner in which—

(i) the Governor; and

(ii) the local partnership (or, where established, the local workforce development board);

collaborated in reaching the agreement.

(5) FAILURE TO REACH AGREEMENT.—If, after a reasonable effort, the Governor is unable to enter into an agreement with the local partnership (or, where established, the local workforce development board), the Governor shall notify the partnership or board, as appropriate, and provide the partnership or board, as appropriate, with the opportunity to comment, not later than 30 days after the date of the notification, on the manner in which funds allocated to such substate area will be spent to meet the State goals and reach the State benchmarks.

(6) EXCEPTION.—A State that indicates in the State plan described in section 714 that the State will be treated as a substate area for purposes of the application of this subtitle shall not be subject to this subsection.

(b) LOCAL WORKFORCE DEVELOPMENT BOARDS.—

(1) IN GENERAL.—Each State may facilitate the establishment of local workforce development boards in each substate area to set policy and provide oversight over the workforce development activities in the substate area.

(2) MEMBERSHIP.—

(A) STATE CRITERIA.—The Governor shall establish criteria for use by local chief elected officials in each substate area in the selection of members of the local workforce development boards, in accordance with the requirements of subparagraph (B).

(B) REPRESENTATION REQUIREMENT.—Such criteria shall require, at a minimum, that a local workforce development board consist of—

(i) representatives of business and industry in the substate area, who shall constitute a majority of the board;

(ii) representatives of labor, workers, and community-based organizations, who shall constitute not less than 25 percent of the members of the board;

(iii) representatives of local secondary schools, postsecondary education institutions, and adult education providers;

(iv) representatives of veterans; and

(v) 1 or more individuals with disabilities, or their representatives.

(C) CHAIR.—Each local workforce development board shall select a chairperson from among the members of the board who are representatives of business and industry.

(3) CONFLICT OF INTEREST.—No member of a local workforce development board shall vote on a matter relating to the provision of services by the member (or any organization that the member directly represents) or vote on a matter that would provide direct financial benefit to such member or the immediate family of such member or engage in any other activity determined by the Governor to constitute a conflict of interest.

(4) FUNCTIONS.—The functions of the local workforce development board shall include—

(A) submitting to the Governor a single comprehensive 3-year strategic plan for workforce development activities in the substate area that includes information—

(i) identifying the workforce development needs of local industries, students, jobseekers, and workers;

(ii) identifying the workforce development activities to be carried out in the substate area with funds received through the allotment made to the State under section 712, to meet the State goals and reach the State benchmarks; and

(iii) identifying how the local workforce development board will obtain the active and continuous participation of business, industry, and labor in the development and continuous improvement of the workforce development activities carried out in the substate area;

(B) entering into local agreements with the Governor as described in subsection (a);

(C) overseeing the operations of the one-stop delivery of core services described in section 716(a)(2) in the substate area, including the responsibility to—

(i) designate local entities to operate the one-stop delivery in the substate area, consistent with the criteria referred to in section 716(a)(2); and

(ii) develop and approve the budgets and annual operating plans of the providers of the one-stop delivery; and

(D) submitting annual reports to the Governor on the progress being made in the substate area toward meeting the State goals and reaching the State benchmarks.

(5) CONSULTATION.—A local workforce development board that serves a substate area shall conduct the functions described in paragraph (4) in consultation with the chief elected officials in the substate area.

(c) ECONOMIC DEVELOPMENT ACTIVITIES.—A State shall be eligible to use the funds made available through the flex account for flexible workforce activities to carry out economic development activities if—

(1) the boards described in section 715 and subsection (b) are established in the State; or

(2) in the case of a State that indicates in the State plan described in section 714 that the State will be treated as a substate area for purposes of the application of this subtitle, the board described in section 715 is established in the State.

SEC. 729. CONSTRUCTION.

Nothing in this title shall be construed—

(1) to prohibit a local educational agency (or a consortium thereof) that receives assistance under section 722, from working with an eligible entity (or consortium thereof) that receives assistance under section 723, to carry out secondary school vocational education activities in accordance with this title; or

(2) to prohibit an eligible entity (or consortium thereof) that receives assistance under section 723, from working with a local educational agency (or consortium thereof) that receives assistance under section 722, to carry out postsecondary and adult vocational education activities in accordance with this title.

CHAPTER 3—ADMINISTRATION

SEC. 731. ACCOUNTABILITY.

(a) REPORT.—

(1) IN GENERAL.—Each State that receives an allotment under section 712 shall annually prepare and submit to the Federal Partnership, a report that states how the State is performing on State benchmarks specified in this section, which relate to workforce development activities carried out through the statewide system of the State. In preparing the report, the State may include information on such additional benchmarks as the State may establish to meet the State goals.

(2) CONSOLIDATED REPORT.—In lieu of submitting separate reports under paragraph (1) and section 409(a) of the Social Security Act, the State may prepare a consolidated report. Any consolidated report prepared under this paragraph shall contain the information described in paragraph (1) and subsections (a) through (h) of section 409 of the Social Security Act. The State shall submit any consolidated report prepared under this paragraph to the Federal Partnership, the Secretary of Agriculture, and the Secretary of Health and Human Services, on the dates specified in section 409(a) of the Social Security Act.

(b) GOALS.—

(1) MEANINGFUL EMPLOYMENT.—Each statewide system supported by an allotment under section 712 shall be designed to meet the goal of assisting participants in obtaining meaningful unsubsidized employment opportunities in the State.

(2) EDUCATION.—Each statewide system supported by an allotment under section 712 shall be designed to meet the goal of enhancing and developing more fully the academic, occupational, and literacy skills of all segments of the population of the State.

(c) BENCHMARKS.—

(1) MEANINGFUL EMPLOYMENT.—To be eligible to receive an allotment under section 712, a State shall develop, in accordance with paragraph (5), and identify in the State plan of the State, proposed quantifiable benchmarks to measure the statewide progress of the State toward meeting the goal described in subsection (b)(1), which shall include, at a minimum, measures of—

(A) placement in unsubsidized employment of participants;

(B) retention of the participants in such employment (12 months after completion of the participation); and

(C) increased earnings for the participants.

(2) EDUCATION.—To be eligible to receive an allotment under section 712, a State shall develop, in accordance with paragraph (5), and identify in the State plan of the State, proposed quantifiable benchmarks to measure the statewide progress of the State toward meeting the goal described in subsection (b)(2), which shall include, at a minimum, measures of—

(A) student mastery of academic knowledge and work readiness skills;

(B) student mastery of occupational and industry-recognized skills according to skill proficiencies for students in career preparation programs;

(C) placement in, retention in, and completion of secondary education (as determined under State law) and postsecondary education, and placement and retention in employment and in military service; and

(D) mastery of the literacy, knowledge, and skills adults need to be productive and responsible citizens and to become more actively involved in the education of their children.

(3) POPULATIONS.—To be eligible to receive an allotment under section 712, a State shall develop, in accordance with paragraph (5), and identify in the State plan of the State, proposed quantifiable benchmarks to measure progress toward meeting the goals described in subsection (b) for populations including, at a minimum—

(A) welfare recipients (including a benchmark for welfare recipients described in section 3(36)(B));

(B) individuals with disabilities;

(C) older workers;

(D) at-risk youth;

(E) dislocated workers; and

(F) veterans.

(4) SPECIAL RULE.—If a State has developed for all students in the State performance indicators, attainment levels, or assessments for skills according to challenging academic, occupational, or industry-recognized skill proficiencies, the State shall use such performance indicators, attainment levels, or assessments in measuring the progress of all students served under this title in attaining the skills.

(5) NEGOTIATIONS.—

(A) INITIAL DETERMINATION.—On receipt of a State plan submitted under section 714, the Federal Partnership shall, not later than 30 days after the date of the receipt, determine—

(i) how the proposed State benchmarks identified by the State in the State plan compare to the model benchmarks established by the Federal Partnership under section 772(b)(2);

(ii) how the proposed State benchmarks compare with State benchmarks proposed by other States in their State plans; and

(iii) whether the proposed State benchmarks, taken as a whole, are sufficient—

(I) to enable the State to meet the State goals; and

(II) to make the State eligible for an incentive grant under section 732(a).

(B) NOTIFICATION.—The Federal Partnership shall immediately notify the State of the determinations referred to in subparagraph (A). If the Federal Partnership determines that the proposed State benchmarks are not sufficient to make the State eligible for an incentive grant under section 732(a), the Federal Partnership shall provide the State with guidance on the steps the State may take to allow the State to become eligible for the grant.

(C) REVISION.—Not later than 30 days after the date of receipt of the notification referred to in subparagraph (B), the State may revise some or all of the State benchmarks identified in the State plan in order to become eligible for the incentive grant or provide reasons why the State benchmarks should be sufficient to make the State eligible for the incentive grant.

(D) DETERMINATION.—After reviewing any revised State benchmarks or information submitted by the State in accordance with subparagraph (C), the Federal Partnership shall make a determination on the eligibility of the State for the incentive grant, as described in paragraph (6), and provide advice to the Secretary of Labor and the Secretary of Education. The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may award a grant to the State under section 732(a).

(6) INCENTIVE GRANTS.—Each State that sets high benchmarks under paragraph (1), (2), or (3) and reaches or exceeds the benchmarks, as determined by the Federal Partnership, shall be eligible to receive an incentive grant under section 732(a).

(7) SANCTIONS.—A State that has failed to demonstrate sufficient progress toward reaching the State benchmarks established under this subsection for the 3 years covered by a State plan described in section 714, as determined by the Federal Partnership, may be subject to sanctions under section 732(b).

(d) JOB PLACEMENT ACCOUNTABILITY SYSTEM.—

(1) IN GENERAL.—Each State that receives an allotment under section 712 shall establish a job placement accountability system, which will provide a uniform set of data to track the progress of the State toward reaching the State benchmarks.

(2) DATA.—

(A) IN GENERAL.—In order to maintain data relating to the measures described in subsection (c)(1), each such State shall establish

a job placement accountability system using quarterly wage records available through the unemployment insurance system. The State agency or entity within the State responsible for labor market information, as designated in section 773(c)(1)(B), in conjunction with the Commissioner of Labor Statistics, shall maintain the job placement accountability system and match information on participants served by the statewide systems of the State and other States with quarterly employment and earnings records.

(B) REIMBURSEMENT.—Each local entity that carries out workforce employment activities or workforce education activities and that receives funds under this subtitle shall provide information regarding the social security numbers of the participants served by the entity and such other information as the State may require to the State agency or entity within the State responsible for labor market information, as designated in section 773(c)(1)(B).

(C) CONFIDENTIALITY.—The State agency or entity within the State responsible for labor market information, as designated in section 773(c)(1)(B), shall protect the confidentiality of information obtained through the job placement accountability system through the use of recognized security procedures.

(e) INDIVIDUAL ACCOUNTABILITY.—Each State that receives an allotment under section 712 shall devise and implement procedures to provide, in a timely manner, information on participants in activities carried out through the statewide system who are participating as a condition of receiving welfare assistance. The procedures shall require that the State provide the information to the State and local agencies carrying out the programs through which the welfare assistance is provided, in a manner that ensures that the agencies can monitor compliance with the conditions regarding the receipt of the welfare assistance.

SEC. 732. INCENTIVES AND SANCTIONS.

(a) INCENTIVES.—

(1) IN GENERAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may award incentive grants of not more than $15,000,000 per program year to a State that—

(A) reaches or exceeds State benchmarks established under section 731(c), with an emphasis on the benchmarks established under section 731(c)(3), in accordance with section 731(c)(6); or

(B) demonstrates to the Federal Partnership that the State has made substantial reductions in the number of adult recipients of assistance, as defined in section 712(b)(1)(A), resulting from increased placement of such adult recipients in unsubsidized employment.

(2) USE OF FUNDS.—A State that receives such a grant may use the funds made available through the grant to carry out any workforce development activities authorized under this title.

(b) SANCTIONS.—

(1) FAILURE TO DEMONSTRATE SUFFICIENT PROGRESS.—If the Federal Partnership determines, after notice and an opportunity for a hearing, that a State has failed to demonstrate sufficient progress toward reaching the State benchmarks established under section 731(c) for the 3 years covered by a State plan described in section 714, the Federal Partnership shall provide advice to the Secretary of Labor and the Secretary of Education. The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may reduce the allotment of the State under section 712 by not more than 10 percent per program year for not more than 3 years. The Federal Partnership may determine that the failure of the State to demonstrate such progress is attributable to the workforce employment activities, workforce education activities, or flexible workforce activities, of the State and provide advice to the Secretary of Labor and the Secretary of Education. The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may decide to reduce only the portion of the allotment for such activities.

(2) EXPENDITURE CONTRARY TO TITLE.—If the Governor of a State determines that a local entity that carries out workforce employment activities in a substate area of the State has expended funds made available under this title in a manner contrary to the purposes of this title, and such expenditures do not constitute fraudulent activity, the Governor may deduct an amount equal to the funds from a subsequent program year allocation to the substate area.

(c) FUNDS RESULTING FROM REDUCED ALLOTMENTS.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may use an amount retained as a result of a reduction in an allotment made under subsection (b)(1) to award an incentive grant under subsection (a).

SEC. 733. UNEMPLOYMENT TRUST FUND.

(a) IN GENERAL.—Section 901(c) of the Social Security Act (42 U.S.C. 1101(c)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) by striking clause (ii) and inserting the following:

"(ii) the establishment and maintenance of statewide workforce development systems, to the extent the systems are used to carry out activities described in section 773, or in any of clauses (ii) through (v) of section 716(a)(2)(B), of the Workforce Development Act of 1995, and"; and

(ii) in clause (iii), by striking "carrying into effect section 4103" and "carrying out the activities described in sections 4103, 4103A, 4104, and 4104A"; and

(B) in subparagraph (B)—

(i) in the matter preceding clause (i), by striking "Department of Labor" and inserting "Department of Labor or the Workforce Development Partnership, as appropriate,"; and

(ii) by striking clause (iii) and inserting the following:

"(iii) the Workforce Development Act of 1995,"; and

(2) in the first sentence of paragraph (4), by striking "the total cost" and all that follows through "the President determines" and inserting "the total cost of administering the statewide workforce development systems, to the extent the systems are used to carry out activities described in section 773, or in any of clauses (ii) through (v) of section 716(a)(2)(B), of the Workforce Development Act of 1995, and of the necessary expenses of the Workforce Development Partnership for the performance of the functions of the partnership under such Act, as the President determines".

(b) GUAM; UNITED STATES VIRGIN ISLANDS.—From the total amount made available under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) (referred to in this section as the "total amount") for each fiscal year, the Secretary of Labor and the Secretary of Education, acting jointly, shall first allot to Guam and the United States Virgin Islands an amount that, in relation to the total amount for the fiscal year, is equal to the allotment percentage that each received of amounts available under section 6 of the Wagner-Peyser Act (29 U.S.C. 49e) in fiscal year 1983.

(c) STATES.—

(1) ALLOTMENTS.—

(A) IN GENERAL.—Subject to paragraphs (2) and (3), the Secretary of Labor and the Secretary of Education, acting jointly, shall (after making the allotments required by subsection (b)) allot the remainder of the total amount for each fiscal year among the States as follows:

(i) CIVILIAN LABOR FORCE.—Two-thirds of such remainder shall be allotted on the basis of the relative number of individuals in the civilian labor force in each State as compared to the total number of such individuals in all States.

(ii) UNEMPLOYED INDIVIDUALS.—One-third of such remainder shall be allotted on the basis of the relative number of unemployed individuals in each State as compared to the total number of such individuals in all States.

(B) CALCULATION.—For purposes of this paragraph, the number of individuals in the civilian labor force and the number of unemployed individuals shall be based on data for the most recent calendar year available, as determined by the Secretary of Labor and the Secretary of Education, acting jointly.

(2) MINIMUM PERCENTAGE.—No State allotment under this section for any fiscal year shall be a smaller percentage of the total amount for the fiscal year than 90 percent of the allotment percentage for the State for the fiscal year preceding the fiscal year for which the determination is made. For the purpose of this section, the Secretary of Labor and the Secretary of Education, acting jointly, shall determine the allotment percentage for each State for fiscal year 1984, which shall be the percentage that the State received of amounts available under section 6 of the Wagner-Peyser Act for fiscal year 1983. For the purpose of this section, for each succeeding fiscal year, the allotment percentage for each such State shall be the percentage that the State received of amounts available under section 6 of the Wagner-Peyser Act for the preceding fiscal year.

(3) MINIMUM ALLOTMENT.—For each fiscal year, no State shall receive a total allotment under paragraphs (1) and (2) that is less than 0.28 percent of the total amount for such fiscal year.

(4) ESTIMATES.—The Secretary of Labor and the Secretary of Education, acting jointly, shall, not later than March 15 of each fiscal year, provide preliminary planning estimates and shall, not later than May 15 of each fiscal year, provide final planning estimates, showing the projected allocation for each State for the following year.

(5) DEFINITION.—Notwithstanding section 703, as used in paragraphs (2) through (4), the term "State" means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, and United States Virgin Islands.

(d) EFFECTIVE DATE.—This section, and the amendments made by this section, shall take effect July 1, 1998.

SEC. 734. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated to carry out this title (other than subtitle C) $6,127,000,000 for each of fiscal years 1998 through 2001.

(b) RESERVATIONS.—Of the amount appropriated under subsection (a)—

(1) not more than 1.25 percent shall be reserved for carrying out section 717;

(2) not more than 0.2 percent shall be reserved for carrying out section 718;

(3) 4.3 percent shall be reserved for making incentive grants under section 732(a) and for the administration of this title;

(4) not more than 1.4 percent shall be reserved for carrying out section 773;

(5) 0.15 percent shall be reserved for carrying out sections 774 and 775 and the National Literacy Act of 1991 (20 U.S.C. 1201 note);

(6) not more than 6.7 percent shall be reserved for carrying out section 775A; and

(7) the remainder shall be reserved for making allotments under section 712.

(c) PROGRAM YEAR.—

(1) IN GENERAL.—Appropriations for any fiscal year for programs and activities under this title shall be available for obligation only on the basis of a program year. The program year shall begin on July 1 in the fiscal year for which the appropriation is made.

(2) ADMINISTRATION.—Funds obligated for any program year may be expended by each recipient during the program year and the 2 succeeding program years and no amount shall be deobligated on account of a rate of expenditure that is consistent with the provisions of the State plan specified in section 714 that relate to workforce employment activities.

SEC. 735. EFFECTIVE DATE.

This subtitle shall take effect July 1, 1998.

Subtitle C—Job Corps and Other Workforce Preparation Activities for At-Risk Youth

CHAPTER 1—GENERAL PROVISIONS

SEC. 741. PURPOSES.

The purposes of this subtitle are—

(1) to maintain a Job Corps for at-risk youth as part of statewide systems;

(2) to set forth standards and procedures for selecting individuals as enrollees in the Job Corps;

(3) to authorize the establishment of residential and nonresidential Job Corps centers in which enrollees will participate in intensive programs of workforce development activities;

(4) to prescribe various other powers, duties, and responsibilities incident to the operation and continuing development of the Job Corps; and

(5) to assist at-risk youth who need and can benefit from an unusually intensive program, operated in a group setting, to become more responsible, employable, and productive citizens.

SEC. 742. DEFINITIONS.

As used in this subtitle:

(1) AT-RISK YOUTH.—The term "at-risk youth" means an individual who—

(A) is not less than age 15 and not more than age 24;

(B) is low-income (as defined in section 723(e));

(C) is 1 or more of the following:

(i) Basic skills deficient.

(ii) A school dropout.

(iii) Homeless or a runaway.

(iv) Pregnant or parenting.

(v) Involved in the juvenile justice system.

(vi) An individual who requires additional education, training, or intensive counseling and related assistance, in order to secure and hold employment or participate successfully in regular schoolwork.

(2) ENROLLEE.—The term "enrollee" means an individual enrolled in the Job Corps.

(3) GOVERNOR.—The term "Governor" means the chief executive officer of a State.

(4) JOB CORPS.—The term "Job Corps" means the corps described in section 744.

(5) JOB CORPS CENTER.—The term "Job Corps center" means a center described in section 744.

SEC. 743. AUTHORITY OF GOVERNOR.

The duties and powers granted to a State by this subtitle shall be considered to be granted to the Governor of the State.

CHAPTER 2—JOB CORPS

SEC. 744. GENERAL AUTHORITY.

If a State receives an allotment under section 759, and a center located in the State received assistance under part B of title IV of the Job Training Partnership Act for fiscal year 1996 and was not closed in accordance with section 755, the State shall use a portion of the funds made available through the allotment to maintain the center, and carry out activities described in this subtitle for individuals enrolled in a Job Corps and assigned to the center.

SEC. 745. SCREENING AND SELECTION OF APPLICANTS.

(a) STANDARDS AND PROCEDURES.—

(1) IN GENERAL.—The State shall prescribe specific standards and procedures for the screening and selection of applicants for the Job Corps.

(2) IMPLEMENTATION.—To the extent practicable, the standards and procedures shall be implemented through arrangements with—

(A) one-stop career centers;

(B) agencies and organizations such as community action agencies, professional groups, and labor organizations; and

(C) agencies and individuals that have contact with youth over substantial periods of time and are able to offer reliable information about the needs and problems of the youth.

(3) CONSULTATION.—The standards and procedures shall provide for necessary consultation with individuals and organizations, including court, probation, parole, law enforcement, education, welfare, and medical authorities and advisers.

(b) SPECIAL LIMITATIONS.—No individual shall be selected as an enrollee unless the individual or organization implementing the standards and procedures determines that—

(1) there is a reasonable expectation that the individual can participate successfully in group situations and activities, is not likely to engage in behavior that would prevent other enrollees from receiving the benefit of the program or be incompatible with the maintenance of sound discipline and satisfactory relationships between the Job Corps center to which the individual might be assigned and surrounding communities; and

(2) the individual manifests a basic understanding of both the rules to which the individual will be subject and of the consequences of failure to observe the rules.

(c) INDIVIDUALS ELIGIBLE.—To be eligible to become an enrollee, an individual shall be an at-risk youth.

SEC. 746. ENROLLMENT AND ASSIGNMENT.

(a) RELATIONSHIP BETWEEN ENROLLMENT AND MILITARY OBLIGATIONS.—Enrollment in the Job Corps shall not relieve any individual of obligations under the Military Selective Service Act (50 U.S.C. App. 451 et seq.).

(b) ASSIGNMENT.—

(1) IN GENERAL.—Except as provided in paragraph (2), the State shall assign an enrollee to the Job Corps center within the State that is closest to the residence of the enrollee.

(2) AGREEMENTS WITH OTHER STATES.—The State may enter into agreements with 1 or more States to enroll individuals from the States in the Job Corps and assign the enrollees to Job Corps centers in the State.

SEC. 747. JOB CORPS CENTERS.

(a) DEVELOPMENT.—The State shall enter into an agreement with a Federal, State, or local agency, which may be a State board or agency that operates or wishes to develop an area vocational education school facility or residential vocational school, or with a private organization, for the establishment and operation of a Job Corps center.

(b) CHARACTER AND ACTIVITIES.—Job Corps centers may be residential or nonresidential in character, and shall be designed and operated so as to provide enrollees, in a well-supervised setting, with access to activities described in section 748.

(c) CIVILIAN CONSERVATION CENTERS.—The Job Corps centers may include Civilian Conservation Centers, located primarily in rural areas, which shall provide, in addition to other training and assistance, programs of work experience to conserve, develop, or manage public natural resources or public recreational areas or to develop community projects in the public interest.

(d) JOB CORPS OPERATORS.—To be eligible to receive funds under this chapter, an entity who entered into a contract with the Secretary of Labor that is in effect on the effective date of this section to carry out activities through a center under part B of title IV of the Job Training Partnership Act (as in effect on the day before the effective date of this section), shall enter into a contract with the State in which the center is located that contains provisions substantially similar to the provisions of the contract with the Secretary of Labor, as determined by the State.

SEC. 748. PROGRAM ACTIVITIES.

(a) ACTIVITIES PROVIDED THROUGH JOB CORPS CENTERS.—Each Job Corps center shall provide enrollees assigned to the center with access to activities described in section 716(a)(2)(B), and such other workforce development activities as may be appropriate to meet the needs of the enrollees, including providing work-based learning throughout the enrollment of the enrollees and assisting the enrollees in obtaining meaningful unsubsidized employment on completion of their enrollment.

(b) ARRANGEMENTS.—The State shall arrange for enrollees assigned to Job Corps centers in the State to receive workforce development activities through the statewide system, including workforce development activities provided through local public or private educational agencies, vocational educational institutions, or technical institutes.

(c) JOB PLACEMENT ACCOUNTABILITY.—Each Job Corps center located in a State shall be connected to the job placement accountability system of the State described in section 731(d).

SEC. 749. SUPPORT.

The State shall provide enrollees assigned to Job Corps centers in the State with such personal allowances as the State may determine to be necessary or appropriate to meet the needs of the enrollees.

SEC. 750. OPERATING PLAN.

To be eligible to operate a Job Corps center and receive assistance under section 759 for program year 1998 or any subsequent program year, an entity shall prepare and submit, to the Governor of the State in which the center is located, and obtain the approval of the Governor for, an operating plan that shall include, at a minimum, information indicating—

(1) in quantifiable terms, the extent to which the center will contribute to the achievement of the proposed State goals and State benchmarks identified in the State plan for the State submitted under section 714;

(2) the extent to which workforce employment activities and workforce education activities delivered through the Job Corps center are directly linked to the workforce development needs of the industry sectors most important to the economic competitiveness of the State; and

(3) an implementation strategy to ensure that all enrollees assigned to the Job Corps center will have access to services through the one-stop delivery of core services described in section 716(a)(2) by the State.

SEC. 751. STANDARDS OF CONDUCT.

(a) PROVISION AND ENFORCEMENT.—The State shall provide, and directors of Job Corps center shall stringently enforce, standards of conduct within the centers. Such

standards of conduct shall include provisions forbidding violence, drug abuse, and other criminal activity.

(b) DISCIPLINARY MEASURES.—To promote the proper moral and disciplinary conditions in the Job Corps, the directors of Job Corps centers shall take appropriate disciplinary measures against enrollees. If such a director determines that an enrollee has committed a violation of the standards of conduct, the director shall dismiss the enrollee from the Corps if the director determines that the retention of the enrollee in the Corps will jeopardize the enforcement of such standards or diminish the opportunities of other enrollees. If the director determines that an enrollee has engaged in an incident involving violence, drug abuse, or other criminal activity, the director shall immediately dismiss the enrollee from the Corps.

(c) APPEAL.—A disciplinary measure taken by a director under this section shall be subject to expeditious appeal in accordance with procedures established by the State.

SEC. 752. COMMUNITY PARTICIPATION.

The State shall encourage and cooperate in activities to establish a mutually beneficial relationship between Job Corps centers in the State and nearby communities. The activities may include the use of any local workforce development boards established in the State under section 728(b) to provide a mechanism for joint discussion of common problems and for planning programs of mutual interest.

SEC. 753. COUNSELING AND PLACEMENT.

The State shall ensure that enrollees assigned to Job Corps centers in the State receive counseling and job placement services, which shall be provided, to the maximum extent practicable, through the delivery of core services described in section 716(a)(2).

SEC. 754. LEASES AND SALES OF CENTERS.

(a) LEASES.—

(1) IN GENERAL.—The Secretary of Labor shall offer to enter into a lease with each State that has an approved State plan submitted under section 714 and in which 1 or more Job Corps centers are located.

(2) NOMINAL CONSIDERATION.—Under the terms of the lease, the Secretary of Labor shall lease the Job Corps centers in the State to the State in return for nominal consideration.

(3) INDEMNITY AGREEMENT.—To be eligible to lease such a center, a State shall enter into an agreement to hold harmless and indemnify the United States from any liability or claim for damages or injury to any person or property arising out of the lease.

(b) SALES.—Notwithstanding the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.), the Secretary of Labor shall offer each State described in subsection (a)(1) the opportunity to purchase the Job Corps centers in the State in return for nominal consideration.

SEC. 755. CLOSURE OF JOB CORPS CENTERS.

(a) NATIONAL JOB CORPS AUDIT.—Not later than March 31, 1997, the Federal Partnership shall conduct an audit of the activities carried out under part B of title IV of the Job Training Partnership Act (29 U.S.C. 1691 et seq.), and submit to the appropriate committees of Congress a report containing the results of the audit, including information indicating—

(1) the amount of funds expended for fiscal year 1996 to carry out activities under such part, for each State and for the United States;

(2) for each Job Corps center funded under such part (referred to in this subtitle as a "Job Corps center"), the amount of funds expended for fiscal year 1996 under such part to carry out activities related to the direct operation of the center, including funds expended for student training, outreach or intake activities, meals and lodging, student allowances, medical care, placement or settlement activities, and administration;

(3) for each Job Corps center, the amount of funds expended for fiscal year 1996 under such part through contracts to carry out activities not related to the direct operation of the center, including funds expended for student travel, national outreach, screening, and placement services, national vocational training, and national and regional administrative costs;

(4) for each Job Corps center, the amount of funds expended for fiscal year 1996 under such part for facility construction, rehabilitation, and acquisition expenses; and

(5) the amount of funds required to be expended under such part to complete each new or proposed Job Corps center, and to rehabilitate and repair each existing Job Corps center, as of the date of the submission of the report.

(b) RECOMMENDATIONS OF NATIONAL BOARD.—

(1) RECOMMENDATIONS.—The National Board shall, based on the results of the audit described in subsection (a), make recommendations to the Secretary of Labor, including identifying 25 Job Corps centers to be closed by September 30, 1997.

(2) CONSIDERATIONS.—

(A) IN GENERAL.—In determining whether to recommend that the Secretary of Labor close a Job Corps center, the National Board shall consider whether the center—

(i) has consistently received low performance measurement ratings under the Department of Labor or the Office of Inspector General Job Corps rating system;

(ii) is among the centers that have experienced the highest number of serious incidents of violence or criminal activity in the past 5 years;

(iii) is among the centers that require the largest funding for renovation or repair, as specified in the Department of Labor Job Corps Construction/Rehabilitation Funding Needs Survey, or for rehabilitation or repair, as reflected in the portion of the audit described in subsection (a)(5);

(iv) is among the centers for which the highest relative or absolute fiscal year 1996 expenditures were made, for any of the categories of expenditures described in paragraph (2), (3), or (4) of subsection (a), as reflected in the audit described in subsection (a);

(v) is among the centers with the least State and local support; or

(vi) is among the centers with the lowest rating on such additional criteria as the National Board may determine to be appropriate.

(B) COVERAGE OF STATES AND REGIONS.—Notwithstanding subparagraph (A), the National Board shall not recommend that the Secretary of Labor close the only Job Corps center in a State or a region of the United States.

(C) ALLOWANCE FOR NEW JOB CORPS CENTERS.—Notwithstanding any other provision of this section, if the planning or construction of a Job Corps center that received Federal funding for fiscal year 1994 or 1995 has not been completed by the date of enactment of this Act—

(i) the appropriate entity may complete the planning or construction and begin operation of the center; and

(ii) the National Board shall not evaluate the center under this title sooner than 3 years after the first date of operation of the center.

(3) REPORT.—Not later than June 30, 1997, the National Board shall submit a report to the Secretary of Labor, which shall contain a detailed statement of the findings and conclusions of the National Board resulting from the audit described in subsection (a) together with the recommendations described in paragraph (1).

(c) CLOSURE.—The Secretary of Labor shall, after reviewing the report submitted under subsection (b)(3), close 25 Job Corps centers by September 30, 1997.

SEC. 756. INTERIM OPERATING PLANS FOR JOB CORPS CENTERS.

Part B of title IV of the Job Training Partnership Act (29 U.S.C. 1691 et seq.) is amended by inserting after section 439 the following section:

"SEC. 439A. OPERATING PLAN.

"(a) SUBMISSION OF PLAN.—To be eligible to operate a Job Corps center and receive assistance under this part for fiscal year 1997, an entity shall prepare and submit to the Secretary and the Governor of the State in which the center is located, and obtain the approval of the Secretary for, an operating plan that shall include, at a minimum, information indicating—

"(1) in quantifiable terms, the extent to which the center will contribute to the achievement of the proposed State goals and State benchmarks identified in the interim plan for the State submitted under section 763 of the Workforce Development Act of 1995;

"(2) the extent to which workforce employment activities and workforce education activities delivered through the Job Corps center are directly linked to the workforce development needs of the industry sectors most important to the economic competitiveness of the State; and

"(3) an implementation strategy to ensure that all enrollees assigned to the Job Corps center will have access to services through the one-stop delivery of core services described in section 716(a)(2) of the Workforce Development Act of 1995 by the State as identified in the interim plan.

"(b) SUBMISSION OF COMMENTS.—Not later than 30 days after receiving an operating plan described in subsection (a), the Governor of the State in which the center is located may submit comments on the plan to the Secretary.

"(c) APPROVAL.—The Secretary shall not approve an operating plan described in subsection (a) for a center if the Secretary determines that the activities proposed to be carried out through the center are not sufficiently integrated with the activities to be carried out through the statewide system of the State in which the center is located.".

SEC. 757. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), this chapter shall take effect on July 1, 1998.

(b) INTERIM PROVISIONS.—Sections 754 and 755, and the amendment made by section 756, shall take effect on the date of enactment of this Act.

CHAPTER 3—OTHER WORKFORCE PREPARATION ACTIVITIES FOR AT-RISK YOUTH

SEC. 759. WORKFORCE PREPARATION ACTIVITIES FOR AT-RISK YOUTH.

(a) IN GENERAL.—For program year 1998 and each subsequent program year, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make allotments under subsection (c) to States to assist the States in paying for the cost of carrying out workforce preparation activities for at-risk youth, as described in this section.

(b) STATE USE OF FUNDS.—

(1) CORE ACTIVITIES.—The State shall use a portion of the funds made available to the State through an allotment received under subsection (c) to establish and operate Job Corps centers as described in chapter 2, if a

center located in the State received assistance under part B of title IV of the Job Training Partnership Act for fiscal year 1996 and was not closed in accordance with section 755.

(2) PERMISSIBLE ACTIVITIES.—The State may use a portion of the funds described in paragraph (1) to—

(A) make grants to eligible entities, as described in subsection (e), to assist the entities in carrying out innovative programs to assist out-of-school at-risk youth in participating in school-to-work activities;

(B) make grants to eligible entities, as described in subsection (e), to assist the entities in providing work-based learning as a component of school-to-work activities, including summer jobs linked to year-round school-to-work programs; and

(C) carry out other workforce development activities specifically for at-risk youth.

(c) ALLOTMENTS.—

(1) IN GENERAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall allot to each State an amount equal to the total of—

(A) the amount made available to the State under paragraph (2); and

(B) the amounts made available to the State under subparagraphs (C), (D), and (E) of paragraph (3).

(2) ALLOTMENTS BASED ON FISCAL YEAR 1996 APPROPRIATIONS.—Using a portion of the funds appropriated under subsection (g) for a fiscal year, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State the amount that Job Corps centers in the State expended for fiscal year 1996 under part B of title IV of the Job Training Partnership Act to carry out activities related to the direct operation of the centers, as determined under section 755(a)(2).

(3) ALLOTMENTS BASED ON POPULATIONS.—

(A) DEFINITIONS.—As used in this paragraph:

(i) INDIVIDUAL IN POVERTY.—The term "individual in poverty" means an individual who—

(I) is not less than age 18;

(II) is not more than age 64; and

(III) is a member of a family (of 1 or more members) with an income at or below the poverty line.

(ii) POVERTY LINE.—The term "poverty line" means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved, using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made, and applying the definition of poverty used by the Bureau of the Census in compiling the 1990 decennial census.

(B) TOTAL ALLOTMENTS.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall use the remainder of the funds that are appropriated under subsection (g) for a fiscal year, and that are not made available under paragraph (2), to make amounts available under this paragraph.

(C) UNEMPLOYED INDIVIDUALS.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the average number of unemployed individuals (as determined by the Secretary of Labor for the most recent 24-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average number of unemployed individuals (as so determined) in the United States.

(D) INDIVIDUALS IN POVERTY.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals in poverty in the State bears to the total number of individuals in poverty in the United States.

(E) AT-RISK YOUTH.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the total number of at-risk youth in the State bears to the total number of at-risk youth in the United States.

(d) STATE PLAN.—

(1) INFORMATION.—To be eligible to receive an allotment under subsection (c), a State shall include, in the State plan to be submitted under section 714, information describing the allocation within the State of the funds made available through the allotment, and how the programs and activities described in subsection (b)(2) will be carried out to meet the State goals and reach the State benchmarks.

(2) LIMITATION.—A State may not be required to include the information described in paragraph (1) in the State plan to be submitted under section 714 to be eligible to receive an allotment under section 712.

(e) APPLICATION.—To be eligible to receive a grant under subparagraph (A) or (B) of subsection (b)(2) from a State, an entity shall prepare and submit to the Governor of the State an application at such time, in such manner, and containing such information as the Governor may require.

(f) WITHIN STATE DISTRIBUTION.—Of the funds allotted to a State under subsection (c)(3) for workforce preparation activities for at-risk youth for a program year—

(1) 15 percent shall be reserved by the Governor to carry out such activities through the statewide system; and

(2) 85 percent shall be distributed to local entities to carry out such activities through the statewide system.

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subtitle, $2,100,000,000 for each of fiscal years 1998 through 2001.

(h) EFFECTIVE DATE.—This chapter shall take effect on July 1, 1998.

Subtitle D—Transition Provisions

SEC. 761. WAIVERS.

(a) WAIVER AUTHORITY.—

(1) IN GENERAL.—Notwithstanding any other provision of Federal law, and except as provided in subsection (d), the Secretary may waive any requirement under any provision of law relating to a covered activity, or of any regulation issued under such a provision, for—

(A) a State that requests such a waiver and submits an application as described in subsection (b); or

(B) a local entity that requests such a waiver and complies with the requirements of subsection (c);

in order to assist the State or local entity in planning or developing a statewide system or workforce development activities to be carried out through the statewide system.

(2) TERM.—

(A) IN GENERAL.—Except as provided in subparagraph (B), each waiver approved pursuant to this section shall be for a period beginning on the date of the approval and ending on June 30, 1998.

(B) FAILURE TO SUBMIT INTERIM PLAN.—If a State receives a waiver under this section and fails to submit an interim plan under section 763 by June 30, 1997, the waiver shall be deemed to terminate on September 30, 1997. If a local entity receives a waiver under this section, and the State in which the local entity is located fails to submit an interim plan under section 763 by June 30, 1997, the waiver shall be deemed to terminate on September 30, 1997.

(b) STATE REQUEST FOR WAIVER.—

(1) IN GENERAL.—A State may submit to the Secretary a request for a waiver of 1 or more requirements referred to in subsection (a). The request may include a request for different waivers with respect to different areas within the State.

(2) APPLICATION.—To be eligible to receive a waiver described in subsection (a), a State shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require, including information—

(A) identifying the requirement to be waived and the goal that the State (or the local agency applying to the State under subsection (c)) intends to achieve through the waiver;

(B) identifying, and describing the actions that the State will take to remove, similar State requirements;

(C) describing the activities to which the waiver will apply, including information on how the activities may be continued, or related to activities carried out, under the statewide system of the State;

(D) describing the number and type of persons to be affected by such waiver; and

(E) providing evidence of support for the waiver request by the State agencies or officials with jurisdiction over the requirement to be waived.

(c) LOCAL ENTITY REQUEST FOR WAIVER.—

(1) IN GENERAL.—A local entity that seeks a waiver of such a requirement shall submit to the State a request for the waiver and an application containing sufficient information to enable the State to comply with the requirements of subsection (b)(2). The State shall determine whether to submit a request and an application for a waiver to the Secretary, as provided in subsection (b).

(2) TIME LIMIT.—

(A) IN GENERAL.—The State shall make a determination concerning whether to submit the request and application for a waiver as described in paragraph (1) not later than 30 days after the date on which the State receives the application from the local entity.

(B) DIRECT SUBMISSION.—

(i) IN GENERAL.—If the State does not make a determination to submit or does not submit the request and application within the 30-day time period specified in subparagraph (A), the local entity may submit the request and application to the Secretary.

(ii) REQUIREMENTS.—In submitting such a request, the local entity shall obtain the agreement of the State involved to comply with the requirements of this section that would otherwise apply to a State submitting a request for a waiver. In reviewing an application submitted by a local entity, the Secretary shall comply with the requirements of this section that would otherwise apply to the Secretary with respect to review of such an application submitted by a State.

(d) WAIVERS NOT AUTHORIZED.—The Secretary may not waive any requirement of any provision referred to in subsection (a), or of any regulation issued under such provision, relating to—

(1) the allocation of funds to States, local entities, or individuals;

(2) public health or safety, civil rights, occupational safety and health, environmental protection, displacement of employees, or fraud and abuse;

(3) the eligibility of an individual for participation in a covered activity, except in a case in which the State or local entity can demonstrate that the individuals who would have been eligible to participate in such activity without the waiver will participate in a similar covered activity; or

(4) a required supplementation of funds by the State or a prohibition against the State supplanting such funds.

(e) ACTIVITIES.—Subject to subsection (d), the Secretary may approve a request for a waiver described in subsection (a) that would enable a State or local entity to—

(1) use the assistance that would otherwise have been used to carry out 2 or more covered activities (if the State or local entity were not using the assistance as described in this section)—

(A) to address the high priority needs of unemployed persons and at-risk youth in the appropriate State or community for workforce employment activities or workforce education activities;

(B) to improve efficiencies in the delivery of the covered activities; or

(C) in the case of overlapping or duplicative activities—

(i) by combining the covered activities and funding the combined activities; or

(ii) by eliminating 1 of the covered activities and increasing the funding to the remaining covered activity; and

(2) use the assistance that would otherwise have been used for administrative expenses relating to a covered activity (if the State or local entity were not using the assistance as described in this section) to pay for the cost of developing an interim State plan described in section 763 or a State plan described in section 714.

(f) APPROVAL OR DISAPPROVAL.—The Secretary shall approve or disapprove any request submitted pursuant to subsection (b) or (c), not later than 45 days after the date of the submission and shall issue a decision that shall include the reasons for approving or disapproving the request.

(g) FAILURE TO ACT.—If the Secretary fails to approve or disapprove the request within the 45-day period described in subsection (f), the request shall be deemed to be approved on the day after such period ends. If the Secretary subsequently determines that the waiver relates to a matter described in subsection (d) and issues a decision that includes the reasons for the determination, the waiver shall be deemed to terminate on the date of issuance of the decision.

(h) DEFINITION.—As used in this section:

(1) LOCAL ENTITY.—The term "local entity" means—

(A) a local educational agency, with respect to any act by a local agency or organization relating to a covered activity that is a workforce education activity; and

(B) the local public or private agency or organization responsible for carrying out the covered activity at issue, with respect to any act by a local agency or organization relating to any other covered activity.

(2) SECRETARY.—The term "Secretary" means—

(A) the Secretary of Labor, with respect to any act relating to a covered activity carried out by the Secretary of Labor;

(B) the Secretary of Education, with respect to any act relating to a covered activity carried out by the Secretary of Education; and

(C) the Secretary of Health and Human Services, with respect to any act relating to a covered activity carried out by the Secretary of Health and Human Services.

(3) STATE.—The term "State" means—

(A) a State educational agency, with respect to any act by a State entity relating to a covered activity that is a workforce education activity; and

(B) the Governor, with respect to any act by a State entity relating to any other covered activity.

(i) CONFORMING AMENDMENTS.—

(1) Section 501 of the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6211) is amended—

(A) in subsection (a), by striking "sections 502 and 503" and inserting "section 502";

(B) in subsection (b)(2)(B)(ii)—

(i) by striking "section 502(a)(1)(C) or 503(a)(1)(C), as appropriate," and inserting "section 502(a)(1)(C)"; and

(ii) by striking "section 502 or 503, as appropriate," and inserting "section 502";

(C) in subsection (c), by striking "section 502 or 503" and inserting "section 502"; and

(D) by striking "Secretaries" each place the term appears and inserting "Secretary of Education".

(2) Section 502(b) of such Act (20 U.S.C. 6212(b)) is amended—

(A) in paragraph (4), by striking the semicolon and inserting "; and";

(B) in paragraph (5), by striking "; and" and inserting a period; and

(C) by striking paragraph (6).

(3) Section 503 of such Act (20 U.S.C. 6213) is repealed.

(4) Section 504 of such Act (20 U.S.C. 6214) is amended—

(A) in subsection (a)(2)(B), by striking clauses (i) and (ii) and inserting the following clauses:

"(i) the provisions of law listed in paragraphs (2) through (5) of section 502(b);

"(ii) the Job Training Partnership Act (29 U.S.C. 1501 et seq.); and

"(iii) the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.).''; and

(B) in subsection (b), by striking "paragraphs (1) through (3), and paragraphs (5) and (6), of section 503(b)" and inserting "paragraphs (2) through (4) and paragraphs (6) and (7) of section 505(b)".

(5) Section 505(b) of such Act (20 U.S.C. 6215(b)) is amended to read as follows:

"(b) USE OF FUNDS.—A State may use, under the requirements of this Act, Federal funds that are made available to the State and combined under subsection (a) to carry out school-to-work activities, except that the provisions relating to—

"(1) the matters specified in section 502(c);

"(2) basic purposes or goals;

"(3) maintenance of effort;

"(4) distribution of funds;

"(5) eligibility of an individual for participation;

"(6) public health or safety, labor standards, civil rights, occupational safety and health, or environmental protection; or

"(7) prohibitions or restrictions relating to the construction of buildings or facilities;

that relate to the program through which the funds described in subsection (a)(2)(B) were made available, shall remain in effect with respect to the use of such funds.".

SEC. 762. FLEXIBILITY DEMONSTRATION PROGRAM.

(a) DEFINITION.—As used in this section:

(1) ELIGIBLE STATE.—The term "eligible State" means a State that—

(A)(i) has submitted an interim State plan under section 763;

(ii) has an executed Memorandum of Understanding with the Federal Government; or

(iii) is a designated "Ed-Flex Partnership State" under section 311(e) of the Goals 2000: Educate America Act (20 U.S.C. 5891(e)); and

(B) waives State statutory or regulatory requirements relating to workforce development activities while holding local entities within the State that are effected by such waivers accountable for the performance of the participants who are affected by such waivers.

(2) LOCAL ENTITY; SECRETARY; STATE.—The terms "local entity", "Secretary", and "State" have the meanings given the terms in section 761(h).

(b) DEMONSTRATION PROGRAM.—

(1) ESTABLISHMENT.—In addition to providing for the waivers described in section 761(a), the Secretary shall establish a workforce flexibility demonstration program under which the Secretary shall permit not more than 6 eligible States (or local entities within such States) to waive any statutory or regulatory requirement applicable to any covered activity described in section 761(a), other than the requirements described in section 761(d).

(2) SELECTION OF PARTICIPANT STATES.—In carrying out the program under paragraph (1), the Secretary shall select for participation in the program 3 eligible States that each have a population of not less than 3,500,000 individuals and 3 eligible States that each have a population of not more than 3,500,000 individuals, as determined in accordance with the most recent decennial census of the population as provided by the Bureau of the Census.

(3) APPLICATION.—

(A) SUBMISSION.—To be eligible to participate in the program established under paragraph (1), a State shall prepare and submit an application, in accordance with section 761(b)(2), that includes—

(i) a description of the process the eligible State will use to evaluate applications from local entities requesting waivers of—

(I) Federal statutory or regulatory requirements described in section 761(a); and

(II) State statutory or regulatory requirements relating to workforce development activities; and

(ii) a detailed description of the State statutory or regulatory requirements relating to workforce development activities that the State will waive.

(B) APPROVAL.—The Secretary may approve an application submitted under subparagraph (A) if the Secretary determines that such application demonstrates substantial promise of assisting the State and local entities within such State in carrying out comprehensive reform of workforce development activities and in otherwise meeting the purposes of this title.

(C) LOCAL ENTITY APPLICATIONS.—A State participating in the program established under paragraph (1) shall not approve an application by a local entity for a waiver under this subsection unless the State determines that such waiver will assist the local entity in reaching the goals of the local entity.

(4) MONITORING.—A State participating in the program established under paragraph (1) shall annually monitor the activities of local entities receiving waivers under this subsection and shall submit an annual report regarding such monitoring to the Secretary. The Secretary shall periodically review the performance of such States and shall terminate the waiver of a State under this subsection if the Secretary determines, after notice and opportunity for a hearing, that the performance of such State has been inadequate to a level that justifies discontinuation of such authority.

(5) REFERENCE.—Each eligible State participating in the program established under paragraph (1) shall be referred to as a "Work-Flex Partnership State".

SEC. 763. INTERIM STATE PLANS.

(a) IN GENERAL.—For a State or local entity in a State to use a waiver received under section 761 or 762 through June 30, 1998, and for a State to be eligible to submit a State plan described in section 714 for program year 1998, the Governor of the State shall submit an interim State plan to the Federal Partnership. The Governor shall submit the plan not later than June 30, 1997.

(b) REQUIREMENTS.—The interim State plan shall comply with the requirements applicable to State plans described in section 714.

(c) PROGRAM YEAR.—In submitting the interim State plan, the Governor shall indicate whether the plan is submitted—

(1) for review and approval for program year 1997; or

(2) solely for review.

(d) REVIEW.—In reviewing an interim State plan, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may—

(1) in the case of a plan submitted for review and approval for program year 1997—

(A) approve the plan and permit the State to use a waiver as described in section 761 or 762 to carry out the plan; or

(B)(i) disapprove the plan and provide to the State reasons for the disapproval; and

(ii) direct the Federal Partnership to provide technical assistance to the State for developing an approvable plan to be submitted under section 714 for program year 1998; and

(2) in the case of a plan submitted solely for review, review the plan and provide to the State technical assistance for developing an approvable plan to be submitted under section 714 for program year 1998.

(e) EFFECT OF DISAPPROVAL.—Disapproval of an interim plan shall not affect the ability of a State to use a waiver as described in section 761 or 762 through June 30, 1998.

SEC. 764. APPLICATIONS AND PLANS UNDER COVERED ACTS.

Notwithstanding any other provision of law, no State or local entity shall be required to comply with any provision of a covered Act that would otherwise require the entity to submit an application or a plan to a Federal agency during fiscal year 1996 or 1997 for funding of a covered activity. In determining whether to provide funding to the State or local entity for the covered activity, the Secretary of Education, the Secretary of Labor, or the Secretary of Health and Human Services, as appropriate, shall consider the last application or plan, as appropriate, submitted by the entity for funding of the covered activity.

SEC. 765. INTERIM ADMINISTRATION OF SCHOOL-TO-WORK PROGRAMS.

(a) IN GENERAL.—Any provision of the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6101 et seq.) that grants authority to the Secretary of Labor or the Secretary of Education shall be considered to grant the authority to the Federal Partnership.

(b) EFFECTIVE DATE.—Subsection (a) shall take effect on October 1, 1996.

SEC. 766. INTERIM AUTHORIZATIONS OF APPROPRIATIONS.

(a) OLDER AMERICAN COMMUNITY SERVICE EMPLOYMENT ACT.—Section 508(a)(1) of the Older American Community Service Employment Act (42 U.S.C. 3056f(a)(1)) is amended by striking "for fiscal years 1993, 1994, and 1995" and inserting "for each of fiscal years 1993 through 1998".

(b) CARL D. PERKINS VOCATIONAL AND APPLIED TECHNOLOGY EDUCATION ACT.—

(1) IN GENERAL.—Section 3(a) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2302(a)) is amended by striking "for each of the fiscal years" and all that follows through "1995" and inserting "for each of fiscal years 1992 through 1998".

(2) RESEARCH.—Section 404(d) of such Act (20 U.S.C. 2404(d)) is amended by striking "for each of the fiscal years" and all that follows through "1995" and inserting "for each of fiscal years 1992 through 1998".

(c) ADULT EDUCATION ACT.—

(1) IN GENERAL.—Section 313(a) of the Adult Education Act (20 U.S.C. 1201b(a)) is amended by striking "for each of the fiscal years" and all that follows through "1995" and inserting "for each of fiscal years 1993 through 1998".

(2) STATE LITERACY RESOURCE CENTERS.—Section 356(k) of such Act (20 U.S.C. 1208aa(k)) is amended by striking "for each of the fiscal years 1994 and 1995" and inserting "for each of fiscal years 1994 and 1995".

(3) BUSINESS, INDUSTRY, LABOR, AND EDUCATION PARTNERSHIPS FOR WORKPLACE LITERACY.—Section 371(e)(1) of such Act (20 U.S.C. 1211(e)(1)) is amended by striking "for each of the fiscal years" and all that follows through "1995" and inserting "for each of fiscal years 1993 through 1998".

(4) NATIONAL INSTITUTE FOR LITERACY.—Section 384(n)(1) of such Act (20 U.S.C. 1213c(n)(1)) is amended by striking "for each of the fiscal years" and all that follows through "1996" and inserting "for each of fiscal years 1992 through 1995".

Subtitle E—National Activities

SEC. 771. FEDERAL PARTNERSHIP.

(a) ESTABLISHMENT.—There is established in the Department of Labor and the Department of Education a Workforce Development Partnership, under the joint control of the Secretary of Labor and the Secretary of Education.

(b) ADMINISTRATION.—Notwithstanding the Department of Education Organization Act (20 U.S.C. 3401 et seq.), the General Education Provisions Act (20 U.S.C. 1221 et seq.), the Act entitled "An Act To Create a Department of Labor", approved March 4, 1913 (29 U.S.C. 551 et seq.), and section 169 of the Job Training Partnership Act (29 U.S.C. 1579), the Secretary of Labor and the Secretary of Education, acting jointly, in accordance with the plan approved or determinations made by the President under section 776(c), shall provide for, and exercise final authority over, the effective and efficient administration of this title and the officers and employees of the Federal Partnership.

(c) RESPONSIBILITIES OF SECRETARY OF LABOR AND SECRETARY OF EDUCATION.—The Secretary of Labor and the Secretary of Education, working jointly through the Federal Partnership, shall—

(1) approve applications and plans under sections 714, 717, 718, and 763;

(2) award financial assistance under sections 712, 717, 718, 732(a), 759, and 774;

(3) approve State benchmarks in accordance with section 731(c); and

(4) apply sanctions described in section 732(b).

(d) WORKPLANS.—The Secretary of Labor and the Secretary of Education, acting jointly, shall prepare and submit the workplans described in sections 776(c) and 777(b).

(e) INFORMATION AND TECHNICAL ASSISTANCE RESPONSIBILITIES.—The Secretary of Labor and the Secretary of Education, acting jointly, shall, in appropriate cases, disseminate information and provide technical assistance to States on the best practices for establishing and carrying out activities through statewide systems, including model programs to provide structured work and learning experiences for welfare recipients.

SEC. 772. NATIONAL WORKFORCE DEVELOPMENT BOARD AND PERSONNEL.

(a) NATIONAL BOARD.—

(1) COMPOSITION.—The Federal Partnership shall be directed by a National Board that shall be composed of 13 individuals, including—

(A) 7 individuals who are representative of business and industry in the United States, appointed by the President by and with the advice and consent of the Senate;

(B) 2 individuals who are representative of labor and workers in the United States, appointed by the President by and with the advice and consent of the Senate;

(C) 2 individuals who are representative of education providers, 1 of whom is a State or local adult education provider and 1 of whom is a State or local vocational education provider, appointed by the President by and with the advice and consent of the Senate; and

(D) 2 Governors, representing different political parties, appointed by the President by and with the advice and consent of the Senate.

(2) TERMS.—Each member of the National Board shall serve for a term of 3 years, except that, as designated by the President—

(A) 5 of the members first appointed to the National Board shall serve for a term of 2 years;

(B) 4 of the members first appointed to the National Board shall serve for a term of 3 years; and

(C) 4 of the members first appointed to the National Board shall serve for a term of 4 years.

(3) VACANCIES.—Any vacancy in the National Board shall not affect the powers of the National Board, but shall be filled in the same manner as the original appointment. Any member appointed to fill such a vacancy shall serve for the remainder of the term for which the predecessor of such member was appointed.

(4) DUTIES AND POWERS OF THE NATIONAL BOARD.—

(A) OVERSIGHT.—Subject to section 771(b), the National Board shall oversee all activities of the Federal Partnership.

(B) RECOMMENDATIONS ABOUT IMPLEMENTATION.—If the Secretary of Labor and the Secretary of Education fail to reach agreement with respect to the implementation of their duties and responsibilities under this title, the National Board shall review the issues about which disagreement exists and make a recommendation to the President regarding a solution to the disagreement.

(5) CHAIRPERSON.—The position of Chairperson of the National Board shall rotate annually among the appointed members described in paragraph (1)(A).

(6) MEETINGS.—The National Board shall meet at the call of the Chairperson but not less often than 4 times during each calendar year. Seven members of the National Board shall constitute a quorum. All decisions of the National Board with respect to the exercise of the duties and powers of the National Board shall be made by a majority vote of the members of the National Board.

(7) COMPENSATION AND TRAVEL EXPENSES.—

(A) COMPENSATION.—In accordance with the plan approved or the determinations made by the President under section 776(c), each member of the National Board shall be compensated at a rate to be fixed by the President but not to exceed the daily equivalent of the maximum rate authorized for a position above GS-15 of the General Schedule under section 5108 of title 5, United States Code, for each day (including travel time) during which such member is engaged in the performance of the duties of the National Board.

(B) EXPENSES.—While away from their homes or regular places of business on the business of the National Board, members of such National Board shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of

title 5, United States Code, for persons employed intermittently in the Government service.

(8) DATE OF APPOINTMENT.—The National Board shall be appointed not later than 120 days after the date of enactment of this Act.

(b) DUTIES AND POWERS OF THE FEDERAL PARTNERSHIP.—The Federal Partnership shall—

(1) oversee the development, maintenance, and continuous improvement of the nationwide integrated labor market information system described in section 773, and the relationship between such system and the job placement accountability system described in section 731(d);

(2) establish model benchmarks for each of the benchmarks referred to in paragraph (1), (2), or (3) of section 731(c), at achievable levels based on existing (as of the date of the establishment of the benchmarks) workforce development efforts in the States;

(3) negotiate State benchmarks with States in accordance with section 731(c);

(4) provide advice to the Secretary of Labor and the Secretary of Education regarding the review and approval of applications and plans described in section 771(c)(1) and the approval of financial assistance described in section 771(c)(2);

(5) receive and review reports described in section 731(a);

(6) prepare and submit to the appropriate committees of Congress an annual report on the absolute and relative performance of States toward reaching the State benchmarks;

(7) provide advice to the Secretary of Labor and the Secretary of Education regarding applying sanctions described in section 732(b);

(8) review all federally funded programs providing workforce development activities, other than programs carried out under this title, and submit recommendations to Congress on how the federally funded programs could be integrated into the statewide systems of the States, including recommendations on the development of common terminology for activities and services provided through the programs;

(9) prepare an annual plan for the nationwide integrated labor market information system, as described in section 773(b)(2); and

(10) perform the duties specified for the Federal Partnership in this title.

(c) DIRECTOR.—

(1) IN GENERAL.—There shall be in the Federal Partnership a Director, who shall be appointed by the President, by and with the advice and consent of the Senate.

(2) COMPENSATION.—The Director shall be compensated at the rate provided for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

(3) DUTIES.—The Director shall make recommendations to the National Board regarding the activities described in subsection (b).

(4) DATE OF APPOINTMENT.—The Director shall be appointed not later than 120 days after the date of enactment of this Act.

(d) PERSONNEL.—

(1) APPOINTMENTS.—The Director may appoint and fix the compensation of such officers and employees as may be necessary to carry out the functions of the Federal Partnership. Except as otherwise provided by law, such officers and employees shall be appointed in accordance with the civil service laws and their compensation fixed in accordance with title 5, United States Code.

(2) EXPERTS AND CONSULTANTS.—The Director may obtain the services of experts and consultants in accordance with section 3109 of title 5, United States Code, and compensate such experts and consultants for each day (including travel time) at rates not in excess of the rate of pay for level IV of the Executive Schedule under section 5315 of such title. The Director may pay experts and consultants who are serving away from their homes or regular place of business travel expenses and per diem in lieu of subsistence at rates authorized by sections 5702 and 5703 of such title for persons in Government service employed intermittently.

(3) DETAIL OF GOVERNMENT EMPLOYEES.—Any Federal Government employee may be detailed to the Federal Partnership without reimbursement, and such detail shall be without interruption or loss of civil service or privilege. The Secretary of Education and the Secretary of Labor shall detail a sufficient number of employees to the Federal Partnership for the period beginning October 1, 1996 and ending June 30, 1998 to carry out the functions of the Federal Partnership during such period.

(4) USE OF VOLUNTARY AND UNCOMPENSATED SERVICES.—Notwithstanding section 1342 of title 31, United States Code, the Secretary of Labor and the Secretary of Education are authorized to accept voluntary and uncompensated services in furtherance of the purposes of this title.

(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for fiscal years 1996 and 1997 $500,000 to the National Board for the administration of the duties and responsibilities of the Federal Partnership under this title.

SEC. 773. LABOR MARKET INFORMATION.

(a) FEDERAL RESPONSIBILITIES.—The Federal Partnership, in accordance with the provisions of this section, shall oversee the development, maintenance, and continuous improvement of a nationwide integrated labor market information system that shall include—

(1) statistical data from cooperative statistical survey and projection programs and data from administrative reporting systems, that, taken together, shall enumerate, estimate, and project the supply and demand for labor at the substate, State, and national levels in a timely manner, including data on—

(A) the demographics, socioeconomic characteristics, and current employment status of the substate, State, and national populations (as of the date of the collection of the data), including self-employed, part-time, and seasonal workers;

(B) job vacancies, education and training requirements, skills, wages, benefits, working conditions, and industrial distribution, of occupations, as well as current and projected employment opportunities and trends by industry and occupation;

(C) the educational attainment, training, skills, skill levels, and occupations of the populations;

(D) information maintained in a longitudinal manner on the quarterly earnings, establishment and industry affiliation, and geographic location of employment for all individuals for whom the information is collected by the States; and

(E) the incidence, industrial and geographical location, and number of workers displaced by permanent layoffs and plant closings;

(2) State and substate area employment and consumer information (which shall be current, comprehensive, automated, accessible, easy to understand, and in a form useful for facilitating immediate employment, entry into education and training programs, and career exploration) on—

(A) job openings, locations, hiring requirements, and application procedures, including profiles of industries in the local labor market that describe the nature of work performed, employment requirements, and patterns in wages and benefits;

(B) jobseekers, including the education, training, and employment experience of the jobseekers; and

(C) the cost and effectiveness of providers of workforce employment activities, workforce education activities, and flexible workforce activities, including the percentage of program completion, acquisition of skills to meet industry-recognized skill standards, continued education, job placement, and earnings, by participants, and other information that may be useful in facilitating informed choices among providers by participants;

(3) technical standards for labor market information that will—

(A) ensure compatibility of the information and the ability to aggregate the information from substate areas to State and national levels;

(B) support standardization and aggregation of the data from administrative reporting systems;

(C) include—

(i) classification and coding systems for industries, occupations, skills, programs, and courses;

(ii) nationally standardized definitions of labor market terms, including terms related to State benchmarks established pursuant to section 731(c);

(iii) quality control mechanisms for the collection and analysis of labor market information; and

(iv) common schedules for collection and dissemination of labor market information; and

(D) eliminate gaps and duplication in statistical undertakings, with a high priority given to the systemization of wage surveys;

(4) an analysis of data and information described in paragraphs (1) and (2) for uses such as—

(A) national, State, and substate area economic policymaking;

(B) planning and evaluation of workforce development activities;

(C) the implementation of Federal policies, including the allocation of Federal funds to States and substate areas; and

(D) research on labor market dynamics;

(5) dissemination mechanisms for data and analysis, including mechanisms that may be standardized among the States; and

(6) programs of technical assistance for States and substate areas in the development, maintenance, utilization, and continuous improvement of the data, information, standards, analysis, and dissemination mechanisms, described in paragraphs (1) through (5).

(b) JOINT FEDERAL-STATE RESPONSIBILITIES.—

(1) IN GENERAL.—The nationwide integrated labor market information system shall be planned, administered, overseen, and evaluated through a cooperative governance structure involving the Federal Government and the States receiving financial assistance under this title.

(2) ANNUAL PLAN.—The Federal Partnership shall, with the assistance of the Bureau of Labor Statistics and other Federal agencies, where appropriate, prepare an annual plan that shall be the mechanism for achieving the cooperative Federal-State governance structure for the nationwide integrated labor market information system. The plan shall—

(A) establish goals for the development and improvement of a nationwide integrated labor market information system based on information needs for achieving economic growth and productivity, accountability, fund allocation equity, and an understanding of labor market characteristics and dynamics;

(B) describe the elements of the system, including—

(i) standards, definitions, formats, collection methodologies, and other necessary system elements, for use in collecting the data and information described in paragraphs (1) and (2) of subsection (a); and

(ii) assurances that—

(I) data will be sufficiently timely and detailed for uses including the uses described in subsection (a)(4);

(II) administrative records will be standardized to facilitate the aggregation of data from substate areas to State and national levels and to support the creation of new statistical series from program records; and

(III) paperwork and reporting requirements on employers and individuals will be reduced;

(C) recommend needed improvements in administrative reporting systems to be used for the nationwide integrated labor market information system;

(D) describe the current spending on integrated labor market information activities from all sources, assess the adequacy of the funds spent, and identify the specific budget needs of the Federal Government and States with respect to implementing and improving the nationwide integrated labor market information system;

(E) develop a budget for the nationwide integrated labor market information system that—

(i) accounts for all funds described in subparagraph (D) and any new funds made available pursuant to this title; and

(ii) describes the relative allotments to be made for—

(I) operating the cooperative statistical programs pursuant to subsection (a)(1);

(II) developing and providing employment and consumer information pursuant to subsection (a)(2);

(III) ensuring that technical standards are met pursuant to subsection (a)(3); and

(IV) providing the analysis, dissemination mechanisms, and technical assistance under paragraphs (4), (5), and (6) of subsection (a), and matching data;

(F) describe the involvement of States in developing the plan by holding formal consultations conducted in cooperation with representatives of the Governors of each State or the State workforce development board described in section 715, where appropriate, pursuant to a process established by the Federal Partnership; and

(G) provide for technical assistance to the States for the development of statewide comprehensive labor market information systems described in subsection (c), including assistance with the development of easy-to-use software and hardware, or uniform information displays.

For purposes of applying Office of Management and Budget Circular A-11 to determine persons eligible to participate in deliberations relating to budget issues for the development of the plan, the representatives of the Governors of each State and the State workforce development board described in subparagraph (F) shall be considered to be employees of the Department of Labor.

(c) STATE RESPONSIBILITIES.—

(1) DESIGNATION OF STATE AGENCY.—In order to receive Federal financial assistance under this title, the Governor of a State shall—

(A) establish an interagency process for the oversight of a statewide comprehensive labor market information system and for the participation of the State in the cooperative Federal-State governance structure for the nationwide integrated labor market information system; and

(B) designate a single State agency or entity within the State to be responsible for the management of the statewide comprehensive labor market information system.

(2) DUTIES.—In order to receive Federal financial assistance under this title, the State agency or entity within the State designated under paragraph (1)(B) shall—

(A) consult with employers and local workforce development boards described in section 728(b), where appropriate, about the labor market relevance of the data to be collected and displayed through the statewide comprehensive labor market information system;

(B) develop, maintain, and continuously improve the statewide comprehensive labor market information system, which shall—

(i) include all of the elements described in paragraphs (1), (2), (3), (4), (5), and (6) of subsection (a); and

(ii) provide the consumer information described in clauses (v) and (vi) of section 716(a)(2)(B) in a manner that shall be responsive to the needs of business, industry, workers, and jobseekers;

(C) ensure the performance of contract and grant responsibilities for data collection, analysis, and dissemination, through the statewide comprehensive labor market information system;

(D) conduct such other data collection, analysis, and dissemination activities to ensure that State and substate area labor market information is comprehensive;

(E) actively seek the participation of other State and local agencies, with particular attention to State education, economic development, human services, and welfare agencies, in data collection, analysis, and dissemination activities in order to ensure complementarity and compatibility among data;

(F) participate in the development of the national annual plan described in subsection (b)(2); and

(G) ensure that the matches required for the job placement accountability system by section 731(d)(2)(A) are made for the State and for other States.

(3) RULE OF CONSTRUCTION.—Nothing in this title shall be construed as limiting the ability of a State agency to conduct additional data collection, analysis, and dissemination activities with State funds or with Federal funds from sources other than this title.

(d) EFFECTIVE DATE.—This section shall take effect on July 1, 1998.

SEC. 774. NATIONAL CENTER FOR RESEARCH IN EDUCATION AND WORKFORCE DEVELOPMENT.

(a) GRANTS AUTHORIZED.—From amounts made available under section 734(b)(5), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, are authorized to award a grant, on a competitive basis, to an institution of higher education, public or private nonprofit organization or agency, or a consortium of such institutions, organizations, or agencies, to enable such institution, organization, agency, or consortium to establish a national center to carry out the activities described in subsection (b).

(b) AUTHORIZED ACTIVITIES.—Grant funds made available under this section shall be used by the national center assisted under subsection (a)—

(1) to increase the effectiveness and improve the implementation of workforce development programs, including conducting research and development and providing technical assistance with respect to—

(A) combining academic and vocational education;

(B) connecting classroom instruction with work-based learning;

(C) creating a continuum of educational programs that provide multiple exit points for employment, which may include changes or development of instructional materials or curriculum;

(D) establishing high quality support services for all students to ensure access to workforce development programs, educational success, and job placement assistance;

(E) developing new models for remediation of basic academic skills, which models shall incorporate appropriate instructional methods, rather than using rote and didactic methods;

(F) identifying ways to establish links among educational and job training programs at the State and local levels;

(G) developing new models for career guidance, career information, and counseling services;

(H) identifying economic and labor market changes that will affect workforce needs;

(I) developing model programs for the transition of members of the Armed Forces from military service to civilian employment;

(J) conducting preparation of teachers, counselors, administrators, and other professionals, who work with programs funded under this title; and

(K) obtaining information on practices in other countries that may be adapted for use in the United States;

(2) to provide assistance to States and local recipients of assistance under this title in developing and using systems of performance measures and standards for improvement of programs and services; and

(3) to maintain a clearinghouse that will provide data and information to Federal, State, and local organizations and agencies about the condition of statewide systems and programs funded under this title, which data and information shall be disseminated in a form that is useful to practitioners and policymakers.

(c) OTHER ACTIVITIES.—The Federal Partnership may request that the national center assisted under subsection (a) conduct activities not described in subsection (b), or study topics not described in subsection (b), as the Federal Partnership determines to be necessary to carry out this title.

(d) IDENTIFICATION OF CURRENT NEEDS.—The national center assisted under subsection (a) shall identify current needs (as of the date of the identification) for research and technical assistance through a variety of sources including a panel of Federal, State, and local level practitioners.

(e) SUMMARY REPORT.—The national center assisted under subsection (a) shall annually prepare and submit to the Federal Partnership and Congress a report summarizing the research findings obtained, and the results of development and technical assistance activities carried out, under this section.

(f) DEFINITION.—As used in this section, the term "institution of higher education" has the meaning given the term in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

(g) EFFECTIVE DATE.—This section shall take effect on July 1, 1998.

SEC. 775. NATIONAL ASSESSMENT OF VOCATIONAL EDUCATION PROGRAMS.

(a) IN GENERAL.—The Secretary of Education (referred to in this section as the "Secretary") shall conduct a national assessment of vocational education programs assisted under this title, through studies and analyses conducted independently through competitive awards.

(b) INDEPENDENT ADVISORY PANEL.—The Secretary shall appoint an independent advisory panel, consisting of vocational education administrators, educators, researchers, and representatives of business, industry, labor, career guidance and counseling professionals, and other relevant groups, to advise the Secretary on the implementation

of such assessment, including the issues to be addressed and the methodology of the studies involved, and the findings and recommendations resulting from the assessment. The panel, in the discretion of the panel, may submit to Congress an independent analysis of the findings and recommendations resulting from the assessment. The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the panel established under this subsection.

(c) CONTENTS.—The assessment required under subsection (a) shall include descriptions and evaluations of—

(1) the effect of this title on State and tribal administration of vocational education programs and on local vocational education practices, including the capacity of State, tribal, and local vocational education systems to address the purposes of this title;

(2) expenditures at the Federal, State, tribal, and local levels to address program improvement in vocational education, including the impact of Federal allocation requirements (such as within-State distribution formulas) on the delivery of services;

(3) preparation and qualifications of teachers of vocational and academic curricula in vocational education programs, as well as shortages of such teachers;

(4) participation in vocational education programs;

(5) academic and employment outcomes of vocational education, including analyses of—

(A) the effect of educational reform on vocational education;

(B) the extent and success of integration of academic and vocational curricula;

(C) the success of the school-to-work transition; and

(D) the degree to which vocational training is relevant to subsequent employment;

(6) employer involvement in, and satisfaction with, vocational education programs;

(7) the effect of benchmarks, performance measures, and other measures of accountability on the delivery of vocational education services; and

(8) the degree to which minority students are involved in vocational student organizations.

(d) CONSULTATION.—

(1) IN GENERAL.—The Secretary shall consult with the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate in the design and implementation of the assessment required under subsection (a).

(2) REPORTS.—The Secretary shall submit to Congress—

(A) an interim report regarding the assessment on or before January 1, 2000; and

(B) a final report, summarizing all studies and analyses that relate to the assessment and that are completed after the assessment, on or before July 1, 2000.

(3) PROHIBITION.—Notwithstanding any other provision of law or regulation, the reports required by this subsection shall not be subject to any review outside of the Department of Education before their transmittal to Congress, but the President, the Secretary, and the independent advisory panel established under subsection (b) may make such additional recommendations to Congress with respect to the assessment as the President, Secretary, or panel determine to be appropriate.

(e) EFFECTIVE DATE.—This section shall take effect on July 1, 1998.

SEC. 775A. NATIONAL ACTIVITIES.

(a) WORKFORCE EMPLOYMENT.—

(1) GRANTS.—From the amounts reserved under section 734(b)(6) for each fiscal year, an amount, not to exceed 75 percent of the amounts so reserved, shall be available to the Secretary of Labor for national activities that relate to workforce employment activities and that are appropriately administered at the national level, including awarding—

(A) discretionary grants to provide adjustment assistance to workers affected by major economic dislocations such as a closure, layoff, or realignment described in section 703(8)(B);

(B) discretionary grants to provide disaster relief employment assistance to areas that have suffered an emergency or major disaster;

(C) grants for programs to provide workforce employment activities for Indians;

(D) grants for programs to provide workforce employment activities for low-income migrant or seasonal farmworkers, as defined in section 2281(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (42 U.S.C. 5177a(b)); and

(E) grants for partnerships between the Secretary of Labor and national organizations possessing special expertise for developing, organizing, and administering workforce employment activities at the national, State, and local levels to enable such partnerships to carry out such development, organization, and administration.

(2) ADDITIONAL ACTIVITIES.—From the amounts reserved under section 734(b)(6) for each fiscal year, an amount, not to exceed 15 percent of the amounts so reserved, shall be available to the Secretary of Labor for additional national activities that relate to workforce employment activities and that are appropriately administered at the national level, such as data collection, research and development, demonstration projects, dissemination, technical assistance, and evaluation activities, relating to workforce employment activities.

(b) WORKFORCE EDUCATION.—From the amounts reserved under section 734(b)(6) for each fiscal year, an amount, not to exceed 10 percent of the amounts so reserved, shall be available to the Secretary of Education for national activities that relate to workforce education activities and that are appropriately administered at the national level, including—

(1) national activities relating to workforce education activities such as data collection, research and development, demonstration projects, dissemination, technical assistance, and evaluation activities, relating to workforce education activities; and

(2) workforce education activities that are provided to Indians and Native Hawaiians and consistent with the purposes of this title.

(c) AWARDS FOR EXCELLENCE.—The Secretary of Labor and the Secretary of Education, from the amounts reserved under section 734(b)(6) and not used in accordance with subsections (a) and (b) for each fiscal year, and through a peer review process, may make performance awards to 1 or more States that have—

(1) implemented exemplary workforce employment activities or workforce education activities;

(2) implemented exemplary systems of school-to-work activities; or

(3) implemented exemplary one-stop delivery, as described in section 716(a)(2)(A).

(d) DEFINITIONS.—As used in this section:

(1) INDIAN.—The term "Indian" has the same meaning given such term in section 4(d) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(d)).

(2) NATIVE HAWAIIAN.—The term "Native Hawaiian" has the same meaning given such term in section 9212(1) of the Native Hawaiian Education Act (20 U.S.C. 7912(1)).

SEC. 776. TRANSFERS TO FEDERAL PARTNERSHIP.

(a) DEFINITIONS.—For purposes of this section, unless otherwise provided or indicated by the context—

(1) the term "Federal agency" has the meaning given to the term "agency" by section 551(1) of title 5, United States Code;

(2) the term "function" means any duty, obligation, power, authority, responsibility, right, privilege, activity, or program; and

(3) the term "office" includes any office, administration, agency, institute, unit, organizational entity, or component thereof.

(b) TRANSFER OF FUNCTIONS.—There are transferred to the appropriate Secretary in the Federal Partnership, in accordance with subsection (c), all functions that the Secretary of Labor or the Secretary of Education exercised before the effective date of this section (including all related functions of any officer or employee of the Department of Labor or the Department of Education) that relate to a covered activity and that are minimally necessary to carry out the functions of the Federal Partnership. The authority of a transferred employee to carry out a function that relates to a covered activity shall terminate on July 1, 1998.

(c) TRANSITION WORKPLAN.—

(1) IN GENERAL.—Not later than 120 days after the date of enactment of this Act, the Secretary of Labor and the Secretary of Education shall prepare and submit to the National Board a proposed workplan as described in paragraph (2). The Secretary of Labor and the Secretary of Education shall also submit the plan to the President, the Committee on Economic and Educational Opportunities of the House of Representatives, and the Committee on Labor and Human Resources of the Senate for review and comment.

(2) CONTENTS.—The proposed workplan shall include, at a minimum—

(A) an analysis of the functions that officers and employees of the Department of Labor and the Department of Education carry out (as of the date of the submission of the workplan) that relate to a covered activity;

(B) information on the levels of personnel and funding used to carry out the functions (as of such date);

(C) a determination of the functions described in subparagraph (A) that are minimally necessary to carry out the functions of the Federal Partnership;

(D) information on the levels of personnel and other resources that are minimally necessary to carry out the functions of the Federal Partnership;

(E) a determination of the manner in which the Secretary of Labor and the Secretary of Education will provide personnel and other resources of the Department of Labor and the Department of Education for the Federal Partnership;

(F) a determination of the appropriate Secretary to receive the personnel, resources, and related items to be transferred under this section, based on factors including increased efficiency and elimination of duplication of functions;

(G) a determination of the proposed organizational structure for the Federal Partnership; and

(H) a determination of the manner in which the Secretary of Labor and the Secretary of Education, acting jointly through the Federal Partnership, will carry out their duties and responsibilities under this title.

(3) REVIEW BY NATIONAL BOARD.—

(A) IN GENERAL.—Not later than 45 days after the date of submission of the proposed workplan under paragraph (1), the National Board shall—

(i) review and concur with the workplan; or

(ii) reject the workplan and prepare and submit to the President a revised workplan that contains the analysis, information, and determinations described in paragraph (2).

(B) FUNCTIONS TRANSFERRED.—If the National Board concurs with the proposed workplan, the functions described in paragraph (2)(C), as determined in the workplan, shall be transferred under subsection (b).

(4) REVIEW BY THE PRESIDENT.—

(A) IN GENERAL.—Not later than 30 days after the date of submission of a revised workplan under paragraph (3)(A)(ii), the President shall—

(i) review and approve the workplan; or

(ii) reject the workplan and prepare an alternative workplan that contains the analysis, information, and determinations described in paragraph (2).

(B) FUNCTIONS TRANSFERRED.—If the President approves the revised workplan, or prepares the alternative workplan, the functions described in paragraph (2)(C), as determined in such revised or alternative workplan, shall be transferred under subsection (b).

(C) SPECIAL RULE.—If the President takes no action on the revised workplan submitted under paragraph (3)(A)(ii) within the 30-day period described in subparagraph (A), the Secretary of Labor, the Secretary of Education, and the National Board may attempt to reach agreement on a compromise workplan. If the Secretary of Labor, the Secretary of Education, and the National Board reach such agreement, the functions described in paragraph (2)(C), as determined in such compromise workplan, shall be transferred under subsection (b). If, after an additional 15-day period, the Secretary of Labor, the Secretary of Education and the National Board are unable to reach such agreement, the revised workplan shall be deemed to be approved and shall take effect on the day after the end of such period. The functions described in paragraph (2)(C), as determined in the revised workplan, shall be transferred under subsection (b).

(5) DETERMINATION BY PRESIDENT.—

(A) IN GENERAL.—In the event that the Secretary of Labor and the Secretary of Education fail to reach agreement regarding, and submit, a proposed workplan described in paragraph (2), the President shall make the determinations described in paragraph (2)(C). The President shall delegate full responsibility for administration of this title to 1 of the 2 Secretaries. Such Secretary shall be considered to be the appropriate Secretary for purposes of this title and shall have authority to carry out any function that the Secretaries would otherwise be authorized to carry out jointly.

(B) TRANSFERS.—The functions described in paragraph (2)(C), as determined by the President under subparagraph (A), shall be transferred under subsection (b). All positions of personnel that relate to a covered activity and that, prior to the transfer, were within the Department headed by the other of the 2 Secretaries shall be separated from service as provided in subsection (i)(2)(A).

(d) DELEGATION AND ASSIGNMENT.—Except where otherwise expressly prohibited by law or otherwise provided by this section, the National Board may delegate any function transferred or granted to the Federal Partnership after the effective date of this section to such officers and employees of the Federal Partnership as the National Board may designate, and may authorize successive redelegations of such functions as may be necessary or appropriate. No delegation of functions by the National Board under this subsection or under any other provision of this section shall relieve such National Board of responsibility for the administration of such functions.

(e) REORGANIZATION.—The National Board may allocate or reallocate any function transferred or granted to the Federal Partnership after the effective date of this section among the officers of the Federal Partnership, and establish, consolidate, alter, or discontinue such organizational entities in the Federal Partnership as may be necessary or appropriate.

(f) RULES.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may prescribe, in accordance with the provisions of chapters 5 and 6 of title 5, United States Code, such rules and regulations as the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, determine to be necessary or appropriate to administer and manage the functions of the Federal Partnership.

(g) TRANSFER AND ALLOCATIONS OF APPROPRIATIONS AND PERSONNEL.—

(1) IN GENERAL.—Except as otherwise provided in this section, the personnel employed in connection with, and the assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds employed, used, held, arising from, available to, or to be made available in connection with the functions transferred by this section, subject to section 1531 of title 31, United States Code, shall be transferred to the appropriate Secretary in the Federal Partnership. Unexpended funds transferred pursuant to this subsection shall be used only to carry out the functions of the Federal Partnership.

(2) EXISTING FACILITIES AND OTHER FEDERAL RESOURCES.—Pursuant to paragraph (1), the Secretary of Labor and the Secretary of Education shall supply such office facilities, office supplies, support services, and related expenses as may be minimally necessary to carry out the functions of the Federal Partnership. None of the funds made available under this title may be used for the construction of office facilities for the Federal Partnership.

(h) INCIDENTAL TRANSFERS.—The Director of the Office of Management and Budget, at such time or times as the Director shall provide, may make such determinations as may be necessary with regard to the functions transferred by this section, and to make such additional incidental dispositions of personnel, assets, liabilities, grants, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to, or to be made available in connection with such functions, as may be necessary to carry out the provisions of this section. The Director of the Office of Management and Budget shall provide for the termination of the affairs of all entities terminated by this section and for such further measures and dispositions as may be necessary to effectuate the objectives of this section.

(i) EFFECT ON PERSONNEL.—

(1) TERMINATION OF CERTAIN POSITIONS.—Positions whose incumbents are appointed by the President, by and with the advice and consent of the Senate, the functions of which are transferred by this section, shall terminate on the effective date of this section.

(2) ACTIONS.—

(A) IN GENERAL.—The Secretary of Labor and the Secretary of Education shall take such actions as may be necessary, including reduction in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to ensure that the positions of personnel that relate to a covered activity and are not transferred under subsection (b) are separated from service.

(B) SCOPE.—The Secretary of Labor and the Secretary of Education shall take the actions described in subparagraph (A) with respect to not less than ⅓ of the positions of personnel that relate to a covered activity.

(j) SAVINGS PROVISIONS.—

(1) SUITS NOT AFFECTED.—The provisions of this section shall not affect suits commenced before the effective date of this section, and in all such suits, proceedings shall be had, appeals taken, and judgments rendered in the same manner and with the same effect as if this section had not been enacted.

(2) NONABATEMENT OF ACTIONS.—No suit, action, or other proceeding commenced by or against the Department of Labor or the Department of Education, or by or against any individual in the official capacity of such individual as an officer of the Department of Labor or the Department of Education, shall abate by reason of the enactment of this section.

(k) TRANSITION.—The National Board may utilize—

(1) the services of officers, employees, and other personnel of the Department of Labor or the Department of Education, other than personnel of the Federal Partnership, with respect to functions transferred to the Federal Partnership by this section; and

(2) funds appropriated to such functions;

for such period of time as may reasonably be needed to facilitate the orderly implementation of this section.

(l) REFERENCES.—A reference in any other Federal law, Executive order, rule, regulation, or delegation of authority, or any document of or relating to—

(1) the Secretary of Labor or the Secretary of Education with regard to functions transferred under subsection (b), shall be deemed to refer to the Federal Partnership; and

(2) the Department of Labor or the Department of Education with regard to functions transferred under subsection (b), shall be deemed to refer to the Federal Partnership.

(m) ADDITIONAL CONFORMING AMENDMENTS.—

(1) RECOMMENDED LEGISLATION.—After consultation with the appropriate committees of Congress and the Director of the Office of Management and Budget, the Federal Partnership shall prepare and submit to Congress recommended legislation containing technical and conforming amendments to reflect the changes made by this section.

(2) SUBMISSION TO CONGRESS.—Not later than March 31, 1997, the Federal Partnership shall submit the recommended legislation referred to in paragraph (1).

(n) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), this section shall take effect on June 30, 1998.

(2) REGULATIONS AND CONFORMING AMENDMENTS.—Subsections (f) and (m) shall take effect on September 30, 1996.

(3) WORKPLAN.—Subsection (c) shall take effect on the date of enactment of this Act.

SEC. 777. TRANSFERS TO OTHER FEDERAL AGENCIES AND OFFICES.

(a) TRANSFER.—There are transferred to the appropriate receiving agency, in accordance with subsection (b), all functions that the Secretary of Labor, acting through the Employment and Training Administration, or the Secretary of Education, acting through the Office of Vocational and Adult Education, exercised before the effective date of this section (including all related functions of any officer or employee of the Employment and Training Administration or the Office of Vocational and Adult Education) that do not relate to a covered activity.

(b) DETERMINATIONS OF FUNCTIONS AND APPROPRIATE RECEIVING AGENCIES.—

(1) TRANSITION WORKPLAN.—Not later than 180 days after the date of enactment of this

Act, the Secretary of Labor and the Secretary of Education shall prepare and submit to the President a proposed workplan that specifies the steps that the Secretaries will take, during the period ending on July 1, 1998, to carry out the transfer described in subsection (a).

(2) CONTENTS.—The proposed workplan shall include, at a minimum—

(A) a determination of the functions that officers and employees of the Employment and Training Administration and the Office of Vocational and Adult Education carry out (as of the date of the submission of the workplan) that do not relate to a covered activity; and

(B) a determination of the appropriate receiving agencies for the functions, based on factors including increased efficiency and elimination of duplication of functions.

(3) REVIEW.—

(A) IN GENERAL.—Not later than 45 days after the date of submission of the proposed workplan under paragraph (1), the President shall—

(i) review and approve the workplan and submit the workplan to the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate; or

(ii) reject the workplan, prepare an alternative workplan that contains the determinations described in paragraph (2), and submit the alternative workplan to the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

(B) FUNCTIONS TRANSFERRED.—If the President approves the proposed workplan, or prepares the alternative workplan, the functions described in paragraph (2)(A), as determined in such proposed or alternative workplan, shall be transferred under subsection (a) to the appropriate receiving agencies described in paragraph (2)(B), as determined in such proposed or alternative workplan.

(C) SPECIAL RULE.—If the President takes no action on the proposed workplan submitted under paragraph (1) within the 45-day period described in subparagraph (A), such workplan shall be deemed to be approved and shall take effect on the day after the end of such period. The functions described in paragraph (2)(A), as determined in the proposed workplan, shall be transferred under subsection (a) to the appropriate receiving agencies described in paragraph (2)(B), as determined in the proposed workplan.

(4) REPORT.—Not later than July 1, 1998, the Secretary of Education and the Secretary of Labor shall submit to the appropriate committees of Congress information on the transfers required by this section.

(c) APPLICATION OF AUTHORITIES.—

(1) IN GENERAL.—

(A) APPLICATION.—Subsection (a), and subsections (d) through (m), of section 776 (other than subsections (f), (g)(2), (i)(2), and (m)) shall apply to transfers under this section, in the same manner and to the same extent as the subsections apply to transfers under section 776.

(B) REGULATIONS AND CONFORMING AMENDMENTS.—Subsections (f) and (m) of section 776 shall apply to transfers under this section, in the same manner and to the same extent as the subsections apply to transfers under section 776.

(2) REFERENCES.—For purposes of the application of the subsections described in paragraph (1) (other than subsections (g)(2) and (i)(2) of section 776) to transfers under this section—

(A) references to the Federal Partnership shall be deemed to be references to the appropriate receiving agency, as determined in the approved or alternative workplan referred to in subsection (b)(3);

(B) references to the Secretary of Labor and the Secretary of Education, Director, or National Board shall be deemed to be references to the head of the appropriate receiving agency; and

(C) references to transfers in section 776 shall be deemed to include transfers under this section.

(3) ADMINISTRATION.—Unexpended funds transferred pursuant to this section shall be used only for the purposes for which the funds were originally authorized and appropriated.

(4) CONTINUING EFFECT OF LEGAL DOCUMENTS.—All orders, determinations, rules, regulations, permits, agreements, grants, contracts, certificates, licenses, registrations, privileges, and other administrative actions—

(A) that have been issued, made, granted, or allowed to become effective by the President, any Federal agency or official of a Federal agency, or by a court of competent jurisdiction, in the performance of functions that are transferred under this section; and

(B) that are in effect on the effective date of this section or were final before the effective date of this section and are to become effective on or after the effective date of this section;

shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked in accordance with law by the President, the appropriate receiving agency or other authorized official, a court of competent jurisdiction, or by operation of law.

(5) PROCEEDINGS NOT AFFECTED.—

(A) IN GENERAL.—The provisions of this section shall not affect any proceedings, including notices of proposed rulemaking, or any application for any license, permit, certificate, or financial assistance pending before the Department of Labor or the Department of Education on the date this section takes effect, with respect to functions transferred by this section.

(B) CONTINUATION.—Such proceedings and applications shall be continued. Orders shall be issued in such proceedings, appeals shall be taken from the orders, and payments shall be made pursuant to such orders, as if this section had not been enacted, and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or revoked by a duly authorized official, by a court of competent jurisdiction, or by operation of law.

(C) CONSTRUCTION.—Nothing in this paragraph shall be deemed to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued or modified if this section had not been enacted.

(6) ADMINISTRATIVE ACTIONS RELATING TO PROMULGATION OF REGULATIONS.—Any administrative action relating to the preparation or promulgation of a regulation by the Department of Labor or the Department of Education relating to a function transferred under this section may be continued by the appropriate receiving agency with the same effect as if this section had not been enacted.

(d) CONSTRUCTION.—Nothing in this section shall be construed to require the transfer of any function described in subsection (b)(2)(A) to the Federal Partnership.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), this section shall take effect on June 30, 1998.

(2) REGULATIONS AND CONFORMING AMENDMENTS.—Subsection (c)(1)(B) shall take effect on September 30, 1996.

(3) WORKPLAN.—Subsection (b) shall take effect on the date of enactment of this Act.

SEC. 778. ELIMINATION OF CERTAIN OFFICES.

(a) TERMINATION.—The Office of Vocational and Adult Education and the Employment and Training Administration shall terminate on July 1, 1998.

(b) OFFICE OF VOCATIONAL AND ADULT EDUCATION.—

(1) TITLE 5, UNITED STATES CODE.—Section 5315 of title 5, United States Code, is amended by striking "Assistant Secretaries of Education (10)" and inserting "Assistant Secretaries of Education (9)".

(2) DEPARTMENT OF EDUCATION ORGANIZATION ACT.—

(A) Section 202 of the Department of Education Organization Act (20 U.S.C. 3412) is amended—

(i) in subsection (b)(1)—

(I) by striking subparagraph (C); and

(II) by redesignating subparagraphs (D) through (F) as subparagraphs (C) through (E), respectively;

(ii) by striking subsection (h); and

(iii) by redesignating subsection (i) as subsection (h).

(B) Section 206 of such Act (20 U.S.C. 3416) is repealed.

(C) Section 402(c)(1) of the Improving America's Schools Act of 1994 (20 U.S.C. 9001(c)(1)) is amended by striking "established under" and all that follows and inserting a semicolon.

(3) GOALS 2000: EDUCATE AMERICA ACT.—Section 931(h)(3)(A) of the Goals 2000: Educate America Act (20 U.S.C. 6031(h)(3)(A)) is amended—

(A) by striking clause (iii); and

(B) by redesignating clauses (iv) and (v) as clauses (iii) and (iv), respectively.

(c) EMPLOYMENT AND TRAINING ADMINISTRATION.—

(1) TITLE 5, UNITED STATES CODE.—Section 5315 of title 5, United States Code, is amended by striking "Assistant Secretaries of Labor (10)" and inserting "Assistant Secretaries of Labor (9)".

(2) VETERANS' BENEFITS AND PROGRAMS IMPROVEMENT ACT OF 1988.—Section 402(d)(3) of the Veterans' Benefits and Programs Improvement Act of 1988 (29 U.S.C. 1721 note) is amended by striking "and under any other program administered by the Employment and Training Administration of the Department of Labor".

(3) TITLE 38, UNITED STATES CODE.—Section 4110(d) of title 38, United States Code, is amended—

(A) by striking paragraph (7); and

(B) by redesignating paragraphs (8) through (12) as paragraphs (7) through (11), respectively.

(4) NATIONAL AND COMMUNITY SERVICE ACT OF 1990.—The last sentence of section 162(b) of the National and Community Service Act of 1990 (42 U.S.C. 12622(b)) is amended by striking "or the Office of Job Training".

(d) UNITED STATES EMPLOYMENT SERVICE.—

(1) TITLE 5, UNITED STATES CODE.—Section 3327 of title 5, United States Code, is amended—

(A) in subsection (a), by striking "the employment offices of the United States Employment Service" and inserting "Governors"; and

(B) in subsection (b), by striking "of the United States Employment Service".

(2) TITLE 10, UNITED STATES CODE.—

(A) Section 1143a(d) of title 10, United States Code, is amended by striking paragraph (3).

(B) Section 2410k(b) of title 10, United States Code, is amended by striking ", and where appropriate the Interstate Job Bank (established by the United States Employment Service),".

(3) INTERNAL REVENUE CODE OF 1986.—Section 51 of the Internal Revenue Code of 1986 is amended by striking subsection (g).

(4) NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1993.—Section 4468 of the National Defense Authorization Act for Fiscal Year 1993 (29 U.S.C. 1662d-1 note) is repealed.

(5) TITLE 38, UNITED STATES CODE.—Section 4110(d) of title 38, United States Code (as amended by subsection (c)(3)), is further amended—

(A) by striking paragraph (10); and

(B) by redesignating paragraph (11) as paragraph (10).

(6) TITLE 39, UNITED STATES CODE.—

(A) Section 3202(a)(1) of title 39, United States Code is amended—

(i) in subparagraph (D), by striking the semicolon and inserting "; and";

(ii) by striking subparagraph (E); and

(iii) by redesignating subparagraph (F) as subparagraph (E).

(B) Section 3203(b) of title 39, United States Code, is amended by striking "(1)(E), (2), and (3)" and inserting "(2) and (3)".

(C) Section 3206(b) of title 39, United States Code, is amended by striking "(1)(F)" and inserting "(1)(E)".

(7) NATIONAL AND COMMUNITY SERVICE ACT OF 1990.—Section 162(b) of the National and Community Service Act of 1990 (42 U.S.C. 12622(b)) (as amended by subsection (c)(4)) is further amended by striking the last sentence.

(e) REORGANIZATION PLANS.—Except with respect to functions transferred under section 777, the authority granted to the Employment and Training Administration, the Office of Vocational and Adult Education, or any unit of the Employment and Training Administration or the Office of Vocational and Adult Education by any reorganization plan shall terminate on July 1, 1998.

Subtitle F—Repeals of Employment and Training and Vocational and Adult Education Programs

SEC. 781. REPEALS.

(a) IMMEDIATE REPEALS.—The following provisions are repealed:

(1) Section 204 of the Immigration Reform and Control Act of 1986 (8 U.S.C. 1255a note).

(2) Title II of Public Law 95-250 (92 Stat. 172).

(3) The Displaced Homemakers Self-Sufficiency Assistance Act (29 U.S.C. 2301 et seq.).

(4) Section 211 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App. 211).

(5) Subtitle C of title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11441 et seq.).

(6) Section 5322 of title 49, United States Code.

(7) Subchapter I of chapter 421 of title 49, United States Code.

(b) SUBSEQUENT REPEALS.—The following provisions are repealed:

(1) Sections 235 and 236 of the Trade Act of 1974 (19 U.S.C. 2295 and 2296), and paragraphs (1) and (2) of section 250(d) of such Act (19 U.S.C. 2331(d)).

(2) The Adult Education Act (20 U.S.C. 1201 et seq.).

(3) The Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.).

(4) The School-to-Work Opportunities Act of 1994 (20 U.S.C. 6101 et seq.).

(5) The Wagner-Peyser Act (29 U.S.C. 49 et seq.).

(6) The Job Training Partnership Act (29 U.S.C. 1501 et seq.).

(7) Title V of the Older Americans Act of 1965 (42 U.S.C. 3056 et seq.).

(8) Title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11421 et seq.), other than subtitle C of such title.

(c) EFFECTIVE DATES.—

(1) IMMEDIATE REPEALS.—The repeals made by subsection (a) shall take effect on the date of enactment of this Act.

(2) SUBSEQUENT REPEALS.—The repeals made by subsection (b) shall take effect on July 1, 1998.

SEC. 782. CONFORMING AMENDMENTS.

(a) IMMEDIATE REPEALS.—

(1) REFERENCES TO SECTION 204 OF THE IMMIGRATION REFORM AND CONTROL ACT OF 1986.—The table of contents for the Immigration Reform and Control Act of 1986 is amended by striking the item relating to section 204 of such Act.

(2) REFERENCES TO TITLE II OF PUBLIC LAW 95-250.—Section 103 of Public Law 95-250 (16 U.S.C. 791) is amended—

(A) by striking the second sentence of subsection (a); and

(B) by striking the second sentence of subsection (b).

(3) REFERENCES TO SUBTITLE C OF TITLE VII OF THE STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT.—

(A) Section 762(a) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11472(a)) is amended—

(i) by striking "each of the following programs" and inserting "the emergency community services homeless grant program established in section 751"; and

(ii) by striking "tribes:" and all that follows and inserting "tribes.".

(B) The table of contents of such Act is amended by striking the items relating to subtitle C of title VII of such Act.

(4) REFERENCES TO TITLE 49, UNITED STATES CODE.—

(A) Sections 5313(b)(1) and 5314(a)(1) of title 49, United States Code, are amended by striking "5317, and 5322" and inserting "and 5317".

(B) The table of contents for chapter 53 of title 49, United States Code, is amended by striking the item relating to section 5322.

(b) SUBSEQUENT REPEALS.—

(1) REFERENCES TO THE CARL D. PERKINS VOCATIONAL AND APPLIED TECHNOLOGY EDUCATION ACT.—

(A) Section 245A(h)(4)(C) of the Immigration and Nationality Act (8 U.S.C. 1255a(h)(4)(C)) is amended by striking "Vocational Education Act of 1963" and inserting "Workforce Development Act of 1995".

(B) The Goals 2000: Educate America Act (20 U.S.C. 5801 et seq.) is amended—

(i) in section 306 (20 U.S.C. 5886)—

(I) in subsection (c)(1)(A), by striking all beginning with " which process" through "Act" and inserting "which process shall include coordination with the benchmarks described in section 731(c)(2) of the Workforce Development Act of 1995"; and

(II) in subsection (l), by striking "Carl D. Perkins Vocational and Applied Technology Education Act" and inserting "Workforce Development Act of 1995"; and

(ii) in section 311(b) (20 U.S.C. 5891(b)), by striking paragraph (6).

(C) The Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.) is amended—

(i) in section 1114(b)(2)(C)(v) (20 U.S.C. 6314(b)(2)(C)(v)), by striking "Carl D. Perkins Vocational and Applied Technology Education Act" and inserting "Workforce Development Act of 1995";

(ii) in section 9115(b)(5) (20 U.S.C. 7815(b)(5)), by striking "Carl D. Perkins Vocational and Applied Technology Education Act" and inserting "Workforce Development Act of 1995";

(iii) in section 14302(a)(2) (20 U.S.C. 8852(a)(2))—

(I) by striking subparagraph (C); and

(II) by redesignating subparagraphs (D), (E), and (F) as subparagraphs (C), (D), and (E), respectively; and

(iv) in the matter preceding subparagraph (A) of section 14307(a)(1) (20 U.S.C. 8857(a)(1)), by striking "Carl D. Perkins Vocational and Applied Technology Education Act" and inserting "Workforce Development Act of 1995".

(D) Section 533(c)(4)(A) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note) is amended by striking "(20 U.S.C. 2397h(3)" and inserting ", as such section was in effect on the day preceding the date of enactment of the Workforce Development Act of 1995".

(E) Section 563 of the Improving America's Schools Act of 1994 (20 U.S.C. 6301 note) is amended by striking "the date of enactment of an Act reauthorizing the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.)" and inserting "July 1, 1998".

(F) Section 135(c)(3)(B) of the Internal Revenue Code of 1986 (26 U.S.C. 135(c)(3)(B)) is amended—

(i) by striking "subparagraph (C) or (D) of section 521(3) of the Carl D. Perkins Vocational Education Act" and inserting "subparagraph (C) or (D) of section 703(2) of the Workforce Development Act of 1995"; and

(ii) by striking "any State (as defined in section 521(27) of such Act)" and inserting "any State or outlying area (as the terms 'State' and 'outlying area' are defined in section 703 of such Act)".

(G) Section 101(a)(11)(A) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)(11)(A)) is amended by striking "Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.)" and inserting "Workforce Development Act of 1995".

(H) Section 214(c) of the Appalachian Regional Development Act of 1965 (40 U.S.C. App. 214(c)) is amended by striking "Carl D. Perkins Vocational Education Act" and inserting "Workforce Development Act of 1995".

(I) Section 104 of the Vocational Education Amendments of 1968 (82 Stat. 1091) is amended by striking "section 3 of the Carl D. Perkins Vocational Education Act" and inserting "the Workforce Development Act of 1995".

(2) REFERENCES TO THE ADULT EDUCATION ACT.—

(A) Subsection (b) of section 402 of the Refugee Education Assistance Act (8 U.S.C. 1522, note) is repealed.

(B) Paragraph (20) of section 3 of the Library Services and Construction Act (20 U.S.C. 351a(20)) is amended to read as follows:

"(20) The term 'educationally disadvantaged adult' means an individual who—

"(A) is age 16 or older, or beyond the age of compulsory school attendance under State law;

"(B) is not enrolled in secondary school;

"(C) demonstrates basic skills equivalent to or below that of students at the fifth grade level; or

"(D) has been placed in the lowest or beginning level of an adult education program when that program does not use grade level equivalencies as a measure of students' basic skills.".

(C)(i) Section 1202(c)(1) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6362(c)(1)) is amended by striking "Adult Education Act" and inserting "Workforce Development Act of 1995".

(ii) Section 1205(8)(B) of such Act (20 U.S.C. 6365(8)(B)) is amended by striking "Adult Education Act" and inserting "Workforce Development Act of 1995".

(iii) Section 1206(a)(1)(A) of such Act (20 U.S.C. 6366(a)(1)(A)) is amended by striking "an adult basic education program under the Adult Education Act" and inserting "adult

education activities under the Workforce Development Act of 1995".

(iv) Section 3113(1) of such Act (20 U.S.C. 6813(1)) is amended by striking "section 312 of the Adult Education Act" and inserting "section 703 of the Workforce Development Act of 1995".

(v) Section 9161(2) of such Act (20 U.S.C. 7881(2)) is amended by striking "section 312(2) of the Adult Education Act" and inserting "section 703 of the Workforce Development Act of 1995".

(D) Section 203(b)(8) of the Older Americans Act (42 U.S.C. 3013(b)(8)) is amended by striking "Adult Education Act" and inserting "Workforce Development Act of 1995".

(3) RECOMMENDED LEGISLATION.—After consultation with the appropriate committees of Congress and the Director of the Office of Management and Budget, the Federal Partnership shall prepare and submit to Congress recommended legislation containing technical and conforming amendments to reflect the changes made by section 781(b).

(4) SUBMISSION TO CONGRESS.—Not later than March 31, 1997, the Federal Partnership shall submit the recommended legislation referred to under paragraph (3).

TITLE VIII—WORKFORCE DEVELOPMENT-RELATED ACTIVITIES

Subtitle A—Amendments to the Rehabilitation Act of 1973

SEC. 801. REFERENCES.

Except as otherwise expressly provided in this subtitle, whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.).

SEC. 802. FINDINGS AND PURPOSES.

Section 2 (29 U.S.C. 701) is amended—

(1) in subsection (a)(4), by striking "the provision of individualized training, independent living services, educational and support services," and inserting "implementation of a statewide workforce development system that provides meaningful and effective participation for individuals with disabilities in workforce development activities and activities carried out through the vocational rehabilitation program established under title I, and through the provision of independent living services, support services,"; and

(2) in subsection (b)(1)(A), by inserting "statewide workforce development systems that include, as integral components," after "(A)".

SEC. 803. CONSOLIDATED REHABILITATION PLAN.

(a) IN GENERAL.—Section 6 (29 U.S.C. 705) is repealed.

(b) CONFORMING AMENDMENT.—The table of contents for the Act is amended by striking the item relating to section 6.

SEC. 804. DEFINITIONS.

Section 7 (29 U.S.C. 706) is amended by adding at the end the following new paragraphs:

"(36) The term 'statewide workforce development system' means a statewide system, as defined in section 703 of the Workforce Development Act of 1995.

"(37) The term 'workforce development activities' has the meaning given the term in section 703 of the Workforce Development Act of 1995.

"(38) The term 'workforce employment activities' means the activities described in paragraphs (2) through (8) of section 716(a) of the Workforce Development Act of 1995, including activities described in section 716(a)(6) of such Act provided through a voucher described in section 716(a)(9) of such Act.".

SEC. 805. ADMINISTRATION.

Section 12(a)(1) (29 U.S.C. 711(a)(1)) is amended by inserting ", including providing assistance to achieve the meaningful and effective participation by individuals with disabilities in the activities carried out through a statewide workforce development system" before the semicolon.

SEC. 806. REPORTS.

Section 13 (29 U.S.C. 712) is amended in the fourth sentence by striking "The data elements" and all that follows through "age," and inserting the following: "The information shall include all information that is required to be submitted in the report described in section 731(a) of the Workforce Development Act of 1995 and that pertains to the employment of individuals with disabilities, including information on age.".

SEC. 807. EVALUATION.

Section 14(a) (29 U.S.C. 713(a)) is amended in the third sentence by striking "to the extent feasible," and all that follows through the end of the sentence and inserting the following: "to the maximum extent appropriate, be consistent with the State benchmarks established under paragraphs (1) and (2) of section 731(c) of the Workforce Development Act of 1995. For purposes of this section, the Secretary may modify or supplement such benchmarks after consultation with the National Board established under section 772 of the Workforce Development Act of 1995, to the extent necessary to address unique considerations applicable to the participation of individuals with disabilities in the vocational rehabilitation program established under title I and activities carried out under other provisions of this Act.".

SEC. 808. DECLARATION OF POLICY.

Section 100(a) (29 U.S.C. 720(a)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (E), by striking "; and" and inserting a semicolon;

(B) in subparagraph (F)—

(i) by inserting "workforce development activities and" before "vocational rehabilitation services"; and

(ii) by striking the period and inserting "; and"; and

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

"(G) linkages between the vocational rehabilitation program established under this title and other components of the statewide workforce development system are critical to ensure effective and meaningful participation by individuals with disabilities in workforce development activities."; and

(2) in paragraph (2)—

(A) by striking "a comprehensive" and inserting "statewide comprehensive"; and

(B) by striking "program of vocational rehabilitation that is designed" and inserting "programs of vocational rehabilitation, each of which is—

"(A) an integral component of a statewide workforce development system; and

"(B) designed".

SEC. 809. STATE PLANS.

(a) IN GENERAL.—Section 101(a) (29 U.S.C. 721(a)) is amended—

(1) in the first sentence, by striking ", or shall submit" and all that follows through "et seq.)" and inserting ", and shall submit the State plan on the same dates as the State submits the State plan described in section 714 of the Workforce Development Act of 1995 to the Federal Partnership established under section 771 of such Act";

(2) by inserting after the first sentence the following: "The State shall also submit the State plan for vocational rehabilitation services for review and comment to any State workforce development board established for the State under section 715 of the Workforce Development Act of 1995, which shall submit the comments on the State plan to the designated State unit.";

(3) by striking paragraphs (10), (12), (13), (15), (17), (19), (23), (27), (28), (30), (34), and (35);

(4) in paragraph (20), by striking "(20)" and inserting "(B)";

(5) by redesignating paragraphs (3), (4), (5), (6), (7), (8), (9), (14), (16), (18), (21), (22), (24), (25), (26), (29), (31), (32), (33), and (36) as paragraphs (4), (5), (6), (7), (8), (9), (10), (12), (13), (14), (15), (16), (17), (18), (19), (20), (21), (22), (23), and (24), respectively;

(6) in paragraph (1)(B)—

(A) by redesignating clauses (i), (ii), and (iii) as clauses (ii), (iii), and (iv), respectively; and

(B) by inserting before clause (ii) (as redesignated in subparagraph (A)) the following:

"(i) a State entity primarily responsible for implementing workforce employment activities through the statewide workforce development system of the State,";

(7) in paragraph (2)—

(A) in the matter preceding subparagraph (A), by striking "(1)(B)(i)" and inserting "(1)(B)(ii)"; and

(B) in subparagraph (B)(ii), by striking "(1)(B)(ii)" and inserting "(1)(B)(iii)";

(8) by inserting after paragraph (2) the following paragraph:

"(3) provide a plan for expanding and improving vocational rehabilitation services for individuals with disabilities on a statewide basis, including—

"(A) a statement of values and goals;

"(B) evidence of ongoing efforts to use outcome measures to make decisions about the effectiveness and future direction of the vocational rehabilitation program established under this title in the State; and

"(C) information on specific strategies for strengthening the program as an integral component of the statewide workforce development system established in the State, including specific innovative, state-of-the-art approaches for achieving sustained success in improving and expanding vocational rehabilitation services provided through the program, for all individuals with disabilities who seek employment, through plans, policies, and procedures that link the program with other components of the system, including plans, policies, and procedures relating to—

"(i) entering into cooperative agreements, between the designated State unit and appropriate entities responsible for carrying out the other components of the statewide workforce development system, which agreements may provide for—

"(I) provision of intercomponent staff training and technical assistance regarding the availability and benefits of, and eligibility standards for, vocational rehabilitation services, and regarding the provision of equal, effective, and meaningful participation by individuals with disabilities in workforce employment activities in the State through program accessibility, use of nondiscriminatory policies and procedures, and provision of reasonable accommodations, auxiliary aids and services, and rehabilitation technology, for individuals with disabilities;

"(II) use of information and financial management systems that link all components of the statewide workforce development system, that link the components to other electronic networks, and that relate to such subjects as labor market information, and information on job vacancies, skill qualifications, career planning, and workforce development activities;

"(III) use of customer service features such as common intake and referral procedures, customer data bases, resource information, and human service hotlines;

"(IV) establishment of cooperative efforts with employers to facilitate job placement and to develop and sustain working relationships with employers, trade associations, and labor organizations;

"(V) identification of staff roles and responsibilities and available resources for each entity that carries out a component of the statewide workforce development system with regard to paying for necessary services (consistent with State law); and

"(VI) specification of procedures for resolving disputes among such entities; and

"(ii) providing for the replication of such cooperative agreements at the local level between individual offices of the designated State unit and local entities carrying out activities through the statewide workforce development system;";

(9) in paragraph (6) (as redesignated in paragraph (5))—

(A) by striking subparagraph (A) and inserting the following:

"(A) contain the plans, policies, and methods to be followed in carrying out the State plan and in the administration and supervision of the plan, including—

"(i)(I) the results of a comprehensive, statewide assessment of the rehabilitation needs of individuals with disabilities (including individuals with severe disabilities, individuals with disabilities who are minorities, and individuals with disabilities who have been unserved, or underserved, by the vocational rehabilitation system) who are residing within the State; and

"(II) the response of the State to the assessment;

"(ii) a description of the method to be used to expand and improve services to individuals with the most severe disabilities, including individuals served under part C of title VI;

"(iii) with regard to community rehabilitation programs—

"(I) a description of the method to be used (such as a cooperative agreement) to utilize the programs to the maximum extent feasible; and

"(II) a description of the needs of the programs, including the community rehabilitation programs funded under the Act entitled "An Act to Create a Committee on Purchases of Blind-made Products, and for other purposes", approved June 25, 1938 (commonly known as the Wagner-O'Day Act; 41 U.S.C. 46 et seq.) and such programs funded by State use contracting programs; and

"(iv) an explanation of the methods by which the State will provide vocational rehabilitation services to all individuals with disabilities within the State who are eligible for such services, and, in the event that vocational rehabilitation services cannot be provided to all such eligible individuals with disabilities who apply for such services, information—

"(I) showing and providing the justification for the order to be followed in selecting individuals to whom vocational rehabilitation services will be provided (which order of selection for the provision of vocational rehabilitation services shall be determined on the basis of serving first the individuals with the most severe disabilities in accordance with criteria established by the State, and shall be consistent with priorities in such order of selection so determined, and outcome and service goals for serving individuals with disabilities, established in regulations prescribed by the Commissioner);

"(II) showing the outcomes and service goals, and the time within which the outcomes and service goals may be achieved, for the rehabilitation of individuals receiving such services; and

"(III) describing how individuals with disabilities who will not receive such services if such order is in effect will be referred to other components of the statewide workforce development system for access to services offered by the components;"; and

(B) by striking subparagraph (C) and inserting the following subparagraphs:

"(C) with regard to the statewide assessment of rehabilitation needs described in subparagraph (A)(i)—

"(i) provide that the State agency will make reports at such time, in such manner, and containing such information, as the Commissioner may require to carry out the functions of the Commissioner under this title, and comply with such provisions as are necessary to assure the correctness and verification of such reports; and

"(ii) provide that reports made under clause (i) will include information regarding individuals with disabilities and, if an order of selection described in subparagraph (A)(iv)(I) is in effect in the State, will separately include information regarding individuals with the most severe disabilities, on—

"(I) the number of such individuals who are evaluated and the number rehabilitated;

"(II) the costs of administration, counseling, provision of direct services, development of community rehabilitation programs, and other functions carried out under this Act; and

"(III) the utilization by such individuals of other programs pursuant to paragraph (11); and

"(D) describe—

"(i) how a broad range of rehabilitation technology services will be provided at each stage of the rehabilitation process;

"(ii) how a broad range of such rehabilitation technology services will be provided on a statewide basis; and

"(iii) the training that will be provided to vocational rehabilitation counselors, client assistance personnel, personnel of the providers of one-stop delivery of core services described in section 716(a)(2) of the Workforce Development Act of 1995, and other related services personnel;";

(10) in subparagraph (A) of paragraph (8) (as redesignated in paragraph (5))—

(A) in clause (i)(II), by striking ", based on projections" and all that follows through "relevant factors"; and

(B) by striking clauses (iii) and (iv) and inserting the following clauses:

"(iii) a description of the ways in which the system for evaluating the performance of rehabilitation counselors, coordinators, and other personnel used in the State facilitates the accomplishment of the purpose and policy of this title, including the policy of serving, among others, individuals with the most severe disabilities;

"(iv) provide satisfactory assurances that the system described in clause (iii) in no way impedes such accomplishment; and";

(11) in paragraph (9) (as redesignated in paragraph (5)) by striking "required—" and all that follows through "(B) prior" and inserting "required prior";

(12) in paragraph (10) (as redesignated in paragraph (5))—

(A) in subparagraph (B), by striking "written rehabilitation program" and inserting "employment plan"; and

(B) in subparagraph (C), by striking "plan in accordance with such program" and inserting "State plan in accordance with the employment plan";

(13) in paragraph (11)—

(A) in subparagraph (A), by striking "State's public" and all that follows and inserting "State programs that are not part of the statewide workforce development system of the State;"; and

(B) in subparagraph (C)—

(i) by striking "if appropriate—" and all that follows through "entering into" and inserting "if appropriate, entering into";

(ii) by redesignating subclauses (I), (II), and (III) as clauses (i), (ii), and (iii), respectively; and

(iii) by indenting the clauses and aligning the margins of the clauses with the margins of clause (ii) of subparagraph (A) of paragraph (8) (as redesignated in paragraph (5));

(14) in paragraph (14) (as redesignated in paragraph (5))—

(A) by striking "(14)" and inserting "(14)(A)"; and

(B) by inserting before the semicolon the following ", and, in the case of the designated State unit, will take actions to take such views into account that include providing timely notice, holding public hearings, preparing a summary of hearing comments, and documenting and disseminating information relating to the manner in which the comments will affect services; and";

(15) in paragraph (16) (as redesignated in paragraph (5)), by striking "referrals to other Federal and State programs" and inserting "referrals within the statewide workforce development system of the State to programs"; and

(16) in paragraph (17) (as redesignated in paragraph (5))—

(A) in subparagraph (B), by striking "written rehabilitation program" and inserting "employment plan"; and

(B) in subparagraph (C)—

(i) in clause (ii), by striking "; and" and inserting a semicolon;

(ii) in clause (iii), by striking the semicolon and inserting "; and"; and

(iii) by adding at the end the following clause:

"(iv) the manner in which students who are individuals with disabilities and who are not in special education programs can access and receive vocational rehabilitation services, where appropriate;".

(b) CONFORMING AMENDMENTS.—

(1) Section 7 (29 U.S.C. 706) is amended—

(A) in paragraph (3)(B)(ii), by striking "101(a)(1)(B)(i)" and inserting "101(a)(1)(B)(ii)"; and

(B) in paragraph (22)(A)(i)(II), by striking "101(a)(5)(A)" each place it appears and inserting "101(a)(6)(A)(iv)".

(2) Section 12(d) (29 U.S.C. 711(d)) is amended by striking "101(a)(5)(A)" and inserting "101(a)(6)(A)(iv)".

(3) Section 101(a) (29 U.S.C. 721(a)) is amended—

(A) in paragraph (1)(A), by striking "paragraph (4) of this subsection" and inserting "paragraph (5)";

(B) in paragraph (2)—

(i) in the matter preceding subparagraph (A), by striking "paragraph (1)(B)(i)" and inserting "paragraph (1)(B)(ii)"; and

(ii) in subparagraph (B)(i), by striking "paragraph (1)(B)(ii)" and inserting "paragraph (1)(B)(iii)";

(C) in paragraph (17) (as redesignated in subsection (a)(5)), by striking "paragraph (11)(C)(ii)" and inserting "paragraph (11)(C)";

(D) in paragraph (22) (as redesignated in subsection (a)(5)), by striking "paragraph (36)" and inserting "paragraph (24)"; and

(E) in subparagraph (C) of paragraph (24) (as redesignated in subsection (a)(5)), by striking "101(a)(1)(A)(i)" and inserting "paragraph (1)(A)(i)".

(4) Section 102 (29 U.S.C. 722) is amended—

(A) in subsection (a)(3), by striking "101(a)(24)" and inserting "101(a)(17)"; and

(B) in subsection (d)(2)(C)(ii)—

(i) in subclause (II), by striking "101(a)(36)" and inserting "101(a)(24)"; and

(ii) in subclause (III), by striking "101(a)(36)(C)(ii)" and inserting "101(a)(24)(C)(ii)".

(5) Section 105(a)(1) (29 U.S.C. 725(a)(1)) is amended by striking "101(a)(36)" and inserting "101(a)(24)".

(6) Section 107(a) (29 U.S.C. 727(a)) is amended—

(A) in paragraph (2)(F), by striking "101(a)(32)" and inserting "101(a)(22)";

(B) in paragraph (3)(A), by striking "101(a)(5)(A)" and inserting "101(a)(6)(A)(iv)"; and

(C) in paragraph (4), by striking "101(a)(35)" and inserting "101(a)(8)(A)(iii)".

(7) Section 111(a) (29 U.S.C. 731(a)) is amended—

(A) in paragraph (1), by striking "and development and implementation" and all that follows through "referred to in section 101(a)(34)(B)"; and

(B) in paragraph (2)(A), by striking "and such payments shall not be made in an amount which would result in a violation of the provisions of the State plan required by section 101(a)(17)".

(8) Section 124(a)(1)(A) (29 U.S.C. 744(a)(1)(A)) is amended by striking "(not including sums used in accordance with section 101(a)(34)(B))".

(9) Section 315(b)(2) (29 U.S.C. 777e(b)(2)) is amended by striking "101(a)(22)" and inserting "101(a)(16)".

(10) Section 635(b)(2) (29 U.S.C. 795n(b)(2)) is amended by striking "101(a)(5)" and inserting "101(a)(6)(A)(i)(I)".

(11) Section 802(h)(2)(B)(ii) (29 U.S.C. 797a(h)(2)(B)(ii)) is amended by striking "101(a)(5)(A)" and inserting "101(a)(6)(A)(iv)".

(12) Section 102(e)(23)(A) of the Technology-Related Assistance for Individuals With Disabilities Act of 1988 (29 U.S.C. 2212(e)(23)(A)) is amended by striking "section 101(a)(36) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)(36))" and inserting "section 101(a)(24) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)(24))".

SEC. 810. INDIVIDUALIZED EMPLOYMENT PLANS.

(a) IN GENERAL.—Section 102 (29 U.S.C. 722) is amended—

(1) by striking the section heading and inserting the following:

"SEC. 102. INDIVIDUALIZED EMPLOYMENT PLANS.";

(2) in subsection (a)(6), by striking "written rehabilitation program" and inserting "employment plan";

(3) in subsection (b)—

(A) in paragraph (1)(A)—

(i) in clause (i), by striking "written rehabilitation program" and inserting "employment plan"; and

(ii) in clause (ii), by striking "program" and inserting "plan";

(B) in paragraph (1)(B)—

(i) in the matter preceding clause (i), by striking "written rehabilitation program" and inserting "employment plan";

(ii) in clause (iv)—

(I) by striking subclause (I) and inserting the following:

"(I) include a statement of the specific vocational rehabilitation services to be provided (including, if appropriate, rehabilitation technology services and training in how to use such services) that includes specification of the public or private entity that will provide each such vocational rehabilitation service and the projected dates for the initiation and the anticipated duration of each such service; and";

(II) by striking subclause (II); and

(III) by redesignating subclause (III) as subclause (II); and

(iii) in clause (xi)(I), by striking "program" and inserting "plan";

(C) in paragraph (1)(C), by striking "written rehabilitation program and amendments to the program" and inserting "employment plan and amendments to the plan"; and

(D) in paragraph (2)—

(i) by striking "program" each place the term appears and inserting "plan"; and

(ii) by striking "written rehabilitation" each place the term appears and inserting "employment";

(4) in subsection (c)—

(A) in paragraph (1), by striking "written rehabilitation program" and inserting "employment plan"; and

(B) by striking "written program" each place the term appears and inserting "plan"; and

(5) in subsection (d)—

(A) in paragraph (5), by striking "written rehabilitation program" and inserting "employment plan"; and

(B) in paragraph (6)(A), by striking the second sentence.

(b) CONFORMING AMENDMENTS.—

(1) The table of contents for the Act is amended by striking the item relating to section 102 and inserting the following:

"Sec. 102. Individualized employment plans.".

(2) Paragraphs (22)(B) and (27)(B), and subparagraphs (B) and (C) of paragraph (34) of section 7 (29 U.S.C. 706), section 12(e)(1) (29 U.S.C. 711(e)(1)), section 501(e) (29 U.S.C. 791(e)), subparagraphs (C), (D), and (E) of section 635(b)(6) (29 U.S.C. 795n(b)(6)(C), (D), and (E)), section 802(g)(8)(B) (29 U.S.C. 797a(g)(8)(B)), and section 803(c)(2)(D) (29 U.S.C. 797b(c)(2)(D)) are amended by striking "written rehabilitation program" each place the term appears and inserting "employment plan".

(3) Section 7(22)(B)(i) (29 U.S.C. 706(22)(B)(i)) is amended by striking "rehabilitation program" and inserting "employment plan".

(4) Section 107(a)(3)(D) (29 U.S.C. 727(a)(3)(D)) is amended by striking "written rehabilitation programs" and inserting "employment plans".

(5) Section 101(b)(7)(A)(ii)(II) of the Technology-Related Assistance for Individuals With Disabilities Act of 1988 (29 U.S.C. 2211(b)(7)(A)(ii)(II)) is amended by striking "written rehabilitation program" and inserting "employment plan".

SEC. 811. SCOPE OF VOCATIONAL REHABILITATION SERVICES.

Section 103 (29 U.S.C. 723) is amended—

(1) in subsection (a)(4)—

(A) in subparagraph (B), by striking "surgery or";

(B) in subparagraph (D), by striking the comma at the end and inserting ", and";

(C) by striking subparagraph (E); and

(D) by redesignating subparagraph (F) as subparagraph (E); and

(2) in subsection (b)(1), by striking "the most severe".

SEC. 812. STATE REHABILITATION ADVISORY COUNCIL.

(a) IN GENERAL.—Section 105 (29 U.S.C. 725) is amended—

(1) in subsection (b)(1)(A)(vi), by inserting before the semicolon the following: "who, to the extent feasible, are members of any State workforce development board established for the State under section 715 of the Workforce Development Act of 1995"; and

(2) in subsection (c)—

(A) by redesignating paragraphs (3) through (7) as paragraphs (4) through (8), respectively;

(B) by inserting after paragraph (2) the following new paragraph:

"(3) advise the designated State agency and the designated State unit regarding strategies for ensuring that the vocational rehabilitation program established under this title becomes an integral part of the statewide workforce development system of the State;"; and

(C) in paragraph (6) (as redesignated in subparagraph (A))—

(i) by striking "6024), and" and inserting "6024),"; and

(ii) by striking the semicolon at the end and inserting the following: ", and any State workforce development board established for the State under section 715 of the Workforce Development Act of 1995;".

(b) CONFORMING AMENDMENT.—Subparagraph (B)(iv), and clauses (ii)(I) and (iii)(I) of subparagraph (C), of paragraph (24) (as redesignated in section 409(a)(5)) of section 101(a) (29 U.S.C. 721(a)) are amended by striking "105(c)(3)" and inserting "105(c)(4)".

SEC. 813. EVALUATION STANDARDS AND PERFORMANCE INDICATORS.

Section 106(a)(1) (29 U.S.C. 726(a)(1)) is amended—

(1) by striking "1994" and inserting "1996"; and

(2) by striking the period and inserting the following: "that shall, to the maximum extent appropriate, be consistent with the State benchmarks established under paragraphs (1) and (2) of section 731(c) of the Workforce Development Act of 1995. For purposes of this section, the Commissioner may modify or supplement such benchmarks, after consultation with the National Board established under section 772 of the Workforce Development Act of 1995, to the extent necessary to address unique considerations applicable to the participation of individuals with disabilities in the vocational rehabilitation program.".

SEC. 814. REPEALS.

(a) IN GENERAL.—Title I (29 U.S.C. 720 et seq.) is amended—

(1) by repealing part C; and

(2) by redesignating parts D and E as parts C and D, respectively.

(b) CONFORMING AMENDMENTS.—The table of contents for the Act is amended—

(1) by striking the items relating to part C of title I; and

(2) by striking the items relating to parts D and E of title I and inserting the following:

"PART C—AMERICAN INDIAN VOCATIONAL REHABILITATION SERVICES

"Sec. 130. Vocational rehabilitation services grants.

"PART D—VOCATIONAL REHABILITATION SERVICES CLIENT INFORMATION

"Sec. 140. Review of data collection and reporting system.

"Sec. 141. Exchange of data.".

SEC. 815. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), the amendments made by this subtitle shall take effect on the date of enactment of this Act.

(b) STATEWIDE SYSTEM REQUIREMENTS.—The changes made in the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.) by the amendments made by this subtitle that relate to State benchmarks, or other components of a statewide system, shall take effect—

(1) in a State that submits and obtains approval of an interim plan under section 763 for program year 1997, on July 1, 1997; and

(2) in any other State, on July 1, 1998.

Subtitle B—Amendments to Immigration and Nationality Act

SEC. 821. PROHIBITION ON USE OF FUNDS FOR CERTAIN EMPLOYMENT ACTIVITIES.

Section 412(c)(1) of the Immigration and Nationality Act is amended by adding at the end the following new subparagraph:

"(D) Funds available under this paragraph may not be provided to States for workforce employment activities authorized and funded under the Workforce Development Act of 1995.".

Subtitle C—Amendments to the National Literacy Act of 1991

SEC. 831. NATIONAL INSTITUTE FOR LITERACY.

Section 102 of the National Literacy Act of 1991 (20 U.S.C. 1213c note) is amended to read as follows:

"SEC. 102. NATIONAL INSTITUTE FOR LITERACY.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—There is established the National Institute for Literacy (in this section referred to as the 'Institute'). The Institute shall be administered by the National Board established under section 772 of the Workforce Development Act of 1995 (in this section referred to as the 'National Board'). The National Board may include in the Institute any research and development center, institute, or clearinghouse that the National Board determines is appropriately included in the Institute.

"(2) OFFICES.—The Institute shall have offices separate from the offices of the Department of Education or the Department of Labor.

"(3) RECOMMENDATIONS.—The National Board shall consider the recommendations of the National Institute Council established under subsection (d) in planning the goals of the Institute and in the implementation of any programs to achieve such goals. The daily operations of the Institute shall be carried out by the Director of the Institute appointed under subsection (g). If such Council's recommendations are not followed, the National Board shall provide a written explanation to such Council concerning actions the National Board has taken that includes the National Board's reasons for not following such Council's recommendations with respect to such actions. Such Council may also request a meeting with the National Board to discuss such Council's recommendations.

"(b) DUTIES.—

"(1) IN GENERAL.—The Institute is authorized, in order to improve the quality and accountability of the adult basic skills and literacy delivery system, to—

"(A) coordinate the support of research and development on literacy and basic skills education across Federal agencies and carry out basic and applied research and development on topics such as—

"(i) identifying effective models of basic skills and literacy education for adults and families that are essential to success in job training, work, the family, and the community;

"(ii) carrying out evaluations of the effectiveness of literacy and adult education programs and services, including those supported by this Act; and

"(iii) supporting the development of models at the State and local level of accountability systems that consist of goals, performance measures, benchmarks, and assessments that can be used to improve the quality of literacy and adult education services;

"(B) provide technical assistance, information, and other program improvement activities to national, State, and local organizations, such as—

"(i) providing information and training to State and local workforce development boards and one-stop centers concerning how literacy and basic skills services can be incorporated in a coordinated workforce development model;

"(ii) improving the capacity of national, State, and local public and private literacy and basic skills professional development and technical assistance organizations, such as the State Literacy Resource Centers established under section 103; and

"(iii) providing information on-line and in print to all literacy and basic skills programs about best practices, models of collaboration for effective workforce, family, English as a Second Language, and other literacy programs, and other informational and communication needs; and

"(C) work with the National Board, the Departments of Education, Labor, and Health and Human Services, and the Congress to ensure that they have the best information available on literacy and basic skills programs in formulating Federal policy around the issues of literacy, basic skills, and workforce development.

"(2) CONTRACTS, COOPERATIVE AGREEMENTS, AND GRANTS.—The Institute may enter into contracts or cooperative agreements with, or make grants to, individuals, public or private nonprofit institutions, agencies, organizations, or consortia of such institutions, agencies, or organizations to carry out the activities of the Institute. Such grants, contracts, or agreements shall be subject to the laws and regulations that generally apply to grants, contracts, or agreements entered into by Federal agencies.

"(c) LITERACY LEADERSHIP.—

"(1) FELLOWSHIPS.—The Institute is, in consultation with the Council, authorized to award fellowships, with such stipends and allowances that the Director considers necessary, to outstanding individuals pursuing careers in adult education or literacy in the areas of instruction, management, research, or innovation.

"(2) USE OF FELLOWSHIPS.—Fellowships awarded under this subsection shall be used, under the auspices of the Institute, to engage in research, education, training, technical assistance, or other activities to advance the field of adult education or literacy, including the training of volunteer literacy providers at the national, State, or local level.

"(3) DESIGNATION.—Individuals receiving fellowships pursuant to this subsection shall be known as "Literacy Leader Fellows".

"(d) NATIONAL INSTITUTE COUNCIL.—

"(1) IN GENERAL.—

"(A) ESTABLISHMENT.—There is established the National Institute Council (in this section referred to as the "Council"). The Council shall consist of 10 individuals appointed by the President with the advice and consent of the Senate from individuals who—

"(i) are not otherwise officers or employees of the Federal Government;

"(ii) are representative of entities or groups described in subparagraph (B); and

"(iii) are chosen from recommendations made to the President by individuals who represent such entities or groups.

"(B) ENTITIES OR GROUPS.—Entities or groups described in this subparagraph are—

"(i) literacy organizations and providers of literacy services, including—

"(I) providers of literacy services receiving assistance under this Act; and

"(II) nonprofit providers of literacy services;

"(ii) businesses that have demonstrated interest in literacy programs;

"(iii) literacy students;

"(iv) experts in the area of literacy research;

"(v) State and local governments; and

"(vi) organized labor.

"(2) DUTIES.—The Council shall—

"(A) make recommendations concerning the appointment of the Director and staff of the Institute;

"(B) provide independent advice on the operation of the Institute; and

"(C) receive reports from the National Board and the Director.

"(3) Except as otherwise provided, the Council established by this subsection shall be subject to the provisions of the Federal Advisory Committee Act.

"(4) APPOINTMENT.—

"(A) DURATION.—Each member of the Council shall be appointed for a term of 3 years. Any such member may be appointed for not more than 2 consecutive terms.

"(B) VACANCIES.—Any member appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of that members' term until a successor has taken office. A vacancy in the Council shall be filled in the manner in which the original appointment was made. A vacancy in the Council shall not affect the powers of the Council.

"(5) QUORUM.—A majority of the members of the Council shall constitute a quorum but a lesser number may hold hearings. Any recommendation may be passed only by a majority of its members present.

"(6) ELECTION OF OFFICERS.—The Chairperson and Vice Chairperson of the Council shall be elected by the members. The term of office of the Chairperson and Vice Chairperson shall be 2 years.

"(7) MEETINGS.—The Council shall meet at the call of the Chairperson or a majority of its members.

"(e) GIFTS, BEQUESTS, AND DEVISES.—The Institute and the Council may accept (but not solicit), use, and dispose of gifts, bequests, or devises of services or property, both real and personal, for the purpose of aiding or facilitating the work of the Institute or the Council, respectively. Gifts, bequests, or devises of money and proceeds from sales of other property received as gifts, bequests, or devises shall be deposited in the Treasury and shall be available for disbursement upon order of the Institute or the Council, respectively.

"(f) MAILS.—The Council and the Institute may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

"(g) STAFF.—The National Board, after considering recommendations made by the Council, shall appoint and fix the pay of a Director of the Institute and staff of the Institute.

"(h) APPLICABILITY OF CERTAIN CIVIL SERVICE LAWS.—The Director of the Institute and staff of the Institute may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of that title relating to classification and General Schedule pay rates, except that an individual so appointed may not receive pay in excess of the annual rate of basic pay payable for GS-15 of the General Schedule.

"(i) EXPERTS AND CONSULTANTS.—The Council and the Institute may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

"(j) REPORT.—The Institute shall submit a report to the Congress biennially. Each report submitted under this subsection shall include—

"(1) a comprehensive and detailed description of the Institute's operations, activities, financial condition, and accomplishments in the field of literacy for such fiscal year;

"(2) a description of how plans for the operation of the Institute for the succeeding fiscal year will facilitate achievement of the goals of the Institute and the goals of the literacy programs within the National Board, Department of Education, the Department of Labor, and the Department of Health and Human Services; and

"(3) any additional minority, or dissenting views submitted by members of the Council.

"(k) FUNDING.—Any amounts appropriated to the National Board, the Secretary of Education, the Secretary of Labor, or the Secretary of Health and Human Services for purposes that the Institute is authorized to perform under this section may be provided to the Institute for such purposes.".

SEC. 832. STATE LITERACY RESOURCE CENTERS.

Section 103 of the National Literacy Act of 1991 is amended to read as follows:

"SEC. 103. STATE LITERACY RESOURCE CENTERS.

"(a) PURPOSE.—The purpose of this section is to establish a network of State or regional adult literacy resource centers to assist State and local public and private nonprofit efforts to eliminate illiteracy by—

"(1) stimulating the coordination of literacy services;

"(2) enhancing the capacity of State and local organizations to provide literacy services; and

"(3) serving as a reciprocal link between the National Institute for Literacy established under section 102 and service providers for the purpose of sharing information, data, research, and expertise and literacy resources.

"(b) ESTABLISHMENT.—From amounts appropriated pursuant to section 734(b)(5) of the Workforce Develop-

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AMENDMENT NO. 2647

At the end of section 716, add the following new subsection:

(h) ALL ASPECTS OF AN INDUSTRY.—

(1) DEFINITION.—As used in this subsection, the term "all aspects of an industry", used with respect to a participant, means all aspects of the industry or industry sector the participant is preparing to enter, including planning, management, finances, technical and production skills, underlying principles of technology, labor and community issues, health and safety issues, and environmental issues, related to such industry or industry sector.

(2) WORKFORCE EDUCATION ACTIVITIES AND SCHOOL-TO-WORK ACTIVITIES.—Each State that receives an allotment under section 712 shall ensure that the workforce education activities and school-to-work activities carried out with funds made available through the allotment provide strong experience in and understanding of all aspects of an industry relating to the career major of each participant in either type of activities.

(3) STATE PLAN REQUIREMENT.—To be eligible to receive an allotment under section 712, the State shall specify, in the portion of the State plan described in section 714(c)(3) (relating to workforce education activities), how the activities will provide participants with the experience and understanding described in paragraph (2).

(4) STATE BENCHMARKS.—In developing and identifying State benchmarks that measure student mastery of academic knowledge and work readiness skills under section 731(c)(2)(A), the State shall develop and identify State benchmarks that measure the understanding of all aspects of an industry by student participants.

AMENDMENT NO. 2648

On page 323, line 8, strike "under the direction of the National Board" and insert "under the joint direction of the Secretary of Labor and the Secretary of Education".

On page 469, lines 4 and 5, strike "The Federal Partnership shall be directed by" and insert "There shall be in the Federal Partnership".

On page 470, lines 20 and 21, strike "oversee all activities" and insert "provide advice to the Secretary of Labor and the Secretary of Education regarding all activities".

On page 476, line 19, strike "to the National Board".

On page 496, line 4, strike "to the National Board" and insert "to the President".

On page 496, lines 7 through 9, strike "the President, the Committee on Economic and Educational Opportunities of the House of Representatives," and insert "the Committee on Economic and Educational Opportunities of the House of Representatives".

Beginning on page 497, strike line 25 and all that follows through page 500, line 4, and insert the following:

(3) REVIEW.—

(A) IN GENERAL.—Not later than 45 days after the date of submission of the proposed workplan under paragraph (1), the President shall—

(i) review and approve the workplan; or

(ii) reject the workplan, prepare an alternative workplan that contains the analysis, information, and determinations described in paragraph (2), and submit the alternative workplan to the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

(B) FUNCTIONS TRANSFERRED.—If the President approves the proposed workplan, or prepares the alternative workplan, the functions described in paragraph (2)(C), as determined in such proposed or alternative workplan, shall be transferred under subsection (b).

(C) SPECIAL RULE.—If the President takes no action on the proposed workplan submitted under paragraph (1) within the 45-day period described in subparagraph (A), such workplan shall be deemed to be approved and shall take effect on the day after the end of such period. The functions described in paragraph (2)(C), as determined in the proposed workplan, shall be transferred under subsection (b).

(4) REPORT.—Not later than July 1, 1998, the Secretary of Education and the Secretary of Labor shall submit to the appropriate committees of Congress information on the transfers required by this section.

On page 501, line 5, strike "National Board" and insert "Secretary of Labor and Secretary of Education, acting jointly".

On page 501, lines 8 and 9, strike "National Board" and insert "Secretaries".

On page 501, lines 11 and 12, strike "National Board" and insert "Secretary of Labor and Secretary of Education".

On page 501, line 13, strike "National Board" and insert "Secretaries".

On page 501, line 15, strike "National Board" and insert "Secretary of Labor and Secretary of Education, acting jointly".

On page 505, line 9, strike "National Board" and insert "Secretary of Labor and Secretary of Education, acting jointly".

On page 511, lines 4 and 5, strike "Director, or National Board" and insert "or Director,".

On page 558, strike lines 15 through 18 and insert the following:

administered by the Secretary of Education (referred to in this section as the 'Secretary'). The Secretary may include in

On page 558, line 20, strike "National Board" and insert "Secretary".

On page 559, lines 1 and 2, strike "National Board" and insert "Secretary".

On page 559, lines 9 and 10, strike "National Board" and insert "Secretary".

On page 559, line 11, strike "National Board" and insert "Secretary".

On page 559, line 12, strike "National Board's" and insert "Secretary's".

On page 559, line 15, strike "National Board" and insert "Secretary".

On page 564, lines 19 and 20, strike "National Board" and insert "Secretary".

On page 566, line 18, strike "National Board" and insert "Secretary".

On page 567, line 22, strike "National Board,".

On page 568, lines 3 and 4, strike "the National Board,".

On page 569, line 3, strike "National Board" and insert "Secretary of Education (referred to in this section as the 'Secretary')".

On page 569, line 9, strike "National Board" and insert "Secretary".

On page 572, line 24, strike "National Board" and insert "Secretary".

On page 573, line 22, strike "National Board" and insert "Secretary".

On page 575, line 5, strike "National Board" and insert "Secretary".

On page 575, line 10, strike "National Board" and insert "Secretary".

On page 575, line 15, strike "National Board" and insert "Secretary".

AMENDMENT NO. 2649

At the end of section 716, add the following new subsection:

(h) NONTRADITIONAL OCCUPATIONS.—

(1) DEFINITION.—The term "nontraditional occupation", used with respect to women or men, refers to an occupation or field of work in which women or men, respectively, comprise less than 25 percent of the individuals employed in such occupation or field of work.

(2) WORK FORCE EMPLOYMENT ACTIVITIES.—Each State that receives an allotment under section 712 may, in carrying out work force employment activities with funds made available through the allotment, carry out—

(A) programs encouraging women and men to consider nontraditional occupations for women and men, respectively; and

(B) development and training relating to provision of effective services, including the provision of current information (as of the date of the provision) on high-wage, high-demand occupations, to individuals with multiple barriers to employment.

(3) WORK FORCE EDUCATION ACTIVITIES.—Each State that receives an allotment under section 712 shall ensure that the work force education activities carried out with funds made available through the allotment provide exposure to high-wage, high-skill careers.

(4) STATE BENCHMARKS.—In developing and identifying State benchmarks under section 731(c)(1), the State shall develop and identify State benchmarks that measure the understanding of all aspects of an industry by participants.

AMENDMENT NO. 2650

At the end of subtitle C, add the following:

SEC. 760. NONTRADITIONAL OCCUPATIONS.

(a) DEFINITION.—The term "nontraditional occupation", used with respect to women or men, refers to an occupation or field of work in which women or men, respectively, comprise less than 25 percent of the individuals employed in such occupation or field of work.

(b) JOB CORPS.—A State that receives funds through an allotment made under section 759(c)(2) shall ensure that enrollees assigned to Job Corps centers in the State receive career awareness activities relating to nontraditional occupations for women and men.

(c) PERMISSIBLE WORKFORCE PREPARATION ACTIVITIES.—A State that receives funds through an allotment made under section 759(c)(3) and uses the funds to assist entities in providing work-based learning as a component of school-to-work activities under section 759(b)(2)(B) shall ensure that the work-based learning includes career exploration programs and occupational skill training relating to nontraditional occupations for women and men.

AMENDMENT NO. 2651

On page 340, line 9, after "State" insert the following: ", including how the State will develop, adopt, or use industry-recognized skill standards, such as the skill standards endorsed by the National Skill Standards Board, to identify skill needs for current (as of the date of submission of the plan) and emerging occupations".

AMENDMENT NO. 2652

Beginning on page 349, strike line 6 and all that follows through page 351, line 20, and insert the following:

dent performance measures, including measures of academic and occupational skills at levels specified in challenging standards, such as the student performance standards certified by the National Education Standards and Improvement Council (and not disapproved by the National Education Goals Panel) and the skill standards endorsed by the National Skill Standards Board, that are developed, adopted, or used by the State.

(d) PROCEDURE FOR DEVELOPMENT OF PART OF PLAN RELATING TO STRATEGIC PLAN.—

(1) DESCRIPTION OF DEVELOPMENT.—The part of the State plan relating to the strategic plan shall include a description of the manner in which—

(A) the Governor;

(B) the State educational agency;

(C) representatives of business and industry, including representatives of key industry sectors, and of small- and medium-size and large employers, in the State;

(D) representatives of labor and workers;

(E) local elected officials from throughout the State;

(F) the State agency officials responsible for vocational education;

(G) the State agency officials responsible for postsecondary education;

(H) the State agency officials responsible for adult education;

(I) the State agency officials responsible for vocational rehabilitation;

(J) such other State agency officials, including officials responsible for economic development and employment, as the Governor may designate;

(K) the representative of the Veterans' Employment and Training Service assigned to the State under section 4103 of title 38, United States Code; and

(L) other appropriate officials, including members of the State workforce development board described in section 715, if the State has established such a board;

collaborated in the development of such part of the plan.

(2) FAILURE TO OBTAIN SUPPORT.—If, after a reasonable effort, the Governor is unable to obtain the support of the individuals and entities described in paragraph (1) for the strategic plan the Governor shall—

(A) provide such individuals and entities with copies of the strategic plan;

(B) allow such individuals and entities to submit to the Governor, not later than the end of the 30-day period beginning on the date on which the Governor provides such individuals and entities with copies of such plan under subparagraph (A), comments on such plan; and

(C) include any such comments in such plan.

(e) APPROVAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall approve a State plan if—

(1) the Federal Partnership determines that the plan contains the information described in subsection (c);

(2) the Federal Partnership determines that the State has prepared the plan in accordance with the requirements of this section, including the requirements relating to development of any part of the plan;

(3) the Federal Partnership determines that the State, in preparing the plan, has described activities that will enable the State to meet the State benchmarks; and

(4) the State benchmarks for the State have

AMENDMENT NO. 2653

In section 714(c)(2)(E), strike "labor market information" and insert "labor market and occupational information (referred to in this Act as 'labor market information')".

AMENDMENT NO. 2654

Strike section 773 and insert the following:

SEC. 773. LABOR MARKET INFORMATION.

(a) FEDERAL RESPONSIBILITIES.—The Federal Partnership, in accordance with the provisions of this section, shall oversee the development, maintenance, and continuous improvement of a nationwide integrated labor market information system that shall include—

(1) statistical data from cooperative statistical survey and projection programs and data from administrative reporting systems, that, taken together, shall enumerate, estimate, and project the supply and demand for labor at the substate, State, and national levels in a timely manner, including data on—

(A) the demographics, socioeconomic characteristics, and current employment status of the substate, State, and national populations (as of the date of the collection of the data), including self-employed, part-time, and seasonal workers;

(B) job vacancies, education and training requirements, skills, wages, benefits, working conditions, and industrial distribution, of occupations, as well as current and projected employment opportunities and trends by industry and occupation;

(C) the educational attainment, training, skills, skill levels, and occupations of the populations;

(D) information maintained in a longitudinal manner on the quarterly earnings, establishment and industry affiliation, and geographic location of employment for all individuals for whom the information is collected by the States; and

(E) the incidence, industrial and geographical location, and number of workers displaced by permanent layoffs and plant closings;

(2) State and substate area employment and consumer information (which shall be current, comprehensive, automated, accessible, easy to understand, and in a form useful for facilitating immediate employment, entry into education and training programs, and career exploration) on—

(A) job openings, locations, hiring requirements, and application procedures, including profiles of industries in the local labor market that describe the nature of work performed, employment requirements, and patterns in wages and benefits;

(B) jobseekers, including the education, training, and employment experience of the jobseekers; and

(C) the cost and effectiveness of providers of workforce employment activities, workforce education activities, and flexible workforce activities, including the percentage of program completion, acquisition of skills to meet industry-recognized skill standards, continued education, job placement, and earnings, by participants, and other information that may be useful in facilitating informed choices among providers by participants;

(3) technical standards for labor market information that will—

(A) ensure compatibility of the information and the ability to aggregate the information from substate areas to State and national levels;

(B) support standardization and aggregation of the data from administrative reporting systems;

(C) include—

(i) classification and coding systems for industries, occupations, skills, programs, and courses;

(ii) nationally standardized definitions of labor market and occupational terms, including terms related to State benchmarks established pursuant to section 731(c);

(iii) quality control mechanisms for the collection and analysis of labor market information; and

(iv) common schedules for collection and dissemination of labor market information; and

(D) eliminate gaps and duplication in statistical undertakings, with a high priority given to the systemization of wage surveys;

(4) an analysis of data and information described in paragraphs (1) and (2) for uses such as—

(A) national, State, and substate area economic policymaking;

(B) planning and evaluation of workforce development activities;

(C) the implementation of Federal policies, including the allocation of Federal funds to States and substate areas; and

(D) research on labor market and occupational dynamics;

(5) dissemination mechanisms for data and analysis, including mechanisms that may be standardized among the States; and

(6) programs of technical assistance for States and substate areas in the development, maintenance, utilization, and continuous improvement of the data, information, standards, analysis, and dissemination mechanisms, described in paragraphs (1) through (5).

(b) JOINT FEDERAL-STATE RESPONSIBILITIES.—

(1) IN GENERAL.—The nationwide integrated labor market information system shall be planned, administered, overseen, and evaluated through a cooperative governance structure involving the Federal Government and the States receiving financial assistance under this title.

(2) ANNUAL PLAN.—The Federal Partnership shall, with the assistance of the Bureau of Labor Statistics and other Federal agencies, where appropriate, prepare an annual plan that shall be the mechanism for achieving the cooperative Federal-State governance structure for the nationwide integrated labor market information system. The plan shall—

(A) establish goals for the development and improvement of a nationwide integrated labor market information system based on information needs for achieving economic growth and productivity, accountability, fund allocation equity, and an understanding of labor market and occupational characteristics and dynamics;

(B) describe the elements of the system, including—

(i) standards, definitions, formats, collection methodologies, and other necessary system elements, for use in collecting the data and information described in paragraphs (1) and (2) of subsection (a); and

(ii) assurances that—

(I) data will be sufficiently timely and detailed for uses including the uses described in subsection (a)(4);

(II) administrative records will be standardized to facilitate the aggregation of data from substate areas to State and national levels and to support the creation of new statistical series from program records; and

(III) paperwork and reporting requirements on employers and individuals will be reduced;

(C) recommend needed improvements in administrative reporting systems to be used for the nationwide integrated labor market information system;

(D) describe the current spending on integrated labor market information activities from all sources, assess the adequacy of the funds spent, and identify the specific budget needs of the Federal Government and States with respect to implementing and improving the nationwide integrated labor market information system;

(E) develop a budget for the nationwide integrated labor market information system that—

(i) accounts for all funds described in subparagraph (D) and any new funds made available pursuant to this title; and

(ii) describes the relative allotments to be made for—

(I) operating the cooperative statistical programs pursuant to subsection (a)(1);

(II) developing and providing employment and consumer information pursuant to subsection (a)(2);

(III) ensuring that technical standards are met pursuant to subsection (a)(3); and

(IV) providing the analysis, dissemination mechanisms, and technical assistance under paragraphs (4), (5), and (6) of subsection (a), and matching data;

(F) describe the involvement of States in developing the plan by holding formal consultations conducted in cooperation with representatives of the Governors of each State or the State workforce development board described in section 715, where appropriate, pursuant to a process established by the Federal Partnership; and

(G) provide for technical assistance to the States for the development of statewide comprehensive labor market information systems described in subsection (c), including assistance with the development of easy-to-use software and hardware, or uniform information displays.

For purposes of applying Office of Management and Budget Circular A-11 to determine persons eligible to participate in deliberations relating to budget issues for the development of the plan, the representatives of the Governors of each State and the State workforce development board described in subparagraph (F) shall be considered to be employees of the Department of Labor.

(c) STATE RESPONSIBILITIES.—

(1) DESIGNATION OF STATE AGENCY.—In order to receive Federal financial assistance under this title, the Governor of a State shall—

(A) establish an interagency process for the oversight of a statewide comprehensive labor market information system and for the participation of the State in the cooperative Federal-State governance structure for the nationwide integrated labor market information system; and

(B) designate a single State agency or entity within the State to be responsible for the management of the statewide comprehensive labor market information system.

(2) DUTIES.—In order to receive Federal financial assistance under this title, the State agency or entity within the State designated under paragraph (1)(B) shall—

(A) consult with employers and local workforce development boards described in section 728(b), where appropriate, about the labor market relevance of the data to be collected and displayed through the statewide comprehensive labor market information system;

(B) develop, maintain, and continuously improve the statewide comprehensive labor market information system, which shall—

(i) include all of the elements described in paragraphs (1), (2), (3), (4), (5), and (6) of subsection (a); and

(ii) provide the consumer information described in clauses (v) and (vi) of section 716(a)(2)(B) in a manner that shall be responsive to the needs of business, industry, workers, and jobseekers;

(C) ensure the performance of contract and grant responsibilities for data collection, analysis, and dissemination, through the statewide comprehensive labor market information system;

(D) conduct such other data collection, analysis, and dissemination activities to ensure that State and substate area labor market information is comprehensive;

(E) actively seek the participation of other State and local agencies, with particular attention to State education, economic development, human services, and welfare agencies, in data collection, analysis, and dissemination activities in order to ensure complementarity and compatibility among data;

(F) participate in the development of the national annual plan described in subsection (b)(2); and

(G) ensure that the matches required for the job placement accountability system by section 731(d)(2)(A) are made for the State and for other States.

(3) RULE OF CONSTRUCTION.—Nothing in this title shall be construed as limiting the ability of a State agency to conduct additional data collection, analysis, and dissemination activities with State funds or with Federal funds from sources other than this title.

(d) EFFECTIVE DATE.—This section shall take effect on July 1, 1998.

AMENDMENT NO. 2655

In section 101(a)(3)(C)(i)(II) of the Rehabilitation Act of 1973, as amended by section 809(a)(8), strike "labor market information" and insert "labor market and occupational information".

AMENDMENT NO. 2656

On page 465, strike lines 4 through 12.

AMENDMENT NO. 2657

On page 363, beginning with line 12, strike all through page 364, line 13, and insert the following:

(b) WORKFORCE EDUCATION ACTIVITIES.—The State educational agency shall use the funds made available to the State educational agency under this title for workforce education activities to carry out, through the statewide workforce development system, activities that include—

(1) ensuring that all students, including students who are members of special populations, have the opportunity to achieve to challenging State academic standards and industry-based skill standards;

(2) promoting the integration of academic and vocational education;

(3) supporting career majors in broad occupational clusters or industry sectors;

(4) effectively linking secondary education and postsecondary education, including implementing tech-prep programs;

(5) providing students with strong experience in, and understanding of, all aspects of the industry such students are preparing to enter;

(6) providing connecting activities that link each youth participating in workforce education activities under this subsection with an employer in an industry or occupation relating to the career of such youth;

(7) combining school-based and work-based instruction, including instruction in general workplace competencies;

(8) providing school-site and workplace mentoring;

(9) providing a planned program of job training and work experience that is coordinated with school-based learning;

(10) providing career guidance and counseling for students at the earliest possible age, including the provision of career awareness, career exploration, exposure to high-wage, high-skill careers, and guidance information, to students and their parents that is, to the extent possible, in a language and form that the students and their parents understand;

(11) expanding, improving, and modernizing quality vocational education programs;

(12) improving access to quality vocational education programs for at-risk youth;

(13) providing literacy and basic education services for adults and out-of-school youth, including adults and out-of-school youth in correctional institutions;

(14) providing programs for adults and out-of-school youth to complete their secondary education; or

(15) providing programs of family and work-place literacy.

AMENDMENT NO. 2658

Beginning on page 328, line 10, strike all through page 451, line 11, and insert the following:

ernor, in cooperation with the State educational agency and a local educational agency, that reflects, to the extent feasible, a local labor market in a State.

(31) TECH-PREP PROGRAM.—The term "tech-prep program" means a program of study that—

(A) combines at least 2 years of secondary education (as determined under State law) and 2 years of postsecondary education in a nonduplicative sequence;

(B) integrates academic and vocational instruction and utilizes worksite learning where appropriate;

(C) provides technical preparation in an area such as engineering technology, applied science, a mechanical, industrial, or practical art or trade, agriculture, a health occupation, business, or applied economics;

(D) builds student competence in mathematics, science, communications, economics, and workplace skills, through applied academics and integrated instruction in a coherent sequence of courses;

(E) leads to an associate degree or a certificate in a specific career field; and

(F) leads to placement in appropriate employment or further education.

(32) VETERAN.—The term "veteran" has the meaning given the term in section 101(2) of title 38, United States Code.

(33) VOCATIONAL EDUCATION.—The term "vocational education" means organized educational programs that—

(A) offer a sequence of courses that provide individuals with the academic knowledge and skills the individuals need to prepare for further education and careers in current or emerging employment sectors; and

(B) include competency-based applied learning that contributes to the academic knowledge, higher-order reasoning and problem-solving skills, work attitudes, general employability skills, and occupational-specific skills, of an individual.

(34) VOCATIONAL REHABILITATION PROGRAM.—The term "vocational rehabilitation program" means a program assisted under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.).

(35) WELFARE ASSISTANCE.—The term "welfare assistance" means—

(A) assistance provided under part A of title IV of the Social Security Act; and

(B) assistance provided under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).

(36) WELFARE RECIPIENT.—The term "welfare recipient" means—

(A) an individual who receives assistance under part A of title IV of the Social Security Act; and

(B) an individual who—

(i) is not an individual described in subparagraph (A); and

(ii) receives assistance under the Food Stamp Act of 1977.

(37) WORKFORCE DEVELOPMENT ACTIVITIES.—The term "workforce development activities" means workforce education activities, workforce employment activities, flexible workforce activities, and economic development activities (within a State that is eligible to carry out such activities).

(38) WORKFORCE EDUCATION ACTIVITIES.—The term "workforce education activities" means the activities described in section 716(b).

(39) WORKFORCE EMPLOYMENT ACTIVITIES.—The term "workforce employment activities" means the activities described in paragraphs (2) through (8) of section 716(a), including activities described in section 716(a)(6) provided through a voucher described in section 716(a)(9).

(40) WORKFORCE PREPARATION ACTIVITIES FOR AT-RISK YOUTH.—The term "workforce preparation activities for at-risk youth" means the activities described in section 759(b), carried out for at-risk youth.

Subtitle B—Statewide Workforce Development Systems

CHAPTER 1—PROVISIONS FOR STATES AND OTHER ENTITIES

SEC. 711. STATEWIDE WORKFORCE DEVELOPMENT SYSTEMS ESTABLISHED.

For program year 1998 and each subsequent program year, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make allotments under section 712 to States to assist the States in paying for the cost of establishing and carrying out activities through statewide workforce development systems, in accordance with this subtitle.

SEC. 712. STATE ALLOTMENTS.

(a) IN GENERAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall allot to each State with a State plan approved under section 714 an amount equal to the total of the amounts made available under subparagraphs (A), (B), (C), and (D) of subsection (b)(2), adjusted in accordance with subsection (c).

(b) ALLOTMENTS BASED ON POPULATIONS.—

(1) DEFINITIONS.—As used in this subsection:

(A) ADULT RECIPIENT OF ASSISTANCE.—The term "adult recipient of assistance" means a recipient of assistance under a State program funded under part A of title IV of the Social Security Act who is not a minor child (as defined in section 402(c)(1) of such Act).

(B) INDIVIDUAL IN POVERTY.—The term "individual in poverty" means an individual who—

(i) is not less than age 18;

(ii) is not more than age 64; and

(iii) is a member of a family (of 1 or more members) with an income at or below the poverty line.

(C) POVERTY LINE.—The term "poverty line" means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved, using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made, and applying the definition of poverty used by the Bureau of the Census in compiling the 1990 decennial census.

(2) CALCULATION.—Except as provided in subsection (c), from the amount reserved under section 734(b)(1), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership—

(A) using funds equal to 60 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals who are not less than 15 and not more than 65 (as determined by the Federal Partnership using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made) in the State bears to the total number of such individuals in all States;

(B) using funds equal to 10 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals in poverty in the State bears to the total number of individuals in poverty in all States;

(C) using funds equal to 10 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the average number of unemployed individuals (as determined by the Secretary of Labor for the most recent 24-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average number of unemployed individuals (as so determined) in all States; and

(D) using funds equal to 20 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the average monthly number of adult recipients of assistance (as determined by the Secretary of Health and Human Services for the most recent 12-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average monthly number of adult recipients of assistance (as so determined) in all States.

(c) ADJUSTMENTS.—

(1) DEFINITION.—As used in this subsection, the term "national average per capita payment", used with respect to a program year, means the amount obtained by dividing—

(A) the total amount allotted to all States under this section for the program year; by

(B) the total number of individuals who are not less than 15 and not more than 65 (as determined by the Federal Partnership using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made) in all States.

(2) MINIMUM ALLOTMENT.—Except as provided in paragraph (3), no State with a State plan approved under section 714 for a program year shall receive an allotment under this section for the program year in an amount that is less than 0.5 percent of the amount reserved under section 734(b)(1) for the program year.

(3) LIMITATION.—No State that receives an increase in an allotment under this section for a program year as a result of the application of paragraph (2) shall receive an allotment under this section for the program year in an amount that is more than the product obtained by multiplying—

(A) the total number of individuals who are not less than 15 and not more than 65 (as determined by the Federal Partnership using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made) in the State; and

(B) the product obtained by multiplying—

(i) 1.3; and

(ii) the national average per capita payment for the program year.

SEC. 713. STATE APPORTIONMENT BY ACTIVITY.

(a) ACTIVITIES.—From the sum of the funds made available to a State through an allotment received under section 712 and the funds made available under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) to carry out this title for a program year—

(1) a portion equal to 25 percent of such sum (which portion shall include the amount allotted to the State from funds made available under section 901(c)(1)(A) of the Social Security Act) shall be made available for workforce employment activities;

(2) a portion equal to 25 percent of such sum shall be made available for workforce education activities; and

(3) a portion (referred to in this title as the "flex account") equal to 50 percent of such sum shall be made available for flexible workforce activities.

(b) RECIPIENTS.—In making an allotment under section 712 to a State, the Secretary of Labor and the Secretary of Education, acting jointly, shall make a payment—

(1) to the Governor of the State for the portion described in subsection (a)(1), and such part of the flex account as the Governor may be eligible to receive, as determined under the State plan of the State submitted under section 714; and

(2) to the State educational agency of the State for the portion described in subsection (a)(2), and such part of the flex account as the State educational agency may be eligible to receive, as determined under the State plan of the State submitted under section 714.

SEC. 714. STATE PLANS.

(a) IN GENERAL.—For a State to be eligible to receive an allotment under section 712, the Governor of the State shall submit to the Federal Partnership, and obtain approval of, a single comprehensive State workforce development plan (referred to in this section as a "State plan"), outlining a 3-year strategy for the statewide system of the State.

(b) PARTS.—

(1) IN GENERAL.—The State plan shall contain 3 parts.

(2) STRATEGIC PLAN AND FLEXIBLE WORKFORCE ACTIVITIES.—The first part of the State plan shall describe a strategic plan for the statewide system, including the flexible workforce activities, and, if appropriate, economic development activities, that are designed to meet the State goals and reach the State benchmarks and are to be carried out with the allotment. The Governor shall develop the first part of the State plan, using procedures that are consistent with the procedures described in subsection (d).

(3) WORKFORCE EMPLOYMENT ACTIVITIES.—The second part of the State plan shall describe the workforce employment activities that are designed to meet the State goals and reach the State benchmarks and are to be carried out with the allotment. The Governor shall develop the second part of the State plan.

(4) WORKFORCE EDUCATION ACTIVITIES.—The third part of the State plan shall describe the workforce education activities that are designed to meet the State goals and reach the State benchmarks and are to be carried out with the allotment. The State educational agency of the State shall develop the third part of the State plan in consultation, where appropriate, with the State postsecondary education agency and with community colleges.

(c) CONTENTS OF THE PLAN.—The State plan shall include—

(1) with respect to the strategic plan for the statewide system—

(A) information describing how the State will identify the current and future workforce development needs of the industry sectors most important to the economic competitiveness of the State;

(B) information describing how the State will identify the current and future workforce development needs of all segments of the population of the State;

(C) information identifying the State goals and State benchmarks and how the goals and benchmarks will make the statewide system relevant and responsive to labor market and education needs at the local level;

(D) information describing how the State will coordinate workforce development activities to meet the State goals and reach the State benchmarks;

(E) information describing the allocation within the State of the funds made available through the flex account for the State, and how the flexible workforce activities, including school-to-work activities, to be carried out with such funds will be carried out to meet the State goals and reach the State benchmarks;

(F) information identifying how the State will obtain the active and continuous participation of business, industry, and labor in the development and continuous improvement of the statewide system;

(G) information identifying how any funds that a State receives under this subtitle will be leveraged with other public and private resources to maximize the effectiveness of such resources for all workforce development activities, and expand the participation of business, industry, labor, and individuals in the statewide system;

(H) information identifying how the workforce development activities to be carried out with funds received through the allotment will be coordinated with programs carried out by the Veterans' Employment and Training Service with funds received under title 38, United States Code, in order to meet the State goals and reach the State benchmarks related to veterans;

(I) information describing how the State will eliminate duplication in the administration and delivery of services under this title;

(J) information describing the process the State will use to independently evaluate and continuously improve the performance of the statewide system, on a yearly basis, including the development of specific performance indicators to measure progress toward meeting the State goals;

(K) an assurance that the funds made available under this subtitle will supplement and not supplant other public funds expended to provide workforce development activities;

(L) information identifying the steps that the State will take over the 3 years covered by the plan to establish common data collection and reporting requirements for workforce development activities and vocational rehabilitation program activities;

(M) with respect to economic development activities, information—

(i) describing the activities to be carried out with the funds made available under this subtitle;

(ii) describing how the activities will lead directly to increased earnings of nonmanagerial employees in the State; and

(iii) describing whether the labor organization, if any, representing the nonmanagerial employees supports the activities;

(N) the description referred to in subsection (d)(1); and

(O)(i) information demonstrating the support of individuals and entities described in subsection (d)(1) for the plan; or

(ii) in a case in which the Governor is unable to obtain the support of such individuals and entities as provided in subsection (d)(2), the comments referred to in subsection (d)(2)(B),

(2) with respect to workforce employment activities, information—

(A)(i) identifying and designating substate areas, including urban and rural areas, to which funds received through the allotment will be distributed, which areas shall, to the extent feasible, reflect local labor market areas; or

(ii) stating that the State will be treated as a substate area for purposes of the application of this subtitle, if the State receives an increase in an allotment under section 712 for a program year as a result of the application of section 712(c)(2); and

(B) describing the basic features of one-stop delivery of core services described in section 716(a)(2) in the State, including information regarding—

(i) the strategy of the State for developing fully operational one-stop delivery of core services described in section 716(a)(2);

(ii) the time frame for achieving the strategy;

(iii) the estimated cost for achieving the strategy;

(iv) the steps that the State will take over the 3 years covered by the plan to provide individuals with access to one-stop delivery of core services described in section 716(a)(2);

(v) the steps that the State will take over the 3 years covered by the plan to provide information through the one-stop delivery to individuals on the quality of workforce employment activities, workforce education activities, and vocational rehabilitation program activities, provided through the statewide system;

(vi) the steps that the State will take over the 3 years covered by the plan to link services provided through the one-stop delivery with services provided through State welfare agencies; and

(vii) in a case in which the State chooses to use vouchers to deliver workforce employment activities, the steps that the State will take over the 3 years covered by the plan to comply with the requirements in section 716(a)(9) and the information required in such section;

(C) identifying performance indicators that relate to the State goals, and to the State benchmarks, concerning workforce employment activities;

(D) describing the workforce employment activities to be carried out with funds received through the allotment;

(E) describing the steps that the State will take over the 3 years covered by the plan to establish a statewide comprehensive labor market information system described in section 773(c) that will be utilized by all the providers of one-stop delivery of core services described in section 716(a)(2), providers of other workforce employment activities, and providers of workforce education activities, in the State;

(F) describing the steps that the State will take over the 3 years covered by the plan to establish a job placement accountability system described in section 731(d);

(G) describing the process the State will use to approve all providers of workforce employment activities through the statewide system; and

(H)(i) describing the steps that the State will take to segregate the amount allotted to the State from funds made available under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) from the remainder of the portion described in section 713(a)(1); and

(ii) describing how the State will use the amount allotted to the State from funds made available under such section 901(c)(1)(A) to carry out the required activities described in clauses (ii) through (v) of section 716(a)(2)(B) and section 773;

(3) with respect to workforce education activities, information—

(A) describing how funds received through the allotment will be allocated among—

(i) secondary school vocational education, or postsecondary and adult vocational education, or both; and

(ii) adult education;

(B) identifying performance indicators that relate to the State goals, and to the State benchmarks, concerning workforce education activities;

(C) describing the workforce education activities that will be carried out with funds received through the allotment;

(D) describing how the State will address the adult education needs of the State;

(E) describing how the State will disaggregate data relating to at-risk youth in order to adequately measure the progress of at-risk youth toward accomplishing the results measured by the State goals, and the State benchmarks;

(F) describing how the State will adequately address the needs of both at-risk youth who are in school, and out-of-school youth, in alternative education programs that teach to the same challenging academic, occupational, and skill proficiencies as are provided for in-school youth;

(G) describing how the workforce education activities described in the State plan and the State allocation of funds received through the allotment for such activities are an integral part of comprehensive efforts of the State to improve education for all students and adults;

(H) describing how the State will annually evaluate the effectiveness of the State plan with respect to workforce education activities;

(I) describing how the State will address the professional development needs of the State with respect to workforce education activities;

(J) describing how the State will provide local educational agencies in the State with technical assistance; and

(K) describing how the State will assess the progress of the State in implementing student performance measures.

(d) PROCEDURE FOR DEVELOPMENT OF PART OF PLAN RELATING TO STRATEGIC PLAN.—

(1) DESCRIPTION OF DEVELOPMENT.—The part of the State plan relating to the strategic plan shall include a description of the manner in which—

(A) the Governor;

(B) the State educational agency;

(C) representatives of business and industry, including representatives of key industry sectors, and of small- and medium-size and large employers, in the State;

(D) representatives of labor and workers;

(E) local elected officials from throughout the State;

(F) the State agency officials responsible for vocational education;

(G) the State agency officials responsible for postsecondary education;

(H) the State agency officials responsible for adult education;

(I) the State agency officials responsible for vocational rehabilitation;

(J) such other State agency officials, including officials responsible for economic development and employment, as the Governor may designate;

(K) the representative of the Veterans' Employment and Training Service assigned to the State under section 4103 of title 38, United States Code; and

(L) other appropriate officials, including members of the State workforce development board described in section 715, if the State has established such a board;

collaborated in the development of such part of the plan.

(2) FAILURE TO OBTAIN SUPPORT.—If, after a reasonable effort, the Governor is unable to obtain the support of the individuals and entities described in paragraph (1) for the strategic plan the Governor shall—

(A) provide such individuals and entities with copies of the strategic plan;

(B) allow such individuals and entities to submit to the Governor, not later than the end of the 30-day period beginning on the date on which the Governor provides such individuals and entities with copies of such plan under subparagraph (A), comments on such plan; and

(C) include any such comments in such plan.

(e) APPROVAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall approve a State plan if—

(1) the Federal Partnership determines that the plan contains the information described in subsection (c);

(2) the Federal Partnership determines that the State has prepared the plan in accordance with the requirements of this section, including the requirements relating to development of any part of the plan; and

(3) the State benchmarks for the State have been negotiated and approved in accordance with section 731(c).

(f) NO ENTITLEMENT TO A SERVICE.—Nothing in this title shall be construed to provide any individual with an entitlement to a service provided under this title.

SEC. 715. STATE WORKFORCE DEVELOPMENT BOARDS.

(a) ESTABLISHMENT.—A Governor of a State that receives an allotment under section 712 may establish a State workforce development board—

(1) on which a majority of the members are representatives of business and industry;

(2) on which not less than 25 percent of the members shall be representatives of labor, workers, and community-based organizations;

(3) that shall include representatives of veterans;

(4) that shall include a representative of the State educational agency and a representative from the State agency responsible for vocational rehabilitation;

(5) that may include any other individual or entity that participates in the collaboration described in section 714(d)(1); and

(6) that may include any other individual or entity the Governor may designate.

(b) CHAIRPERSON.—The State workforce development board shall select a chairperson from among the members of the board who are representatives of business and industry.

(c) FUNCTIONS.—The functions of the State workforce development board shall include—

(1) advising the Governor on the development of the statewide system, the State plan described in section 714, and the State goals and State benchmarks;

(2) assisting in the development of specific performance indicators to measure progress toward meeting the State goals and reaching the State benchmarks and providing guidance on how such progress may be improved;

(3) serving as a link between business, industry, labor, and the statewide system;

(4) assisting the Governor in preparing the annual report to the Federal Partnership regarding progress in reaching the State benchmarks, as described in section 731(a);

(5) receiving and commenting on the State plan developed under section 101 of the Rehabilitation Act of 1973 (29 U.S.C. 721);

(6) assisting the Governor in developing the statewide comprehensive labor market information system described in section 773(c) to provide information that will be utilized by all the providers of one-stop delivery of core services described in section 716(a)(2), providers of other workforce employment activities, and providers of workforce education activities, in the State; and

(7) assisting in the monitoring and continuous improvement of the performance of the statewide system, including evaluation of the effectiveness of workforce development activities funded under this title.

SEC. 716. USE OF FUNDS.

(a) WORKFORCE EMPLOYMENT ACTIVITIES.—

(1) IN GENERAL.—Funds made available to a State under this subtitle to carry out workforce employment activities through a statewide system—

(A) shall be used to carry out the activities described in paragraphs (2), (3), and (4); and

(B) may be used to carry out the activities described in paragraphs (5), (6), (7), and (8), including providing activities described in paragraph (6) through vouchers described in paragraph (9).

(2) ONE-STOP DELIVERY OF CORE SERVICES.—

(A) ACCESS.—The State shall use a portion of the funds described in paragraph (1) to establish a means of providing access to the statewide system through core services described in subparagraph (B) available—

(i) through multiple, connected access points, linked electronically or otherwise;

(ii) through a network that assures participants that such core services will be available regardless of where the participants initially enter the statewide system;

(iii) at not less than 1 physical location in each substate area of the State; or

(iv) through some combination of the options described in clauses (i), (ii), and (iii).

(B) CORE SERVICES.—The core services referred to in subparagraph (A) shall, at a minimum, include—

(i) outreach, intake, and orientation to the information and other services available through one-stop delivery of core services described in this subparagraph;

(ii) initial assessment of skill levels, aptitudes, abilities, and supportive service needs;

(iii) job search and placement assistance and, where appropriate, career counseling;

(iv) customized screening and referral of qualified applicants to employment;

(v) provision of accurate information relating to local labor market conditions, including employment profiles of growth industries and occupations within a substate area, the educational and skills requirements of jobs in the industries and occupations, and the earnings potential of the jobs;

(vi) provision of accurate information relating to the quality and availability of other workforce employment activities, workforce education activities, and vocational rehabilitation program activities;

(vii) provision of information regarding how the substate area is performing on the State benchmarks;

(viii) provision of initial eligibility information on forms of public financial assistance that may be available in order to enable persons to participate in workforce employment activities, workforce education activities, or vocational rehabilitation program activities; and

(ix) referral to other appropriate workforce employment activities, workforce education activities, and vocational rehabilitation employment activities.

(3) LABOR MARKET INFORMATION SYSTEM.—The State shall use a portion of the funds described in paragraph (1) to establish a statewide comprehensive labor market information system described in section 773(c).

(4) JOB PLACEMENT ACCOUNTABILITY SYSTEM.—The State shall use a portion of the funds described in paragraph (1) to establish a job placement accountability system described in section 731(d).

(5) PERMISSIBLE ONE-STOP DELIVERY ACTIVITIES.—The State may provide, through one-stop delivery—

(A) co-location of services related to workforce development activities, such as unemployment insurance, vocational rehabilitation program activities, welfare assistance, veterans' employment services, or other public assistance;

(B) intensive services for participants who are unable to obtain employment through the core services described in paragraph (2)(B), as determined by the State; and

(C) dissemination to employers of information on activities carried out through the statewide system.

(6) OTHER PERMISSIBLE ACTIVITIES.—The State may use a portion of the funds described in paragraph (1) to provide services through the statewide system that may include—

(A) on-the-job training;

(B) occupational skills training;

(C) entrepreneurial training;

(D) training to develop work habits to help individuals obtain and retain employment;

(E) customized training conducted with a commitment by an employer or group of employers to employ an individual after successful completion of the training;

(F) rapid response assistance for dislocated workers;

(G) skill upgrading and retraining for persons not in the workforce;

(H) preemployment and work maturity skills training for youth;

(I) connecting activities that organize consortia of small- and medium-size businesses to provide work-based learning opportunities for youth participants in school-to-work programs;

(J) programs for adults that combine workplace training with related instruction;

(K) services to assist individuals in attaining certificates of mastery with respect to industry-based skill standards;

(L) case management services;

(M) supportive services, such as transportation and financial assistance, that enable individuals to participate in the statewide system;

(N) followup services for participants who are placed in unsubsidized employment; and

(O) an employment and training program described in section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)).

(7) STAFF DEVELOPMENT AND TRAINING.—The State may use a portion of the funds described in paragraph (1) for the development and training of staff of providers of one-stop delivery of core services described in paragraph (2), including development and training relating to principles of quality management.

(8) INCENTIVE GRANT AWARDS.—The State may use a portion of the funds described in paragraph (1) to award incentive grants to substate areas that reach or exceed the State benchmarks established under section 731(c), with an emphasis on benchmarks established under section 731(c)(3). A substate area that receives such a grant may use the funds made available through the grant to carry out any workforce development activities authorized under this title.

(9) VOUCHERS.—

(A) IN GENERAL.—A State may deliver some or all of the workforce employment activities described in paragraph (6) that are provided under this subtitle through a system of vouchers administered through the one-stop delivery of core services described in paragraph (2) in the State.

(B) ELIGIBILITY REQUIREMENTS.—

(i) IN GENERAL.—A State that chooses to deliver the activities described in subparagraph (A) through vouchers shall indicate in the State plan described in section 714 the

criteria that will be developed in cooperation with the State educational agency and used to determine—

(I) which workforce employment activities described in paragraph (6) will be delivered through the voucher system;

(II) eligibility requirements for participants to receive the vouchers and the amount of funds that participants will be able to access through the voucher system; and

(III) which employment, training, and education providers are eligible to receive payment through the vouchers.

(ii) CONSIDERATIONS.—In establishing State criteria for service providers eligible to receive payment through the vouchers under clause (i)(III), the State shall take into account industry-recognized skills standards promoted by the National Skills Standards Board.

(C) ACCOUNTABILITY REQUIREMENTS.—A State that chooses to deliver the activities described in paragraph (6) through vouchers shall indicate in the State plan—

(i) information concerning how the State will utilize the statewide comprehensive labor market information system described in section 773(c) and the job placement accountability system established under section 731(d) to provide timely and accurate information to participants about the performance of eligible employment, training, and education providers;

(ii) other information about the performance of eligible providers of services that the State believes is necessary for participants receiving the vouchers to make informed career choices; and

(iii) the timeframe in which the information developed under clauses (i) and (ii) will be widely available through the one-stop delivery of core services described in paragraph (2) in the State.

(10) FUNDS FROM UNEMPLOYMENT TRUST FUND.—Funds made available to a Governor under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) for a program year shall only be available for workforce employment activities authorized under such section 901(c)(1)(A), which are—

(A) the administration of State unemployment compensation laws as provided in title III of the Social Security Act (including administration pursuant to agreements under any Federal unemployment compensation law);

(B) the establishment and maintenance of statewide workforce development systems, to the extent the systems are used to carry out activities described in section 773, or in any of clauses (ii) through (v) of section 716(a)(2)(B); and

(C) carrying out the activities described in sections 4103, 4103A, 4104, and 4104A of title 38, United States Code (relating to veterans' employment services).

(b) WORKFORCE EDUCATION ACTIVITIES.—The State educational agency shall use the funds made available to the State educational agency under this subtitle for workforce education activities to carry out, through the statewide system, activities that include—

(1) integrating academic and vocational education;

(2) linking secondary education (as determined under State law) and postsecondary education, including implementing tech-prep programs;

(3) providing career guidance and counseling for students at the earliest possible age, including the provision of career awareness, exploration, planning, and guidance information to students and their parents that is, to the extent possible, in a language and form that the students and their parents understand;

(4) providing literacy and basic education services for adults and out-of-school youth, including adults and out-of-school youth in correctional institutions;

(5) providing programs for adults and out-of-school youth to complete their secondary education;

(6) expanding, improving, and modernizing quality vocational education programs; and

(7) improving access to quality vocational education programs for at-risk youth.

(c) FISCAL REQUIREMENTS FOR WORKFORCE EDUCATION ACTIVITIES.—

(1) SUPPLEMENT NOT SUPPLANT.—Funds made available under this subtitle for workforce education activities shall supplement, and may not supplant, other public funds expended to carry out workforce education activities.

(2) MAINTENANCE OF EFFORT.—

(A) DETERMINATION.—No payments shall be made under this subtitle for any program year to a State for workforce education activities unless the Federal Partnership determines that the fiscal effort per student or the aggregate expenditures of such State for workforce education for the program year preceding the program year for which the determination is made, equaled or exceeded such effort or expenditures for workforce education for the second program year preceding the fiscal year for which the determination is made.

(B) WAIVER.—The Federal Partnership may waive the requirements of this section (with respect to not more than 5 percent of expenditures by any State educational agency) for 1 program year only, on making a determination that such waiver would be equitable due to exceptional or uncontrollable circumstances affecting the ability of the applicant to meet such requirements, such as a natural disaster or an unforeseen and precipitous decline in financial resources. No level of funding permitted under such a waiver may be used as the basis for computing the fiscal effort or aggregate expenditures required under this section for years subsequent to the year covered by such waiver. The fiscal effort or aggregate expenditures for the subsequent years shall be computed on the basis of the level of funding that would, but for such waiver, have been required.

(d) FLEXIBLE WORKFORCE ACTIVITIES.—

(1) CORE FLEXIBLE WORKFORCE ACTIVITIES.—The State shall use a portion of the funds made available to the State under this subtitle through the flex account to carry out school-to-work activities through the statewide system, except that any State that received a grant under subtitle B of title II of the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6141 et seq.) shall use such portion to support the continued development of the statewide School-to-Work Opportunities system of the State through the continuation of activities that are carried out in accordance with the terms of such grant.

(2) PERMISSIBLE FLEXIBLE WORKFORCE ACTIVITIES.—The State may use a portion of the funds made available to the State under this subtitle through the flex account—

(A) to carry out workforce employment activities through the statewide system; and

(B) to carry out workforce education activities through the statewide system.

(e) ECONOMIC DEVELOPMENT ACTIVITIES.—In the case of a State that meets the requirements of section 728(c), the State may use a portion of the funds made available to the State under this subtitle through the flex account to supplement other funds provided by the State or private sector—

(1) to provide customized assessments of the skills of workers and an analysis of the skill needs of employers;

(2) to assist consortia of small- and medium-size employers in upgrading the skills of their workforces;

(3) to provide productivity and quality improvement training programs for the workforces of small- and medium-size employers;

(4) to provide recognition and use of voluntary industry-developed skills standards by employers, schools, and training institutions;

(5) to carry out training activities in companies that are developing modernization plans in conjunction with State industrial extension service offices; and

(6) to provide on-site, industry-specific training programs supportive of industrial and economic development;

through the statewide system.

(f) LIMITATIONS.—

(1) WAGES.—No funds provided under this subtitle shall be used to pay the wages of incumbent workers during their participation in economic development activities provided through the statewide system.

(2) RELOCATION.—No funds provided under this subtitle shall be used or proposed for use to encourage or induce the relocation, of a business or part of a business, that results in a loss of employment for any employee of such business at the original location.

(3) TRAINING AND ASSESSMENTS FOLLOWING RELOCATION.—No funds provided under this subtitle shall be used for customized or skill training, on-the-job training, or company specific assessments of job applicants or workers, for any business or part of a business, that has relocated, until 120 days after the date on which such business commences operations at the new location, if the relocation of such business or part of a business, results in a loss of employment for any worker of such business at the original location.

(g) LIMITATIONS ON PARTICIPANTS.—

(1) DIPLOMA OR EQUIVALENT.—

(A) IN GENERAL.—No individual may participate in workforce employment activities described in subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6) until the individual has obtained a secondary school diploma or its recognized equivalent, or is enrolled in a program or course of study to obtain a secondary school diploma or its recognized equivalent.

(B) EXCEPTION.—Nothing in subparagraph (A) shall prevent participation in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6) by individuals who, after testing and in the judgment of medical, psychiatric, academic, or other appropriate professionals, lack the requisite capacity to complete successfully a course of study that would lead to a secondary school diploma or its recognized equivalent.

(2) SERVICES.—

(A) REFERRAL.—If an individual who has not obtained a secondary school diploma or its recognized equivalent applies to participate in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6), such individual shall be referred to State approved adult education services that provide instruction designed to help such individual obtain a secondary school diploma or its recognized equivalent.

(B) STATE PROVISION OF SERVICES.—Notwithstanding any other provision of this title, a State may use funds made available under section 713(a)(1) to provide State approved adult education services that provide instruction designed to help individuals obtain a secondary school diploma or its recognized equivalent, to individuals who—

(i) are seeking to participate in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6); and

(ii) are otherwise unable to obtain such services.

SEC. 717. INDIAN WORKFORCE DEVELOPMENT ACTIVITIES.

(a) PURPOSE.—

(1) IN GENERAL.—The purpose of this section is to support workforce development activities for Indian and Native Hawaiian individuals in order—

(A) to develop more fully the academic, occupational, and literacy skills of such individuals;

(B) to make such individuals more competitive in the workforce; and

(C) to promote the economic and social development of Indian and Native Hawaiian communities in accordance with the goals and values of such communities.

(2) INDIAN POLICY.—All programs assisted under this section shall be administered in a manner consistent with the principles of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.) and the government-to-government relationship between the Federal Government and Indian tribal governments.

(b) DEFINITIONS.—As used in this section:

(1) ALASKA NATIVE.—The term "Alaska Native" means a Native as such term is defined in section 3(b) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(b)).

(2) INDIAN, INDIAN TRIBE, AND TRIBAL ORGANIZATION.—The terms "Indian", "Indian tribe", and "tribal organization" have the same meanings given such terms in subsections (d), (e) and (l), respectively, of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(3) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" has the meaning given the term in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

(4) NATIVE HAWAIIAN AND NATIVE HAWAIIAN ORGANIZATION.—The terms "Native Hawaiian" and "Native Hawaiian organization" have the same meanings given such terms in paragraphs (1) and (3), respectively, of section 9212 of the Native Hawaiian Education Act (20 U.S.C. 7912).

(5) TRIBALLY CONTROLLED COMMUNITY COLLEGE.—The term "tribally controlled community college" has the same meaning given such term in section 2(a)(4) of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801(a)(4)).

(6) TRIBALLY CONTROLLED POSTSECONDARY VOCATIONAL INSTITUTION.—The term "tribally controlled postsecondary vocational institution" means an institution of higher education that—

(A) is formally controlled, or has been formally sanctioned or chartered, by the governing body of an Indian tribe or Indian tribes;

(B) offers a technical degree or certificate granting program;

(C) is governed by a board of directors or trustees, a majority of whom are Indians;

(D) demonstrates adherence to stated goals, a philosophy, or a plan of operation, that fosters individual Indian economic and self-sufficiency opportunity, including programs that are appropriate to stated tribal goals of developing individual entrepreneurships and self-sustaining economic infrastructures on reservations;

(E) has been in operation for at least 3 years;

(F) holds accreditation with or is a candidate for accreditation by a nationally recognized accrediting authority for postsecondary vocational education; and

(G) enrolls the full-time equivalent of not fewer than 100 students, of whom a majority are Indians.

(c) PROGRAM AUTHORIZED.—

(1) ASSISTANCE AUTHORIZED.—From amounts made available under section 734(b)(2), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to, or enter into contracts or cooperative agreements with, Indian tribes and tribal organizations, Alaska Native entities, tribally controlled community colleges, tribally controlled postsecondary vocational institutions, Indian-controlled organizations serving Indians or Alaska Natives, and Native Hawaiian organizations to carry out the authorized activities described in subsection (d).

(2) FORMULA.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to, or enter into contracts and cooperative agreements with, entities as described in paragraph (1) to carry out the activities described in paragraphs (2) and (3) of subsection (d) on the basis of a formula developed by the Federal Partnership in consultation with entities described in paragraph (1).

(d) AUTHORIZED ACTIVITIES.—

(1) IN GENERAL.—Funds made available under this section shall be used to carry out the activities described in paragraphs (2) and (3) that—

(A) are consistent with this section; and

(B) are necessary to meet the needs of Indians and Native Hawaiians preparing to enter, reenter, or retain unsubsidized employment.

(2) WORKFORCE DEVELOPMENT ACTIVITIES AND SUPPLEMENTAL SERVICES.—

(A) IN GENERAL.—Funds made available under this section shall be used for—

(i) comprehensive workforce development activities for Indians and Native Hawaiians;

(ii) supplemental services for Indian or Native Hawaiian youth on or near Indian reservations in Oklahoma, Alaska, or Hawaii; and

(iii) supplemental services to recipients of public assistance on or near Indian reservations or former reservation areas in Oklahoma or in Alaska.

(B) SPECIAL RULE.—Notwithstanding any other provision of this section, individuals who were eligible to participate in programs under section 401 of the Job Training Partnership Act (29 U.S.C. 1671) (as such section was in effect on the day before the date of enactment of this Act) shall be eligible to participate in an activity assisted under subparagraph (A)(i).

(3) VOCATIONAL EDUCATION, ADULT EDUCATION, AND LITERACY SERVICES.—Funds made available under this section shall be used for—

(A) workforce education activities conducted by entities described in subsection (c)(1); and

(B) the support of tribally controlled postsecondary vocational institutions in order to ensure continuing and expanded educational opportunities for Indian students.

(e) PROGRAM PLAN.—In order to receive a grant or enter into a contract or cooperative agreement under this section an entity described in subsection (c)(1) shall submit to the Federal Partnership a plan that describes a 3-year strategy for meeting the needs of Indian and Native Hawaiian individuals, as appropriate, in the area served by such entity. Such plan shall—

(1) be consistent with the purposes of this section;

(2) identify the population to be served;

(3) identify the education and employment needs of the population to be served and the manner in which the services to be provided will strengthen the ability of the individuals served to obtain or retain unsubsidized employment;

(4) describe the services to be provided and the manner in which such services are to be integrated with other appropriate services; and

(5) describe the goals and benchmarks to be used to assess the performance of entities in carrying out the activities assisted under this section.

(f) FURTHER CONSOLIDATION OF FUNDS.—Each entity receiving assistance under this section may consolidate such assistance with assistance received from related programs in accordance with the provisions of the Indian Employment, Training and Related Services Demonstration Act of 1992 (25 U.S.C. 3401 et seq.).

(g) NONDUPLICATIVE AND NONEXCLUSIVE SERVICES.—Nothing in this section shall be construed—

(1) to limit the eligibility of any entity described in subsection (c)(1) to participate in any program offered by a State or local entity under this title; or

(2) to preclude or discourage any agreement, between any entity described in subsection (c)(1) and any State or local entity, to facilitate the provision of services by such entity or to the population served by such entity.

(h) PARTNERSHIP PROVISIONS.—

(1) OFFICE ESTABLISHED.—There shall be established within the Federal Partnership an office to administer the activities assisted under this section.

(2) CONSULTATION REQUIRED.—

(A) IN GENERAL.—The Federal Partnership, through the office established under paragraph (1), shall develop regulations and policies for activities assisted under this section in consultation with tribal organizations and Native Hawaiian organizations. Such regulations and policies shall take into account the special circumstances under which such activities operate.

(B) ADMINISTRATIVE SUPPORT.—The Federal Partnership shall provide such administrative support to the office established under paragraph (1) as the Federal Partnership determines to be necessary to carry out the consultation required by subparagraph (A).

(3) TECHNICAL ASSISTANCE.—The Federal Partnership, through the office established under paragraph (1), is authorized to provide technical assistance to entities described in subsection (c)(1) that receive assistance under this section to enable such entities to improve the workforce development activities provided by such entities.

SEC. 718. GRANTS TO OUTLYING AREAS.

(a) GENERAL AUTHORITY.—Using funds made available under section 734(b)(3), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to outlying areas to carry out workforce development activities.

(b) APPLICATION.—The Federal Partnership shall issue regulations specifying the provisions of this title that shall apply to outlying areas that receive funds under this subtitle.

CHAPTER 2—LOCAL PROVISIONS

SEC. 721. LOCAL APPORTIONMENT BY ACTIVITY.

(a) WORKFORCE EMPLOYMENT ACTIVITIES.—

(1) IN GENERAL.—The sum of the funds made available to a State for any program year under paragraphs (1) and (3) of section 713(a) for workforce employment activities shall be made available to the Governor of such State for use in accordance with paragraph (2).

(2) DISTRIBUTION.—Of the sum described in paragraph (1), for a program year—

(A) 25 percent shall be reserved by the Governor to carry out workforce employment

activities through the statewide system, of which not more than 20 percent of such 25 percent may be used for administrative expenses; and

(B) 75 percent shall be distributed by the Governor to local entities to carry out workforce employment activities through the statewide system, based on—

(i) such factors as the relative distribution among substate areas of individuals who are not less than 15 and not more than 65, individuals in poverty, unemployed individuals, and adult recipients of assistance, as determined using the definitions specified and the determinations described in section 712(b); and

(ii) such additional factors as the Governor (in consultation with local partnerships described in section 728(a) or, where established, local workforce development boards described in section 728(b)), determines to be necessary.

(b) WORKFORCE EDUCATION ACTIVITIES.—

(1) IN GENERAL.—The sum of the funds made available to a State for any program year under paragraphs (2) and (3) of section 713(a) for workforce education activities shall be made available to the State educational agency serving such State for use in accordance with paragraph (2).

(2) DISTRIBUTION.—Of the sum described in paragraph (1), for a program year—

(A) 20 percent shall be reserved by the State educational agency to carry out statewide workforce education activities through the statewide system, of which not more than 5 percent of such 20 percent may be used for administrative expenses; and

(B) 80 percent shall be distributed by the State educational agency to entities eligible for financial assistance under section 722, 723, or 724, to carry out workforce education activities through the statewide system.

(3) STATE ACTIVITIES.—Activities to be carried out under paragraph (2)(A) may include professional development, technical assistance, and program assessment activities.

(4) STATE DETERMINATIONS.—From the amount available to a State educational agency under paragraph (2)(B) for a program year, such agency shall determine the percentage of such amount that will be distributed in accordance with sections 722, 723, and 724 for such year for workforce education activities in such State in each of the following areas:

(A) Secondary school vocational education, or postsecondary and adult vocational education, or both; and

(B) Adult education.

(c) SPECIAL RULE.—Nothing in this subtitle shall be construed to prohibit any individual, entity, or agency in a State (other than the State educational agency) that is administering workforce education activities or setting education policies consistent with authority under State law for workforce education activities, on the day preceding the date of enactment of this Act from continuing to administer or set education policies consistent with authority under State law for such activities under this subtitle.

SEC. 722. DISTRIBUTION FOR SECONDARY SCHOOL VOCATIONAL EDUCATION.

(a) ALLOCATION.—Except as otherwise provided in this section and section 725, each State educational agency shall distribute the portion of the funds made available for any program year (from funds made available for the corresponding fiscal year, as determined under section 734(c)) by such agency for secondary school vocational education under section 721(b)(3)(A) to local educational agencies within the State as follows:

(1) SEVENTY PERCENT.—From 70 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 70 percent as the amount such local educational agency was allocated under section 1124 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6333) for the preceding fiscal year bears to the total amount received under such section by all local educational agencies in the State for such year.

(2) TWENTY PERCENT.—From 20 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 20 percent as the number of students with disabilities who have individualized education programs under section 614(a)(5) of the Individuals with Disabilities Education Act (20 U.S.C. 1414(a)(5)) served by such local educational agency for the preceding fiscal year bears to the total number of such students served by all local educational agencies in the State for such year.

(3) TEN PERCENT.—From 10 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 10 percent as the number of students enrolled in schools and adults enrolled in training programs under the jurisdiction of such local educational agency for the preceding fiscal year bears to the number of students enrolled in schools and adults enrolled in training programs under the jurisdiction of all local educational agencies in the State for such year.

(b) MINIMUM ALLOCATION.—

(1) IN GENERAL.—Except as provided in paragraph (2), no local educational agency shall receive an allocation under subsection (a) unless the amount allocated to such agency under subsection (a) is not less than $15,000. A local educational agency may enter into a consortium with other local educational agencies for purposes of meeting the minimum allocation requirement of this paragraph.

(2) WAIVER.—The State educational agency may waive the application of paragraph (1) in any case in which the local educational agency—

(A) is located in a rural, sparsely-populated area; and

(B) demonstrates that such agency is unable to enter into a consortium for purposes of providing services under this section.

(3) REDISTRIBUTION.—Any amounts that are not allocated by reason of paragraph (1) or (2) shall be redistributed to local educational agencies that meet the requirements of paragraph (1) or (2) in accordance with the provisions of this section.

(c) LIMITED JURISDICTION AGENCIES.—

(1) IN GENERAL.—In applying the provisions of subsection (a), no State educational agency receiving assistance under this subtitle shall allocate funds to a local educational agency that serves only elementary schools, but shall distribute such funds to the local educational agency or regional educational agency that provides secondary school services to secondary school students in the same attendance area.

(2) SPECIAL RULE.—The amount to be allocated under paragraph (1) to a local educational agency that has jurisdiction only over secondary schools shall be determined based on the number of students that entered such secondary schools in the previous year from the elementary schools involved.

(d) ALLOCATIONS TO AREA VOCATIONAL EDUCATION SCHOOLS AND EDUCATIONAL SERVICE AGENCIES.—

(1) IN GENERAL.—Each State educational agency shall distribute the portion of funds made available for any program year by such agency for secondary school vocational education under section 721(b)(3)(A) to the appropriate area vocational education school or educational service agency in any case in which—

(A) the area vocational education school or educational service agency, and the local educational agency concerned—

(i) have formed or will form a consortium for the purpose of receiving funds under this section; or

(ii) have entered into or will enter into a cooperative arrangement for such purpose; and

(B)(i) the area vocational education school or educational service agency serves an approximately equal or greater proportion of students who are individuals with disabilities or are low-income than the proportion of such students attending the secondary schools under the jurisdiction of all of the local educational agencies sending students to the area vocational education school or the educational service agency; or

(ii) the area vocational education school, educational service agency, or local educational agency demonstrates that the vocational education school or educational service agency is unable to meet the criterion described in clause (i) due to the lack of interest by students described in clause (i) in attending vocational education programs in that area vocational education school or educational service agency.

(2) ALLOCATION BASIS.—If an area vocational education school or educational service agency meets the requirements of paragraph (1), then—

(A) the amount that will otherwise be distributed to the local educational agency under this section shall be allocated to the area vocational education school, the educational service agency, and the local educational agency, based on each school's or agency's relative share of students described in paragraph (1)(B)(i) who are attending vocational education programs (based, if practicable, on the average enrollment for the prior 3 years); or

(B) such amount may be allocated on the basis of an agreement between the local educational agency and the area vocational education school or educational service agency.

(3) STATE DETERMINATION.—

(A) IN GENERAL.—For the purposes of this subsection, the State educational agency may determine the number of students who are low-income on the basis of—

(i) eligibility for—

(I) free or reduced-price meals under the National School Lunch Act (7 U.S.C. 1751 et seq.);

(II) assistance under a State program funded under part A of title IV of the Social Security Act;

(III) benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.); or

(IV) services under title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.); and

(ii) another index of economic status, including an estimate of such index, if the State educational agency demonstrates to the satisfaction of the Federal Partnership that such index is a more representative means of determining such number.

(B) DATA.—If a State educational agency elects to use more than 1 factor described in subparagraph (A) for purposes of making the determination described in such subparagraph, the State educational agency shall ensure that the data used is not duplicative.

(4) APPEALS PROCEDURE.—The State educational agency shall establish an appeals procedure for resolution of any dispute arising between a local educational agency and an area vocational education school or an educational service agency with respect to the allocation procedures described in this section, including the decision of a local educational agency to leave a consortium.

(5) SPECIAL RULE.—Notwithstanding the provisions of paragraphs (1), (2), (3), and (4),

any local educational agency receiving an allocation that is not sufficient to conduct a secondary school vocational education program of sufficient size, scope, and quality to be effective may—

(A) form a consortium or enter into a cooperative agreement with an area vocational education school or educational service agency offering secondary school vocational education programs of sufficient size, scope, and quality to be effective and that are accessible to students who are individuals with disabilities or are low-income, and are served by such local educational agency; and

(B) transfer such allocation to the area vocational education school or educational service agency.

(e) SPECIAL RULE.—Each State educational agency distributing funds under this section shall treat a secondary school funded by the Bureau of Indian Affairs within the State as if such school were a local educational agency within the State for the purpose of receiving a distribution under this section.

SEC. 723. DISTRIBUTION FOR POSTSECONDARY AND ADULT VOCATIONAL EDUCATION.

(a) ALLOCATION.—

(1) IN GENERAL.—Except as provided in subsection (b) and section 725, each State educational agency, using the portion of the funds made available for any program year by such agency for postsecondary and adult vocational education under section 721(b)(3)(A)—

(A) shall reserve funds to carry out subsection (d); and

(B) shall distribute the remainder to eligible institutions or consortia of the institutions within the State.

(2) FORMULA.—Each such eligible institution or consortium shall receive an amount for the program year (from funds made available for the corresponding fiscal year, as determined under section 734(c)) from such remainder bears the same relationship to such remainder as the number of individuals who are Pell Grant recipients or recipients of assistance from the Bureau of Indian Affairs and are enrolled in programs offered by such institution or consortium for the preceding fiscal year bears to the number of all such individuals who are enrolled in any such program within the State for such preceding year.

(3) CONSORTIUM REQUIREMENTS.—In order for a consortium of eligible institutions described in paragraph (1) to receive assistance pursuant to such paragraph such consortium shall operate joint projects that—

(A) provide services to all postsecondary institutions participating in the consortium; and

(B) are of sufficient size, scope, and quality to be effective.

(b) WAIVER FOR MORE EQUITABLE DISTRIBUTION.—The Federal Partnership may waive the application of subsection (a) in the case of any State educational agency that submits to the Federal Partnership an application for such a waiver that—

(1) demonstrates that the formula described in subsection (a) does not result in a distribution of funds to the institutions or consortia within the State that have the highest numbers of low-income individuals and that an alternative formula will result in such a distribution; and

(2) includes a proposal for an alternative formula that may include criteria relating to the number of individuals attending the institutions or consortia within the State who—

(A) receive need-based postsecondary financial aid provided from public funds;

(B) are members of families receiving assistance under a State program funded under part A of title IV of the Social Security Act;

(C) are enrolled in postsecondary educational institutions that—

(i) are funded by the State;

(ii) do not charge tuition; and

(iii) serve only low-income students;

(D) are enrolled in programs serving low-income adults; or

(E) are Pell Grant recipients.

(c) MINIMUM AMOUNT.—

(1) IN GENERAL.—No distribution of funds provided to any institution or consortium for a program year under this section shall be for an amount that is less than $50,000.

(2) REDISTRIBUTION.—Any amounts that are not distributed by reason of paragraph (1) shall be redistributed to eligible institutions or consortia in accordance with the provisions of this section.

(d) SPECIAL RULE FOR CRIMINAL OFFENDERS.—Each State educational agency shall distribute the funds reserved under subsection (a)(1)(A) to 1 or more State corrections agencies to enable the State corrections agencies to administer vocational education programs for juvenile and adult criminal offenders in correctional institutions in the State, including correctional institutions operated by local authorities.

(e) DEFINITION.—For the purposes of this section—

(1) the term "eligible institution" means a postsecondary educational institution, a local educational agency serving adults, or an area vocational education school serving adults that offers or will offer a program that seeks to receive financial assistance under this section;

(2) the term "low-income", used with respect to a person, means a person who is determined under guidelines developed by the Federal Partnership to be low-income, using the most recent available data provided by the Bureau of the Census, prior to the determination; and

(3) the term "Pell Grant recipient" means a recipient of financial aid under subpart 1 of part A of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070a et seq.).

SEC. 724. DISTRIBUTION FOR ADULT EDUCATION.

(a) IN GENERAL.—Except as provided in subsection (b)(3), from the amount made available by a State educational agency for adult education under section 721(b)(3)(B) for a program year, such agency shall award grants, on a competitive basis, to local educational agencies, correctional education agencies, community-based organizations of demonstrated effectiveness, volunteer literacy organizations, libraries, public or private nonprofit agencies, postsecondary educational institutions, public housing authorities, and other nonprofit institutions that have the ability to provide literacy services to adults and families, or consortia of agencies, organizations, or institutions described in this subsection, to enable such agencies, organizations, institutions, and consortia to establish or expand adult education programs.

(b) GRANT REQUIREMENTS.—

(1) ACCESS.—Each State educational agency making funds available for any program year for adult education under section 721(b)(3)(B) shall ensure that the entities described in subsection (a) will be provided direct and equitable access to all Federal funds provided under this section.

(2) CONSIDERATIONS.—In awarding grants under this section, the State educational agency shall consider—

(A) the past effectiveness of applicants in providing services (especially with respect to recruitment and retention of educationally disadvantaged adults and the learning gains demonstrated by such adults);

(B) the degree to which an applicant will coordinate and utilize other literacy and social services available in the community; and

(C) the commitment of the applicant to serve individuals in the community who are most in need of literacy services.

(3) CONSORTIA.—A State educational agency may award a grant under subsection (a) to a consortium that includes an entity described in subsection (a) and a for-profit agency, organization, or institution, if such agency, organization, or institution—

(A) can make a significant contribution to carrying out the purposes of this title; and

(B) enters into a contract with the entity described in subsection (a) for the purpose of establishing or expanding adult education programs.

(c) LOCAL ADMINISTRATIVE COSTS LIMITS.—

(1) IN GENERAL.—Except as provided in paragraph (2), of the funds provided under this section by a State educational agency to an agency, organization, institution, or consortium described in subsection (a), at least 95 percent shall be expended for provision of adult education instructional activities. The remainder shall be used for planning, administration, personnel development, and interagency coordination.

(2) SPECIAL RULE.—In cases where the cost limits described in paragraph (1) will be too restrictive to allow for adequate planning, administration, personnel development, and interagency coordination supported under this section, the State educational agency shall negotiate with the agency, organization, institution, or consortium described in subsection (a) in order to determine an adequate level of funds to be used for noninstructional purposes.

SEC. 725. SPECIAL RULE FOR MINIMAL ALLOCATION.

(a) GENERAL AUTHORITY.—For any program year for which a minimal amount is made available by a State educational agency for distribution under section 722 or 723 such agency may, notwithstanding the provisions of section 722 or 723, respectively, in order to make a more equitable distribution of funds for programs serving the highest numbers of low-income individuals (as defined in section 723(e)), distribute such minimal amount—

(1) on a competitive basis; or

(2) through any alternative method determined by the State educational agency.

(b) MINIMAL AMOUNT.—For purposes of this section, the term "minimal amount" means not more than 15 percent of the total amount made available by the State educational agency under section 721(b)(3)(A) for section 722 or 723, respectively, for such program year.

SEC. 726. REDISTRIBUTION.

(a) IN GENERAL.—In any program year that an entity receiving financial assistance under section 722 or 723 does not expend all of the amounts distributed to such entity for such year under section 722 or 723, respectively, such entity shall return any unexpended amounts to the State educational agency for distribution under section 722 or 723, respectively.

(b) REDISTRIBUTION OF AMOUNTS RETURNED LATE IN A PROGRAM YEAR.—In any program year in which amounts are returned to the State educational agency under subsection (a) for programs described in section 722 or 723 and the State educational agency is unable to redistribute such amounts according to section 722 or 723, respectively, in time for such amounts to be expended in such program year, the State educational agency shall retain such amounts for distribution in combination with amounts provided under such section for the following program year.

SEC. 727. LOCAL APPLICATION FOR WORKFORCE EDUCATION ACTIVITIES.

(a) IN GENERAL.—

(1) IN GENERAL.—Each eligible entity desiring financial assistance under this subtitle for workforce education activities shall submit an application to the State educational agency at such time, in such manner and accompanied by such information as such agency (in consultation with such other educational entities as the State educational agency determines to be appropriate) may require. Such application shall cover the same period of time as the period of time applicable to the State workforce development plan.

(2) DEFINITION.—For the purpose of this section the term "eligible entity" means an entity eligible for financial assistance under section 722, 723, or 724 from a State educational agency.

(b) CONTENTS.—Each application described in subsection (a) shall, at a minimum—

(1) describe how the workforce education activities required under section 716(b), and other workforce education activities, will be carried out with funds received under this subtitle;

(2) describe how the activities to be carried out relate to meeting the State goals, and reaching the State benchmarks, concerning workforce education activities;

(3) describe how the activities to be carried out are an integral part of the comprehensive efforts of the eligible entity to improve education for all students and adults;

(4) describe the process that will be used to independently evaluate and continuously improve the performance of the eligible entity; and

(5) describe how the eligible entity will coordinate the activities of the entity with the activities of the local workforce development board, if any, in the substate area.

SEC. 728. LOCAL PARTNERSHIPS, AGREEMENTS, AND WORKFORCE DEVELOPMENT BOARDS.

(a) LOCAL AGREEMENTS.—

(1) IN GENERAL.—After a Governor submits the State plan described in section 714 to the Federal Partnership, the Governor shall negotiate and enter into a local agreement regarding the workforce employment activities, school-to-work activities, and economic development activities (within a State that is eligible to carry out such activities, as described in subsection (c)) to be carried out in each substate area in the State with local partnerships (or, where established, local workforce development boards described in subsection (b)).

(2) LOCAL PARTNERSHIPS.—

(A) IN GENERAL.—A local partnership referred to in paragraph (1) shall be established by the local chief elected official, in accordance with subparagraphs (B) and (C), and shall consist of individuals representing business, industry, and labor, local secondary schools, local postsecondary education institutions, local adult education providers, local elected officials, rehabilitation agencies and organizations, community-based organizations, and veterans, within the appropriate substate area.

(B) MULTIPLE JURISDICTIONS.—In any case in which there are 2 or more units of general local government in the substate area involved, the chief elected official of each such unit shall appoint members of the local partnership in accordance with an agreement entered into by such chief elected officials. In the absence of such an agreement, such appointments shall be made by the Governor of the State involved from the individuals nominated or recommended by the chief elected officials.

(C) SELECTION OF BUSINESS AND INDUSTRY REPRESENTATIVES.—Individuals representing business and industry in the local partnership shall be appointed by the chief elected official from nominations submitted by business organizations in the substate area involved. Such individuals shall reasonably represent the industrial and demographic composition of the business community. Where possible, at least 50 percent of such business and industry representatives shall be representatives of small business.

(3) BUSINESS AND INDUSTRY INVOLVEMENT.—The business and industry representatives shall have a lead role in the design, management, and evaluation of the activities to be carried out in the substate area under the local agreement.

(4) CONTENTS.—

(A) STATE GOALS AND STATE BENCHMARKS.—Such an agreement shall include a description of the manner in which funds allocated to a substate area under this subtitle will be spent to meet the State goals and reach the State benchmarks in a manner that reflects local labor market conditions.

(B) COLLABORATION.—The agreement shall also include information that demonstrates the manner in which—

(i) the Governor; and

(ii) the local partnership (or, where established, the local workforce development board);

collaborated in reaching the agreement.

(5) FAILURE TO REACH AGREEMENT.—If, after a reasonable effort, the Governor is unable to enter into an agreement with the local partnership (or, where established, the local workforce development board), the Governor shall notify the partnership or board, as appropriate, and provide the partnership or board, as appropriate, with the opportunity to comment, not later than 30 days after the date of the notification, on the manner in which funds allocated to such substate area will be spent to meet the State goals and reach the State benchmarks.

(6) EXCEPTION.—A State that indicates in the State plan described in section 714 that the State will be treated as a substate area for purposes of the application of this subtitle shall not be subject to this subsection.

(b) LOCAL WORKFORCE DEVELOPMENT BOARDS.—

(1) IN GENERAL.—Each State may facilitate the establishment of local workforce development boards in each substate area to set policy and provide oversight over the workforce development activities in the substate area.

(2) MEMBERSHIP.—

(A) STATE CRITERIA.—The Governor shall establish criteria for use by local chief elected officials in each substate area in the selection of members of the local workforce development boards, in accordance with the requirements of subparagraph (B).

(B) REPRESENTATION REQUIREMENT.—Such criteria shall require, at a minimum, that a local workforce development board consist of—

(i) representatives of business and industry in the substate area, who shall constitute a majority of the board;

(ii) representatives of labor, workers, and community-based organizations, who shall constitute not less than 25 percent of the members of the board;

(iii) representatives of local secondary schools, postsecondary education institutions, and adult education providers;

(iv) representatives of veterans; and

(v) 1 or more individuals with disabilities, or their representatives.

(C) CHAIR.—Each local workforce development board shall select a chairperson from among the members of the board who are representatives of business and industry.

(3) CONFLICT OF INTEREST.—No member of a local workforce development board shall vote on a matter relating to the provision of services by the member (or any organization that the member directly represents) or vote on a matter that would provide direct financial benefit to such member or the immediate family of such member or engage in any other activity determined by the Governor to constitute a conflict of interest.

(4) FUNCTIONS.—The functions of the local workforce development board shall include—

(A) submitting to the Governor a single comprehensive 3-year strategic plan for workforce development activities in the substate area that includes information—

(i) identifying the workforce development needs of local industries, students, jobseekers, and workers;

(ii) identifying the workforce development activities to be carried out in the substate area with funds received through the allotment made to the State under section 712, to meet the State goals and reach the State benchmarks; and

(iii) identifying how the local workforce development board will obtain the active and continuous participation of business, industry, and labor in the development and continuous improvement of the workforce development activities carried out in the substate area;

(B) entering into local agreements with the Governor as described in subsection (a);

(C) overseeing the operations of the one-stop delivery of core services described in section 716(a)(2) in the substate area, including the responsibility to—

(i) designate local entities to operate the one-stop delivery in the substate area, consistent with the criteria referred to in section 716(a)(2); and

(ii) develop and approve the budgets and annual operating plans of the providers of the one-stop delivery; and

(D) submitting annual reports to the Governor on the progress being made in the substate area toward meeting the State goals and reaching the State benchmarks.

(5) CONSULTATION.—A local workforce development board that serves a substate area shall conduct the functions described in paragraph (4) in consultation with the chief elected officials in the substate area.

(c) ECONOMIC DEVELOPMENT ACTIVITIES.—A State shall be eligible to use the funds made available through the flex account for flexible workforce activities to carry out economic development activities if—

(1) the boards described in section 715 and subsection (b) are established in the State; or

(2) in the case of a State that indicates in the State plan described in section 714 that the State will be treated as a substate area for purposes of the application of this subtitle, the board described in section 715 is established in the State.

SEC. 729. CONSTRUCTION.

Nothing in this title shall be construed—

(1) to prohibit a local educational agency (or a consortium thereof) that receives assistance under section 722, from working with an eligible entity (or consortium thereof) that receives assistance under section 723, to carry out secondary school vocational education activities in accordance with this title; or

(2) to prohibit an eligible entity (or consortium thereof) that receives assistance under section 723, from working with a local educational agency (or consortium thereof) that receives assistance under section 722, to carry out postsecondary and adult vocational education activities in accordance with this title.

CHAPTER 3—ADMINISTRATION

SEC. 731. ACCOUNTABILITY.

(a) REPORT.—

(1) IN GENERAL.—Each State that receives an allotment under section 712 shall annually prepare and submit to the Federal Partnership, a report that states how the State is performing on State benchmarks specified in this section, which relate to workforce development activities carried out through the statewide system of the State. In preparing the report, the State may include information on such additional benchmarks as the State may establish to meet the State goals.

(2) CONSOLIDATED REPORT.—In lieu of submitting separate reports under paragraph (1) and section 409(a) of the Social Security Act, the State may prepare a consolidated report. Any consolidated report prepared under this paragraph shall contain the information described in paragraph (1) and subsections (a) through (h) of section 409 of the Social Security Act. The State shall submit any consolidated report prepared under this paragraph to the Federal Partnership, the Secretary of Agriculture, and the Secretary of Health and Human Services, on the dates specified in section 409(a) of the Social Security Act.

(b) GOALS.—

(1) MEANINGFUL EMPLOYMENT.—Each statewide system supported by an allotment under section 712 shall be designed to meet the goal of assisting participants in obtaining meaningful unsubsidized employment opportunities in the State.

(2) EDUCATION.—Each statewide system supported by an allotment under section 712 shall be designed to meet the goal of enhancing and developing more fully the academic, occupational, and literacy skills of all segments of the population of the State.

(c) BENCHMARKS.—

(1) MEANINGFUL EMPLOYMENT.—To be eligible to receive an allotment under section 712, a State shall develop, in accordance with paragraph (5), and identify in the State plan of the State, proposed quantifiable benchmarks to measure the statewide progress of the State toward meeting the goal described in subsection (b)(1), which shall include, at a minimum, measures of—

(A) placement in unsubsidized employment of participants;

(B) retention of the participants in such employment (12 months after completion of the participation); and

(C) increased earnings for the participants.

(2) EDUCATION.—To be eligible to receive an allotment under section 712, a State shall develop, in accordance with paragraph (5), and identify in the State plan of the State, proposed quantifiable benchmarks to measure the statewide progress of the State toward meeting the goal described in subsection (b)(2), which shall include, at a minimum, measures of—

(A) student mastery of academic knowledge and work readiness skills;

(B) student mastery of occupational and industry-recognized skills according to skill proficiencies for students in career preparation programs;

(C) placement in, retention in, and completion of secondary education (as determined under State law) and postsecondary education, and placement and retention in employment and in military service; and

(D) mastery of the literacy, knowledge, and skills adults need to be productive and responsible citizens and to become more actively involved in the education of their children.

(3) POPULATIONS.—To be eligible to receive an allotment under section 712, a State shall develop, in accordance with paragraph (5), and identify in the State plan of the State, proposed quantifiable benchmarks to measure progress toward meeting the goals described in subsection (b) for populations including, at a minimum—

(A) welfare recipients (including a benchmark for welfare recipients described in section 3(36)(B));

(B) individuals with disabilities;

(C) older workers;

(D) at-risk youth;

(E) dislocated workers; and

(F) veterans.

(4) SPECIAL RULE.—If a State has developed for all students in the State performance indicators, attainment levels, or assessments for skills according to challenging academic, occupational, or industry-recognized skill proficiencies, the State shall use such performance indicators, attainment levels, or assessments in measuring the progress of all students served under this title in attaining the skills.

(5) NEGOTIATIONS.—

(A) INITIAL DETERMINATION.—On receipt of a State plan submitted under section 714, the Federal Partnership shall, not later than 30 days after the date of the receipt, determine—

(i) how the proposed State benchmarks identified by the State in the State plan compare to the model benchmarks established by the Federal Partnership under section 772(b)(2);

(ii) how the proposed State benchmarks compare with State benchmarks proposed by other States in their State plans; and

(iii) whether the proposed State benchmarks, taken as a whole, are sufficient—

(I) to enable the State to meet the State goals; and

(II) to make the State eligible for an incentive grant under section 732(a).

(B) NOTIFICATION.—The Federal Partnership shall immediately notify the State of the determinations referred to in subparagraph (A). If the Federal Partnership determines that the proposed State benchmarks are not sufficient to make the State eligible for an incentive grant under section 732(a), the Federal Partnership shall provide the State with guidance on the steps the State may take to allow the State to become eligible for the grant.

(C) REVISION.—Not later than 30 days after the date of receipt of the notification referred to in subparagraph (B), the State may revise some or all of the State benchmarks identified in the State plan in order to become eligible for the incentive grant or provide reasons why the State benchmarks should be sufficient to make the State eligible for the incentive grant.

(D) DETERMINATION.—After reviewing any revised State benchmarks or information submitted by the State in accordance with subparagraph (C), the Federal Partnership shall make a determination on the eligibility of the State for the incentive grant, as described in paragraph (6), and provide advice to the Secretary of Labor and the Secretary of Education. The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may award a grant to the State under section 732(a).

(6) INCENTIVE GRANTS.—Each State that sets high benchmarks under paragraph (1), (2), or (3) and reaches or exceeds the benchmarks, as determined by the Federal Partnership, shall be eligible to receive an incentive grant under section 732(a).

(7) SANCTIONS.—A State that has failed to demonstrate sufficient progress toward reaching the State benchmarks established under this subsection for the 3 years covered by a State plan described in section 714, as determined by the Federal Partnership, may be subject to sanctions under section 732(b).

(d) JOB PLACEMENT ACCOUNTABILITY SYSTEM.—

(1) IN GENERAL.—Each State that receives an allotment under section 712 shall establish a job placement accountability system, which will provide a uniform set of data to track the progress of the State toward reaching the State benchmarks.

(2) DATA.—

(A) IN GENERAL.—In order to maintain data relating to the measures described in subsection (c)(1), each such State shall establish a job placement accountability system using quarterly wage records available through the unemployment insurance system. The State agency or entity within the State responsible for labor market information, as designated in section 773(c)(1)(B), in conjunction with the Commissioner of Labor Statistics, shall maintain the job placement accountability system and match information on participants served by the statewide systems of the State and other States with quarterly employment and earnings records.

(B) REIMBURSEMENT.—Each local entity that carries out workforce employment activities or workforce education activities and that receives funds under this subtitle shall provide information regarding the social security numbers of the participants served by the entity and such other information as the State may require to the State agency or entity within the State responsible for labor market information, as designated in section 773(c)(1)(B).

(C) CONFIDENTIALITY.—The State agency or entity within the State responsible for labor market information, as designated in section 773(c)(1)(B), shall protect the confidentiality of information obtained through the job placement accountability system through the use of recognized security procedures.

(e) INDIVIDUAL ACCOUNTABILITY.—Each State that receives an allotment under section 712 shall devise and implement procedures to provide, in a timely manner, information on participants in activities carried out through the statewide system who are participating as a condition of receiving welfare assistance. The procedures shall require that the State provide the information to the State and local agencies carrying out the programs through which the welfare assistance is provided, in a manner that ensures that the agencies can monitor compliance with the conditions regarding the receipt of the welfare assistance.

SEC. 732. INCENTIVES AND SANCTIONS.

(a) INCENTIVES.—

(1) IN GENERAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may award incentive grants of not more than $15,000,000 per program year to a State that—

(A) reaches or exceeds State benchmarks established under section 731(c), with an emphasis on the benchmarks established under section 731(c)(3), in accordance with section 731(c)(6); or

(B) demonstrates to the Federal Partnership that the State has made substantial reductions in the number of adult recipients of assistance, as defined in section 712(b)(1)(A), resulting from increased placement of such adult recipients in unsubsidized employment.

(2) USE OF FUNDS.—A State that receives such a grant may use the funds made available through the grant to carry out any workforce development activities authorized under this title.

(b) SANCTIONS.—

(1) FAILURE TO DEMONSTRATE SUFFICIENT PROGRESS.—If the Federal Partnership determines, after notice and an opportunity for a hearing, that a State has failed to demonstrate sufficient progress toward reaching the State benchmarks established under section 731(c) for the 3 years covered by a State plan described in section 714, the Federal

Partnership shall provide advice to the Secretary of Labor and the Secretary of Education. The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may reduce the allotment of the State under section 712 by not more than 10 percent per program year for not more than 3 years. The Federal Partnership may determine that the failure of the State to demonstrate such progress is attributable to the workforce employment activities, workforce education activities, or flexible workforce activities, of the State and provide advice to the Secretary of Labor and the Secretary of Education. The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may decide to reduce only the portion of the allotment for such activities.

(2) EXPENDITURE CONTRARY TO TITLE.—If the Governor of a State determines that a local entity that carries out workforce employment activities in a substate area of the State has expended funds made available under this title in a manner contrary to the purposes of this title, and such expenditures do not constitute fraudulent activity, the Governor may deduct an amount equal to the funds from a subsequent program year allocation to the substate area.

(c) FUNDS RESULTING FROM REDUCED ALLOTMENTS.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may use an amount retained as a result of a reduction in an allotment made under subsection (b)(1) to award an incentive grant under subsection (a).

SEC. 733. UNEMPLOYMENT TRUST FUND.

(a) IN GENERAL.—Section 901(c) of the Social Security Act (42 U.S.C. 1101(c)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) by striking clause (ii) and inserting the following:

"(ii) the establishment and maintenance of statewide workforce development systems, to the extent the systems are used to carry out activities described in section 773, or in any of clauses (ii) through (v) of section 716(a)(2)(B), of the Workforce Development Act of 1995, and"; and

(ii) in clause (iii), by striking "carrying into effect section 4103" and "carrying out the activities described in sections 4103, 4103A, 4104, and 4104A"; and

(B) in subparagraph (B)—

(i) in the matter preceding clause (i), by striking "Department of Labor" and inserting "Department of Labor or the Workforce Development Partnership, as appropriate,"; and

(ii) by striking clause (iii) and inserting the following:

"(iii) the Workforce Development Act of 1995,"; and

(2) in the first sentence of paragraph (4), by striking "the total cost" and all that follows through "the President determines" and inserting "the total cost of administering the statewide workforce development systems, to the extent the systems are used to carry out activities described in section 773, or in any of clauses (ii) through (v) of section 716(a)(2)(B), of the Workforce Development Act of 1995, and of the necessary expenses of the Workforce Development Partnership for the performance of the functions of the partnership under such Act, as the President determines".

(b) GUAM; UNITED STATES VIRGIN ISLANDS.—From the total amount made available under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) (referred to in this section as the "total amount") for each fiscal year, the Secretary of Labor and the Secretary of Education, acting jointly, shall first allot to Guam and the United States Virgin Islands an amount that, in relation to the total amount for the fiscal year, is equal to the allotment percentage that each received of amounts available under section 6 of the Wagner-Peyser Act (29 U.S.C. 49e) in fiscal year 1983.

(c) STATES.—

(1) ALLOTMENTS.—

(A) IN GENERAL.—Subject to paragraphs (2) and (3), the Secretary of Labor and the Secretary of Education, acting jointly, shall (after making the allotments required by subsection (b)) allot the remainder of the total amount for each fiscal year among the States as follows:

(i) CIVILIAN LABOR FORCE.—Two-thirds of such remainder shall be allotted on the basis of the relative number of individuals in the civilian labor force in each State as compared to the total number of such individuals in all States.

(ii) UNEMPLOYED INDIVIDUALS.—One-third of such remainder shall be allotted on the basis of the relative number of unemployed individuals in each State as compared to the total number of such individuals in all States.

(B) CALCULATION.—For purposes of this paragraph, the number of individuals in the civilian labor force and the number of unemployed individuals shall be based on data for the most recent calendar year available, as determined by the Secretary of Labor and the Secretary of Education, acting jointly.

(2) MINIMUM PERCENTAGE.—No State allotment under this section for any fiscal year shall be a smaller percentage of the total amount for the fiscal year than 90 percent of the allotment percentage for the State for the fiscal year preceding the fiscal year for which the determination is made. For the purpose of this section, the Secretary of Labor and the Secretary of Education, acting jointly, shall determine the allotment percentage for each State for fiscal year 1984, which shall be the percentage that the State received of amounts available under section 6 of the Wagner-Peyser Act for fiscal year 1983. For the purpose of this section, for each succeeding fiscal year, the allotment percentage for each such State shall be the percentage that the State received of amounts available under section 6 of the Wagner-Peyser Act for the preceding fiscal year.

(3) MINIMUM ALLOTMENT.—For each fiscal year, no State shall receive a total allotment under paragraphs (1) and (2) that is less than 0.28 percent of the total amount for such fiscal year.

(4) ESTIMATES.—The Secretary of Labor and the Secretary of Education, acting jointly, shall, not later than March 15 of each fiscal year, provide preliminary planning estimates and shall, not later than May 15 of each fiscal year, provide final planning estimates, showing the projected allocation for each State for the following year.

(5) DEFINITION.—Notwithstanding section 703, as used in paragraphs (2) through (4), the term "State" means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, and United States Virgin Islands.

(d) EFFECTIVE DATE.—This section, and the amendments made by this section, shall take effect July 1, 1998.

SEC. 734. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated to carry out this title (other than subtitle C) $6,127,000,000 for each of fiscal years 1998 through 2001.

(b) RESERVATIONS.—Of the amount appropriated under subsection (a)—

(1) 92.7 percent shall be reserved for making allotments under section 712;

(2) 1.25 percent shall be reserved for carrying out section 717;

(3) 0.2 percent shall be reserved for carrying out section 718;

(4) 4.3 percent shall be reserved for making incentive grants under section 732(a) and for the administration of this title;

(5) 1.4 percent shall be reserved for carrying out section 773; and

(6) 0.15 percent shall be reserved for carrying out sections 774 and 775 and the National Literacy Act of 1991 (20 U.S.C. 1201 note).

(c) PROGRAM YEAR.—

(1) IN GENERAL.—Appropriations for any fiscal year for programs and activities under this title shall be available for obligation only on the basis of a program year. The program year shall begin on July 1 in the fiscal year for which the appropriation is made.

(2) ADMINISTRATION.—Funds obligated for any program year may be expended by each recipient during the program year and the 2 succeeding program years and no amount shall be deobligated on account of a rate of expenditure that is consistent with the provisions of the State plan specified in section 714 that relate to workforce employment activities.

SEC. 735. EFFECTIVE DATE.

This subtitle shall take effect July 1, 1998.

Subtitle C—Job Corps and Other Workforce Preparation Activities for At-Risk Youth

CHAPTER 1—GENERAL PROVISIONS

SEC. 741. PURPOSES.

The purposes of this subtitle are—

(1) to maintain a Job Corps for at-risk youth as part of statewide systems;

(2) to set forth standards and procedures for selecting individuals as enrollees in the Job Corps;

(3) to authorize the establishment of residential and nonresidential Job Corps centers in which enrollees will participate in intensive programs of workforce development activities;

(4) to prescribe various other powers, duties, and responsibilities incident to the operation and continuing development of the Job Corps; and

(5) to assist at-risk youth who need and can benefit from an unusually intensive program, operated in a group setting, to become more responsible, employable, and productive citizens.

SEC. 742. DEFINITIONS.

As used in this subtitle:

(1) AT-RISK YOUTH.—The term "at-risk youth" means an individual who—

(A) is not less than age 15 and not more than age 24;

(B) is low-income (as defined in section 723(e));

(C) is 1 or more of the following:

(i) Basic skills deficient.

(ii) A school dropout.

(iii) Homeless or a runaway.

(iv) Pregnant or parenting.

(v) Involved in the juvenile justice system.

(vi) An individual who requires additional education, training, or intensive counseling and related assistance, in order to secure and hold employment or participate successfully in regular schoolwork.

(2) ENROLLEE.—The term "enrollee" means an individual enrolled in the Job Corps.

(3) GOVERNOR.—The term "Governor" means the chief executive officer of a State.

(4) JOB CORPS.—The term "Job Corps" means the corps described in section 744.

(5) JOB CORPS CENTER.—The term "Job Corps center" means a center described in section 744.

SEC. 743. AUTHORITY OF GOVERNOR.

The duties and powers granted to a State by this subtitle shall be considered to be granted to the Governor of the State.

CHAPTER 2—JOB CORPS

SEC. 744. GENERAL AUTHORITY.

If a State receives an allotment under section 759, and a center located in the State received assistance under part B of title IV of the Job Training Partnership Act for fiscal year 1996 and was not closed in accordance with section 755, the State shall use a portion of the funds made available through the allotment to maintain the center, and carry out activities described in this subtitle for individuals enrolled in a Job Corps and assigned to the center.

SEC. 745. SCREENING AND SELECTION OF APPLICANTS.

(a) STANDARDS AND PROCEDURES.—

(1) IN GENERAL.—The State shall prescribe specific standards and procedures for the screening and selection of applicants for the Job Corps.

(2) IMPLEMENTATION.—To the extent practicable, the standards and procedures shall be implemented through arrangements with—

(A) one-stop career centers;

(B) agencies and organizations such as community action agencies, professional groups, and labor organizations; and

(C) agencies and individuals that have contact with youth over substantial periods of time and are able to offer reliable information about the needs and problems of the youth.

(3) CONSULTATION.—The standards and procedures shall provide for necessary consultation with individuals and organizations, including court, probation, parole, law enforcement, education, welfare, and medical authorities and advisers.

(b) SPECIAL LIMITATIONS.—No individual shall be selected as an enrollee unless the individual or organization implementing the standards and procedures determines that—

(1) there is a reasonable expectation that the individual can participate successfully in group situations and activities, is not likely to engage in behavior that would prevent other enrollees from receiving the benefit of the program or be incompatible with the maintenance of sound discipline and satisfactory relationships between the Job Corps center to which the individual might be assigned and surrounding communities; and

(2) the individual manifests a basic understanding of both the rules to which the individual will be subject and of the consequences of failure to observe the rules.

(c) INDIVIDUALS ELIGIBLE.—To be eligible to become an enrollee, an individual shall be an at-risk youth.

SEC. 746. ENROLLMENT AND ASSIGNMENT.

(a) RELATIONSHIP BETWEEN ENROLLMENT AND MILITARY OBLIGATIONS.—Enrollment in the Job Corps shall not relieve any individual of obligations under the Military Selective Service Act (50 U.S.C. App. 451 et seq.).

(b) ASSIGNMENT.—

(1) IN GENERAL.—Except as provided in paragraph (2), the State shall assign an enrollee to the Job Corps center within the State that is closest to the residence of the enrollee.

(2) AGREEMENTS WITH OTHER STATES.—The State may enter into agreements with 1 or more States to enroll individuals from the States in the Job Corps and assign the enrollees to Job Corps centers in the State.

SEC. 747. JOB CORPS CENTERS.

(a) DEVELOPMENT.—The State shall enter into an agreement with a Federal, State, or local agency, which may be a State board or agency that operates or wishes to develop an area vocational education school facility or residential vocational school, or with a private organization, for the establishment and operation of a Job Corps center.

(b) CHARACTER AND ACTIVITIES.—Job Corps centers may be residential or nonresidential in character, and shall be designed and operated so as to provide enrollees, in a well-supervised setting, with access to activities described in section 748.

(c) CIVILIAN CONSERVATION CENTERS.—The Job Corps centers may include Civilian Conservation Centers, located primarily in rural areas, which shall provide, in addition to other training and assistance, programs of work experience to conserve, develop, or manage public natural resources or public recreational areas or to develop community projects in the public interest.

(d) JOB CORPS OPERATORS.—To be eligible to receive funds under this chapter, an entity who entered into a contract with the Secretary of Labor that is in effect on the effective date of this section to carry out activities through a center under part B of title IV of the Job Training Partnership Act (as in effect on the day before the effective date of this section), shall enter into a contract with the State in which the center is located that contains provisions substantially similar to the provisions of the contract with the Secretary of Labor, as determined by the State.

SEC. 748. PROGRAM ACTIVITIES.

(a) ACTIVITIES PROVIDED THROUGH JOB CORPS CENTERS.—Each Job Corps center shall provide enrollees assigned to the center with access to activities described in section 716(a)(2)(B), and such other workforce development activities as may be appropriate to meet the needs of the enrollees, including providing work-based learning throughout the enrollment of the enrollees and assisting the enrollees in obtaining meaningful unsubsidized employment on completion of their enrollment.

(b) ARRANGEMENTS.—The State shall arrange for enrollees assigned to Job Corps centers in the State to receive workforce development activities through the statewide system, including workforce development activities provided through local public or private educational agencies, vocational educational institutions, or technical institutes.

(c) JOB PLACEMENT ACCOUNTABILITY.—Each Job Corps center located in a State shall be connected to the job placement accountability system of the State described in section 731(d).

SEC. 749. SUPPORT.

The State shall provide enrollees assigned to Job Corps centers in the State with such personal allowances as the State may determine to be necessary or appropriate to meet the needs of the enrollees.

SEC. 750. OPERATING PLAN.

To be eligible to operate a Job Corps center and receive assistance under section 759 for program year 1998 or any subsequent program year, an entity shall prepare and submit, to the Governor of the State in which the center is located, and obtain the approval of the Governor for, an operating plan that shall include, at a minimum, information indicating—

(1) in quantifiable terms, the extent to which the center will contribute to the achievement of the proposed State goals and State benchmarks identified in the State plan for the State submitted under section 714;

(2) the extent to which workforce employment activities and workforce education activities delivered through the Job Corps center are directly linked to the workforce development needs of the industry sectors most important to the economic competitiveness of the State; and

(3) an implementation strategy to ensure that all enrollees assigned to the Job Corps center will have access to services through the one-stop delivery of core services described in section 716(a)(2) by the State.

SEC. 751. STANDARDS OF CONDUCT.

(a) PROVISION AND ENFORCEMENT.—The State shall provide, and directors of Job Corps center shall stringently enforce, standards of conduct within the centers. Such standards of conduct shall include provisions forbidding violence, drug abuse, and other criminal activity.

(b) DISCIPLINARY MEASURES.—To promote the proper moral and disciplinary conditions in the Job Corps, the directors of Job Corps centers shall take appropriate disciplinary measures against enrollees. If such a director determines that an enrollee has committed a violation of the standards of conduct, the director shall dismiss the enrollee from the Corps if the director determines that the retention of the enrollee in the Corps will jeopardize the enforcement of such standards or diminish the opportunities of other enrollees. If the director determines that an enrollee has engaged in an incident involving violence, drug abuse, or other criminal activity, the director shall immediately dismiss the enrollee from the Corps.

(c) APPEAL.—A disciplinary measure taken by a director under this section shall be subject to expeditious appeal in accordance with procedures established by the State.

SEC. 752. COMMUNITY PARTICIPATION.

The State shall encourage and cooperate in activities to establish a mutually beneficial relationship between Job Corps centers in the State and nearby communities. The activities may include the use of any local workforce development boards established in the State under section 728(b) to provide a mechanism for joint discussion of common problems and for planning programs of mutual interest.

SEC. 753. COUNSELING AND PLACEMENT.

The State shall ensure that enrollees assigned to Job Corps centers in the State receive counseling and job placement services, which shall be provided, to the maximum extent practicable, through the delivery of core services described in section 716(a)(2).

SEC. 754. LEASES AND SALES OF CENTERS.

(a) LEASES.—

(1) IN GENERAL.—The Secretary of Labor shall offer to enter into a lease with each State that has an approved State plan submitted under section 714 and in which 1 or more Job Corps centers are located.

(2) NOMINAL CONSIDERATION.—Under the terms of the lease, the Secretary of Labor shall lease the Job Corps centers in the State to the State in return for nominal consideration.

(3) INDEMNITY AGREEMENT.—To be eligible to lease such a center, a State shall enter into an agreement to hold harmless and indemnify the United States from any liability or claim for damages or injury to any person or property arising out of the lease.

(b) SALES.—Notwithstanding the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.), the Secretary of Labor shall offer each State described in subsection (a)(1) the opportunity to purchase the Job Corps centers in the State in return for nominal consideration.

SEC. 755. CLOSURE OF JOB CORPS CENTERS.

(a) NATIONAL JOB CORPS AUDIT.—Not later than March 31, 1997, the Federal Partnership shall conduct an audit of the activities carried out under part B of title IV of the Job Training Partnership Act (29 U.S.C. 1691 et seq.), and submit to the appropriate committees of Congress a report containing the results of the audit, including information indicating—

(1) the amount of funds expended for fiscal year 1996 to carry out activities under such part, for each State and for the United States;

(2) for each Job Corps center funded under such part (referred to in this subtitle as a "Job Corps center"), the amount of funds expended for fiscal year 1996 under such part to carry out activities related to the direct operation of the center, including funds expended for student training, outreach or intake activities, meals and lodging, student allowances, medical care, placement or settlement activities, and administration;

(3) for each Job Corps center, the amount of funds expended for fiscal year 1996 under such part through contracts to carry out activities not related to the direct operation of the center, including funds expended for student travel, national outreach, screening, and placement services, national vocational training, and national and regional administrative costs;

(4) for each Job Corps center, the amount of funds expended for fiscal year 1996 under such part for facility construction, rehabilitation, and acquisition expenses; and

(5) the amount of funds required to be expended under such part to complete each new or proposed Job Corps center, and to rehabilitate and repair each existing Job Corps center, as of the date of the submission of the report.

(b) RECOMMENDATIONS OF NATIONAL BOARD.—

(1) RECOMMENDATIONS.—The National Board shall, based on the results of the audit described in subsection (a), make recommendations to the Secretary of Labor, including identifying 25 Job Corps centers to be closed by September 30, 1997.

(2) CONSIDERATIONS.—

(A) IN GENERAL.—In determining whether to recommend that the Secretary of Labor close a Job Corps center, the National Board shall consider whether the center—

(i) has consistently received low performance measurement ratings under the Department of Labor or the Office of Inspector General Job Corps rating system;

(ii) is among the centers that have experienced the highest number of serious incidents of violence or criminal activity in the past 5 years;

(iii) is among the centers that require the largest funding for renovation or repair, as specified in the Department of Labor Job Corps Construction/Rehabilitation Funding Needs Survey, or for rehabilitation or repair, as reflected in the portion of the audit described in subsection (a)(5);

(iv) is among the centers for which the highest relative or absolute fiscal year 1996 expenditures were made, for any of the categories of expenditures described in paragraph (2), (3), or (4) of subsection (a), as reflected in the audit described in subsection (a);

(v) is among the centers with the least State and local support; or

(vi) is among the centers with the lowest rating on such additional criteria as the National Board may determine to be appropriate.

(B) COVERAGE OF STATES AND REGIONS.—Notwithstanding subparagraph (A), the National Board shall not recommend that the Secretary of Labor close the only Job Corps center in a State or a region of the United States.

(C) ALLOWANCE FOR NEW JOB CORPS CENTERS.—Notwithstanding any other provision of this section, if the planning or construction of a Job Corps center that received Federal funding for fiscal year 1994 or 1995 has not been completed by the date of enactment of this Act—

(i) the appropriate entity may complete the planning or construction and begin operation of the center; and

(ii) the National Board shall not evaluate the center under this title sooner than 3 years after the first date of operation of the center.

(3) REPORT.—Not later than June 30, 1997, the National Board shall submit a report to the Secretary of Labor, which shall contain a detailed statement of the findings and conclusions of the National Board resulting from the audit described in subsection (a) together with the recommendations described in paragraph (1).

(c) CLOSURE.—The Secretary of Labor shall, after reviewing the report submitted under subsection (b)(3), close 25 Job Corps centers by September 30, 1997.

SEC. 756. INTERIM OPERATING PLANS FOR JOB CORPS CENTERS.

Part B of title IV of the Job Training Partnership Act (29 U.S.C. 1691 et seq.) is amended by inserting after section 439 the following section:

"SEC. 439A. OPERATING PLAN.

"(a) SUBMISSION OF PLAN.—To be eligible to operate a Job Corps center and receive assistance under this part for fiscal year 1997, an entity shall prepare and submit to the Secretary and the Governor of the State in which the center is located, and obtain the approval of the Secretary for, an operating plan that shall include, at a minimum, information indicating—

"(1) in quantifiable terms, the extent to which the center will contribute to the achievement of the proposed State goals and State benchmarks identified in the interim plan for the State submitted under section 763 of the Workforce Development Act of 1995;

"(2) the extent to which workforce employment activities and workforce education activities delivered through the Job Corps center are directly linked to the workforce development needs of the industry sectors most important to the economic competitiveness of the State; and

"(3) an implementation strategy to ensure that all enrollees assigned to the Job Corps center will have access to services through the one-stop delivery of core services described in section 716(a)(2) of the Workforce Development Act of 1995 by the State as identified in the interim plan.

"(b) SUBMISSION OF COMMENTS.—Not later than 30 days after receiving an operating plan described in subsection (a), the Governor of the State in which the center is located may submit comments on the plan to the Secretary.

"(c) APPROVAL.—The Secretary shall not approve an operating plan described in subsection (a) for a center if the Secretary determines that the activities proposed to be carried out through the center are not sufficiently integrated with the activities to be carried out through the statewide system of the State in which the center is located.".

SEC. 757. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), this chapter shall take effect on July 1, 1998.

(b) INTERIM PROVISIONS.—Sections 754 and 755, and the amendment made by section 756, shall take effect on the date of enactment of this Act.

CHAPTER 3—OTHER WORKFORCE PREPARATION ACTIVITIES FOR AT-RISK YOUTH

SEC. 759. WORKFORCE PREPARATION ACTIVITIES FOR AT-RISK YOUTH.

(a) IN GENERAL.—For program year 1998 and each subsequent program year, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make allotments under subsection (c) to States to assist the States in paying for the cost of carrying out workforce preparation activities for at-risk youth, as described in this section.

(b) STATE USE OF FUNDS.—

(1) CORE ACTIVITIES.—The State shall use a portion of the funds made available to the State through an allotment received under subsection (c) to establish and operate Job Corps centers as described in chapter 2, if a center located in the State received assistance under part B of title IV of the Job Training Partnership Act for fiscal year 1996 and was not closed in accordance with section 755.

(2) PERMISSIBLE ACTIVITIES.—The State may use a portion of the funds described in paragraph (1) to—

(A) make grants, in cooperation with the State educational agency, to eligible entities, as described in subsection (e), to assist the entities in carrying out innovative programs to assist out-of-school at-risk youth in participating in school-to-work activities;

(B) make grants, in cooperation with the State educational agency, to eligible entities, as described in subsection (e), to assist the entities in providing work-based learning as a component of school-to-work activities, including summer jobs linked to year-round school-to-work programs; and

(C) carry out, in cooperation with the State educational agency, other workforce development activities specifically for at-risk youth.

(c) ALLOTMENTS.—

(1) IN GENERAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall allot to each State an amount equal to the total of—

(A) the amount made available to the State under paragraph (2); and

(B) the amounts made available to the State under subparagraphs (C), (D), and (E) of paragraph (3).

(2) ALLOTMENTS BASED ON FISCAL YEAR 1996 APPROPRIATIONS.—Using a portion of the funds appropriated under subsection (g) for a fiscal year, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State the amount that Job Corps centers in the State expended for fiscal year 1996 under part B of title IV of the Job Training Partnership Act to carry out activities related to the direct operation of the centers, as determined under section 755(a)(2).

(3) ALLOTMENTS BASED ON POPULATIONS.—

(A) DEFINITIONS.—As used in this paragraph:

(i) INDIVIDUAL IN POVERTY.—The term "individual in poverty" means an individual who—

(I) is not less than age 18;

(II) is not more than age 64; and

(III) is a member of a family (of 1 or more members) with an income at or below the poverty line.

(ii) POVERTY LINE.—The term "poverty line" means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved, using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made, and applying the definition of poverty used by the Bureau of the Census in compiling the 1990 decennial census.

(B) TOTAL ALLOTMENTS.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall use the remainder of the funds

that are appropriated under subsection (g) for a fiscal year, and that are not made available under paragraph (2), to make amounts available under this paragraph.

(C) UNEMPLOYED INDIVIDUALS.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the average number of unemployed individuals (as determined by the Secretary of Labor for the most recent 24-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average number of unemployed individuals (as so determined) in the United States.

(D) INDIVIDUALS IN POVERTY.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals in poverty in the State bears to the total number of individuals in poverty in the United States.

(E) AT-RISK YOUTH.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the total number of at-risk youth in the State bears to the total number of at-risk youth in the United States.

(d) STATE PLAN.—

(1) INFORMATION.—To be eligible to receive an allotment under subsection (c), a State shall include, in the State plan to be submitted under section 714, information describing the allocation within the State of the funds made available through the allotment, and how the programs and activities described in subsection (b)(2) will be carried out to meet the State goals and reach the State benchmarks.

(2) LIMITATION.—A State may not be required to include the information described in paragraph (1) in the State plan to be submitted under section 714 to be eligible to receive an allotment under section 712.

(e) APPLICATION.—To be eligible to receive a grant under subparagraph (A) or (B) of subsection (b)(2) from a State, an entity shall prepare and submit to the Governor of the State an application at such time, in such manner, and containing such information as the Governor may require.

(f) WITHIN STATE DISTRIBUTION.—Of the funds allotted to a State under subsection (c)(3) for workforce preparation activities for at-risk youth for a program year—

(1) 15 percent shall be reserved by the Governor to carry out such activities through the statewide system; and

(2) 85 percent shall be distributed to local entities to carry out such activities through the statewide system.

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subtitle, $2,100,000,000 for each of fiscal years 1998 through 2001.

(h) EFFECTIVE DATE.—This chapter shall take effect on July 1, 1998.

Subtitle D—Transition Provisions

SEC. 761. WAIVERS.

(a) WAIVER AUTHORITY.—

(1) IN GENERAL.—Notwithstanding any other provision of Federal law, and except as provided in subsection (d), the Secretary may waive any requirement under any provision of law relating to a covered activity, or of any regulation issued under such a provision, for—

(A) a State that requests such a waiver and submits an application as described in subsection (b); or

(B) a local entity that requests such a waiver and complies with the requirements of subsection (c);

in order to assist the State or local entity in planning or developing a statewide system or workforce development activities to be carried out through the statewide system.

(2) TERM.—

(A) IN GENERAL.—Except as provided in subparagraph (B), each waiver approved pursuant to this section shall be for a period beginning on the date of the approval and ending on June 30, 1998.

(B) FAILURE TO SUBMIT INTERIM PLAN.—If a State receives a waiver under this section and fails to submit an interim plan under section 763 by June 30, 1997, the waiver shall be deemed to terminate on September 30, 1997. If a local entity receives a waiver under this section, and the State in which the local entity is located fails to submit an interim plan under section 763 by June 30, 1997, the waiver shall be deemed to terminate on September 30, 1997.

(b) STATE REQUEST FOR WAIVER.—

(1) IN GENERAL.—A State may submit to the Secretary a request for a waiver of 1 or more requirements referred to in subsection (a). The request may include a request for different waivers with respect to different areas within the State.

(2) APPLICATION.—To be eligible to receive a waiver described in subsection (a), a State shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require, including information—

(A) identifying the requirement to be waived and the goal that the State (or the local agency applying to the State under subsection (c)) intends to achieve through the waiver;

(B) identifying, and describing the actions that the State will take to remove, similar State requirements;

(C) describing the activities to which the waiver will apply, including information on how the activities may be continued, or related to activities carried out, under the statewide system of the State;

(D) describing the number and type of persons to be affected by such waiver; and

(E) providing evidence of approval of the

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Beginning on page 341, line 7, strike all through page 406, line 13, and insert the following:

tion of business, industry, labor, and the education community in the development and continuous improvement of the statewide system;

(G) information identifying how any funds that a State receives under this subtitle will be leveraged with other public and private resources to maximize the effectiveness of such resources for all workforce development activities, and expand the participation of business, industry, labor, the education community, and individuals in the statewide system;

(H) information identifying how the workforce development activities to be carried out with funds received through the allotment will be coordinated with programs carried out by the Veterans' Employment and Training Service with funds received under title 38, United States Code, in order to meet the State goals and reach the State benchmarks related to veterans;

(I) information describing how the State will eliminate duplication in the administration and delivery of services under this title;

(J) information describing the process the State will use to independently evaluate and continuously improve the performance of the statewide system, on a yearly basis, including the development of specific performance indicators to measure progress toward meeting the State goals;

(K) an assurance that the funds made available under this subtitle will supplement and not supplant other public funds expended to provide workforce development activities;

(L) information identifying the steps that the State will take over the 3 years covered by the plan to establish common data collection and reporting requirements for workforce development activities and vocational rehabilitation program activities;

(M) with respect to economic development activities, information—

(i) describing the activities to be carried out with the funds made available under this subtitle;

(ii) describing how the activities will lead directly to increased earnings of nonmanagerial employees in the State; and

(iii) describing whether the labor organization, if any, representing the nonmanagerial employees supports the activities;

(N) the description referred to in subsection (d)(1); and

(O)(i) information demonstrating the support of individuals and entities described in subsection (d)(1) for the plan; or

(ii) in a case in which the Governor is unable to obtain the support of such individuals and entities as provided in subsection (d)(2), the comments referred to in subsection (d)(2)(B),

(2) with respect to workforce employment activities, information—

(A)(i) identifying and designating substate areas, including urban and rural areas, to which funds received through the allotment will be distributed, which areas shall, to the extent feasible, reflect local labor market areas; or

(ii) stating that the State will be treated as a substate area for purposes of the application of this subtitle, if the State receives an increase in an allotment under section 712 for a program year as a result of the application of section 712(c)(2); and

(B) describing the basic features of one-stop delivery of core services described in section 716(a)(2) in the State, including information regarding—

(i) the strategy of the State for developing fully operational one-stop delivery of core services described in section 716(a)(2);

(ii) the time frame for achieving the strategy;

(iii) the estimated cost for achieving the strategy;

(iv) the steps that the State will take over the 3 years covered by the plan to provide individuals with access to one-stop delivery of core services described in section 716(a)(2);

(v) the steps that the State will take over the 3 years covered by the plan to provide information through the one-stop delivery to individuals on the quality of workforce employment activities, workforce education activities, and vocational rehabilitation program activities, provided through the statewide system;

(vi) the steps that the State will take over the 3 years covered by the plan to link services provided through the one-stop delivery with services provided through State welfare agencies; and

(vii) in a case in which the State chooses to use vouchers to deliver workforce employment activities, the steps that the State will take over the 3 years covered by the plan to comply with the requirements in section 716(a)(9) and the information required in such section;

(C) identifying performance indicators that relate to the State goals, and to the State benchmarks, concerning workforce employment activities;

(D) describing the workforce employment activities to be carried out with funds received through the allotment;

(E) describing the steps that the State will take over the 3 years covered by the plan to establish a statewide comprehensive labor market information system described in section 773(c) that will be utilized by all the providers of one-stop delivery of core services described in section 716(a)(2), providers of other workforce employment activities, and providers of workforce education activities, in the State;

(F) describing the steps that the State will take over the 3 years covered by the plan to establish a job placement accountability system described in section 731(d);

(G) describing the process the State will use to approve all providers of workforce employment activities through the statewide system; and

(H)(i) describing the steps that the State will take to segregate the amount allotted to the State from funds made available under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) from the remainder of the portion described in section 713(a)(1); and

(ii) describing how the State will use the amount allotted to the State from funds made available under such section 901(c)(1)(A) to carry out the required activities described in clauses (ii) through (v) of section 716(a)(2)(B) and section 773;

(3) with respect to workforce education activities, information—

(A) describing how funds received through the allotment will be allocated among—

(i) secondary school vocational education, or postsecondary and adult vocational education, or both; and

(ii) adult education;

(B) identifying performance indicators that relate to the State goals, and to the State benchmarks, concerning workforce education activities;

(C) describing the workforce education activities that will be carried out with funds received through the allotment;

(D) describing how the State will address the adult education needs of the State;

(E) describing how the State will disaggregate data relating to at-risk youth in order to adequately measure the progress of at-risk youth toward accomplishing the results measured by the State goals, and the State benchmarks;

(F) describing how the State will adequately address the needs of both at-risk youth who are in school, and out-of-school youth, in alternative education programs that teach to the same challenging academic, occupational, and skill proficiencies as are provided for in-school youth;

(G) describing how the workforce education activities described in the State plan and the State allocation of funds received through the allotment for such activities are an integral part of comprehensive efforts of the State to improve education for all students and adults;

(H) describing how the State will annually evaluate the effectiveness of the State plan with respect to workforce education activities;

(I) describing how the State will address the professional development needs of the State with respect to workforce education activities;

(J) describing how the State will provide local educational agencies in the State with technical assistance; and

(K) describing how the State will assess the progress of the State in implementing student performance measures.

(d) PROCEDURE FOR DEVELOPMENT OF PART OF PLAN RELATING TO STRATEGIC PLAN.—

(1) DESCRIPTION OF DEVELOPMENT.—The part of the State plan relating to the strategic plan shall include a description of the manner in which—

(A) the Governor;

(B) the State educational agency;

(C) representatives of business and industry, including representatives of key industry sectors, and of small- and medium-size and large employers, in the State;

(D) representatives of labor and workers;

(E) local elected officials from throughout the State;

(F) the State agency officials responsible for vocational education;

(G) the State agency officials responsible for postsecondary education;

(H) the State agency officials responsible for adult education;

(I) the State agency officials responsible for vocational rehabilitation;

(J) such other State agency officials, including officials responsible for economic development and employment, as the Governor may designate;

(K) the representative of the Veterans' Employment and Training Service assigned to the State under section 4103 of title 38, United States Code; and

(L) other appropriate officials, including members of the State workforce development board described in section 715, if the State has established such a board;

collaborated in the development of such part of the plan.

(2) FAILURE TO OBTAIN SUPPORT.—If, after a reasonable effort, the Governor is unable to obtain the support of the individuals and entities described in paragraph (1) for the strategic plan the Governor shall—

(A) provide such individuals and entities with copies of the strategic plan;

(B) allow such individuals and entities to submit to the Governor, not later than the end of the 30-day period beginning on the date on which the Governor provides such individuals and entities with copies of such plan under subparagraph (A), comments on such plan; and

(C) include any such comments in such plan.

(e) APPROVAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall approve a State plan if—

(1) the Federal Partnership determines that the plan contains the information described in subsection (c);

(2) the Federal Partnership determines that the State has prepared the plan in accordance with the requirements of this section, including the requirements relating to development of any part of the plan; and

(3) the State benchmarks for the State have been negotiated and approved in accordance with section 731(c).

(f) NO ENTITLEMENT TO A SERVICE.—Nothing in this title shall be construed to provide any individual with an entitlement to a service provided under this title.

SEC. 715. STATE WORKFORCE DEVELOPMENT BOARDS.

(a) ESTABLISHMENT.—A Governor of a State that receives an allotment under section 712 may establish a State workforce development board—

(1) on which a majority of the members are representatives of business and industry;

(2) on which not less than 25 percent of the members shall be representatives of labor, workers, and community-based organizations;

(3) that shall include representatives of veterans;

(4) that shall include a representative of the State educational agency and a representative from the State agency responsible for vocational rehabilitation;

(5) that may include any other individual or entity that participates in the collaboration described in section 714(d)(1); and

(6) that may include any other individual or entity the Governor may designate.

(b) CHAIRPERSON.—The State workforce development board shall select a chairperson from among the members of the board who are representatives of business and industry.

(c) FUNCTIONS.—The functions of the State workforce development board shall include—

(1) advising the Governor on the development of the statewide system, the State plan described in section 714, and the State goals and State benchmarks;

(2) assisting in the development of specific performance indicators to measure progress toward meeting the State goals and reaching the State benchmarks and providing guidance on how such progress may be improved;

(3) serving as a link between business, industry, labor, and the statewide system;

(4) assisting the Governor in preparing the annual report to the Federal Partnership regarding progress in reaching the State benchmarks, as described in section 731(a);

(5) receiving and commenting on the State plan developed under section 101 of the Rehabilitation Act of 1973 (29 U.S.C. 721);

(6) assisting the Governor in developing the statewide comprehensive labor market information system described in section 773(c) to provide information that will be utilized by all the providers of one-stop delivery of core services described in section 716(a)(2), providers of other workforce employment activities, and providers of workforce education activities, in the State; and

(7) assisting in the monitoring and continuous improvement of the performance of the statewide system, including evaluation of the effectiveness of workforce development activities funded under this title.

SEC. 716. USE OF FUNDS.

(a) WORKFORCE EMPLOYMENT ACTIVITIES.—

(1) IN GENERAL.—Funds made available to a State under this subtitle to carry out workforce employment activities through a statewide system—

(A) shall be used to carry out the activities described in paragraphs (2), (3), and (4); and

(B) may be used to carry out the activities described in paragraphs (5), (6), (7), and (8), including providing activities described in paragraph (6) through vouchers described in paragraph (9).

(2) ONE-STOP DELIVERY OF CORE SERVICES.—

(A) ACCESS.—The State shall use a portion of the funds described in paragraph (1) to establish a means of providing access to the statewide system through core services described in subparagraph (B) available—

(i) through multiple, connected access points, linked electronically or otherwise;

(ii) through a network that assures participants that such core services will be available regardless of where the participants initially enter the statewide system;

(iii) at not less than 1 physical location in each substate area of the State; or

(iv) through some combination of the options described in clauses (i), (ii), and (iii).

(B) CORE SERVICES.—The core services referred to in subparagraph (A) shall, at a minimum, include—

(i) outreach, intake, and orientation to the information and other services available through one-stop delivery of core services described in this subparagraph;

(ii) initial assessment of skill levels, aptitudes, abilities, and supportive service needs;

(iii) job search and placement assistance and, where appropriate, career counseling;

(iv) customized screening and referral of qualified applicants to employment;

(v) provision of accurate information relating to local labor market conditions, including employment profiles of growth industries and occupations within a substate area, the educational and skills requirements of jobs in the industries and occupations, and the earnings potential of the jobs;

(vi) provision of accurate information relating to the quality and availability of other workforce employment activities, workforce education activities, and vocational rehabilitation program activities;

(vii) provision of information regarding how the substate area is performing on the State benchmarks;

(viii) provision of initial eligibility information on forms of public financial assistance that may be available in order to enable persons to participate in workforce employment activities, workforce education activities, or vocational rehabilitation program activities; and

(ix) referral to other appropriate workforce employment activities, workforce education activities, and vocational rehabilitation employment activities.

(3) LABOR MARKET INFORMATION SYSTEM.—The State shall use a portion of the funds described in paragraph (1) to establish a statewide comprehensive labor market information system described in section 773(c).

(4) JOB PLACEMENT ACCOUNTABILITY SYSTEM.—The State shall use a portion of the funds described in paragraph (1) to establish a job placement accountability system described in section 731(d).

(5) PERMISSIBLE ONE-STOP DELIVERY ACTIVITIES.—The State may provide, through one-stop delivery—

(A) co-location of services related to workforce development activities, such as unemployment insurance, vocational rehabilitation program activities, welfare assistance, veterans' employment services, or other public assistance;

(B) intensive services for participants who are unable to obtain employment through the core services described in paragraph (2)(B), as determined by the State; and

(C) dissemination to employers of information on activities carried out through the statewide system.

(6) OTHER PERMISSIBLE ACTIVITIES.—The State may use a portion of the funds described in paragraph (1) to provide services through the statewide system that may include—

(A) on-the-job training;

(B) occupational skills training;

(C) entrepreneurial training;

(D) training to develop work habits to help individuals obtain and retain employment;

(E) customized training conducted with a commitment by an employer or group of employers to employ an individual after successful completion of the training;

(F) rapid response assistance for dislocated workers;

(G) skill upgrading and retraining for persons not in the workforce;

(H) preemployment and work maturity skills training for youth;

(I) connecting activities that organize consortia of small- and medium-size businesses to provide work-based learning opportunities for youth participants in school-to-work programs;

(J) programs for adults that combine workplace training with related instruction;

(K) services to assist individuals in attaining certificates of mastery with respect to industry-based skill standards;

(L) case management services;

(M) supportive services, such as transportation and financial assistance, that enable individuals to participate in the statewide system;

(N) followup services for participants who are placed in unsubsidized employment; and

(O) an employment and training program described in section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)).

(7) STAFF DEVELOPMENT AND TRAINING.—The State may use a portion of the funds described in paragraph (1) for the development and training of staff of providers of one-stop delivery of core services described in paragraph (2), including development and training relating to principles of quality management.

(8) INCENTIVE GRANT AWARDS.—The State may use a portion of the funds described in paragraph (1) to award incentive grants to substate areas that reach or exceed the State benchmarks established under section 731(c), with an emphasis on benchmarks established under section 731(c)(3). A substate area that receives such a grant may use the funds made available through the grant to carry out any workforce development activities authorized under this title.

(9) VOUCHERS.—

(A) IN GENERAL.—A State may deliver some or all of the workforce employment activities described in paragraph (6) that are provided under this subtitle through a system of vouchers administered through the one-stop delivery of core services described in paragraph (2) in the State.

(B) ELIGIBILITY REQUIREMENTS.—

(i) IN GENERAL.—A State that chooses to deliver the activities described in subparagraph (A) through vouchers shall indicate in the State plan described in section 714 the criteria that will be used to determine—

(I) which workforce employment activities described in paragraph (6) will be delivered through the voucher system;

(II) eligibility requirements for participants to receive the vouchers and the amount of funds that participants will be able to access through the voucher system; and

(III) which employment, training, and education providers are eligible to receive payment through the vouchers.

(ii) CONSIDERATIONS.—In establishing State criteria for service providers eligible to receive payment through the vouchers under clause (i)(III), the State shall take into account industry-recognized skills standards promoted by the National Skills Standards Board.

(C) ACCOUNTABILITY REQUIREMENTS.—A State that chooses to deliver the activities described in paragraph (6) through vouchers shall indicate in the State plan—

(i) information concerning how the State will utilize the statewide comprehensive labor market information system described in section 773(c) and the job placement accountability system established under section 731(d) to provide timely and accurate information to participants about the performance of eligible employment, training, and education providers;

(ii) other information about the performance of eligible providers of services that the State believes is necessary for participants receiving the vouchers to make informed career choices; and

(iii) the timeframe in which the information developed under clauses (i) and (ii) will be widely available through the one-stop delivery of core services described in paragraph (2) in the State.

(10) FUNDS FROM UNEMPLOYMENT TRUST FUND.—Funds made available to a Governor under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) for a program year shall only be available for workforce employment activities authorized under such section 901(c)(1)(A), which are—

(A) the administration of State unemployment compensation laws as provided in title III of the Social Security Act (including administration pursuant to agreements under any Federal unemployment compensation law);

(B) the establishment and maintenance of statewide workforce development systems, to the extent the systems are used to carry out activities described in section 773, or in any of clauses (ii) through (v) of section 716(a)(2)(B); and

(C) carrying out the activities described in sections 4103, 4103A, 4104, and 4104A of title 38, United States Code (relating to veterans' employment services).

(b) WORKFORCE EDUCATION ACTIVITIES.—The State educational agency shall use the funds made available to the State educational agency under this subtitle for workforce education activities to carry out, through the statewide system, activities that include—

(1) integrating academic and vocational education;

(2) linking secondary education (as determined under State law) and postsecondary education, including implementing tech-prep programs;

(3) providing career guidance and counseling for students at the earliest possible age, including the provision of career awareness, exploration, planning, and guidance information to students and their parents that is, to the extent possible, in a language and form that the students and their parents understand;

(4) providing literacy and basic education services for adults and out-of-school youth, including adults and out-of-school youth in correctional institutions;

(5) providing programs for adults and out-of-school youth to complete their secondary education;

(6) expanding, improving, and modernizing quality vocational education programs; and

(7) improving access to quality vocational education programs for at-risk youth.

(c) FISCAL REQUIREMENTS FOR WORKFORCE EDUCATION ACTIVITIES.—

(1) SUPPLEMENT NOT SUPPLANT.—Funds made available under this subtitle for workforce education activities shall supplement, and may not supplant, other public funds expended to carry out workforce education activities.

(2) MAINTENANCE OF EFFORT.—

(A) DETERMINATION.—No payments shall be made under this subtitle for any program year to a State for workforce education activities unless the Federal Partnership determines that the fiscal effort per student or the aggregate expenditures of such State for workforce education for the program year preceding the program year for which the determination is made, equaled or exceeded such effort or expenditures for workforce education for the second program year preceding the fiscal year for which the determination is made.

(B) WAIVER.—The Federal Partnership may waive the requirements of this section (with respect to not more than 5 percent of expenditures by any State educational agency) for 1 program year only, on making a determination that such waiver would be equitable due to exceptional or uncontrollable circumstances affecting the ability of the applicant to meet such requirements, such as a natural disaster or an unforeseen and precipitous decline in financial resources. No level of funding permitted under such a waiver may be used as the basis for computing the fiscal effort or aggregate expenditures required under this section for years subsequent to the year covered by such waiver.

The fiscal effort or aggregate expenditures for the subsequent years shall be computed on the basis of the level of funding that would, but for such waiver, have been required.

(d) FLEXIBLE WORKFORCE ACTIVITIES.—

(1) CORE FLEXIBLE WORKFORCE ACTIVITIES.—The State shall use a portion of the funds made available to the State under this subtitle through the flex account to carry out school-to-work activities through the statewide system, except that any State that received a grant under subtitle B of title II of the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6141 et seq.) shall use such portion to support the continued development of the statewide School-to-Work Opportunities system of the State through the continuation of activities that are carried out in accordance with the terms of such grant.

(2) PERMISSIBLE FLEXIBLE WORKFORCE ACTIVITIES.—The State may use a portion of the funds made available to the State under this subtitle through the flex account—

(A) to carry out workforce employment activities through the statewide system; and

(B) to carry out workforce education activities through the statewide system.

(e) ECONOMIC DEVELOPMENT ACTIVITIES.—In the case of a State that meets the requirements of section 728(c), the State may use a portion of the funds made available to the State under this subtitle through the flex account to supplement other funds provided by the State or private sector—

(1) to provide customized assessments of the skills of workers and an analysis of the skill needs of employers;

(2) to assist consortia of small- and medium-size employers in upgrading the skills of their workforces;

(3) to provide productivity and quality improvement training programs for the workforces of small- and medium-size employers;

(4) to provide recognition and use of voluntary industry-developed skills standards by employers, schools, and training institutions;

(5) to carry out training activities in companies that are developing modernization plans in conjunction with State industrial extension service offices; and

(6) to provide on-site, industry-specific training programs supportive of industrial and economic development;
through the statewide system.

(f) LIMITATIONS.—

(1) WAGES.—No funds provided under this subtitle shall be used to pay the wages of incumbent workers during their participation in economic development activities provided through the statewide system.

(2) RELOCATION.—No funds provided under this subtitle shall be used or proposed for use to encourage or induce the relocation, of a business or part of a business, that results in a loss of employment for any employee of such business at the original location.

(3) TRAINING AND ASSESSMENTS FOLLOWING RELOCATION.—No funds provided under this subtitle shall be used for customized or skill training, on-the-job training, or company specific assessments of job applicants or workers, for any business or part of a business, that has relocated, until 120 days after the date on which such business commences operations at the new location, if the relocation of such business or part of a business, results in a loss of employment for any worker of such business at the original location.

(g) LIMITATIONS ON PARTICIPANTS.—

(1) DIPLOMA OR EQUIVALENT.—

(A) IN GENERAL.—No individual may participate in workforce employment activities described in subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6) until the individual has obtained a secondary school diploma or its recognized equivalent, or is enrolled in a program or course of study to obtain a secondary school diploma or its recognized equivalent.

(B) EXCEPTION.—Nothing in subparagraph (A) shall prevent participation in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6) by individuals who, after testing and in the judgment of medical, psychiatric, academic, or other appropriate professionals, lack the requisite capacity to complete successfully a course of study that would lead to a secondary school diploma or its recognized equivalent.

(2) SERVICES.—

(A) REFERRAL.—If an individual who has not obtained a secondary school diploma or its recognized equivalent applies to participate in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6), such individual shall be referred to State approved adult education services that provide instruction designed to help such individual obtain a secondary school diploma or its recognized equivalent.

(B) STATE PROVISION OF SERVICES.—Notwithstanding any other provision of this title, a State may use funds made available under section 713(a)(1) to provide State approved adult education services that provide instruction designed to help individuals obtain a secondary school diploma or its recognized equivalent, to individuals who—

(i) are seeking to participate in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6); and

(ii) are otherwise unable to obtain such services.

SEC. 717. INDIAN WORKFORCE DEVELOPMENT ACTIVITIES.

(a) PURPOSE.—

(1) IN GENERAL.—The purpose of this section is to support workforce development activities for Indian and Native Hawaiian individuals in order—

(A) to develop more fully the academic, occupational, and literacy skills of such individuals;

(B) to make such individuals more competitive in the workforce; and

(C) to promote the economic and social development of Indian and Native Hawaiian communities in accordance with the goals and values of such communities.

(2) INDIAN POLICY.—All programs assisted under this section shall be administered in a manner consistent with the principles of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.) and the government-to-government relationship between the Federal Government and Indian tribal governments.

(b) DEFINITIONS.—As used in this section:

(1) ALASKA NATIVE.—The term "Alaska Native" means a Native as such term is defined in section 3(b) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(b)).

(2) INDIAN, INDIAN TRIBE, AND TRIBAL ORGANIZATION.—The terms "Indian", "Indian tribe", and "tribal organization" have the same meanings given such terms in subsections (d), (e) and (l), respectively, of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(3) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" has the meaning given the term in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

(4) NATIVE HAWAIIAN AND NATIVE HAWAIIAN ORGANIZATION.—The terms "Native Hawaiian" and "Native Hawaiian organization" have the same meanings given such terms in paragraphs (1) and (3), respectively, of section 9212 of the Native Hawaiian Education Act (20 U.S.C. 7912).

(5) TRIBALLY CONTROLLED COMMUNITY COLLEGE.—The term "tribally controlled community college" has the same meaning given such term in section 2(a)(4) of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801(a)(4)).

(6) TRIBALLY CONTROLLED POSTSECONDARY VOCATIONAL INSTITUTION.—The term "tribally controlled postsecondary vocational institution" means an institution of higher education that—

(A) is formally controlled, or has been formally sanctioned or chartered, by the governing body of an Indian tribe or Indian tribes;

(B) offers a technical degree or certificate granting program;

(C) is governed by a board of directors or trustees, a majority of whom are Indians;

(D) demonstrates adherence to stated goals, a philosophy, or a plan of operation, that fosters individual Indian economic and self-sufficiency opportunity, including programs that are appropriate to stated tribal goals of developing individual entrepreneurships and self-sustaining economic infrastructures on reservations;

(E) has been in operation for at least 3 years;

(F) holds accreditation with or is a candidate for accreditation by a nationally recognized accrediting authority for postsecondary vocational education; and

(G) enrolls the full-time equivalent of not fewer than 100 students, of whom a majority are Indians.

(c) PROGRAM AUTHORIZED.—

(1) ASSISTANCE AUTHORIZED.—From amounts made available under section 734(b)(2), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to, or enter into contracts or cooperative agreements with, Indian tribes and tribal organizations, Alaska Native entities, tribally controlled community colleges, tribally controlled postsecondary vocational institutions, Indian-controlled organizations serving Indians or Alaska Natives, and Native Hawaiian organizations to carry out the authorized activities described in subsection (d).

(2) FORMULA.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to, or enter into contracts and cooperative agreements with, entities as described in paragraph (1) to carry out the activities described in paragraphs (2) and (3) of subsection (d) on the basis of a formula developed by the Federal Partnership in consultation with entities described in paragraph (1).

(d) AUTHORIZED ACTIVITIES.—

(1) IN GENERAL.—Funds made available under this section shall be used to carry out the activities described in paragraphs (2) and (3) that—

(A) are consistent with this section; and

(B) are necessary to meet the needs of Indians and Native Hawaiians preparing to enter, reenter, or retain unsubsidized employment.

(2) WORKFORCE DEVELOPMENT ACTIVITIES AND SUPPLEMENTAL SERVICES.—

(A) IN GENERAL.—Funds made available under this section shall be used for—

(i) comprehensive workforce development activities for Indians and Native Hawaiians;

(ii) supplemental services for Indian or Native Hawaiian youth on or near Indian reservations in Oklahoma, Alaska, or Hawaii; and

(iii) supplemental services to recipients of public assistance on or near Indian reservations or former reservation areas in Oklahoma or in Alaska.

(B) SPECIAL RULE.—Notwithstanding any other provision of this section, individuals who were eligible to participate in programs under section 401 of the Job Training Partnership Act (29 U.S.C. 1671) (as such section was in effect on the day before the date of enactment of this Act) shall be eligible to participate in an activity assisted under subparagraph (A)(i).

(3) VOCATIONAL EDUCATION, ADULT EDUCATION, AND LITERACY SERVICES.—Funds made available under this section shall be used for—

(A) workforce education activities conducted by entities described in subsection (c)(1); and

(B) the support of tribally controlled postsecondary vocational institutions in order to ensure continuing and expanded educational opportunities for Indian students.

(e) PROGRAM PLAN.—In order to receive a grant or enter into a contract or cooperative agreement under this section an entity described in subsection (c)(1) shall submit to the Federal Partnership a plan that describes a 3-year strategy for meeting the needs of Indian and Native Hawaiian individuals, as appropriate, in the area served by such entity. Such plan shall—

(1) be consistent with the purposes of this section;

(2) identify the population to be served;

(3) identify the education and employment needs of the population to be served and the manner in which the services to be provided will strengthen the ability of the individuals served to obtain or retain unsubsidized employment;

(4) describe the services to be provided and the manner in which such services are to be integrated with other appropriate services; and

(5) describe the goals and benchmarks to be used to assess the performance of entities in carrying out the activities assisted under this section.

(f) FURTHER CONSOLIDATION OF FUNDS.—Each entity receiving assistance under this section may consolidate such assistance with assistance received from related programs in accordance with the provisions of the Indian Employment, Training and Related Services Demonstration Act of 1992 (25 U.S.C. 3401 et seq.).

(g) NONDUPLICATIVE AND NONEXCLUSIVE SERVICES.—Nothing in this section shall be construed—

(1) to limit the eligibility of any entity described in subsection (c)(1) to participate in any program offered by a State or local entity under this title; or

(2) to preclude or discourage any agreement, between any entity described in subsection (c)(1) and any State or local entity, to facilitate the provision of services by such entity or to the population served by such entity.

(h) PARTNERSHIP PROVISIONS.—

(1) OFFICE ESTABLISHED.—There shall be established within the Federal Partnership an office to administer the activities assisted under this section.

(2) CONSULTATION REQUIRED.—

(A) IN GENERAL.—The Federal Partnership, through the office established under paragraph (1), shall develop regulations and policies for activities assisted under this section in consultation with tribal organizations and Native Hawaiian organizations. Such regulations and policies shall take into account the special circumstances under which such activities operate.

(B) ADMINISTRATIVE SUPPORT.—The Federal Partnership shall provide such administrative support to the office established under paragraph (1) as the Federal Partnership determines to be necessary to carry out the consultation required by subparagraph (A).

(3) TECHNICAL ASSISTANCE.—The Federal Partnership, through the office established under paragraph (1), is authorized to provide technical assistance to entities described in subsection (c)(1) that receive assistance under this section to enable such entities to improve the workforce development activities provided by such entities.

SEC. 718. GRANTS TO OUTLYING AREAS.

(a) GENERAL AUTHORITY.—Using funds made available under section 734(b)(3), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to outlying areas to carry out workforce development activities.

(b) APPLICATION.—The Federal Partnership shall issue regulations specifying the provisions of this title that shall apply to outlying areas that receive funds under this subtitle.

CHAPTER 2—LOCAL PROVISIONS

SEC. 721. LOCAL APPORTIONMENT BY ACTIVITY.

(a) WORKFORCE EMPLOYMENT ACTIVITIES.—

(1) IN GENERAL.—The sum of the funds made available to a State for any program year under paragraphs (1) and (3) of section 713(a) for workforce employment activities shall be made available to the Governor of such State for use in accordance with paragraph (2).

(2) DISTRIBUTION.—Of the sum described in paragraph (1), for a program year—

(A) 25 percent shall be reserved by the Governor to carry out workforce employment activities through the statewide system, of which not more than 20 percent of such 25 percent may be used for administrative expenses; and

(B) 75 percent shall be distributed by the Governor to local entities to carry out workforce employment activities through the statewide system, based on—

(i) such factors as the relative distribution among substate areas of individuals who are not less than 15 and not more than 65, individuals in poverty, unemployed individuals, and adult recipients of assistance, as determined using the definitions specified and the determinations described in section 712(b); and

(ii) such additional factors as the Governor (in consultation with local partnerships described in section 728(a) or, where established, local workforce development boards described in section 728(b)), determines to be necessary.

(b) WORKFORCE EDUCATION ACTIVITIES.—

(1) IN GENERAL.—The sum of the funds made available to a State for any program year under paragraphs (2) and (3) of section 713(a) for workforce education activities shall be made available to the State educational agency serving such State for use in accordance with paragraph (2).

(2) DISTRIBUTION.—Of the sum described in paragraph (1), for a program year—

(A) 20 percent shall be reserved by the State educational agency to carry out statewide workforce education activities through the statewide system, of which not more than 5 percent of such 20 percent may be used for administrative expenses; and

(B) 80 percent shall be distributed by the State educational agency to entities eligible for financial assistance under section 722, 723, or 724, to carry out workforce education activities through the statewide system.

(3) STATE ACTIVITIES.—Activities to be carried out under paragraph (2)(A) may include professional development, technical assistance, and program assessment activities.

(4) STATE DETERMINATIONS.—From the amount available to a State educational agency under paragraph (2)(B) for a program year, such agency shall determine the percentage of such amount that will be distributed in accordance with sections 722, 723, and 724 for such year for workforce education activities in such State in each of the following areas:

(A) Secondary school vocational education, or postsecondary and adult vocational education, or both; and

(B) Adult education.

(c) SPECIAL RULE.—Nothing in this subtitle shall be construed to prohibit any individual, entity, or agency in a State (other than the State educational agency) that is administering workforce education activities or setting education policies consistent with authority under State law for workforce education activities, on the day preceding the date of enactment of this Act from continuing to administer or set education policies consistent with authority under State law for such activities under this subtitle.

SEC. 722. DISTRIBUTION FOR SECONDARY SCHOOL VOCATIONAL EDUCATION.

(a) ALLOCATION.—Except as otherwise provided in this section and section 725, each State educational agency shall distribute the portion of the funds made available for any program year (from funds made available for the corresponding fiscal year, as determined under section 734(c)) by such agency for secondary school vocational education under section 721(b)(3)(A) to local educational agencies within the State as follows:

(1) SEVENTY PERCENT.—From 70 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 70 percent as the amount such local educational agency was allocated under section 1124 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6333) for the preceding fiscal year bears to the total amount received under such section by all local educational agencies in the State for such year.

(2) TWENTY PERCENT.—From 20 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 20 percent as the number of students with disabilities who have individualized education programs under section 614(a)(5) of the Individuals with Disabilities Education Act (20 U.S.C. 1414(a)(5)) served by such local educational agency for the preceding fiscal year bears to the total number of such students served by all local educational agencies in the State for such year.

(3) TEN PERCENT.—From 10 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 10 percent as the number of students enrolled in schools and adults enrolled in training programs under the jurisdiction of such local educational agency for the preceding fiscal year bears to the number of students enrolled in schools and adults enrolled in training programs under the jurisdiction of all local educational agencies in the State for such year.

(b) MINIMUM ALLOCATION.—

(1) IN GENERAL.—Except as provided in paragraph (2), no local educational agency shall receive an allocation under subsection (a) unless the amount allocated to such agency under subsection (a) is not less than $15,000. A local educational agency may enter into a consortium with other local educational agencies for purposes of meeting the minimum allocation requirement of this paragraph.

(2) WAIVER.—The State educational agency may waive the application of paragraph (1) in any case in which the local educational agency—

(A) is located in a rural, sparsely-populated area; and

(B) demonstrates that such agency is unable to enter into a consortium for purposes of providing services under this section.

(3) REDISTRIBUTION.—Any amounts that are not allocated by reason of paragraph (1) or (2) shall be redistributed to local educational agencies that meet the requirements of paragraph (1) or (2) in accordance with the provisions of this section.

(c) LIMITED JURISDICTION AGENCIES.—

(1) IN GENERAL.—In applying the provisions of subsection (a), no State educational agency receiving assistance under this subtitle shall allocate funds to a local educational agency that serves only elementary schools, but shall distribute such funds to the local educational agency or regional educational agency that provides secondary school services to secondary school students in the same attendance area.

(2) SPECIAL RULE.—The amount to be allocated under paragraph (1) to a local educational agency that has jurisdiction only over secondary schools shall be determined based on the number of students that entered such secondary schools in the previous year from the elementary schools involved.

(d) ALLOCATIONS TO AREA VOCATIONAL EDUCATION SCHOOLS AND EDUCATIONAL SERVICE AGENCIES.—

(1) IN GENERAL.—Each State educational agency shall distribute the portion of funds made available for any program year by such agency for secondary school vocational education under section 721(b)(3)(A) to the appropriate area vocational education school or educational service agency in any case in which—

(A) the area vocational education school or educational service agency, and the local educational agency concerned—

(i) have formed or will form a consortium for the purpose of receiving funds under this section; or

(ii) have entered into or will enter into a cooperative arrangement for such purpose; and

(B)(i) the area vocational education school or educational service agency serves an approximately equal or greater proportion of students who are individuals with disabilities or are low-income than the proportion of such students attending the secondary schools under the jurisdiction of all of the local educational agencies sending students to the area vocational education school or the educational service agency; or

(ii) the area vocational education school, educational service agency, or local educational agency demonstrates that the vocational education school or educational service agency is unable to meet the criterion described in clause (i) due to the lack of interest by students described in clause (i) in attending vocational education programs in that area vocational education school or educational service agency.

(2) ALLOCATION BASIS.—If an area vocational education school or educational service agency meets the requirements of paragraph (1), then—

(A) the amount that will otherwise be distributed to the local educational agency under this section shall be allocated to the area vocational education school, the educational service agency, and the local educational agency, based on each school's or agency's relative share of students described in paragraph (1)(B)(i) who are attending vocational education programs (based, if practicable, on the average enrollment for the prior 3 years); or

(B) such amount may be allocated on the basis of an agreement between the local educational agency and the area vocational education school or educational service agency.

(3) STATE DETERMINATION.—

(A) IN GENERAL.—For the purposes of this subsection, the State educational agency may determine the number of students who are low-income on the basis of—

(i) eligibility for—

(I) free or reduced-price meals under the National School Lunch Act (7 U.S.C. 1751 et seq.);

(II) assistance under a State program funded under part A of title IV of the Social Security Act;

(III) benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.); or

(IV) services under title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.); and

(ii) another index of economic status, including an estimate of such index, if the State educational agency demonstrates to the satisfaction of the Federal Partnership that such index is a more representative means of determining such number.

(B) DATA.—If a State educational agency elects to use more than 1 factor described in subparagraph (A) for purposes of making the determination described in such subparagraph, the State educational agency shall ensure that the data used is not duplicative.

(4) APPEALS PROCEDURE.—The State educational agency shall establish an appeals procedure for resolution of any dispute arising between a local educational agency and an area vocational education school or an educational service agency with respect to the allocation procedures described in this section, including the decision of a local educational agency to leave a consortium.

(5) SPECIAL RULE.—Notwithstanding the provisions of paragraphs (1), (2), (3), and (4), any local educational agency receiving an allocation that is not sufficient to conduct a secondary school vocational education program of sufficient size, scope, and quality to be effective may—

(A) form a consortium or enter into a cooperative agreement with an area vocational education school or educational service agency offering secondary school vocational education programs of sufficient size, scope, and quality to be effective and that are accessible to students who are individuals with disabilities or are low-income, and are served by such local educational agency; and

(B) transfer such allocation to the area vocational education school or educational service agency.

(e) SPECIAL RULE.—Each State educational agency distributing funds under this section shall treat a secondary school funded by the Bureau of Indian Affairs within the State as if such school were a local educational agency within the State for the purpose of receiving a distribution under this section.

SEC. 723. DISTRIBUTION FOR POSTSECONDARY AND ADULT VOCATIONAL EDUCATION.

(a) ALLOCATION.—

(1) IN GENERAL.—Except as provided in subsection (b) and section 725, each State educational agency, using the portion of the funds made available for any program year by such agency for postsecondary and adult vocational education under section 721(b)(3)(A)—

(A) shall reserve funds to carry out subsection (d); and

(B) shall distribute the remainder to eligible institutions or consortia of the institutions within the State.

(2) FORMULA.—Each such eligible institution or consortium shall receive an amount for the program year (from funds made available for the corresponding fiscal year, as determined under section 734(c)) from such remainder bears the same relationship to such remainder as the number of individuals who are Pell Grant recipients or recipients of assistance from the Bureau of Indian Affairs and are enrolled in programs offered by such institution or consortium for the preceding fiscal year bears to the number of all such individuals who are enrolled in any such program within the State for such preceding year.

(3) CONSORTIUM REQUIREMENTS.—In order for a consortium of eligible institutions described in paragraph (1) to receive assistance pursuant to such paragraph such consortium shall operate joint projects that—

(A) provide services to all postsecondary institutions participating in the consortium; and

(B) are of sufficient size, scope, and quality to be effective.

(b) WAIVER FOR MORE EQUITABLE DISTRIBUTION.—The Federal Partnership may waive the application of subsection (a) in the case of any State educational agency that submits to the Federal Partnership an application for such a waiver that—

(1) demonstrates that the formula described in subsection (a) does not result in a distribution of funds to the institutions or consortia within the State that have the highest numbers of low-income individuals and that an alternative formula will result in such a distribution; and

(2) includes a proposal for an alternative formula that may include criteria relating to the number of individuals attending the institutions or consortia within the State who—

(A) receive need-based postsecondary financial aid provided from public funds;

(B) are members of families receiving assistance under a State program funded under part A of title IV of the Social Security Act;

(C) are enrolled in postsecondary educational institutions that—

(i) are funded by the State;

(ii) do not charge tuition; and

(iii) serve only low-income students;

(D) are enrolled in programs serving low-income adults; or

(E) are Pell Grant recipients.

(c) MINIMUM AMOUNT.—

(1) IN GENERAL.—No distribution of funds provided to any institution or consortium for a program year under this section shall be for an amount that is less than $50,000.

(2) REDISTRIBUTION.—Any amounts that are not distributed by reason of paragraph (1) shall be redistributed to eligible institutions or consortia in accordance with the provisions of this section.

(d) SPECIAL RULE FOR CRIMINAL OFFENDERS.—Each State educational agency shall distribute the funds reserved under subsection (a)(1)(A) to 1 or more State corrections agencies to enable the State corrections agencies to administer vocational education programs for juvenile and adult criminal offenders in correctional institutions in the State, including correctional institutions operated by local authorities.

(e) DEFINITION.—For the purposes of this section—

(1) the term "eligible institution" means a postsecondary educational institution, a local educational agency serving adults, or an area vocational education school serving adults that offers or will offer a program that seeks to receive financial assistance under this section;

(2) the term "low-income", used with respect to a person, means a person who is determined under guidelines developed by the Federal Partnership to be low-income, using the most recent available data provided by the Bureau of the Census, prior to the determination; and

(3) the term "Pell Grant recipient" means a recipient of financial aid under subpart 1 of part A of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070a et seq.).

SEC. 724. DISTRIBUTION FOR ADULT EDUCATION.

(a) IN GENERAL.—Except as provided in subsection (b)(3), from the amount made available by a State educational agency for

adult education under section 721(b)(3)(B) for a program year, such agency shall award grants, on a competitive basis, to local educational agencies, correctional education agencies, community-based organizations of demonstrated effectiveness, volunteer literacy organizations, libraries, public or private nonprofit agencies, postsecondary educational institutions, public housing authorities, and other nonprofit institutions that have the ability to provide literacy services to adults and families, or consortia of agencies, organizations, or institutions described in this subsection, to enable such agencies, organizations, institutions, and consortia to establish or expand adult education programs.

(b) GRANT REQUIREMENTS.—

(1) ACCESS.—Each State educational agency making funds available for any program year for adult education under section 721(b)(3)(B) shall ensure that the entities described in subsection (a) will be provided direct and equitable access to all Federal funds provided under this section.

(2) CONSIDERATIONS.—In awarding grants under this section, the State educational agency shall consider—

(A) the past effectiveness of applicants in providing services (especially with respect to recruitment and retention of educationally disadvantaged adults and the learning gains demonstrated by such adults);

(B) the degree to which an applicant will coordinate and utilize other literacy and social services available in the community; and

(C) the commitment of the applicant to serve individuals in the community who are most in need of literacy services.

(3) CONSORTIA.—A State educational agency may award a grant under subsection (a) to a consortium that includes an entity described in subsection (a) and a for-profit agency, organization, or institution, if such agency, organization, or institution—

(A) can make a significant contribution to carrying out the purposes of this title; and

(B) enters into a contract with the entity described in subsection (a) for the purpose of establishing or expanding adult education programs.

(c) LOCAL ADMINISTRATIVE COSTS LIMITS.—

(1) IN GENERAL.—Except as provided in paragraph (2), of the funds provided under this section by a State educational agency to an agency, organization, institution, or consortium described in subsection (a), at least 95 percent shall be expended for provision of adult education instructional activities. The remainder shall be used for planning, administration, personnel development, and interagency coordination.

(2) SPECIAL RULE.—In cases where the cost limits described in paragraph (1) will be too restrictive to allow for adequate planning, administration, personnel development, and interagency coordination supported under this section, the State educational agency shall negotiate with the agency, organization, institution, or consortium described in subsection (a) in order to determine an adequate level of funds to be used for noninstructional purposes.

SEC. 725. SPECIAL RULE FOR MINIMAL ALLOCATION.

(a) GENERAL AUTHORITY.—For any program year for which a minimal amount is made available by a State educational agency for distribution under section 722 or 723 such agency may, notwithstanding the provisions of section 722 or 723, respectively, in order to make a more equitable distribution of funds for programs serving the highest numbers of low-income individuals (as defined in section 723(e)), distribute such minimal amount—

(1) on a competitive basis; or

(2) through any alternative method determined by the State educational agency.

(b) MINIMAL AMOUNT.—For purposes of this section, the term "minimal amount" means not more than 15 percent of the total amount made available by the State educational agency under section 721(b)(3)(A) for section 722 or 723, respectively, for such program year.

SEC. 726. REDISTRIBUTION.

(a) IN GENERAL.—In any program year that an entity receiving financial assistance under section 722 or 723 does not expend all of the amounts distributed to such entity for such year under section 722 or 723, respectively, such entity shall return any unexpended amounts to the State educational agency for distribution under section 722 or 723, respectively.

(b) REDISTRIBUTION OF AMOUNTS RETURNED LATE IN A PROGRAM YEAR.—In any program year in which amounts are returned to the State educational agency under subsection (a) for programs described in section 722 or 723 and the State educational agency is unable to redistribute such amounts according to section 722 or 723, respectively, in time for such amounts to be expended in such program year, the State educational agency shall retain such amounts for distribution in combination with amounts provided under such section for the following program year.

SEC. 727. LOCAL APPLICATION FOR WORKFORCE EDUCATION ACTIVITIES.

(a) IN GENERAL.—

(1) IN GENERAL.—Each eligible entity desiring financial assistance under this subtitle for workforce education activities shall submit an application to the State educational agency at such time, in such manner and accompanied by such information as such agency (in consultation with such other educational entities as the State educational agency determines to be appropriate) may require. Such application shall cover the same period of time as the period of time applicable to the State workforce development plan.

(2) DEFINITION.—For the purpose of this section the term "eligible entity" means an entity eligible for financial assistance under section 722, 723, or 724 from a State educational agency.

(b) CONTENTS.—Each application described in subsection (a) shall, at a minimum—

(1) describe how the workforce education activities required under section 716(b), and other workforce education activities, will be carried out with funds received under this subtitle;

(2) describe how the activities to be carried out relate to meeting the State goals, and reaching the State benchmarks, concerning workforce education activities;

(3) describe how the activities to be carried out are an integral part of the comprehensive efforts of the eligible entity to improve education for all students and adults;

(4) describe the process that will be used to independently evaluate and continuously improve the performance of the eligible entity; and

(5) describe how the eligible entity will coordinate the activities of the entity with the activities of the local workforce development board, if any, in the substate area.

SEC. 728. LOCAL PARTNERSHIPS, AGREEMENTS, AND WORKFORCE DEVELOPMENT BOARDS.

(a) LOCAL AGREEMENTS.—

(1) IN GENERAL.—After a Governor submits the State plan described in section 714 to the Federal Partnership, the Governor shall negotiate and enter into a local agreement regarding the workforce employment activities, school-to-work activities, and economic development activities (within a State that is eligible to carry out such activities, as described in subsection (c)) to be carried out in each substate area in the State with local partnerships (or, where established, local workforce development boards described in subsection (b)).

(2) LOCAL PARTNERSHIPS.—

(A) IN GENERAL.—A local partnership referred to in paragraph (1) shall be established by the local chief elected official, in accordance with subparagraphs (B) and (C), and shall consist of individuals representing business, industry, and labor, local secondary schools (including individuals representing teachers), local postsecondary education institutions, local adult education providers, local elected officials, rehabilitation agencies and organizations, community-based organizations, and veterans, within the appropriate substate area.

(B) MULTIPLE JURISDICTIONS.—In any case in which there are 2 or more units of general local government in the substate area involved, the chief elected official of each such unit shall appoint members of the local partnership in accordance with an agreement entered into by such chief elected officials. In the absence of such an agreement, such appointments shall be made by the Governor of the State involved from the individuals nominated or recommended by the chief elected officials.

(C) SELECTION OF BUSINESS AND INDUSTRY REPRESENTATIVES.—Individuals representing business and industry in the local partnership shall be appointed by the chief elected official from nominations submitted by business organizations in the substate area involved. Such individuals shall reasonably represent the industrial and demographic composition of the business community. Where possible, at least 50 percent of such business and industry representatives shall be representatives of small business.

(3) BUSINESS AND INDUSTRY INVOLVEMENT.—The business and industry representatives shall have a lead role in the design, management, and evaluation of the activities to be carried out in the substate area under the local agreement.

(4) CONTENTS.—

(A) STATE GOALS AND STATE BENCHMARKS.—Such an agreement shall include a description of the manner in which funds allocated to a substate area under this subtitle will be spent to meet the State goals and reach the State benchmarks in a manner that reflects local labor market conditions.

(B) COLLABORATION.—The agreement shall also include information that demonstrates the manner in which—

(i) the Governor; and

(ii) the local partnership (or, where established, the local workforce development board);

collaborated in reaching the agreement.

(5) FAILURE TO REACH AGREEMENT.—If, after a reasonable effort, the Governor is unable to enter into an agreement with the local partnership (or, where established, the local workforce development board), the Governor shall notify the partnership or board, as appropriate, and provide the partnership or board, as appropriate, with the opportunity to comment, not later than 30 days after the date of the notification, on the manner in which funds allocated to such substate area will be spent to meet the State goals and reach the State benchmarks.

(6) EXCEPTION.—A State that indicates in the State plan described in section 714 that the State will be treated as a substate area for purposes of the application of this subtitle shall not be subject to this subsection.

(b) LOCAL WORKFORCE DEVELOPMENT BOARDS.—

(1) IN GENERAL.—Each State may facilitate the establishment of local workforce development boards in each substate area to set policy and provide oversight over the workforce development activities in the substate area.

(2) MEMBERSHIP.—

(A) STATE CRITERIA.—The Governor shall establish criteria for use by local chief elected officials in each substate area in the selection of members of the local workforce development boards, in accordance with the requirements of subparagraph (B).

(B) REPRESENTATION REQUIREMENT.—Such criteria shall require, at a minimum, that a local workforce development board consist of—

(i) representatives of business and industry in the substate area, who shall constitute a majority of the board;

(ii) representatives of labor, workers, and community-based organizations, who shall constitute not less than 25 percent of the members of the board;

(iii) representatives of local secondary schools, postsecondary education institutions, and adult education providers;

(iv) representatives of veterans; and

(v) 1 or more individuals with disabilities, or their representatives.

(C) CHAIR.—Each local workforce development board shall select a chairperson from among the members of the board who are representatives of business and industry.

(3) CONFLICT OF INTEREST.—No member of a local workforce development board shall vote on a matter relating to the provision of services by the member (or any organization that the member directly represents) or vote on a matter that would provide direct financial benefit to such member or the immediate family of such member or engage in any other activity determined by the Governor to constitute a conflict of interest.

(4) FUNCTIONS.—The functions of the local workforce development board shall include—

(A) submitting to the Governor a single comprehensive 3-year strategic plan for workforce development activities in the substate area that includes information—

(i) identifying the workforce development needs of local industries, students, jobseekers, and workers;

(ii) identifying the workforce development activities to be carried out in the substate area with funds received through the allotment made to the State under section 712, to meet the State goals and reach the State benchmarks; and

(iii) identifying how the local workforce development board will obtain the active and continuous participation of business, industry, labor, and the education community in the devel-

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AMENDMENT NO. 2660

On page 489, line 18, insert "volunteers," after "teachers,".

KERRY AMENDMENT NO. 2661

Mr. MOYNIHAN (for Mr. KERRY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 124, beginning on line 16, strike all through page 133, line 18, and insert the following:

SEC. 201. LIMITED ELIGIBILITY OF NONCITIZENS FOR SSI BENEFITS.

Paragraph (1) of section 1614(a) (42 U.S.C. 1382c(a)) is amended—

(1) in subparagraph (B)(i), by striking "either" and all that follows through ", or" and inserting "(I) a citizen; (II) a noncitizen who is granted asylum under section 208 of the Immigration and Nationality Act or whose deportation has been withheld under section 243(h) of such Act for a period of not more than 5 years after the date of arrival into the United States; (III) a noncitizen who is admitted to the United States as a refugee under section 207 of such Act for not more than such 5-year period; (IV) a noncitizen, lawfully present in any State (or any territory or possession of the United States), who is a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage or who is the spouse or unmarried dependent child of such veteran; or (V) a noncitizen who has worked sufficient calendar quarters of coverage to be a fully insured individual for benefits under title II, or"; and

(2) by adding at the end the following new flush sentence:

"For purposes of subparagraph (B)(i)(IV), the determination of whether a noncitizen is lawfully present in the United States shall be made in accordance with regulations of the Attorney General. A noncitizen shall not be considered to be lawfully present in the United States for purposes of this title merely because the noncitizen may be considered to be permanently residing in the United States under color of law for purposes of any particular program.".

SEC. 202. DENIAL OF SSI BENEFITS FOR 10 YEARS TO INDIVIDUALS FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR MORE STATES.

Section 1614(a) (42 U.S.C. 1382c(a)) is amended by adding at the end the following new paragraph:

"(5) An individual shall not be considered an eligible individual for purposes of this title during the 10-year period beginning on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to the place of residence of the individual in order to receive assistance simultaneously from 2 or more States under programs that are funded under part A of title IV, title XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States under the supplemental security income program under title XVI.".

SEC. 203. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.

(a) IN GENERAL.—Section 1611(e) (42 U.S.C. 1382(e)) is amended by adding at the end the following new paragraph:

"(6) A person shall not be an eligible individual or eligible spouse for purposes of this title with respect to any month if during such month the person is—

"(A) fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the person flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the person flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

"(B) violating a condition of probation or parole imposed under Federal or State law.".

(b) EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.—Section 1631(e) (42 U.S.C. 1383(e)) is amended by inserting after paragraph (3) the following new paragraph:

"(4) Notwithstanding any other provision of law, the Commissioner shall furnish any Federal, State, or local law enforcement officer, upon the request of the officer, with the current address of any recipient of benefits under this title, if the officer furnishes the agency with the name of the recipient and notifies the agency that—

"(A) the recipient—

"(i) is fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the person flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the person flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State;

"(ii) is violating a condition of probation or parole imposed under Federal or State law; or

"(iii) has information that is necessary for the officer to conduct the officer's official duties; and

"(B) the location or apprehension of the recipient is within the officer's official duties.".

SEC. 204. EFFECTIVE DATES; APPLICATION TO CURRENT RECIPIENTS.

(a) SECTION 201.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the amendments made by section 201 shall apply to applicants for benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) APPLICATION TO CURRENT RECIPIENTS.—

(A) APPLICATION AND NOTICE.—Notwithstanding any other provision of law, in the case of an individual who is receiving supplemental security income benefits under title XVI of the Social Security Act as of the date of the enactment of this Act and whose eligibility for such benefits would terminate by reason of the amendments made by section 201, such amendments shall apply with respect to the benefits of such individual for months beginning on or after January 1, 1997, and the Commissioner of Social Security shall so notify the individual not later than 90 days after the date of the enactment of this Act.

(B) REAPPLICATION.—

(i) IN GENERAL.—Not later than 120 days after the date of the enactment of this Act, each individual notified pursuant to subparagraph (A) who desires to reapply for benefits under title XVI of the Social Security Act, as amended by this title, shall reapply to the Commissioner of Social Security.

(ii) DETERMINATION OF ELIGIBILITY.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall determine the eligibility of each individual who reapplies for benefits under clause (i) pursuant to the procedures of such title.

(b) OTHER AMENDMENTS.—The amendments made by sections 202 and 203 shall take effect on the date of the enactment of this Act.

Subtitle B—Benefits for Disabled Children

SEC. 211. DEFINITION AND ELIGIBILITY RULES.

(a) DEFINITION OF CHILDHOOD DISABILITY.—Section 1614(a)(3) (42 U.S.C. 1382c(a)(3)) is amended—

KERRY AMENDMENT NO. 2662

Mr. MOYNIHAN (for Mr. KERRY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 122, between lines 11 and 12, insert:

SEC. 110. DEMONSTRATION PROJECTS FOR SCHOOL UTILIZATION.

(a) FINDINGS.—It is the goal of the United States that children grow to be self-sufficient citizens, that parents equip themselves to provide the best parental care and guidance to their children, and that welfare dependency, crime, and the deterioration of neighborhoods be eliminated. It will contribute to these goals to increase the level of parents' involvement in their children's

school and other activities, to increase the amount of time parents spend with or in close proximity to their children, to increase the portion of the day and night when children are in a safe and healthy environment and not exposed to unfavorable influences, to increase the opportunities for children to participate in safe, healthy, and enjoyable extra-curricular and organized developmental and recreational activities, and to make more accessible the opportunities for parents, especially those dependent on public assistance, to increase and enhance their parenting and living skills. All of these contributions can be facilitated by establishing the neighborhood public school as a focal point for such activities and by extending the hours of the day in which its facilities are available for such activities.

(b) GRANTS.—The Secretary of Education (hereafter in this section referred to as the "Secretary") shall make demonstration grants as provided in subsection (c) to States to enable them to increase the number of hours during each day when existing public school facilities are available for use for the purposes set forth in subsection (d).

(c) SELECTION OF STATES.—The Secretary shall make grants to not more than 5 States for demonstration projects in accordance with this section. Each State shall select the number and location of schools based on the amount of funds it deems necessary for a school properly to achieve the goals of this program. The schools selected must have a significant percentage of students receiving benefits under part A of title IV of the Social Security Act. No more than 2 percent of the grant to any State shall be used for administrative expenses of any kind by any entity (except that none of the activities set forth in paragraphs (1) and (2) of subsection (d) shall be considered an administrative activity the expenses for which are limited by this subsection).

(d) USE OF FUNDS.—The grants made under subsection (b), in order that school facilities can be more fully utilized, shall be used to provide funding for, among other things—

(1) extending the length of the school day, expanding the scope of student programs offered before and after pre-existing school hours, enabling volunteers and parents or professionals paid from other sources to teach, tutor, coach, organize, advise, or monitor students before and after pre-existing school hours, and providing security, supplies, utilities, and janitorial services before and after pre-existing school hours for these programs,

(2) making the school facilities available for community and neighborhood clubs, civic associations and organizations, Boy and Girl Scouts and similar organizations, adult education classes, organized sports, parental education classes, and other educational, recreational, and social activities.

None of the funds provided under this section can be used to supplant funds already provided to a school facility for services, equipment, personnel, or utilities nor can funds be used to pay costs associated with operating school facilities during hours those facilities are already available for student or community use.

(e) APPLICATIONS.—

(1) IN GENERAL.—The Governor of each State desiring to conduct a demonstration project under this section shall prepare and submit to the Secretary an application in such manner and containing such information as the Secretary may require. The Secretary shall actively encourage States to submit such applications.

(2) APPROVAL.—The Secretary shall consider all applications received from States desiring to conduct demonstration projects under this section and shall approve such applications in a number of States to be determined by the Secretary (not to exceed 5), taking into account the overall funding levels available under this section.

(f) DURATION.—A demonstration project under this section shall be conducted for not more than 4 years plus an additional time period of up to 12 months for final evaluation and reporting. The Secretary may terminate a project if the Secretary determines that the State conducting the project is not in substantial compliance with the terms of the application approved by the Secretary under this section.

(g) EVALUATION PLAN.—

(1) STANDARDS.—Not later than 3 months after the date of the enactment of this section, the Secretary shall develop standards for evaluating the effectiveness of each demonstration project in contributing toward meeting the objectives set forth in subsection (a), which shall include the requirement that an independent expert entity selected by the Secretary provide an evaluation of all demonstration projects, which evaluations shall be included in the appropriate State's annual and final reports to the Secretary under subsection (h)(1).

(2) SUBMISSION OF PLAN.—Each State conducting a demonstration project under this section shall submit an evaluation plan (meeting the standards developed by the Secretary under paragraph (1)) to the Secretary not later than 90 days after the State is notified of the Secretary's approval for such project. A State shall not receive any Federal funds for the operation of the demonstration project until the Secretary approves such evaluation plan.

(h) REPORTS.—

(1) STATE.—A State that conducts a demonstration project under this section shall prepare and submit to the Secretary annual and final reports in accordance with the State's evaluation plan under subsection (g)(2) for such demonstration project.

(2) SECRETARY.—The Secretary shall prepare and submit to the Congress annual reports concerning each demonstration project under this Act.

(i) AUTHORIZATIONS.—

(1) GRANTS.—There are authorized to be appropriated for grants under subsection (b) for each of fiscal years 1996, 1997, 1998, 1999, and 2000, $10,000,000.

(2) ADMINISTRATION.—There are authorized to be appropriated $1,000,000 for each of fiscal years 1996, 1997, 1998, 1999, and 2000 for the administration of this section by the Secretary, including development of standards and evaluation of all demonstration projects by an independent expert entity under subsection (g)(1).

KERRY AMENDMENTS NOS. 2663-2664

Mr. MOYNIHAN (for Mr. KERRY) proposed two amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2663

On page 122, between lines 11 and 12, insert:

SEC. 110. DEMONSTRATION PROJECTS FOR SCHOOL UTILIZATION.

(a) FINDINGS.—It is the goal of the United States that children grow to be self-sufficient citizens, that parents equip themselves to provide the best parental care and guidance to their children, and that welfare dependency, crime, and the deterioration of neighborhoods be eliminated. It will contribute to these goals to increase the level of parents' involvement in their children's school and other activities, to increase the amount of time parents spend with or in close proximity to their children, to increase the portion of the day and night when children are in a safe and healthy environment and not exposed to unfavorable influences, to increase the opportunities for children to participate in safe, healthy, and enjoyable extra-curricular and organized developmental and recreational activities, and to make more accessible the opportunities for parents, especially those dependent on public assistance, to increase and enhance their parenting and living skills. All of these contributions can be facilitated by establishing the neighborhood public school as a focal point for such activities and by extending the hours of the day in which its facilities are available for such activities.

(b) GRANTS.—The Secretary of Education (hereafter in this section referred to as the "Secretary") shall make demonstration grants as provided in subsection (c) to States to enable them to increase the number of hours during each day when existing public school facilities are available for use for the purposes set forth in subsection (d).

(c) SELECTION OF STATES.—The Secretary shall make grants to not more than 5 States for demonstration projects in accordance with this section. Each State shall select the number and location of schools based on the amount of funds it deems necessary for a school properly to achieve the goals of this program. The schools selected must have a significant percentage of students receiving benefits under part A of title IV of the Social Security Act. No more than 2 percent of the grant to any State shall be used for administrative expenses of any kind by any entity (except that none of the activities set forth in paragraphs (1) and (2) of subsection (d) shall be considered an administrative activity the expenses for which are limited by this subsection).

(d) USE OF FUNDS.—The grants made under subsection (b), in order that school facilities can be more fully utilized, shall be used to provide funding for, among other things—

(1) extending the length of the school day, expanding the scope of student programs offered before and after pre-existing school hours, enabling volunteers and parents or professionals paid from other sources to teach, tutor, coach, organize, advise, or monitor students before and after pre-existing school hours, and providing security, supplies, utilities, and janitorial services before and after pre-existing school hours for these programs,

(2) making the school facilities available for community and neighborhood clubs, civic associations and organizations, Boy and Girl Scouts and similar organizations, adult education classes, organized sports, parental education classes, and other educational, recreational, and social activities.

None of the funds provided under this section can be used to supplant funds already provided to a school facility for services, equipment, personnel, or utilities nor can funds be used to pay costs associated with operating school facilities during hours those facilities are already available for student or community use.

(e) APPLICATIONS.—

(1) IN GENERAL.—The Governor of each State desiring to conduct a demonstration project under this section shall prepare and submit to the Secretary an application in such manner and containing such information as the Secretary may require. The Secretary shall actively encourage States to submit such applications.

(2) APPROVAL.—The Secretary shall consider all applications received from States desiring to conduct demonstration projects under this section and shall approve such applications in a number of States to be determined by the Secretary (not to exceed 5).

taking into account the overall funding levels available under this section.

(f) DURATION.—A demonstration project under this section shall be conducted for not more than 4 years plus an additional time period of up to 12 months for final evaluation and reporting. The Secretary may terminate a project if the Secretary determines that the State conducting the project is not in substantial compliance with the terms of the application approved by the Secretary under this section.

(g) EVALUATION PLAN.—

(1) STANDARDS.—Not later than 3 months after the date of the enactment of this section, the Secretary shall develop standards for evaluating the effectiveness of each demonstration project in contributing toward meeting the objectives set forth in subsection (a), which shall include the requirement that an independent expert entity selected by the Secretary provide an evaluation of all demonstration projects, which evaluations shall be included in the appropriate State's annual and final reports to the Secretary under subsection (h)(1).

(2) SUBMISSION OF PLAN.—Each State conducting a demonstration project under this section shall submit an evaluation plan (meeting the standards developed by the Secretary under paragraph (1)) to the Secretary not later than 90 days after the State is notified of the Secretary's approval for such project. A State shall not receive any Federal funds for the operation of the demonstration project until the Secretary approves such evaluation plan.

(h) REPORTS.—

(1) STATE.—A State that conducts a demonstration project under this section shall prepare and submit to the Secretary annual and final reports in accordance with the State's evaluation plan under subsection (g)(2) for such demonstration project.

(2) SECRETARY.—The Secretary shall prepare and submit to the Congress annual reports concerning each demonstration project under this Act.

(i) AUTHORIZATIONS.—

(1) GRANTS.—There are authorized to be appropriated for grants under subsection (b) for each of fiscal years 1996, 1997, 1998, 1999, and 2000, $10,000,000.

(2) ADMINISTRATION.—There are authorized to be appropriated $1,000,000 for each of fiscal years 1996, 1997, 1998, 1999, and 2000 for the administration of this section by the Secretary, including development of standards and evaluation of all demonstration projects by an independent expert entity under subsection (g)(1).

SEC. 111. STUDY OF SCHOOLS WITH STUDENTS FAILING TO ENTER WORKFORCE.

(a) STUDY.—The Secretary of Education shall conduct a study to—

(1) determine which high schools have the highest proportion of students, both those who graduate and those who drop out before graduating, who never reach the workforce, and establish the reasons for such disproportionate failure, and

(2) measure the educational effectiveness of existing innovative educational mechanisms, including charter schools, extended school days, the community schools program, and child care programs, in increasing the proportion of a school's students who become a part of the workforce.

(b) REPORT.—The Secretary shall, not later than January 1, 1997, report to the Congress the results of the study conducted under subsection (a), including recommendations with respect to measures which prove effective in assisting schools in preparing students for the workforce.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $7,000,000 to carry out the purposes of this section.

SEC. 112. SCHOOL CARE FOR CHILDREN OF INDIVIDUALS REQUIRED TO WORK.

Notwithstanding any other provision of, or amendment made by, this title, if a State requires an individual receiving assistance under a State program funded under part A of title IV to engage in work activities, the State shall provide adult-supervised care to each school-age child of the individual before and after school during the hours during which the individual is working and in transit between home and work. Such care shall be provided at the location where each child attends school. Comparable activities shall be provided during the same daily time periods for all days during which the individual is working but school is not in session.

SEC. 113. PARENTAL RESPONSIBILITY CONTRACTS.

(a) ASSESSMENT.—Notwithstanding any other provision of, or amendment made by, this title, each State to which a grant is made under section 403 of the Social Security Act shall provide that the State agency, through a case manager, shall make an initial assessment of the education level, parenting skills, and history of parenting activities and involvement of each parent who is applying for financial assistance under the plan.

(b) PARENTAL RESPONSIBILITY CONTRACTS.—On the basis of the assessment made under subsection (a) with respect to each parent applicant, the case manager, in consultation with the parent applicant (hereafter in this subsection referred to as the "client"), and, if possible, the client's spouse if one is present, shall develop a parental responsibility contract for the client, which meets the following requirements:

(1) Sets forth the obligations of the client, including all of the following the case manager believes are within the ability and capacity of the client, are not incompatible with the employment or school activities of the client, and are not inconsistent with each other in the client's case or with the well being of the client's children:

(A) Attend school, if necessary, and maintain certain grades and attendance.

(B) Keep school-age children of the client in school.

(C) Immunize children of the client.

(D) Attend parenting and money management classes.

(E) Participate in parent and teachers associations and other activities intended to involve parents in their children's school activities and in the affairs of their children's school.

(F) Attend school activities with their children where attendance or participation by both children and parents is appropriate.

(G) Undergo appropriate substance abuse treatment counseling.

(H) Any other appropriate activity, at the option of the State.

(2) Provides that the client shall accept any bona fide offer of unsubsidized full-time employment, unless the client has good cause for not doing so.

(c) PENALTIES FOR NONCOMPLIANCE WITH PARENTAL RESPONSIBILITY CONTRACT.—

(1) IN GENERAL.—Except as provided in paragraph (2), the following penalties shall apply:

(A) PROGRESSIVE REDUCTIONS IN ASSISTANCE FOR 1ST AND 2ND ACTS OF NON-COMPLIANCE.—The State plan shall provide that the amount of assistance otherwise payable under this part to a family that includes a client who, with respect to a parental responsibility contract signed by the client, commits an act of noncompliance without good cause, shall be reduced by—

(i) 33 percent for the 1st such act of noncompliance; or

(ii) 66 percent for the 2nd such act of noncompliance.

(B) DENIAL OF ASSISTANCE FOR 3RD AND SUBSEQUENT ACTS OF NONCOMPLIANCE.—The State shall provide that in the case of the 3rd or subsequent such act of noncompliance, the family of which the client is a member shall not thereafter be eligible for assistance under this part.

(C) LENGTH OF PENALTIES.—The penalty for an act of noncompliance shall not exceed the greater of—

(i) in the case of—

(I) the 1st act of noncompliance, 1 month,

(II) the 2nd act of noncompliance, 3 months, or

(III) the 3rd or subsequent act of noncompliance, 6 months; or

(ii) the period ending with the cessation of such act of noncompliance.

(D) DENIAL OF ASSISTANCE TO ADULTS REFUSING TO ACCEPT A BONA FIDE OFFER OF EMPLOYMENT.—The State plan shall provide that if an unemployed individual who has attained 18 years of age refuses to accept a bona fide offer of employment without good cause, such act of noncompliance shall be considered a 3rd or subsequent act of noncompliance.

(2) STATE FLEXIBILITY.—The State plan may provide for different penalties than those specified in paragraph (1).

SEC. 114. AMENDMENT TO GOALS 2000: EDUCATE AMERICA ACT.

Section 102 of the Goals 2000: Educate America Act (20 U.S.C. 5812) is amended by adding at the end the following new paragraph:

"(9) SELF-SUFFICIENCY.—By the year 2000, fewer Americans will need to rely on welfare benefits because—

"(A) schools will place greater emphasis on equipping all students to achieve economic self-sufficiency in adulthood, regardless of whether they pursue higher education;

"(B) schools will not compromise educational standards in order to graduate students who have not achieved the recognized educational competency levels applicable to high school graduates; and

"(C) schools will focus more attention and resources on ensuring that children from families who receive public assistance, or are at risk of needing public assistance, make expected scholastic progress throughout their elementary and secondary schooling or are provided with special assistance and directed to remedial programs and activities designed to return them to expected levels of progress."

AMENDMENT NO. 2664

On page 122, between lines 11 and 12, insert:

SEC. 110. PARENTAL RESPONSIBILITY CONTRACTS.

(a) ASSESSMENT.—Notwithstanding any other provision of, or amendment made by, this title, each State to which a grant is made under section 403 of the Social Security Act shall provide that the State agency, through a case manager, shall make an initial assessment of the education level, parenting skills, and history of parenting activities and involvement of each parent who is applying for financial assistance under the plan.

(b) PARENTAL RESPONSIBILITY CONTRACTS.—On the basis of the assessment made under subsection (a) with respect to each parent applicant, the case manager, in consultation with the parent applicant (hereafter in this subsection referred to as the "client") and, if possible, the client's spouse if one is present, shall develop a parental responsibility contract for the client, which meets the following requirements:

(1) Sets forth the obligations of the client, including all of the following the case manager believes are within the ability and capacity of the client, are not incompatible with the employment or school activities of the client, and are not inconsistent with each other in the client's case or with the well being of the client's children:

(A) Attend school, if necessary, and maintain certain grades and attendance.

(B) Keep school-age children of the client in school.

(C) Immunize children of the client.

(D) Attend parenting and money management classes.

(E) Participate in parent and teacher associations and other activities intended to involve parents in their children's school activities and in the affairs of their children's school.

(F) Attend school activities with their children where attendance or participation by both children and parents is appropriate.

(G) Undergo appropriate substance abuse treatment counseling.

(H) Any other appropriate activity, at the option of the State.

(2) Provides that the client shall accept any bona fide offer of unsubsidized full-time employment, unless the client has good cause for not doing so.

(c) PENALTIES FOR NONCOMPLIANCE WITH PARENTAL RESPONSIBILITY CONTRACT.—

(1) IN GENERAL.—Except as provided in paragraph (2), the following penalties shall apply:

(A) PROGRESSIVE REDUCTIONS IN ASSISTANCE FOR 1ST AND 2ND ACTS OF NON-COMPLIANCE.—The State plan shall provide that the amount of assistance otherwise payable under this part to a family that includes a client who, with respect to a parental responsibility contract signed by the client, commits an act of noncompliance without good cause, shall be reduced by—

(i) 33 percent for the 1st such act of noncompliance; or

(ii) 66 percent for the 2nd such act of noncompliance.

(B) DENIAL OF ASSISTANCE FOR 3RD AND SUBSEQUENT ACTS OF NONCOMPLIANCE.—The State shall provide that in the case of the 3rd or subsequent such act of noncompliance, the family of which the client is a member shall not thereafter be eligible for assistance under this part.

(C) LENGTH OF PENALTIES.—The penalty for an act of noncompliance shall not exceed the greater of—

(i) in the case of—

(I) the 1st act of noncompliance, 1 month,

(II) the 2nd act of noncompliance, 3 months, or

(III) the 3rd or subsequent act of noncompliance, 6 months; or

(ii) the period ending with the cessation of such act of noncompliance.

(D) DENIAL OF ASSISTANCE TO ADULTS REFUSING TO ACCEPT A BONA FIDE OFFER OF EMPLOYMENT.—The State plan shall provide that if an unemployed individual who has attained 18 years of age refuses to accept a bona fide offer of employment without good cause, such act of noncompliance shall be considered a 3rd or subsequent act of noncompliance.

(2) STATE FLEXIBILITY.—The State plan may provide for different penalties than those specified in paragraph (1).

HARKIN AMENDMENT NO. 2665

Mr. MOYNIHAN (for Mr. HARKIN) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

Beginning on page 10, line 10, strike all through page 77, line 21, and insert the following:

(b) REDUCTION IN INDIVIDUAL TAX RATES.—Section 1 of the Internal Revenue Code of 1986 (relating to tax imposed) is amended by adding at the end the following new subsection:

"(i) ADJUSTMENTS IN TAX TABLES TO REFLECT REPEAL OF CERTAIN PROGRAMS.—

"(1) IN GENERAL.—Not later than December 15 of 1995, and each subsequent calendar year, the Secretary shall prescribe tables which shall apply in lieu of the tables contained in subsections (a), (b), (c), (d), and (e) (after the application of subsection (f)) with respect to taxable years beginning in the succeeding calendar year.

"(2) METHOD OF PRESCRIBING TABLES.—The tables under paragraph (1) shall be prescribed by reducing the rates of tax proportionately such that the resulting loss of revenue for such calendar year equals the estimated total expenditures for the fiscal year in which such calendar year begins for part A of title IV of the Social Security Act as proposed to be added by Senate amendment numbered 2280 (as in effect on September 8, 1995).

Beginning on page 83, line 16, strike through page 86, line 3.

Beginning on page 87, line 6, strike through page 120, line 8.

Beginning on page 122, line 12, strike through page 124, line 12.

BREAUX (AND OTHERS) AMENDMENTS NOS. 2666-2667

Mr. MOYNIHAN (for Mr. BREAUX, Mr. KENNEDY, Mr. PELL, and Mr. DASCHLE) proposed two amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2666

In section 702(a)(8), strike "private sector leadership in designing" and insert "private sector leadership and the diverse and changing demands of employers and workers in designing".

In section 702(b)(1), insert before the semicolon the following: "and to respond more effectively to changing local labor markets".

In section 703(29), insert before the period the following: "and designed to ensure that local labor and education and training markets are responsive to the diverse and changing demands of employers and workers".

In section 716(a)(2)(B)(viii), strike "; and" and insert a semicolon.

In section 716(a)(2)(B)(ix), strike the period and insert "; and".

At the end of section 716(a)(2)(B), add the following:

(x) establishment of such system of individual skill grants as will enable dislocated workers who are unable to find new jobs through the core services described in clauses (i) through (ix), and who are unable to obtain other grant assistance (such as a Pell Grant), to learn new skills to find new jobs.

In section 716(a)(9), strike "provided under this subtitle" and insert "provided under this subtitle for persons age 18 or older who are unable to obtain other assistance (such as a Pell Grant)".

At the end of section 731(b), add the following new paragraph:

(3) RESPONSIVENESS TO MARKET DEMAND.—Each statewide system supported by an allotment under section 712 shall be designed to meet the goal of ensuring that the local labor and education and training markets in the State are responsive to the diverse and changing demands of employers and workers.

At the end of section 731(c), add the following:

(8) RESPONSIVENESS TO MARKET DEMAND.—To be eligible to receive an allotment under section 712, a State shall develop, in accordance with paragraph (5), and identify in the State plan of the State, proposed quantifiable benchmarks to measure the statewide progress of the State in meeting the goal described in subsection (b)(3).

In section 732(a)(1)(A), strike "; or" and insert a semicolon.

In section 732(a)(1)(B), strike the period and insert "; or".

At the end of section 732(a)(1), add the following:

(C) demonstrates to the Federal Partnership that the State has made a substantial increase in the number of dislocated workers placed in unsubsidized employment, the reemployment wage rates of the workers, or the speed of reemployment of the workers through the use of training vouchers or other continually improving systems that respond effectively to the diverse and changing demands of local employers and workers.

AMENDMENT NO. 2667

Beginning on page 345, strike line 14 and all that follows through page 370, line 19, and insert the following:

(vii) the steps the State will take over the 3 years covered by the plan to comply with the requirements specified in section 716(a)(3) relating to the provision of education and training services;

(C) identifying performance indicators that relate to the State goals, and to the State benchmarks, concerning workforce employment activities;

(D) describing the workforce employment activities to be carried out with funds received through the allotment;

(E) describing the steps that the State will take over the 3 years covered by the plan to establish a statewide comprehensive labor market information system described in section 773(c) that will be utilized by all the providers of one-stop delivery of core services described in section 716(a)(2), providers of other workforce employment activities, and providers of workforce education activities, in the State;

(F) describing the steps that the State will take over the 3 years covered by the plan to establish a job placement accountability system described in section 731(d);

(G) describing the process the State will use to approve all providers of workforce employment activities through the statewide system; and

(H)(i) describing the steps that the State will take to segregate the amount allotted to the State from funds made available under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) from the remainder of the portion described in section 713(a)(1); and

(ii) describing how the State will use the amount allotted to the State from funds made available under such section 901(c)(1)(A) to carry out the required activities described in clauses (ii) through (v) of section 716(a)(2)(B) and section 773;

(3) with respect to workforce education activities, information—

(A) describing how funds received through the allotment will be allocated among—

(i) secondary school vocational education, or postsecondary and adult vocational education, or both; and

(ii) adult education;

(B) identifying performance indicators that relate to the State goals, and to the State benchmarks, concerning workforce education activities;

(C) describing the workforce education activities that will be carried out with funds received through the allotment;

(D) describing how the State will address the adult education needs of the State;

(E) describing how the State will disaggregate data relating to at-risk youth in order to adequately measure the progress of at-risk youth toward accomplishing the results measured by the State goals, and the State benchmarks;

(F) describing how the State will adequately address the needs of both at-risk youth who are in school, and out-of-school youth, in alternative education programs that teach to the same challenging academic, occupational, and skill proficiencies as are provided for in-school youth;

(G) describing how the workforce education activities described in the State plan and the State allocation of funds received through the allotment for such activities are an integral part of comprehensive efforts of the State to improve education for all students and adults;

(H) describing how the State will annually evaluate the effectiveness of the State plan with respect to workforce education activities;

(I) describing how the State will address the professional development needs of the State with respect to workforce education activities;

(J) describing how the State will provide local educational agencies in the State with technical assistance; and

(K) describing how the State will assess the progress of the State in implementing student performance measures.

(d) PROCEDURE FOR DEVELOPMENT OF PART OF PLAN RELATING TO STRATEGIC PLAN.—

(1) DESCRIPTION OF DEVELOPMENT.—The part of the State plan relating to the strategic plan shall include a description of the manner in which—

(A) the Governor;

(B) the State educational agency;

(C) representatives of business and industry, including representatives of key industry sectors, and of small- and medium-size and large employers, in the State;

(D) representatives of labor and workers;

(E) local elected officials from throughout the State;

(F) the State agency officials responsible for vocational education;

(G) the State agency officials responsible for postsecondary education;

(H) the State agency officials responsible for adult education;

(I) the State agency officials responsible for vocational rehabilitation;

(J) such other State agency officials, including officials responsible for economic development and employment, as the Governor may designate;

(K) the representative of the Veterans' Employment and Training Service assigned to the State under section 4103 of title 38, United States Code; and

(L) other appropriate officials, including members of the State workforce development board described in section 715, if the State has established such a board;

collaborated in the development of such part of the plan.

(2) FAILURE TO OBTAIN SUPPORT.—If, after a reasonable effort, the Governor is unable to obtain the support of the individuals and entities described in paragraph (1) for the strategic plan the Governor shall—

(A) provide such individuals and entities with copies of the strategic plan;

(B) allow such individuals and entities to submit to the Governor, not later than the end of the 30-day period beginning on the date on which the Governor provides such individuals and entities with copies of such plan under subparagraph (A), comments on such plan; and

(C) include any such comments in such plan.

(e) APPROVAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall approve a State plan if—

(1) the Federal Partnership determines that the plan contains the information described in subsection (c);

(2) the Federal Partnership determines that the State has prepared the plan in accordance with the requirements of this section, including the requirements relating to development of any part of the plan; and

(3) the State benchmarks for the State have been negotiated and approved in accordance with section 731(c).

(f) NO ENTITLEMENT TO A SERVICE.—Nothing in this title shall be construed to provide any individual with an entitlement to a service provided under this title.

SEC. 715. STATE WORKFORCE DEVELOPMENT BOARDS.

(a) ESTABLISHMENT.—A Governor of a State that receives an allotment under section 712 may establish a State workforce development board—

(1) on which a majority of the members are representatives of business and industry;

(2) on which not less than 25 percent of the members shall be representatives of labor, workers, and community-based organizations;

(3) that shall include representatives of veterans;

(4) that shall include a representative of the State educational agency and a representative from the State agency responsible for vocational rehabilitation;

(5) that may include any other individual or entity that participates in the collaboration described in section 714(d)(1); and

(6) that may include any other individual or entity the Governor may designate.

(b) CHAIRPERSON.—The State workforce development board shall select a chairperson from among the members of the board who are representatives of business and industry.

(c) FUNCTIONS.—The functions of the State workforce development board shall include—

(1) advising the Governor on the development of the statewide system, the State plan described in section 714, and the State goals and State benchmarks;

(2) assisting in the development of specific performance indicators to measure progress toward meeting the State goals and reaching the State benchmarks and providing guidance on how such progress may be improved;

(3) serving as a link between business, industry, labor, and the statewide system;

(4) assisting the Governor in preparing the annual report to the Federal Partnership regarding progress in reaching the State benchmarks, as described in section 731(a);

(5) receiving and commenting on the State plan developed under section 101 of the Rehabilitation Act of 1973 (29 U.S.C. 721);

(6) assisting the Governor in developing the statewide comprehensive labor market information system described in section 773(c) to provide information that will be utilized by all the providers of one-stop delivery of core services described in section 716(a)(2), providers of other workforce employment activities, and providers of workforce education activities, in the State; and

(7) assisting in the monitoring and continuous improvement of the performance of the statewide system, including evaluation of the effectiveness of workforce development activities funded under this title.

SEC. 716. USE OF FUNDS.

(a) WORKFORCE EMPLOYMENT ACTIVITIES.—

(1) IN GENERAL.—Funds made available to a State under this subtitle to carry out workforce employment activities through a statewide system—

(A) shall be used to carry out the activities described in paragraphs (2), (3), (4), and (5); and

(B) may be used to carry out the activities described in paragraphs (6), (7), (8), and (9).

(2) ONE-STOP DELIVERY OF CORE SERVICES.—

(A) ACCESS.—The State shall use a portion of the funds described in paragraph (1) to establish a means of providing access to the statewide system through core services described in subparagraph (B) available—

(i) through multiple, connected access points, linked electronically or otherwise;

(ii) through a network that assures participants that such core services will be available regardless of where the participants initially enter the statewide system;

(iii) at not less than 1 physical location in each substate area of the State; or

(iv) through some combination of the options described in clauses (i), (ii), and (iii).

(B) CORE SERVICES.—The core services referred to in subparagraph (A) shall, at a minimum, include—

(i) outreach, intake, and orientation to the information and other services available through one-stop delivery of core services described in this subparagraph;

(ii) initial assessment of skill levels, aptitudes, abilities, and supportive service needs;

(iii) job search and placement assistance and, where appropriate, career counseling;

(iv) customized screening and referral of qualified applicants to employment;

(v) provision of accurate information relating to local labor market conditions, including employment profiles of growth industries and occupations within a substate area, the educational and skills requirements of jobs in the industries and occupations, and the earnings potential of the jobs;

(vi) provision of accurate information relating to the quality and availability of other workforce employment activities, workforce education activities, and vocational rehabilitation program activities;

(vii) provision of information regarding how the substate area is performing on the State benchmarks;

(viii) provision of initial eligibility information on forms of public financial assistance that may be available in order to enable persons to participate in workforce employment activities, workforce education activities, or vocational rehabilitation program activities; and

(ix) referral to other appropriate workforce employment activities, workforce education activities, and vocational rehabilitation employment activities.

(3) EDUCATION AND TRAINING SERVICES.—

(A) IN GENERAL.—The State shall use a portion of the funds described in paragraph (1) to provide education and training services in accordance with this paragraph to adults, each of whom—

(i) is unable to obtain employment through core services described in paragraph (2)(B);

(ii) needs the education and training services in order to obtain employment, as determined through—

(I) an initial assessment under paragraph (2)(B)(ii); or

(II) a comprehensive and specialized assessment; and

(iii) is unable to obtain other grant assistance, such as a Pell Grant provided under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.), for such services.

(B) TYPES OF SERVICES.—Such education and training services may include the following:

(i) Occupational skills training, including training for nontraditional employment.

(ii) On-the-job training.

(iii) Services that combine workplace training with related instruction.

(iv) Skill upgrading and retraining.

(v) Entrepreneurial training.

(vi) Preemployment training to enhance basic workplace competencies, provided to individuals who are determined under guidelines developed by the Federal Partnership to be low-income.

(vii) Customized training conducted with a commitment by an employer or group of employers to employ an individual on successful completion of the training.

(C) USE OF VOUCHERS FOR DISLOCATED WORKERS.—

(i) IN GENERAL.—Except as provided in clauses (ii) and (iii), education and training services described in subparagraph (B) shall be provided to dislocated workers through a system of vouchers that is administered through one-stop delivery described in paragraph (2).

(ii) EXCEPTIONS.—Education and training services described in subparagraph (B) may be provided to dislocated workers in a substate area through a contract for services in lieu of a voucher if—

(I) the local partnership described in section 728(a), or local workforce development board described in section 728(b), for the substate area determines there are an insufficient number of eligible entities in the substate area to effectively provide the education and training services through a voucher system;

(II) the local partnership or local workforce development board determines that the eligible entities in the substate area are unable to effectively provide the education and training services to special participant populations; or

(III) the local partnership or local workforce development board decides that the education and training services shall be provided through a direct contract with a community-based organization serving special participant populations.

(iii) PROHIBITION ON PROVISION OF ON-THE-JOB TRAINING THROUGH VOUCHERS.—On-the-job training provided under this paragraph shall not be provided through a voucher system.

(D) ELIGIBILITY OF EDUCATION AND TRAINING SERVICE PROVIDERS.—

(i) ELIGIBILITY REQUIREMENTS.—An entity shall be eligible to provide the education and training services through a program carried out under this paragraph and receive funds from the portion described in subparagraph (A) through the receipt of vouchers if—

(I)(aa) the entity is eligible to carry out the program under title IV of the Higher Education Act of 1965; or

(bb) the entity is eligible to carry out the program under an alternative eligibility procedure established by the Governor of the State that includes criteria for minimum acceptable levels of performance; and

(II) the entity submits accurate performance-based information required pursuant to clause (ii), except that entities described in subclause (I)(aa) shall only be required to provide information for programs other than programs leading to a degree.

(ii) PERFORMANCE-BASED INFORMATION.—The State shall identify performance-based information that is to be submitted by an entity for the entity to be eligible to provide the services, and receive the funds, described in clause (i). Such information shall include information relating to—

(I) the percentage of students completing the programs, if any, through which the entity provides education and training services described in subparagraph (B), as of the date of the submission;

(II) the rates of licensure of graduates of the programs;

(III) the percentage of graduates of the programs meeting skill standards and certification requirements endorsed by the National Skill Standards Board established under the Goals 2000: Educate America Act;

(IV) the rates of placement and retention in employment, and earnings, of the graduates of the programs;

(V) the percentage of students in such a program who obtained employment in an occupation related to the program; and

(VI) the warranties or guarantees provided by such entity relating to the skill levels or employment to be attained by recipients of the education and training services provided by the entity under this paragraph.

(iii) ADMINISTRATION.—The Governor shall designate a State agency to collect, verify, and disseminate the performance-based information submitted pursuant to clause (ii).

(iv) ON-THE-JOB TRAINING EXCEPTION.—Entities shall not be subject to the requirements of clauses (i) through (iii) with respect to on-the-job training activities.

(4) LABOR MARKET INFORMATION SYSTEM.—The State shall use a portion of the funds described in paragraph (1) to establish a statewide comprehensive labor market information system described in section 773(c).

(5) JOB PLACEMENT ACCOUNTABILITY SYSTEM.—The State shall use a portion of the funds described in paragraph (1) to establish a job placement accountability system described in section 731(d).

(6) PERMISSIBLE ONE-STOP DELIVERY ACTIVITIES.—The State may provide, through one-stop delivery—

(A) co-location of services related to workforce development activities, such as unemployment insurance, vocational rehabilitation program activities, welfare assistance, veterans' employment services, or other public assistance;

(B) intensive services for participants who are unable to obtain employment through the core services described in paragraph (2)(B), as determined by the State; and

(C) dissemination to employers of information on activities carried out through the statewide system.

(7) OTHER PERMISSIBLE ACTIVITIES.—The State may use a portion of the funds described in paragraph (1) to provide services through the statewide system that may include—

(A) training to develop work habits to help individuals obtain and retain employment;

(B) rapid response assistance for dislocated workers;

(C) preemployment and work maturity skills training for youth;

(D) connecting activities that organize consortia of small- and medium-size businesses to provide work-based learning opportunities for youth participants in school-to-work programs;

(E) services to assist individuals in attaining certificates of mastery with respect to industry-based skill standards;

(F) case management services;

(G) supportive services, such as transportation and financial assistance, that enable individuals to participate in the statewide system;

(H) followup services for participants who are placed in unsubsidized employment; and

(I) an employment and training program described in section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)).

(8) STAFF DEVELOPMENT AND TRAINING.—The State may use a portion of the funds described in paragraph (1) for the development and training of staff of providers of one-stop delivery of core services described in paragraph (2), including development and training relating to principles of quality management.

(9) INCENTIVE GRANT AWARDS.—The State may use a portion of the funds described in paragraph (1) to award incentive grants to substate areas that reach or exceed the State benchmarks established under section 731(c), with an emphasis on benchmarks established under section 731(c)(3). A substate area that receives such a grant may use the funds made available through the grant to carry out any workforce development activities authorized under this title.

(10) FUNDS FROM UNEMPLOYMENT TRUST FUND.—Funds made available to a Governor under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) for a program year shall only be available for workforce employment activities authorized under such section 901(c)(1)(A), which are—

(A) the administration of State unemployment compensation laws as provided in title III of the Social Security Act (including administration pursuant to agreements under any Federal unemployment compensation law);

(B) the establishment and maintenance of statewide workforce development systems, to the extent the systems are used to carry out activities described in section 773, or in any of clauses (ii) through (v) of section 716(a)(2)(B); and

(C) carrying out the activities described in sections 4103, 4103A, 4104, and 4104A of title 38, United States Code (relating to veterans' employment services).

(b) WORKFORCE EDUCATION ACTIVITIES.—The State educational agency shall use the funds made available to the State educational agency under this subtitle for workforce education activities to carry out, through the statewide system, activities that include—

(1) integrating academic and vocational education;

(2) linking secondary education (as determined under State law) and postsecondary education, including implementing tech-prep programs;

(3) providing career guidance and counseling for students at the earliest possible age, including the provision of career awareness, exploration, planning, and guidance information to students and their parents that is, to the extent possible, in a language and form that the students and their parents understand;

(4) providing literacy and basic education services for adults and out-of-school youth, including adults and out-of-school youth in correctional institutions;

(5) providing programs for adults and out-of-school youth to complete their secondary education;

(6) expanding, improving, and modernizing quality vocational education programs; and

(7) improving access to quality vocational education programs for at-risk youth.

(c) FISCAL REQUIREMENTS FOR WORKFORCE EDUCATION ACTIVITIES.—

(1) SUPPLEMENT NOT SUPPLANT.—Funds made available under this subtitle for workforce education activities shall supplement, and may not supplant, other public funds expended to carry out workforce education activities.

(2) MAINTENANCE OF EFFORT.—

(A) DETERMINATION.—No payments shall be made under this subtitle for any program year to a State for workforce education activities unless the Federal Partnership determines that the fiscal effort per student or the aggregate expenditures of such State for workforce education for the program year preceding the program year for which the determination is made, equaled or exceeded such effort or expenditures for workforce education for the second program year preceding the fiscal year for which the determination is made.

(B) WAIVER.—The Federal Partnership may waive the requirements of this section (with respect to not more than 5 percent of expenditures by any State educational agency) for

1 program year only, on making a determination that such waiver would be equitable due to exceptional or uncontrollable circumstances affecting the ability of the applicant to meet such requirements, such as a natural disaster or an unforeseen and precipitous decline in financial resources. No level of funding permitted under such a waiver may be used as the basis for computing the fiscal effort or aggregate expenditures required under this section for years subsequent to the year covered by such waiver. The fiscal effort or aggregate expenditures for the subsequent years shall be computed on the basis of the level of funding that would, but for such waiver, have been required.

(d) FLEXIBLE WORKFORCE ACTIVITIES.—

(1) CORE FLEXIBLE WORKFORCE ACTIVITIES.—The State shall use a portion of the funds made available to the State under this subtitle through the flex account to carry out school-to-work activities through the statewide system, except that any State that received a grant under subtitle B of title II of the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6141 et seq.) shall use such portion to support the continued development of the statewide School-to-Work Opportunities system of the State through the continuation of activities that are carried out in accordance with the terms of such grant.

(2) PERMISSIBLE FLEXIBLE WORKFORCE ACTIVITIES.—The State may use a portion of the funds made available to the State under this subtitle through the flex account—

(A) to carry out workforce employment activities through the statewide system; and

(B) to carry out workforce education activities through the statewide system.

(e) ECONOMIC DEVELOPMENT ACTIVITIES.—In the case of a State that meets the requirements of section 728(c), the State may use a portion of the funds made available to the State under this subtitle through the flex account to supplement other funds provided by the State or private sector—

(1) to provide customized assessments of the skills of workers and an analysis of the skill needs of employers;

(2) to assist consortia of small- and medium-size employers in upgrading the skills of their workforces;

(3) to provide productivity and quality improvement training programs for the workforces of small- and medium-size employers;

(4) to provide recognition and use of voluntary industry-developed skills standards by employers, schools, and training institutions;

(5) to carry out training activities in companies that are developing modernization plans in conjunction with State industrial extension service offices; and

(6) to provide on-site, industry-specific training programs supportive of industrial and economic development;

through the statewide system.

(f) LIMITATIONS.—

(1) WAGES.—No funds provided under this subtitle shall be used to pay the wages of incumbent workers during their participation in economic development activities provided through the statewide system.

(2) RELOCATION.—No funds provided under this subtitle shall be used or proposed for use to encourage or induce the relocation, of a business or part of a business, that results in a loss of employment for any employee of such business at the original location.

(3) TRAINING AND ASSESSMENTS FOLLOWING RELOCATION.—No funds provided under this subtitle shall be used for customized or skill training, on-the-job training, or company specific assessments of job applicants or workers, for any business or part of a business, that has relocated, until 120 days after the date on which such business commences operations at the new location, if the relocation of such business or part of a business, results in a loss of employment for any worker of such business at the original location.

(g) LIMITATIONS ON PARTICIPANTS.—

(1) DIPLOMA OR EQUIVALENT.—

(A) IN GENERAL.—No individual may participate in workforce employment activities described in subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(7) until the individual has obtained a secondary school diploma or its recognized equivalent, or is enrolled in a program or course of study to obtain a secondary school diploma or its recognized equivalent.

(B) EXCEPTION.—Nothing in subparagraph (A) shall prevent participation in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(7) by individuals who, after testing and in the judgment of medical, psychiatric, academic, or other appropriate professionals, lack the requisite capacity to complete successfully a course of study that would lead to a secondary school diploma or its recognized equivalent.

(2) SERVICES.—

(A) REFERRAL.—If an individual who has not obtained a secondary school diploma or its recognized equivalent applies to participate in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(7), such individual shall be referred to State approved adult education services that provide instruction designed to help such individual obtain a secondary school diploma or its recognized equivalent.

(B) STATE PROVISION OF SERVICES.—Notwithstanding any other provision of this title, a State may use funds made available under section 713(a)(1) to provide State approved adult education services that provide instruction designed to help individuals obtain a secondary school diploma or its recognized equivalent, to individuals who—

(i) are seeking to participate in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(7); and

(ii) are otherwise unable to obtain such services.

(h) SPECIAL RULE.—References in section 703(39), and section 7(38) of the Rehabilitation Act of 1973, to section 716(a)(8) shall be deemed to be references to section 716(a)(9).

MIKULSKI AMENDMENTS NOS. 2668–2669

Mr. MOYNIHAN (for Ms. MIKULSKI) proposed two amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2668

On page 520, strike lines 17 through 19 and insert the following:

(7) Title VII of the Stewart B. McKinney

AMENDMENT NO. 2669

On page 10, line 24, insert "in a way that does not encourage the break up of 2-parent families" after "minor children".

On page 12, between lines 22 and 23, insert the following:

"(G) Develop and implement, in cases where appropriate and beneficial to the child, a program that encourages participation of both parents in the parenting of the child or children and encourages two-parent families.

On page 17, line 22, strike "amount (if any) determined under subparagraph (B)" and insert "amount determined under subparagraphs (B) and (C)".

On page 18, between lines 15 and 16, insert the following:

"(C) AMOUNT DETERMINED.—The amount determined under this subparagraph is the amount which bears the same ratio to the amount specified under section 413A(h) as the amount otherwise determined for such State under subparagraph (A) (without regard to the reduction determined under this subparagraph) bears to $16,795,323.

On page 18, line 16, strike "(C)" and insert "(D)".

On page 18, line 21, strike "subparagraph (B)" and insert "subparagraphs (B) and (C)".

On page 22, line 15, strike "and".

On page 22, line 17, strike the period and insert "; and".

On page 22, between lines 17 and 18, insert:

"(iii) grants to States under section 413A.

On page 42, between lines 21 and 22, insert the following:

"(f) DISREGARD OF FIRST $50 OF CHILD SUPPORT.—A State to which a grant is made under section 403 shall, in determining the eligibility of a family for assistance under the State program funded under this part, disregard for any month the first $50 of any child support payments received by such family received in that month.

On page 50, line 5, strike the period and insert a semicolon.

On page 50, between lines 5 and 6, insert the following:

"except that if a State elects to deny benefits under this subsection the State shall certify to the Secretary that the State has established financial incentives to encourage recipients of assistance to marry. Such incentives must permit recipients who marry to retain benefits that are at least equal in value to the amount of the penalty imposed on other families under this subsection.".

On page 51, between lines 11 and 12 , insert the following new subsection:

"(e) PROHIBITION OF THE 100 HOUR RULE.—A State to which a grant is made under section 403 may not deny an individual eligibility for assistance under such grant solely on the basis of the number of hours worked by the spouse of the individual.

On page 51, line 12, strike "(e)" and insert "(f)".

On page 69, between lines 22 and 23, insert the following:

"SEC. 413A. TRAINING AND EMPLOYMENT FOR NON-CUSTODIAL PARENTS.

"(a) IN GENERAL.—The Secretary shall make grants to States with applications approved under this section to conduct programs of training and employment opportunities for noncustodial parents in accordance with the requirements of this section.

"(b) APPLICATION.—

"(1) IN GENERAL.—Each State desiring to conduct a program under this section shall prepare and submit to the Secretary an application described in paragraph (2) at such time, in such manner, and containing such information as the Secretary may require.

"(2) APPLICATION DESCRIBED.—An application to conduct a program under this section shall—

"(A) describe the political subdivision or subdivisions, or other identifiable areas of the State where the program will be conducted;

"(B) describe the services that will be provided to participants, including the training, job readiness services, and employment opportunities that will be available, and indicate whether these will be provided through the program under this part or whether some or all of the activities under this subsection will be conducted as a separate program;

"(C) describe the supportive services that will be provided to enhance the participant's involvement in the program and ability to

obtain employment and meet his or her child support obligations;

"(D) indicate whether the State will conduct a random assignment evaluation of the effects of the program on improved responsibility in meeting child support obligations; and

"(E) provide assurance that the State's program will comply with the requirements of this subsection.

"(c) ELIGIBILITY FOR PARTICIPATION IN THE PROGRAM.—The application described in subsection (b)(1) shall provide that a noncustodial parent will be eligible to commence participation in the program under this section if his or her child is receiving assistance under the State program funded under this part or if the noncustodial parent owes past-due child support which has been assigned to the State and is unemployed. Paternity must be established before a noncustodial father may enter the program, and the noncustodial parent must be cooperating in the establishment of a child support obligation and the entry of an award. If a parent who has been participating in the program ceases to be eligible therefore because the child with respect to whom the support obligation exists is no longer eligible for assistance under the State program funded under this part, the State must nonetheless allow the participant to complete the training or program activity.

"(d) NO GUARANTEE OF PARTICIPATION OR ACCESS TO SERVICES.—A State conducting a program under this section shall not be required—

"(1) to accept all applicants even though they meet the criteria of subsection (c); or

"(2) to provide the same training, services, or employment opportunities to all participants.

"(e) WAGES.—The State agency shall assure that wages will be paid for work performed by the participant and may provide for the payment of training stipends.

"(f) CHILD SUPPORT.—

"(1) GARNISHMENT.—The State agency shall garnish subsidized wages, or any stipends, paid in connection with a non-custodial parent's participation in the program under this section, and remit them to the State agency administering the State plan approved under part D for distribution as a child support collection in accordance with the provisions of that part.

"(2) CREDITING OF PAST DUE AMOUNTS.—The State may provide, if, with respect to an individual participating in the program under this section, it has jurisdiction over the child support obligation being enforced, that hours of participation in program activities may, or a reasonable basis, be credited to reduce amounts of past-due child support owed to such State agency by the individual.

"(g) MINIMUM PARTICIPATION RATE.—For purposes of determining the minimum participation rates for a fiscal year under section 404, an individual participating in the program under this section shall be included in the number determined under section 404(b)(1)(B)(i)(I) for purposes of determining the participation rate for 2-parent families under section 404(b)(2).

"(h) FUNDING.—The following amounts shall be available to make grants under this section:

"(1) $80,000,000 of the amount appropriated under section 403(a)(4) for fiscal year 1996.

"(2) $100,000,000 of the amount appropriated under section 403(a)(4) for fiscal year 1997.

"(3) $130,000,000 of the amount appropriated under section 403(a)(4) for fiscal year 1998.

"(4) $150,000,000 of the amount appropriated under section 403(a)(4) for fiscal year 1999.

"(5) $175,000,000 of the amount appropriated under section 403(a)(4) for fiscal year 2000.

On page 580, between lines 22 and 23, insert the following:

"(1) FOR ALL FAMILIES.—The State shall distribute the first $50 of such amount to the family.

On page 580, line 23, strike "(1)" and insert "(2)".

On page 581, line 5, strike "(2)" and insert "(3)".

On page 583, line 3, strike "(3)" and insert "(4)".

On page 641, between lines 11 and 12, insert the following:

SEC. 426. DURATION OF SUPPORT.

Section 466(a) (42 U.S.C. 666(a)), as amended by this Act, is amended—

(1) by inserting after paragraph (16) the following new paragraph:

"(17) Procedures under which the State—

"(A) requires a continuing support obligation by the noncustodial parent until at least the later of the date on which a child for whom a support obligation is owed reaches the age of 18, or graduates from or is no longer enrolled in secondary school or its equivalent, unless a child marries, joins the United States armed forces, or is otherwise emancipated under State law;

"(B)(i) provides that courts or administrative agencies with child support jurisdiction have the discretionary power, until the date on which the child involved reaches the age of 22, pursuant to criteria established by the State, to order child support, payable directly or indirectly (support may be paid directly to a postsecondary or vocational school or college) to a child, at least up to the age of 22 for a child enrolled full-time in an accredited postsecondary or vocational school or college and who is a student in good standing; and

"(ii) may, without application of the rebuttable presumption in section 467(b)(2), award support under this subsection in amounts that, in whole or in part, reflect the actual costs of post secondary education; and

"(C) provides for child support to continue beyond the child's age of majority provided the child is disabled, unable to be self-supportive, and the disability arose during the child's minority."; and

(2) by adding at the end the following new sentence: "Nothing in paragraph (17) shall preclude a State from imposing more extensive child support obligations or obligations of longer duration.".

On page 792, after line 22, add the following new title:

TITLE ___—CHILD CUSTODY REFORM

SEC. ___01. SHORT TITLE.

This title may be cited as the "Child Custody Reform Act of 1995".

SEC. ___02. REQUIREMENTS FOR EXCLUSIVE CONTINUING JURISDICTION MODIFICATION.

Section 1738A of title 28, United States Code, is amended—

(1) in subsection (d) to read as follows:

"(d)(1) Subject to paragraph (2) the jurisdiction of a court of a State that has made a child custody or visitation determination in accordance with this section continues exclusively as long as such State remains the residence of the child or of any contestant.

"(2) Continuing jurisdiction under paragraph (1) shall be subject to any applicable provision of law of the State that issued the initial child custody determination in accordance with this section, when such State law establishes limitations on continuing jurisdiction when a child is absent from such State.";

(2) in subsection (f)

(A) by redesignating paragraphs (1) and (2) as paragraphs (2) and (1), respectively and transferring paragraph (2) (as so redesignated) so as to appear after paragraph (1) (as so redesignated); and

(B) in paragraph (1) (as so redesignated), by inserting "pursuant to subsection (d)," after "the court of the other State no longer has jurisdiction,"; and

(3) in subsection (g), by inserting "or continuing jurisdiction" after "exercising jurisdiction".

SEC. ___03. ESTABLISHMENT OF NATIONAL CHILD CUSTODY REGISTRY.

Section 453 of the Social Security Act (42 U.S.C. 653) (as amended by section 916) is further amended by adding at the end the following new subsection:

"(p)(1) Not later than 1 year after the date of enactment of this subsection, the Secretary, in consultation with the Attorney General, shall conduct and conclude a study regarding the most practicable and efficient way to create a national child custody registry to carry out the purposes of paragraph (3). Pursuant to this study, and subject to the availability of appropriations, the Secretary shall create a national child custody registry and promulgate regulations necessary to implement such registry. The study and regulations shall include—

"(A) a determination concerning whether a new national database should be established or whether an existing network should be expanded in order to enable courts to identify child custody determinations made by, or proceedings filed before, any court of the United States, its territories or possessions;

"(B) measures to encourage and provide assistance to States to collect and organize the data necessary to carry out subparagraph (A);

"(C) if necessary, measures describing how the Secretary will work with the related and interested State agencies so that the database described in subparagraph (A) can be linked with appropriate State registries for the purpose of exchanging and comparing the child custody information contained therein;

"(D) the information that should be entered in the registry (such as the court of jurisdiction where a child custody proceeding has been filed or a child custody determination has been made, the name of the presiding officer of the court in which a child custody proceeding has been filed, the telephone number of such court, the names and social security numbers of the parties, the name, date of birth, and social security numbers of each child) to carry out the purposes of paragraph (3);

"(E) the standards necessary to ensure the standardization of data elements, updating of information, reimbursement, reports, safeguards for privacy and information security, and other such provisions as the Secretary determines appropriate;

"(F) measures to protect confidential information and privacy rights (including safeguards against the unauthorized use or disclosure of information) which ensure that—

"(i) no confidential information is entered into the registry;

"(ii) the information contained in the registry shall be available only to courts or law enforcement officers to carry out the purposes in paragraph (3); and

"(iii) no information is entered into the registry (or where information has previously been entered, that other necessary means will be taken) if there is a reason to believe that the information may result in physical harm to a person; and

"(G) an analysis of costs associated with the establishment of the child custody registry and the implementation of the proposed regulations.

"(2) As used in this subsection—

"(A) the term 'child custody determination' means a judgment, decree, or other order of a court providing for custody or visitation of a child, and includes permanent

and temporary orders, and initial orders and modifications; and

"(B) the term 'custody proceeding'—

"(i) means a proceeding in which a custody determination is one of several issues, such as a proceeding for divorce or separation, as well as neglect, abuse, dependency, wardship, guardianship, termination of parental rights, adoption, protective action from domestic violence, and Hague Child Abduction Convention proceedings; and

"(ii) does not include a judgment, decree, or other order of a court made in a juvenile delinquency, or status offender proceeding.

"(3) The purposes of this subsection are to—

"(A) encourage and provide assistance to State and local jurisdictions to permit—

"(i) courts to identify child custody determinations made by, and proceedings in, other States, local jurisdictions, and countries;

"(ii) law enforcement officers to enforce child custody determinations and recover parentally abducted children consistent with State law and regulations;

"(B) avoid duplicative and or contradictory child custody or visitation determinations by assuring that courts have the information they need to—

"(i) give full faith and credit to the child custody or visitation determination made by a court of another State as required by section 1738A of title 28, United States Code; and

"(ii) refrain from exercising jurisdiction when another court is exercising jurisdiction consistent with section 1738A of title 28, United States Code.

"(4) There are authorized to be appropriated such sums as may be necessary to establish the child custody registry and implement the regulations pursuant to paragraph (1).".

SEC. ___04. SENSE OF THE SENATE REGARDING SUPERVISED CHILD VISITATION CENTERS.

It is the sense of the Senate that local governments should take full advantage of the Local Crime Prevention Block Grant Program established under subtitle B of title III of the Violent Crime Control and Law Enforcement Act of 1994, to establish supervised visitation centers for children who have been removed from their parents and placed outside the home as a result of abuse or neglect or other risk of harm to such children, and for children whose parents are separated or divorced and the children are at risk because of physical or mental abuse or domestic violence.

KERREY AMENDMENT NO. 2670

Mr. MOYNIHAN (for Mr. KERREY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 229, strike lines 4 through 8 and insert the following:

"(2) ELECTION REVOCABLE.—A State that elects to participate in the program established under subsection (a) may subsequently reverse its election only once thereafter. Following such reversal, the State shall only be eligible to participate in the food stamp program in accordance with the other sections of this Act and shall not receive a block grant under this section.

DASCHLE (AND BINGAMAN) AMENDMENT NO. 2671

Mr. MOYNIHAN (for Mr. DASCHLE for himself and Mr. BINGAMAN) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 26, before line 1, insert the following:

"(6) LOANS TO INDIAN TRIBES.—For purposes of this subsection, an Indian tribe with a tribal family assistance plan approved under section 414 shall be treated as a State, except that—

"(A) the Secretary may extend the time limitation under paragraph (4)(A);

"(B) the Secretary may waive the interest requirement under subparagraph (4)(B);

"(C) paragraph (4)(C) shall be applied by substituting 'tribal family assistance grant under section 414' for 'State family assistance grant under subsection (a)(2)'; and

"(D) paragraph (5) shall be applied without regard to subparagraph (B).

On page 26, strike lines 11 through 16, and insert the following:

"(2) ELIGIBLE INDIAN TRIBE.—For purposes of paragraph (1), the term 'eligible Indian tribe' means an Indian tribe or Alaska Native organization that—

"(A) conducted a job opportunities and basic skills training program in fiscal year 1995 under section 482(i) (as in effect during such fiscal year); and

"(B) is not receiving a tribal family assistance grant under section 414.

Beginning on page 63, line 14, strike all through page 68, line 21, and insert the following:

"(a) IN GENERAL.—

"(1) APPLICATION.—

"(A) IN GENERAL.—An Indian tribe may apply at any time to the Secretary (in such manner as the Secretary prescribes) to receive a family assistance grant.

"(B) 3-YEAR TRIBAL FAMILY ASSISTANCE PLAN.—

"(i) IN GENERAL.—As part of the application under subparagraph (A), the Indian tribe shall submit to the Secretary a 3-year tribal family assistance plan that—

"(I) outlines the Indian tribe's approach to providing welfare-related services for the 3-year period, consistent with the purposes of this section;

"(II) specifies whether the welfare-related services provided under the plan will be provided by the Indian tribe or through agreements, contracts, or compacts with intertribal consortia, States, or other entities;

"(III) identifies the population and service area or areas to be served by such plan;

"(IV) provides that a family receiving assistance under the plan may not receive duplicative assistance from other State or tribal programs funded under this part;

"(V) identifies the employment opportunities in or near the service area or areas of the Indian tribe and the manner in which the Indian tribe will cooperate and participate in enhancing such opportunities for recipients of assistance under the plan consistent with any applicable State standards; and

"(VI) applies the fiscal accountability provisions of section 5(f)(1) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450c(f)(1)), relating to the submission of a single-agency audit report required by chapter 75 of title 31, United States Code. Nothing in this clause shall preclude an Indian tribe from entering into an agreement with a State under the tribal family assistance plan for providing services to individuals residing outside the tribe's jurisdiction or for providing services to non-tribal members residing within the tribe's jurisdiction. Any such agreement shall include an appropriate transfer of funds from the State to the tribe.

"(ii) APPROVAL.—The Secretary shall approve each tribal family assistance plan submitted in accordance with clause (i).

"(2) PARTICIPATION.—If a tribe chooses to apply and the application is approved, such tribe shall be entitled to a direct payment in the amount determined in accordance with the provisions of subsection (b) for each fiscal year beginning after such approval.

"(3) NO PARTICIPATION.—If a tribe chooses not to apply, the amount that would otherwise be available to such tribe for the fiscal year shall be payable to the State in which that tribe is located. Such State shall provide equitable access to services by recipients within that tribe's jurisdiction.

"(4) NO MATCH REQUIRED.—Indian tribes shall not be required to submit a monetary match to receive a payment under this section.

"(5) JOINT PROGRAMS.—An Indian tribe may also apply to the Secretary jointly with 1 or more such tribes to administer family assistance services as a consortium. The Secretary shall establish such terms and conditions for such consortium as are necessary.

"(b) PAYMENT AMOUNT.—

"(1) IN GENERAL.—From an amount equal to 3 percent of the amount specified under section 403(a)(4) for a fiscal year, the Secretary shall pay directly to each Indian tribe requesting a family assistance grant for such fiscal year an amount pursuant to an allocation formula determined by the Secretary based on the need for services and utilizing (if possible) data that is common to all Indian tribes.

"(2) AUTHORITY TO RESERVE CERTAIN AMOUNTS FOR ASSISTANCE.—An Indian tribe may reserve amounts paid to the Indian tribe under this part for any fiscal year for the purpose of providing, without fiscal year limitation, assistance under the program operated under this part.

"(c) VOLUNTARY TERMINATION.—An Indian tribe may voluntarily terminate receipt of a family assistance grant. The Indian tribe shall give the State and the Secretary notice of such decision 6 months prior to the date of termination. The amount under subsection (b) with respect to such grant for the fiscal year shall be payable to the State in which that tribe is located. Such State shall provide equitable access to services by recipients residing within that tribe's jurisdiction. If a voluntary termination of a grant occurs under this subsection, the tribe shall not be eligible to submit an application under this section before the 6th year following such termination.

"(d) MINIMUM WORK PARTICIPATION REQUIREMENTS AND TIME LIMITS.—The Secretary, with the participation of Indian tribes, shall establish for each Indian tribe receiving a grant under this section minimum work participation requirements, appropriate time limits for receipt of welfare-related services under such grant, and penalties against individuals—

"(1) consistent with the purposes of this section;

"(2) consistent with the economic conditions and resources available to each tribe; and

"(3) similar to comparable provisions in section 404(d).

"(e) EMERGENCY ASSISTANCE.—Nothing in this section shall preclude an Indian tribe from seeking emergency assistance from any Federal loan program or emergency fund.

"(f) MAINTENANCE OF EFFORT ASSISTANCE.—Nothing in this section shall preclude a State from providing maintenance of effort funds to Indian tribes located in such State.

"(g) ACCOUNTABILITY.—Nothing in this section shall be construed to limit the ability of the Secretary to maintain program funding accountability consistent with—

"(1) generally accepted accounting principles; and

"(2) the requirements of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.).

"(h) TRIBAL PENALTIES.—For the purpose of ensuring the proper use of family assistance grants, the following provisions shall apply to an Indian tribe with an approved tribal assistance plan:

"(1) The provisions of subsections (a)(1), (a)(6), and (b) of section 407, in the same manner as such subsections apply to a State.

"(2) The provisions of section 407(a)(3), except that such subsection shall be applied by substituting 'the minimum requirements established under subsection (d) of section 414' for 'the minimum participation rates specified in section 404'.

"(i) DATA COLLECTION AND REPORTING.—For the purpose of ensuring uniformity in data collection, section 409 shall apply to an Indian tribe with an approved family assistance plan.

"(j) INFORMATION SHARING.—Each State and the Indian tribes located within its jurisdiction may share (in a manner that ensures confidentiality) eligibility and other information on residents in such State that would be helpful for determining eligibility for other Federal and State assistance programs.

On page 101, between lines 20 and 21, insert the following:

(j) AMENDMENT TO TITLE XIX.—Section 1903(u)(1)(D) (42 U.S.C. 1396b(u)(1)(D)) is amended by adding at the end the following new clause:

"(vi) In determining the amount of erroneous excess payments, there shall not be included any erroneous payments made by the State to the benefit of members of Indian families based on correctly processed information received or information not timely received from a tribe with a tribal family assistance plan approved under part A of title IV of the Social Security Act.".

On page 108, between lines 20 and 21, insert the following:

(i) Section 16(c)(3) of the Food Stamp Act (7 U.S.C. 2025(c)(3)) is amended by adding at the end the following new subparagraph:

"(C) Any errors resulting from State payments to Indian families based on correctly processed information received or information not timely received from a tribe with a tribal family assistance plan approved under part A of title IV of the Social Security Act.".

DASCHLE AMENDMENT NO. 2672

Mr. MOYNIHAN (for Mr. DASCHLE) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

Beginning on page 26, line 13, strike all through page 28, line 19, and insert the following:

"(d) CONTINGENCY FUND.—

"(1) ESTABLISHMENT.—There is hereby established in the Treasury of the United States a fund which shall be known as the 'Contingency Fund for State Welfare Programs' (hereafter in this section referred to as the 'Fund').

"(2) DEPOSITS INTO FUND.—Out of any money in the Treasury of the United States not otherwise appropriated, there are hereby appropriated for fiscal years 1996, 1997, 1998, 1999, 2000, 2001, and 2002 such sums as are necessary for payment to the Fund in a total amount not to exceed $5,000,000,000, of which not more than $4,000,000,000 shall be available during the first 5 fiscal years.

"(3) COMPUTATION OF GRANT.—

"(A) IN GENERAL.—Subject to subparagraph (B), the Secretary of the Treasury shall pay to each eligible State in a fiscal year an amount equal to the Federal medical assistance percentage for such State for such fiscal year (as defined in section 1905(b)) of so much of the expenditures by the State in such year under the State program funded under this part as exceed the historic State expenditures for such State.

"(B) LIMITATION.—The total amount paid to a State under subparagraph (A) for any fiscal year shall not exceed an amount equal to 20 percent of the annual amount determined for such State under the State program funded under this part (without regard to this subsection) for such fiscal year.

"(C) METHOD OF COMPUTATION, PAYMENT, AND RECONCILIATION.—

"(i) METHOD OF COMPUTATION.—The method of computing and paying such amounts shall be as follows:

"(I) The Secretary of Health and Human Services shall estimate the amount to be paid to the State for each quarter under the provisions of subparagraph (A), such estimate to be based on a report filed by the State containing its estimate of the total sum to be expended in such quarter and such other information as the Secretary may find necessary.

"(II) The Secretary of Health and Human Services shall then certify to the Secretary of the Treasury the amount so estimated by the Secretary of Health and Human Services.

"(ii) METHOD OF PAYMENT.—The Secretary of the Treasury shall thereupon, through the Fiscal Service of the Department of the Treasury and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Health and Human Services, the amount so certified.

"(iii) METHOD OF RECONCILIATION.—If at the end of each fiscal year, the Secretary of Health and Human Services finds that a State which received amounts from the Fund in such fiscal year did not meet the maintenance of effort requirement under paragraph (5)(B) for such fiscal year, the Secretary shall reduce the State family assistance grant for such State for the succeeding fiscal year by such amounts.

"(4) USE OF GRANT.—

"(A) IN GENERAL.—An eligible State may use the grant—

"(i) in any manner that is reasonably calculated to accomplish the purpose of this part; or

"(ii) in any manner that such State used amounts received under part A or F of this title, as such parts were in effect before October 1, 1995.

"(B) REFUND OF UNUSED PORTION.—Any amount of a grant under this subsection not used during the fiscal year shall be returned to the Fund.

"(5) ELIGIBLE STATE.—

"(A) IN GENERAL.—For purposes of this subsection, a State is an eligible State with respect to a fiscal year, if such State—

"(i) has an average total unemployment rate or a children population in such State's food stamp program which exceeds such average total rate or population for fiscal year 1994; and

"(ii) has met the maintenance of effort requirement under subparagraph (B) for the State program funded under this part for the fiscal year.

"(B) MAINTENANCE OF EFFORT.—

"(i) IN GENERAL.—The maintenance of effort requirement for any State under this subparagraph for any fiscal year is the expenditure of an amount at least equal to 100 percent of the level of spending in FY 94.

"(ii) HISTORIC STATE EXPENDITURES.—For purposes of this subparagraph, the term 'historic State expenditures' means payments of cash assistance to recipients of aid to families with dependent children under the State plan under part A of title IV for fiscal year 1994, as in effect during such fiscal year.

"(iii) DETERMINING STATE EXPENDITURES.—For purposes of this subparagraph, State expenditures shall not include any expenditures from amounts made available by the Federal Government.

"(6) ANNUAL REPORTS.—The Secretary of the Treasury shall annually report to the Congress on the status of the Fund.

SANTORUM AMENDMENT NO. 2673

Mr. SANTORUM proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, surpra, as follows:

On page 200, between lines 11 and 12, insert:

"(4) IMPLEMENTATION OF ELECTRONIC BENEFIT TRANSFER SYSTEM.—

"(A) IN GENERAL.—A State to which a grant is made under this Act is encouraged to implement the electronic benefit transfer system for providing assistance under the State program funded under this Act and may use the grant for such purpose. In implementing the system, the State shall use an open, competitive

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MCCONNELL AMENDMENTS NOS. 2674-2675

Mr. SANTORUM (for Mr. MCCONNELL) proposed two amendments to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

AMENDMENT NO. 2674

On page 270, after line 23, insert the following:

(3) REGULATIONS.—

(A) INTERIM REGULATIONS.—Not later than February 1, 1996, the Secretary shall issue interim regulations to implement—

(i) the amendments made by paragraphs (1), (3), and (4) of subsection (b); and

(ii) section 17(f)(3)(C) of the National School Lunch Act (42 U.S.C. 1766(f)(3)(C)).

(B) FINAL REGULATIONS.—Not later than August 1, 1996, the Secretary shall issue final regulations to implement the provisions of law referred to in subparagraph (A).

AMENDMENT NO. 2675

On page 268, strike lines 4 through 17 and insert the following:

"(I) IN GENERAL.—A State agency administering the school lunch program under this Act or the school breakfast program under the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) shall provide to approved family or group day care home sponsoring organizations a list of schools serving elementary school children in the State in which not less than ½ of the children enrolled are certified to receive free or reduced price meals. The State agency shall collect the data necessary to create the list annually and provide the list on a timely basis to any approved family or group day care home sponsoring organization that requests the list.

PACKWOOD AMENDMENT NO. 2676

Mr. SANTORUM (for Mr. PACKWOOD) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 11 strike lines 5 through 22.

On page 11, line 23, insert the following:

(B) NONDISCRIMINATION AGAINST EMPLOYEES ADMINISTERING OR PROVIDING SERVICES.—

(i) PROHIBITION.—A religious organization with a contract described in subsection (a)(1)(A) shall not discriminate in employment on the basis of religion of an employee or prospective employee if such employee's

primary responsibility is or would be administering or providing services under such contract.

(ii) QUALIFIED APPLICANTS.—If 2 or more prospective employees are qualified for a position administering or providing services under a contract described in subsection (a)(1)(A), nothing in this section shall prohibit a religious organization from employing a prospective employee who is already participating on a regular basis in other activities of the organization.

(C) PRESENT EMPLOYEES.—This paragraph shall not apply to employees of religious organizations with a contract described in subsection (a)(1)(A) if such employees are employed by such organization on the date of the enactment of this Act.

KENNEDY AMENDMENT NO. 2677

Mr. MOYNIHAN (for Mr. KENNEDY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

At the appropriate place, insert the following new section:

SEC. ___. EXTENSION OF TRANSITIONAL MEDICAID BENEFITS.

(a) EXTENSION OF MEDICAID ENROLLMENT FOR FORMER TEMPORARY EMPLOYMENT ASSISTANCE RECIPIENTS FOR 1 ADDITIONAL YEAR.—

(1) IN GENERAL.—Section 1925(b)(1) (42 U.S.C. 1396r-6(b)(1)) is amended by striking the period at the end and inserting the following: ", and shall provide that the State shall offer to each such family the option of extending coverage under this subsection for an additional 2 succeeding 6-month periods in the same manner and under the same conditions as the option of extending coverage under this subsection for the first succeeding 6-month period.".

(2) CONFORMING AMENDMENTS.—

(A) IN GENERAL.—Section 1925 (42 U.S.C. 1396r-6) is amended—

(i) in subsection (b)—

(I) in the heading, by striking "EXTENSION" and inserting "EXTENSIONS";

(II) in the heading of paragraph (1), by striking "REQUIREMENT" and inserting "IN GENERAL";

(III) in paragraph (2)(B)(ii)—

(aa) in the heading, by striking "PERIOD" and inserting "PERIODS"; and

(bb) by striking "in the period" and inserting "in each of the 6-month periods";

(IV) in paragraph (3)(A), by striking "the 6-month period" and inserting "any 6-month period";

(V) in paragraph (4)(A), by striking "the extension period" and inserting "any extension period"; and

(VI) in paragraph (5)(D)(i), by striking "is a 3-month period" and all that follows and inserting the following: "is, with respect to a particular 6-month additional extension period provided under this subsection, a 3-month period beginning with the first or fourth month of such extension period."; and

(ii) by striking subsection (f).

(B) FAMILY SUPPORT ACT.—Section 303(f)(2) of the Family Support Act of 1988 (42 U.S.C. 602 note) is amended—

(i) by striking "(A)"; and

(ii) by striking subparagraphs (B) and (C).

(b) TRANSITIONAL ELIGIBILITY FOR MEDICAID.—Part A of title IV, as added by section 101(a) is amended by adding at the end the following new section:

"SEC. 417. TRANSITIONAL ELIGIBILITY FOR MEDICAID.

"Each needy child, and each relative with whom such a child is living (including the spouse of such relative), who becomes ineligible for temporary employment assistance as a result (wholly or partly) of the collection or increased collection of child or spousal support under part D of this title, and who has received such assistance in at least 3 of the 6 months immediately preceding the month in which such ineligibility begins, shall be deemed to be a recipient of temporary employment assistance for purposes of title XIX for an additional 4 calendar months beginning with the month in which such ineligibility begins.".

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to calendar quarters beginning on or after October 1, 1996, without regard to whether final regulations to carry out such amendments have been promulgated by such date.

(2) WHEN STATE LEGISLATION IS REQUIRED.—In the case of a State plan for medical assistance under title XIX of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order for the plan to meet the additional requirements imposed by the amendments made by this section, the State plan shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet these additional requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

TITLE ___—CORPORATE WELFARE REDUCTION

SEC. ___01. SHORT TITLE.

This title may be cited as the "Corporate Welfare Reduction Act of 1995".

SEC. ___02. FOREIGN OIL AND GAS INCOME.

(a) SPECIAL RULES FOR FOREIGN TAX CREDIT WITH RESPECT TO FOREIGN OIL AND GAS INCOME.—

(1) CERTAIN TAXES NOT CREDITABLE.—

(A) IN GENERAL.—Subsection (a) of section 907 of the Internal Revenue Code of 1986 (relating to reduction in amount allowed as foreign tax under section 901) is amended to read as follows:

"(a) CERTAIN TAXES NOT CREDITABLE.—

"(1) IN GENERAL.—For purposes of this subtitle, the term 'income, war profits, and excess profits taxes' shall not include—

"(A) any taxes which are paid or accrued to any foreign country with respect to foreign oil and gas income and which are not imposed under a generally applicable income tax law of such country, and

"(B) any taxes (not described in subparagraph (A)) which are paid or accrued to any foreign country with respect to foreign oil and gas income to the extent that the foreign law imposing such amount of tax is structured, or in fact operates, so that the amount of tax imposed with respect to foreign oil and gas income will generally be materially greater, over a reasonable period of time, than the amount generally imposed on income that is not foreign oil and gas income.

In computing the amount not treated as tax under subparagraph (B), such amount shall be treated as a deduction under the foreign law.

"(2) FOREIGN OIL AND GAS INCOME.—For purposes of this paragraph, the term 'foreign oil and gas income' means the amount of foreign oil and gas extraction income and foreign oil related income.

"(3) GENERALLY APPLICABLE INCOME TAX LAW.—For purposes of this paragraph, the term 'generally applicable income tax law' means any law of a foreign country imposing an income tax if such tax generally applies to all income from sources within such foreign country—

"(A) without regard to the residence or nationality of the person earning such income, and

"(B) in the case of any income earned by a corporation, partnership, or other entity, without regard to—

"(i) where such corporation, partnership, or other entity is organized, and

"(ii) the residence or nationality of the persons owning interests in such corporation, partnership, or entity."

(B) CONFORMING AMENDMENT.—Section 907 of such Code is amended by striking subsections (b), (c)(3), (c)(4), (c)(5), and (f).

(2) SEPARATE BASKETS FOR FOREIGN OIL AND GAS EXTRACTION INCOME AND FOREIGN OIL RELATED INCOME.—

(A) IN GENERAL.—Paragraph (1) of section 904(d) of such Code (relating to separate application of section with respect to certain categories of income) is amended by striking "and" at the end of subparagraph (H), by redesignating subparagraph (I) as subparagraph (K) and by inserting after subparagraph (H) the following new subparagraphs:

"(I) foreign oil and gas extraction income,

"(J) foreign oil related income, and".

(B) DEFINITIONS.—Paragraph (2) of section 904(d) of such Code is amended by redesignating subparagraphs (H) and (I) as subparagraphs (J) and (K), respectively, and by inserting after subparagraph (G) the following new subparagraphs:

"(H) FOREIGN OIL AND GAS EXTRACTION INCOME.—The term 'foreign oil and gas extraction income' has the meaning given such term by section 907(c)(1). Such term shall not include any dividend from a noncontrolled section 902 corporation.

"(I) FOREIGN OIL RELATED INCOME.—The term 'foreign oil related income' has the meaning given such term by section 907(c)(2). Such term shall not include any dividend from a noncontrolled section 902 corporation and any shipping income."

(C) CONFORMING AMENDMENT.—Clause (i) of section 904(d)(3)(F) of such Code is amended by striking "or (E)" and inserting "(E), (I), or (J)".

(3) EFFECTIVE DATE.—

(A) IN GENERAL.—Except as otherwise provided in this paragraph, the amendments made by this subsection shall apply to taxable years beginning after December 31, 1995.

(B) DISALLOWANCE RULE.—

(i) Section 907(a) of such Code (as amended by paragraph (1)) shall apply to taxes paid or accrued after December 31, 1995, in taxable years ending after such date.

(ii) In determining the amount of taxes deemed to be paid in a taxable year beginning after December 31, 1995, under section 902 or 960 of such Code, section 907(a) of such Code (as amended by paragraph (1)) shall apply to all taxes whether paid or accrued before, on, or after December 31, 1995.

(C) LOSS RULE.—Notwithstanding the amendments made by paragraph (1)(B), section 907(c)(4) of such Code shall continue to apply with respect to foreign oil and gas extraction losses for taxable years beginning before January 1, 1996.

(D) TRANSITIONAL RULES.—

(i) Any taxes paid or accrued in a taxable year beginning before January 1, 1996, with respect to income which was described in subparagraph (I) of section 904(d)(1) of such Code (as in effect on the day before the date of the enactment of this Act) shall be treated as taxes paid or accrued with respect to foreign oil and gas extraction income or foreign

oil related income (as the case may be) to the extent such taxes were paid or accrued with respect to such type of income.

(ii) Any unused oil and gas extraction taxes which under section 907(f) of such Code (as so in effect) would have been allowed as a carryover to the taxpayer's first taxable year beginning after December 31, 1995 (determined without regard to the limitation of paragraph (2) of such section 907(f) for such first taxable year), shall be allowed as carryovers under section 904(c) of such Code in the same manner as if they were unused taxes under section 904(c) with respect to foreign oil and gas extraction income.

(b) ELIMINATION OF DEFERRAL FOR FOREIGN OIL AND GAS EXTRACTION INCOME.—

(1) GENERAL RULE.—Paragraph (1) of section 954(g) of the Internal Revenue Code of 1986 (defining foreign base company oil related income) is amended to read as follows:

"(1) IN GENERAL.—Except as otherwise provided in this subsection, the term 'foreign oil and gas income' means any income of a kind which would be taken into account in determining the amount of—

"(A) foreign oil and gas extraction income (as defined in section 907(c)(1)), or

"(B) foreign oil related income (as defined in section 907(c)(2))."

(2) CONFORMING AMENDMENTS.—

(A) Subsections (a)(5), (b)(4), (b)(5), and (b)(8) of section 954 of such Code are each amended by striking "base company oil related income" each place it appears (including in the heading of subsection (b)(8)) and inserting "oil and gas income".

(B) The subsection heading for subsection (g) of section 954 of such Code is amended by striking "FOREIGN BASE COMPANY OIL RELATED INCOME" and inserting "FOREIGN OIL AND GAS INCOME".

(C) Subparagraph (A) of section 954(g)(2) of such Code is amended by striking "foreign base company oil related income" and inserting "foreign oil and gas income".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years of foreign corporations beginning after December 31, 1995, and to taxable years of United States shareholders in which or with which such taxable years of foreign corporations end.

SEC. ___03. TRANSFER PRICING.

(a) AUTHORITY OF SECRETARY WHEN LEGAL LIMITS ON TRANSFER BY TAXPAYER.—Section 482 of the Internal Revenue Code of 1986 (relating to allocation of income and deductions among taxpayers) is amended by adding at the end the following: "The authority of the Secretary under this section shall not be limited by any restriction (by any law or agreement) on the ability of such interests, organizations, trades, or businesses to transfer or receive money or other property."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1995.

SEC. ___04. ELIMINATION OF EXCLUSION FOR CITIZENS OR RESIDENTS OF UNITED STATES LIVING ABROAD.

Section 911 of the Internal Revenue Code of 1986 (relating to citizens or residents of the United States living abroad) is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

"(f) TERMINATION.—This section shall not apply to any taxable year beginning after December 31, 1995."

SEC. ___05. DISPOSITION OF STOCK IN DOMESTIC CORPORATIONS BY 10-PERCENT FOREIGN SHAREHOLDERS.

(a) GENERAL RULE.—Subpart D of part II of subchapter N of chapter 1 of the Internal Revenue Code of 1986 (relating to miscellaneous provisions) is amended by adding at the end thereof the following new section:

"SEC. 899. DISPOSITION OF STOCK IN DOMESTIC CORPORATIONS BY 10-PERCENT FOREIGN SHAREHOLDERS.

"(a) GENERAL RULE.—

"(1) TREATMENT AS EFFECTIVELY CONNECTED WITH UNITED STATES TRADE OR BUSINESS.—For purposes of this title, if any nonresident alien individual or foreign corporation is a 10-percent shareholder in any domestic corporation, any gain or loss of such individual or foreign corporation from the disposition of any stock in such domestic corporation shall be taken into account—

"(A) in the case of a nonresident alien individual, under section 871(b)(1), or

"(B) in the case of a foreign corporation, under section 882(a)(1),

as if the taxpayer were engaged during the taxable year in a trade or business within the United States through a permanent establishment in the United States and as if such gain or loss were effectively connected with such trade or business and attributable to such permanent establishment. Notwithstanding section 865, any such gain or loss shall be treated as from sources in the United States.

"(2) 26-PERCENT MINIMUM TAX ON NONRESIDENT ALIEN INDIVIDUALS.—

"(A) IN GENERAL.—In the case of any nonresident alien individual, the amount determined under section 55(b)(1)(A) shall not be less than 26 percent of the lesser of—

"(i) the individual's alternative minimum taxable income (as defined in section 55(b)(2)) for the taxable year, or

"(ii) the individual's net taxable stock gain for the taxable year.

"(B) NET TAXABLE STOCK GAIN.—For purposes of subparagraph (A), the term 'net taxable stock gain' means the excess of—

"(i) the aggregate gains for the taxable year from dispositions of stock in domestic corporations with respect to which such individual is a 10-percent shareholder, over

"(ii) the aggregate of the losses for the taxable year from dispositions of such stock.

"(C) COORDINATION WITH SECTION 897(a)(2).—Section 897(a)(2)(A) shall not apply to any nonresident alien individual for any taxable year for which such individual has a net taxable stock gain, but the amount of such net taxable stock gain shall be increased by the amount of such individual's net United States real property gain (as defined in section 897(a)(2)(B)) for such taxable year.

"(b) 10-PERCENT SHAREHOLDER.—

"(1) IN GENERAL.—For purposes of this section, the term '10-percent shareholder' means any person who at any time during the shorter of—

"(A) the period beginning on January 1, 1995, and ending on the date of the disposition, or

"(B) the 5-year period ending on the date of the disposition,

owned 10 percent or more (by vote or value) of the stock in the domestic corporation.

"(2) CONSTRUCTIVE OWNERSHIP.—

"(A) IN GENERAL.—Section 318(a) (relating to constructive ownership of stock) shall apply for purposes of paragraph (1).

"(B) MODIFICATIONS.—For purposes of subparagraph (A)—

"(i) paragraph (2)(C) of section 318(a) shall be applied by substituting '10 percent' for '50 percent', and

"(ii) paragraph (3)(C) of section 318(a) shall be applied—

"(I) by substituting '10 percent' for '50 percent', and

"(II) in any case where such paragraph would not apply but for subclause (I), by considering a corporation as owning the stock (other than stock in such corporation) owned by or for any shareholder of such corporation in that proportion which the value of the stock which such shareholder owns in such corporation bears to the value of all stock in such corporation.

"(3) TREATMENT OF STOCK HELD BY CERTAIN PARTNERSHIPS.—

"(A) IN GENERAL.—For purposes of this section, if—

"(i) a partnership is a 10-percent shareholder in any domestic corporation, and

"(ii) 10 percent or more of the capital or profits interests in such partnership is held (directly or indirectly) by nonresident alien individuals or foreign corporations,

each partner in such partnership who is not otherwise a 10-percent shareholder in such corporation shall, with respect to the stock in such corporation held by the partnership, be treated as a 10-percent shareholder in such corporation.

"(B) EXCEPTION.—

"(i) IN GENERAL.—Subparagraph (A) shall not apply with respect to stock in a domestic corporation held by any partnership if, at all times during the 5-year period ending on the date of the disposition involved—

"(I) the aggregate bases of the stock and securities in such domestic corporation held by such partnership were less than 25 percent of the partnership's net adjusted asset cost, and

"(II) the partnership did not own 50 percent or more (by vote or value) of the stock in such domestic corporation.

The Secretary may by regulations disregard any failure to meet the requirements of subclause (I) where the partnership normally met such requirements during such 5-year period.

"(ii) NET ADJUSTED ASSET COST.—For purposes of clause (i), the term 'net adjusted asset cost' means—

"(I) the aggregate bases of all of the assets of the partnership other than cash and cash items, reduced by

"(II) the portion of the liabilities of the partnership not allocable (on a proportionate basis) to assets excluded under subclause (I).

"(C) EXCEPTION NOT TO APPLY TO 50-PERCENT PARTNERS.—Subparagraph (B) shall not apply in the case of any partner owning (directly or indirectly) more than 50 percent of the capital or profits interests in the partnership at any time during the 5-year period ending on the date of the disposition.

"(D) SPECIAL RULES.—For purposes of subparagraphs (B) and (C)—

"(i) TREATMENT OF PREDECESSORS.—Any reference to a partnership or corporation shall be treated as including a reference to any predecessor thereof.

"(ii) PARTNERSHIP NOT IN EXISTENCE.—If any partnership was not in existence throughout the entire 5-year period ending on the date of the disposition, only the portion of such period during which the partnership (or any predecessor) was in existence shall be taken into account.

"(E) OTHER PASS-THRU ENTITIES; TIERED ENTITIES.—Rules similar to the rules of the preceding provisions of this paragraph shall also apply in the case of any pass-thru entity other than a partnership and in the case of tiered partnerships and other entities.

"(c) COORDINATION WITH NONRECOGNITION PROVISIONS; ETC.—

"(1) COORDINATION WITH NONRECOGNITION PROVISIONS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), any nonrecognition provision shall apply for purposes of this section to a transaction only in the case of—

"(i) an exchange of stock in a domestic corporation for other property the sale of which would be subject to taxation under this chapter, or

"(ii) a distribution with respect to which gain or loss would not be recognized under

section 336 if the sale of the distributed property by the distributee would be subject to tax under this chapter.

"(B) REGULATIONS.—The Secretary shall prescribe regulations (which are necessary or appropriate to prevent the avoidance of Federal income taxes) providing—

"(i) the extent to which nonrecognition provisions shall, and shall not, apply for purposes of this section, and

"(ii) the extent to which—

"(I) transfers of property in a reorganization, and

"(II) changes in interests in, or distributions from, a partnership, trust, or estate,

shall be treated as sales of property at fair market value.

"(C) NONRECOGNITION PROVISION.—For purposes of this paragraph, the term 'nonrecognition provision' means any provision of this title for not recognizing gain or loss.

"(2) CERTAIN OTHER RULES MADE APPLICABLE.—For purposes of this section, rules similar to the rules of subsections (g) and (j) of section 897 shall apply.

"(d) CERTAIN INTEREST TREATED AS STOCK.—For purposes of this section—

"(1) any option or other right to acquire stock in a domestic corporation,

"(2) the conversion feature of any debt instrument issued by a domestic corporation, and

"(3) to the extent provided in regulations, any other interest in a domestic corporation other than an interest solely as creditor,

shall be treated as stock in such corporation.

"(e) TREATMENT OF CERTAIN GAIN AS A DIVIDEND.—In the case of any gain which would be subject to tax by reason of this section but for a treaty and which results from any distribution in liquidation or redemption, for purposes of this subtitle, such gain shall be treated as a dividend to the extent of the earnings and profits of the domestic corporation attributable to the stock. Rules similar to the rules of section 1248(c) (determined without regard to paragraph (2)(D) thereof) shall apply for purposes of the preceding sentence.

"(f) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of this section, including—

"(1) regulations coordinating the provisions of this section with the provisions of section 897, and

"(2) regulations aggregating stock held by a group of persons acting together."

(b) WITHHOLDING OF TAX.—Subchapter A of chapter 3 of such Code is amended by adding at the end the following new section:

"SEC. 1447. WITHHOLDING OF TAX ON CERTAIN STOCK DISPOSITIONS.

"(a) GENERAL RULE.—Except as otherwise provided in this section, in the case of any disposition of stock in a domestic corporation by a foreign person who is a 10-percent shareholder in such corporation, the withholding agent shall deduct and withhold a tax equal to 10 percent of the amount realized on the disposition.

"(b) EXCEPTIONS.—

"(1) STOCK WHICH IS NOT REGULARLY TRADED.—In the case of a disposition of stock which is not regularly traded, a withholding agent shall not be required to deduct and withhold any amount under subsection (a) if—

"(A) the transferor furnishes to such withholding agent an affidavit by such transferor stating, under penalty of perjury, that section 899 does not apply to such disposition because—

"(i) the transferor is not a foreign person, or

"(ii) the transferor is not a 10-percent shareholder, and

"(B) such withholding agent does not know (or have reason to know) that such affidavit is not correct.

"(2) STOCK WHICH IS REGULARLY TRADED.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), a withholding agent shall not be required to deduct and withhold any amount under subsection (a) with respect to any disposition of regularly traded stock if such withholding agent does not know (or have reason to know) that section 899 applies to such disposition.

"(B) SPECIAL RULE WHERE SUBSTANTIAL DISPOSITION.—If—

"(i) there is a disposition of regularly traded stock in a corporation, and

"(ii) the amount of stock involved in such disposition constitutes 1 percent or more (by vote or value) of the stock in such corporation,

subparagraph (A) shall not apply but paragraph (1) shall apply as if the disposition involved stock which was not regularly traded.

"(C) NOTIFICATION BY FOREIGN PERSON.—If section 899 applies to any disposition by a foreign person of regularly traded stock, such foreign person shall notify the withholding agent that section 899 applies to such disposition.

"(3) NONRECOGNITION TRANSACTIONS.—A withholding agent shall not be required to deduct and withhold any amount under subsection (a) in any case where gain or loss is not recognized by reason of section 899(c) (or the regulations prescribed under such section).

"(c) SPECIAL RULE WHERE NO WITHHOLDING.—If—

"(1) there is no amount deducted and withheld under this section with respect to any disposition to which section 899 applies, and

"(2) the foreign person does not pay the tax imposed by this subtitle to the extent attributable to such disposition on the date prescribed therefor,

for purposes of determining the amount of such tax, the foreign person's basis in the stock disposed of shall be treated as zero or such other amount as the Secretary may determine (and, for purposes of section 6501, the underpayment of such tax shall be treated as due to a willful attempt to evade such tax).

"(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) WITHHOLDING AGENT.—The term 'withholding agent' means—

"(A) the last United States person to have the control, receipt, custody, disposal, or payment of the amount realized on the disposition, or

"(B) if there is no such United States person, the person prescribed in regulations.

"(2) FOREIGN PERSON.—The term 'foreign person' means any person other than a United States person.

"(3) REGULARLY TRADED STOCK.—The term 'regularly traded stock' means any stock of a class which is regularly traded on an established securities market.

"(4) AUTHORITY TO PRESCRIBE REDUCED AMOUNT.—At the request of the person making the disposition or the withholding agent, the Secretary may prescribe a reduced amount to be withheld under this section if the Secretary determines that to substitute such reduced amount will not jeopardize the collection of the tax imposed by section 871(b)(1) or 882(a)(1).

"(5) OTHER TERMS.—Except as provided in this section, terms used in this section shall have the same respective meanings as when used in section 899.

"(6) CERTAIN RULES MADE APPLICABLE.—Rules similar to the rules of section 1445(e) shall apply for purposes of this section.

"(e) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of this section, including regulations coordinating the provisions of this section with the provisions of sections 1445 and 1446."

(c) EXCEPTION FROM BRANCH PROFITS TAX.—Subparagraph (C) of section 884(d)(2) of such Code is amended to read as follows:

"(C) gain treated as effectively connected with the conduct of a trade or business within the United States under—

"(i) section 897 in the case of the disposition of a United States real property interest described in section 897(c)(1)(A)(ii), or

"(ii) section 899,".

(d) REPORTS WITH RESPECT TO CERTAIN DISTRIBUTIONS.—Paragraph (2) of section 6038B(a) of such Code (relating to notice of certain transfers to foreign person) is amended by striking "section 336" and inserting "section 302, 331, or 336".

(e) CLERICAL AMENDMENTS.—

(1) The table of sections for subpart D of part II of subchapter N of chapter 1 of such Code is amended by adding at the end the following new item:

"Sec. 899. Dispositions of stock in domestic corporations by 10-percent foreign shareholders."

(2) The table of sections for subchapter A of chapter 3 of such Code is amended by adding at the end the following new item:

"Sec. 1447. Withholding of tax on certain stock dispositions."

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to dispositions after the date of the enactment of this Act, except that section 1447 of such Code (as added by this section) shall not apply to any disposition before the date 6 months after the date of the enactment of this Act.

(2) COORDINATION WITH TREATIES.—

(A) IN GENERAL.—Sections 899 (other than subsection (e) thereof) and 1447 of such Code (as added by this section) shall not apply to any disposition if such disposition is by a qualified resident of a foreign country and the application of such sections to such disposition would be contrary to any treaty between the United States and such foreign country which is in effect on the date of the enactment of this Act and at the time of such disposition.

(B) QUALIFIED RESIDENT.—For purposes of subparagraph (A), the term "qualified resident" means any resident of the foreign country entitled to the benefits of the treaty referred to in subparagraph (A); except that such term shall not include a corporation unless such corporation is a qualified resident of such country (as defined in section 884(e)(4) of such Code).

SEC. ___06. PORTFOLIO DEBT.

(a) IN GENERAL.—Section 871(h)(3) of the Internal Revenue Code of 1986 is amended to read as follows:

"(3) PORTFOLIO INTEREST TO INCLUDE ONLY INTEREST ON GOVERNMENT OBLIGATIONS.—The term 'portfolio interest' shall include only interest paid on an obligation issued by a governmental entity."

(b) CONFORMING AMENDMENTS.—

(1) Section 881(c)(3) of such Code is amended—

(A) in subparagraph (A), by adding "or" at the end, and

(B) by striking subparagraph (B) and redesignating subparagraph (C) as subparagraph (B).

(2) Section 881(c)(4) of such Code is amended—

(A) by striking "section 871(h)(4)" and inserting "section 871(h)(3) or (4)", and

(B) in the heading, by inserting "INTEREST ON NON-GOVERNMENT OBLIGATIONS OR" after "INCLUDE".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to interest received after December 31, 1995, with respect to obligations issued after such date.

SEC. ___07. SOURCE OF INCOME FROM CERTAIN SALES OF INVENTORY PROPERTY.

(a) GENERAL RULE.—Subsection (b) of section 865 of the Internal Revenue Code of 1986 (relating to exception for inventory property) is amended to read as follows:

"(b) INVENTORY PROPERTY.—

"(1) INCOME ATTRIBUTABLE TO PRODUCTION ACTIVITY.—In the case of income from the sale of inventory property produced (in whole or in part) by the taxpayer—

"(A) a portion (determined under regulations) of such income shall be allocated to production activity (and sourced in the United States or outside the United States depending on where such activity occurs), and

"(B) the remaining portion of such income shall be sourced under the other provisions of this section.

The regulations prescribed under subparagraph (A) shall provide that at least 50 percent of such income shall be allocated to production activities.

"(2) SALES INCOME.—

"(A) UNITED STATES RESIDENTS.—Income from the sale of inventory property by a United States resident shall be sourced outside the United States if—

"(i) the property is sold for use, consumption, or disposition outside the United States and an office or another fixed place of business of the taxpayer outside the United States participated materially in the sale, and

"(ii) such sale is not (directly or indirectly) to an affiliate of the taxpayer.

"(B) NONRESIDENT.—Income from the sale of inventory property by a nonresident shall be sourced in the United States if—

"(i) the taxpayer has an office or other fixed place of business in the United States, and

"(ii) such sale is through such office or other fixed place of business.

This subparagraph shall not apply if the requirements of clauses (i) and (ii) of subparagraph (A) are met with respect to such sale.

"(3) COORDINATION WITH TREATIES.—For purposes of paragraph (2)(A)(i), a United States resident shall not be treated as having an office or fixed place of business in a foreign country if a treaty prevents such country from imposing an income tax on the income."

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to income from sales occurring after December 31, 1995.

SEC. ___08. ENHANCEMENT OF BENEFITS FOR FOREIGN SALES CORPORATIONS.

(a) IN GENERAL.—Subsection (a) of section 923 of the Internal Revenue Code of 1986 is amended—

(1) in paragraph (2), by striking "32 percent" and inserting "34 percent", and

(2) in paragraph (3), by striking "$^{16}/_{23}$" and inserting "$^{17}/_{23}$".

(b) SPECIAL RULES RELATING TO CORPORATE PREFERENCE ITEMS.—Paragraph (4) of section 291(a) of such Code is amended—

(1) in subparagraph (A), by striking "'30 percent' for '32 percent'" and inserting "'32 percent' for '34 percent'", and

(2) in subparagraph (B), by striking "'$^{15}/_{23}$' for '$^{16}/_{23}$'" and inserting "'$^{16}/_{23}$' for '$^{17}/_{23}$'".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

D'AMATO AMENDMENT NO. 2678

Mr. SANTORUM (for Mr. D'AMATO) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

(1) Except as provided in paragraph (2) of this subsection, in order for an eligible State to receive funds pursuant to Title I of this Act after April 1, 1996, the State Shall enact legislation establishing a program fully conforming to the requirements of this Act by that date AND EFFECTIVE ON THE DATE OF DISCONTINUANCE OF THE STATE'S AFDC PROGRAM, IN ACCORDANCE WITH SECTION 112 OF THIS ACT.

(2) In the case of a State whose legislature meets biennially, and does not have a regular session scheduled in calendar year 1996, the requirement contained in paragraph (1) of this subsection shall be effective no later than the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of enactment of this Act.

KERRY AMENDMENT NO. 2679

Mr. MOYNIHAN (for Mr. KERRY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 124, beginning on line 16, strike all through page 127, line 2.

On page 127, line 3, strike "**SEC. 202.**" and insert "**SEC. 201.**".

On page 128, line 14, strike "**SEC. 203.**" and insert "**SEC. 202.**".

On page 129, line 7, strike "**SEC. 204.**" and insert "**SEC. 203.**".

On page 129, beginning on line 9, strike all through line 12, and insert:

(a) IN GENERAL.—Section 1611(e) (42 U.S.C. 1382(e)) is amended by adding at the end the following new paragraph:

On page 129, line 13, strike "(3)" and insert "(6)".

On page 131, line 6, strike "**SEC. 205.**" and insert "**SEC. 204.**".

On page 131, line 5, strike "Sections 201 and 202" and insert "Section 201".

On page 131, lines 7 and 8, strike "sections 201 and 202" and insert "section 201".

On page 131, line 21, strike "or 202".

On page 132, beginning on line 19, strike all through page 133, line 9.

On page 133, line 11, strike "sections 203 and 204" and insert "sections 202 and 203".

On page 133, lines 17 and 18, strike ", as amended by section 201(a),".

HARKIN AMENDMENT NO. 2680

Mr. MOYNIHAN (for Mr. HARKIN) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

At the appropriate place insert the following:

SEC. . SENSE OF THE SENATE REGARDING COMPETITIVE BIDDING FOR INFANT FORMULA.

(a) IN GENERAL.—The Senate finds that—

(1) the federal Supplemental Nutrition Program for Women, Infants and Children (WIC) is a proven success story, providing special nutrition and health assistance to at-risk pregnant women, infants and children;

(2) WIC has been shown to reduce the incidence of fetal death, low birthweight, infant mortality and anemia, to increase the nutritional and health status of pregnant women, infants and children and to improve the cognitive development of infants and children;

(3) research has shown that each dollar spent on WIC for pregnant women results in savings of $1.92 to $4.21 in Medicaid expenditures;

(4) because of funding limitations not all individuals eligible for WIC assistance are served by the program;

(5) infant formula is a significant item in the cost of WIC monthly food packages, amounting to approximately 26 percent of WIC food costs after subtracting manufacturer's rebates, but approximately 48 percent of food costs prior to applying rebates;

(6) rebates obtained through competitive bidding for infant formula have reduced the cost of infant formula for WIC participants by approximately $4.1 billion through the end of fiscal year 1994, allowing millions of additional pregnant women, infants and children to be served by WIC with the limited funds available;

(7) the Department of Agriculture has estimated that in fiscal year 1995 rebates obtained through competitive bidding for infant formula will total over $1 billion, which will enable WIC to serve approximately 1.6 million additional women, infants and children; and

(8) because of the very substantial cost savings involved, Congress enacted in 1989 legislation requiring that states administering the WIC program conduct competitive bidding for infant formula.

(b) SENSE OF THE SENATE.—It is the Sense of the Senate that any legislation enacted by Congress should not eliminate or in any way weaken the present competitive bidding requirements for the purchase of infant formula with respect to any program supported wholly or in part by federal funds.

AUTHORITY FOR COMMITTEE TO MEET

SUBCOMMITTEE ON TERRORISM, TECHNOLOGY, AND GOVERNMENT INFORMATION

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Subcommittee on Terrorism, Technology, and Government Information of the Committee on the Judiciary be authorized to meet during the session of the Senate on Friday, September 8, 1995, at 10 a.m. in SH-216 to hold a hearing on "The Ruby Ridge Incident."

The PRESIDING OFFICER. Without objection, it is so ordered.

IMPROVED RELATIONS BETWEEN TURKEY AND ARMENIA

Mr. SIMON. Mr. President, sometimes the good news that we get comes in small pieces that we hope portend better things to come.

The recent agreement between Turkey and Armenia for an air corridor is a small step toward improved relations between those two countries but, nevertheless, it is a positive development. It would be a mistake to exaggerate it, but it would be a mistake to ignore it.

I noticed that when Prime Minister Tansu Ciller visited Azerbaijan, she returned to Turkey by way of the corridor over Armenia and was the first high-ranking Turkish official to use the air corridor. While she traveled, she congratulated Armenian President Levon Ter-Petrossian on the victory of his party in the July 5th parliamentary elections in Turkey.

These concessions seems small, indeed, and they are small. But I hope they can result in improvements.

I recall, about 2 years ago, flying in a U.S. military plane to Armenia. The Turkish Government would not let us fly over Turkey to go to Armenia—

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDERS FOR MONDAY, SEPTEMBER 11, 1995

Mr. SANTORUM. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 10 a.m. on Monday, September 11, 1995, that following the prayer, the Journal of proceedings be deemed approved to date, the time for the two leaders be reserved for their use later in the day, and that the Senate then immediately resume consideration of H.R. 4, the welfare reform bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

SCHEDULE

Mr. SANTORUM. For the information of all Senators, the Senate will resume consideration of the welfare reform bill on Monday. Under a previous consent agreement, a number of amendments will be debated throughout the day with a series of consecutive rollcall votes beginning at 5 p.m., therefore Senators should be aware that the first rollcall vote will begin at 5 p.m. Monday. Also, for the information of my colleagues, a large number of amendments have been offered to the bill, as stated by the Senator from New York, and will need to be disposed of before passage. Therefore, the majority leader has indicated that Senators should anticipate late night sessions next week in order to complete action on the welfare reform bill.

THE FAMILY SELF-SUFFICIENCY ACT

Mr. SANTORUM. Mr. President, I ask unanimous consent we resume consideration of the welfare reform bill, H.R. 4.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senate continued with the consideration of the bill.

AMENDMENT NO. 2678 TO AMENDMENT NO. 2280

Mr. SANTORUM. Mr. President, I send to the desk an amendment on behalf of the Senator from New York [Mr. D'AMATO]. I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Pennsylvania [Mr. SANTORUM], for Mr. D'AMATO, proposes an amendment numbered 2678 to amendment No. 2280.

Mr. SANTORUM. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(1) Except as provided in paragraph (2) of this subsection, in order for an eligible State to receive funds pursuant to title I of this Act after April 1, 1996, the State shall enact legislation establishing a program fully conforming to the requirements of this Act by that date AND EFFECTIVE ON THE DATE OF DISCONTINUANCE OF THE STATE'S AFDC PROGRAM, IN ACCORDANCE WITH SECTION 112 OF THIS ACT.

(2) In the case of a State whose legislature meets biennially, and does not have a regular session scheduled in calendar year 1996, the requirement contained in paragraph (1) of this subsection shall be effective no later than the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of enactment of this Act.

Mr. SANTORUM. I ask unanimous consent the amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENTS NOS. 2679 AND 2680 TO AMENDMENT NO. 2280

Mr. MOYNIHAN. Mr. President, I send to the desk an amendment on behalf of the Senator from Massachusetts [Mr. KERRY], and another for Mr. HARKIN, and ask for their immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from New York [Mr. MOYNIHAN] for Mr. KERRY, proposes an amendment numbered 2679 and, for Mr. HARKIN, an amendment numbered 2680 to amendment No. 2280.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 2679

(Purpose: To provide supplemental security income benefits to persons who are disabled by reason of drug or alcohol abuse, and for other purposes)

On page 124, beginning on line 16, strike all through page 127, line 2.

On page 127, line 3, strike "SEC. 202." and insert "SEC. 201.".

On page 128, line 14, strike "SEC. 203." and insert "SEC. 202.".

On page 129, line 7, strike "SEC. 204." and insert "SEC. 203.".

On page 129, beginning on line 9, strike all through line 12, and insert:

(a) IN GENERAL.—Section 1611(e) (42 U.S.C. 1382(e)) is amended by adding at the end the following new paragraph:

On page 129, line 13, strike "(3)" and insert "(6)".

On page 131, line 6, strike "SEC. 205." and insert "SEC. 204.".

On page 131, line 5, strike "Sections 201 and 202" and insert "Section 201".

On page 131, lines 7 and 8, strike "sections 201 and 202" and insert "section 201".

On page 131, line 21, strike "or 202".

On page 132, beginning on line 19, strike all through page 133, line 9.

On page 133, line 11, strike "sections 203 and 204" and insert "sections 202 and 203".

On page 133, lines 17 and 18, strike ", as amended by section 201(a),".

AMENDMENT NO. 2680

(Purpose: To assure continued taxpayer savings through competitive bidding in WIC)

At the appropriate place insert the following:

SEC. . SENSE OF THE SENATE REGARDING COMPETITIVE BIDDING FOR INFANT FORMULA.

(a) IN GENERAL.—The Senate finds that—

(1) the federal Supplemental Nutrition Program for Women, Infants and Children (WIC) is a proven success story, providing special nutrition and health assistance to at-risk pregnant women, infants and children;

(2) WIC has been shown to reduce the incidence of fetal death, low birthweight, infant mortality and anemia, to increase the nutritional and health status of pregnant women, infants and children and to improve the cognitive development of infants and children;

(3) research has shown that each dollar spent on WIC for pregnant women results in savings of $1.92 to $4.21 in Medicaid expenditures;

(4) because of funding limitations not all individuals eligible for WIC assistance are served by the program;

(5) infant formula is a significant item in the cost of WIC monthly food packages, amounting to approximately 26 percent of WIC food costs after subtracting manufacturer's rebates, but approximately 48 percent of food costs prior to applying rebates;

(6) rebates obtained through competitive bidding for infant formula have reduced the cost of infant formula for WIC participants by approximately $4.1 billion through the end of fiscal year 1994, allowing millions of additional pregnant women, infants and children to be served by WIC with the limited funds available;

(7) the Department of Agriculture has estimated that in fiscal year 1995 rebates obtained through competitive bidding for infant formula will total over $1 billion, which will enable WIC to serve approximately 1.6 million additional women, infants and children; and

(8) because of the very substantial cost savings involved, Congress enacted in 1989 legislation requiring that states administering the WIC program conduct competitive bidding for infant formula.

(b) SENSE OF THE SENATE.—It is the Sense of the Senate that any legislation enacted by Congress should not eliminate or in any way weaken the present competitive bidding requirements for the purchase of infant formula with respect to any program supported wholly or in part by federal funds.

Mr. MOYNIHAN. Mr. President, I ask the amendment be laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 10 A.M., MONDAY, SEPTEMBER 11, 1995

Mr. SANTORUM. Mr. President, if there is no further business to come before the Senate, I now ask unanimous consent that the Senate stand in recess under the previous order.

There being no objection, the Senate, at 5:05 p.m., recessed until Monday, September 11, 1995, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate September 8, 1995:

STATE JUSTICE INSTITUTE

ROBERT NELSON BALDWIN, OF VIRGINIA, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE STATE JUSTICE INSTITUTE FOR A TERM EXPIRING SEPTEMBER 17, 1998. (REAPPOINTMENT)

DEPARTMENT OF THE TREASURY

JEFFREY R. SHAFER, OF NEW JERSEY, TO BE AN UNDER SECRETARY OF THE TREASURY, VICE LAWRENCE H. SUMMERS.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

MELISSA T. SKOLFIELD, OF LOUISIANA, TO BE AN ASSISTANT SECRETARY OF HEALTH AND HUMAN SERVICES, VICE AVIS LAVELLE.

United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 104th CONGRESS, FIRST SESSION

Vol. 141 WASHINGTON, MONDAY, SEPTEMBER 11, 1995 No. 140

House of Representatives

The House was not in session today. Its next meeting will be held on Tuesday, September 12, 1995, at 10:30 a.m.

Senate

MONDAY, SEPTEMBER 11, 1995

(Legislative day of Tuesday, September 5, 1995)

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The able Senator from Iowa is recognized.

SCHEDULE

Mr. GRASSLEY. Mr. President, for the information of all Senators, the Senate will be immediately resuming the consideration of the welfare reform bill.

Under the consent agreement, which was reached on Friday, there will be three consecutive rollcall votes beginning at 5 p.m. today. A large number of amendments, as we know, are pending to H.R. 4. Therefore, additional rollcall votes are expected this evening on amendments to this welfare reform bill.

As a reminder to all Members, the voting sequence at 5 o'clock will be, first, the Dodd amendment regarding child care to be followed by the Kassebaum amendment regarding block grants, that to be followed by the Helms amendment on work requirements for food stamps.

The first vote will be 15 minutes in length with the remaining votes in sequence limited to 10 minutes each.

Mr. MOYNIHAN addressed the Chair.

The PRESIDENT pro tempore. The able Senator from New York is recognized.

Mr. MOYNIHAN. Mr. President, may I simply thank my distinguished friend and colleague for setting out the day's procedure, and call to the attention of those who might be listening that we have some 200 more amendments that were filed on Friday, and that if we are to dispose of them by Wednesday, as the majority leader has indicated would have to be done if we are going to get through with the year that ends in 3 weeks' time, we will have to hear from Senators about which amendments they wish to have called up and get time agreements for them as we have done today.

I see the distinguished Senator from Kansas has risen, and I look forward to her remarks.

RESERVATION OF LEADER TIME

The PRESIDING OFFICER (Mr. KYL). Under the previous order, leadership time is reserved.

FAMILY SELF-SUFFICIENCY ACT

The PRESIDING OFFICER. The Senate will now resume consideration of H.R. 4, which the clerk will report.

The legislative clerk read as follows:

A bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence.

The Senate resumed consideration of the bill.

Pending:

Dole Modified Amendment No. 2280, of a perfecting nature.

Subsequently, the amendment was further modified.

Feinstein Modified Amendment No. 2469 (to Amendment No. 2280), to provide additional funding to States to accommodate any growth in the number of people in poverty.

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Feinstein Amendment No. 2470 (to Amendment No. 2280), to impose a child support obligation on paternal grandparents in cases in which both parents are minors.

Moseley-Braun Amendment No. 2471 (to Amendment No. 2280), to require States to establish a voucher program for providing assistance to minor children in families that are eligible for but do not receive assistance.

Moseley-Braun Amendment No. 2472 (to Amendment No. 2280), to prohibit a State from imposing a time limit for assistance if the State has failed to provide work activity-related services to an adult individual in a family receiving assistance under the State program.

Moseley-Braun Amendment No. 2473 (to Amendment No. 2280), to modify the job opportunities to certain low-income individuals program.

Moseley-Braun Amendment No. 2474 (to Amendment No. 2280), to prohibit a State from reserving grant funds for use in subsequent fiscal years if the State has reduced the amount of assistance provided to families under the State program in the preceding fiscal year.

Feinstein Amendment No. 2478 (to Amendment No. 2280), to provide equal treatment for naturalized and native-born citizens.

Feinstein Amendment No. 2479 (to Amendment No. 2280), to provide for State and county demonstration programs.

Feingold Amendment No. 2480 (to Amendment No. 2280), to study the impact of amendments to the child and adult care food program on program participation and family day care licensing.

Feingold Amendment No. 2481 (to Amendment No. 2280), to provide for a demonstration project for the elimination of take-one-take-all requirement.

Bingaman Amendment No. 2483 (to Amendment No. 2280), to require the development of a strategic plan for a State family assistance program.

Bingaman Amendment No. 2484 (to Amendment No. 2280), to provide funding for State programs for the treatment of drug addiction and alcoholism and for the National Institute on Drug Abuse Research.

Bingaman Amendment No. 2485 (to Amendment No. 2280), to provide Indian vocational education grants.

Simon Amendment No. 2468 (to Amendment No. 2280), to provide grants for the establishment of community works progress programs.

Levin Amendment No. 2486 (to Amendment No. 2280), to require recipients of assistance under a State program funded under part A of title IV of the Social Security Act to participate in State mandated community service activities if they are not engaged in work after 6 months receiving benefits.

Breaux Amendment No. 2487 (to Amendment No. 2280), to maintain the welfare partnership between the States and the Federal Government.

Breaux Amendment No. 2488 (to Amendment No. 2280), to maintain the welfare partnership between the States and the Federal Government.

Breaux Amendment No. 2489 (to Amendment No. 2280), to improve services provided as workforce employment activities.

Breaux Amendment No. 2490 (to Amendment No. 2280), to strike provisions relating to workforce development and workforce preparation.

Rockefeller Modified Amendment No. 2491 (to Amendment No. 2280), to provide States with the option to exempt families residing in areas of high unemployment from the time limit.

Rockefeller Modified Amendment No. 2492 (to Amendment No. 2280), to provide for a State option to exempt certain individuals from the participation rate calculation and the time limit.

Snowe/Bradley Amendment No. 2493 (to Amendment No. 2280), to clarify provisions relating to the distribution to families of collected child support payments.

Snowe Amendment No. 2494 (to Amendment No. 2280), to clarify that the penalty provisions do not apply to certain single custodial parents in need of child care and to exempt certain single custodial parents in need of child care from the work requirements.

Pryor Amendment No. 2495 (to Amendment No. 2280), to modify the penalty provisions.

Bradley Amendment No. 2496 (to Amendment No. 2280), to modify the provisions regarding the State plan requirements.

Bradley Amendment No. 2497 (to Amendment No. 2280), to prohibit a State from shifting the costs of aid or assistance provided under the aid to families with dependent children or the JOBS programs to local governments.

Bradley Amendment No. 2498 (to Amendment No. 2280), to provide that existing civil rights laws shall not be preempted by this Act.

Bond Amendment No. 2499 (to Amendment No. 2280), to establish that States shall not be prohibited by the Federal Government from sanctioning welfare recipients who test positive for use of controlled substances.

Glenn Amendment No. 2500 (to Amendment No. 2280), to ensure that training for displace homemakers is included among workforce employment activities and workforce education activities for which funds may be used under this Act.

Grassley (for Pressler) Amendment No. 2501 (to Amendment No. 2280), to provide a State option to use an income tax intercept to collect overpayments in assistance under the State program funded under part A of title IV of the Social Security Act.

Grassley (for Cohen) Modified Amendment No. 2502 (to Amendment No. 2280), to ensure that programs are implemented consistent with the First Amendment.

Wellstone Amendment No. 2503 (to Amendment No. 2280), to prevent an increase in the number of hungry children in states that elect to participate in a food assistance block grant program.

Wellstone Amendment No. 2504 (to Amendment No. 2280), to prevent an increase in the number of hungry and homeless children in states that receive block grants for temporary assistance for needy families.

Wellstone Amendment No. 2505 (to Amendment No. 2280), to express the sense of the Senate regarding continuing medicaid coverage for individuals who lose eligibility for welfare benefits because of more earnings or hours of employment.

Wellstone Amendment No. 2506 (to Amendment No. 2280), to provide for an extension of transitional medicaid benefits.

Wellstone Amendment No. 2507 (to Amendment No. 2280), to exclude energy assistance payments for one-time costs of weatherization or repair or replacement of unsafe or inoperative heating devices from income under the food stamp program.

Simon Amendment No. 2509 (to Amendment No. 2280), to eliminate retroactive deeming requirements for those legal immigrants already in the United States.

Simon Amendment No. 2510 (to Amendment No. 2280), to maintain a national Job Corps program, carried out in partnership with States and communities.

Abraham/Lieberman Amendment No. 2511 (to Amendment No. 2280), to express the sense of the Senate that the Congress should adopt enterprise zone legislation in the 104th Congress.

Abraham Amendment No. 2512 (to Amendment No. 2280), to increase the block grant amount to States that reduce out-of-wedlock births.

Feinstein Amendment No. 2513 (to Amendment No. 2280), to limit deeming of income to cash and cash-like programs, and to retain SSI eligibility and exempt deeming of income requirements for victims of domestic violence.

Moynihan (for Lieberman) Amendment No. 2514 (to Amendment No. 2280), to establish a job placement performance bonus that provides an incentive for States to successfully place individuals in unsubsidized jobs.

Moynihan (for Lieberman) Amendment No. 2515 (to Amendment No. 2280), to establish a national clearinghouse on teenage pregnancy, set national goals for the reduction of out-of-wedlock and teenage pregnancies, and require States to establish a set-aside for teenage pregnancy prevention activities.

Hatch Amendment No. 2516 (to Amendment No. 2280), to establish a block grant program for the provision of child care services.

Hatch (for DeWine) Amendment No. 2517 (to Amendment No. 2280), to provide for quarterly reporting by banks with respect to common trust funds.

Hatch (for DeWine) Amendment No. 2518 (to Amendment No. 2280), to modify the method for calculating participation rates to more accurately reflect the total case load of families receiving assistance in the State.

Hatch (for DeWine) Amendment No. 2519 (to Amendment No. 2280), to provide for a rainy day contingency fund.

Hatch (for Burns) Amendment No. 2520 (to Amendment No. 2280), to establish procedures for the reduction of certain personnel in the Department of Health and Human Services.

Hatch (for Simpson) Amendment No. 2521 (to Amendment No. 2280), to ensure State eligibility and benefit restrictions for immigrants are no more restrictive than those of the Federal government.

Hatch (for Kassebaum) Amendment No. 2522 (to Amendment No. 2280), to modify provisions relating to funds for other child care programs.

Helms Amendment No. 2523 (to Amendment No. 2280), to require single, able-bodied individuals receiving food stamps to work at least 40 hours every 4 weeks.

Exon Amendment No. 2525 (to Amendment No. 2280), to prohibit the payment of certain Federal benefits to any person not lawfully present within the United States.

Shelby Amendment No. 2526 (to Amendment No. 2280), to amend the Internal Revenue Code of 1986 to provide a refundable credit for adoption expenses and to exclude from gross income employee and military adoption assistance benefits and withdrawals from IRAs for certain adoption expenses.

Shelby Amendment No. 2527 (to Amendment No. 2280), to improve provisions relating to the optional State food assistance block grant.

Moynihan (for Conrad/Lieberman) Amendment No. 2528 (to Amendment No. 2280), to provide that a State that provides assistance to unmarried teenage parents under the State program require such parents as a condition of receiving such assistance to live in an adult-supervised setting and attend high school or other equivalent training program.

Moynihan (for Conrad/Bradley) Amendment No. 2529 (to Amendment No. 2280), to provide States with the maximum flexibility by allowing States to elect to participate in the TAP and WAGE programs.

Moynihan (for Conrad) Amendment No. 2530 (to Amendment No. 2280), to provide that a State that provides assistance to unmarried teenage parents under the State program require such parents as a condition of receiving such assistance to live in an adult-supervised setting and attend high school or other equivalent training program.

Moynihan (for Conrad) Amendment No. 2531 (to Amendment No. 2280), to prevent States from receiving credit toward work participation rates for individual who leave the roles due to a time limit.

Moynihan (for Conrad) Amendment No. 2532 (to Amendment No. 2280), in the nature of a substitute.

Moynihan (for Levin) Amendment No. 2533 (to Amendment No. 2280), to improve the provisions relating to incentive grants.

Moynihan (for Pell) Amendment No. 2475 (to Amendment No. 2280), to clarify that each State must carry out activities through at least 1 Job Corps center.

Moynihan (for Dodd) Amendment No. 2534 (to Amendment No. 2280), to award national rapid response grants to address major economic dislocations.

Moynihan (for Dorgan) Amendment No. 2535 (to Amendment No. 2280), to express the sense of the Senate on legislative accountability for the unfunded mandates imposed by welfare reform legislative.

Moynihan (for Lieberman) Amendment No. 2536 (to Amendment No. 2280), to establish bonus payments for States that achieve reductions in out-of-wedlock pregnancies, establish a national clearinghouse on teenage pregnancy, set national goals for the reduction of out-of-wedlock and teenage pregnancies, and require States to establish a set-aside for teenage pregnancy prevention activities.

Moynihan (for Lieberman) Amendment No. 2537 (to Amendment No. 2280), to establish a national clearinghouse on teenage pregnancy, set national goals for the reduction of out-of-wedlock and teenage pregnancies, and require States to establish a set-aside for teenage pregnancy prevention activities.

Moynihan Amendment No. 2538 (to Amendment No. 2280), to strike the provisions repealing trade adjustment assistance.

Hatch (for Coats/Ashcroft) Amendment No. 2539 (to Amendment No. 2280), to provide a tax credit for charitable contributions to organizations providing poverty assistance.

Hatch (for McCain) Amendment No. 2540 (to Amendment No. 2280), to remove barriers to interracial and interethnic adoptions.

Hatch (for McCain) Amendment No. 2541 (to Amendment No. 2280), to provide that States are not required to comply with excessive data collection and reporting requirements unless the Federal Government provides sufficient funding to allow States to meet such excessive requirements.

Hatch (for McCain) Amendment No. 2542 (to Amendment No. 2280), to remove the maximum length of participation in the work supplementation or support program.

Hatch (for McCain) Amendment No. 2543 (to Amendment No. 2280), to make job readiness workshops a work activity.

Hatch (for McCain) Amendment No. 2544 (to Amendment No. 2280), to permit States to enter into a corrective action plan prior to the deduction of penalties from the block grant.

Harkin Amendment No. 2545 (to Amendment No. 2280), to require each family receiving assistance under the State program funded under part A of title IV of the Social Security Act to enter into a personal responsibility contract or a limited benefit plan.

Chafee Amendment No. 2546 (to Amendment No. 2280), to maintain the welfare partnership between the States and the Federal Government.

Chafee (for Cohen) Amendment No. 2547 (to Amendment No. 2280), to deny supplemental security income cash benefits by reason of disability to drug addicts and alcoholics, and to require beneficiaries with accompanying addiction to comply with appropriate treatment requirements as determined by the Commissioner.

Moynihan (for Kerrey) Amendment No. 2549 (to Amendment No. 2280), to allow a State to revoke an election to participate in the optional State food assistance block grant.

Moynihan (for Kohl) Amendment No. 2550 (to Amendment No. 2280), to exempt the elderly, disabled, and children from an optional State food assistance block grant.

Moynihan (for Kohl) Amendment No. 2551 (to Amendment No. 2280), to expand the food stamp employment and training program.

Moynihan (for Bryan) Amendment No. 2552 (to Amendment No. 2280), to provide that a recipient of welfare benefits under a means-tested program for which Federal funds are appropriated is not unjustly enriched as a result of defrauding another means-tested welfare or public assistance program.

Moynihan (for Bryan) Amendment No. 2553 (to Amendment No. 2280), to require a recipient of assistance based on need, funded in whole or in part by Federal funds, and the noncustodial parent to cooperate with paternity establishment and child support enforcement in order to maintain eligibility for such assistance.

Moynihan (for Bryan) Amendment No. 2554 (to Amendment No. 2280), to provide that State welfare and public assistance agencies can notify the Internal Revenue Service to intercept Federal income tax refunds to recapture over-payments of welfare or public assistance benefits.

Moynihan (for Bryan) Amendment No. 2555 (to Amendment No. 2280), to provide State welfare or public assistance agencies an option to determine eligibility of a household containing an ineligible individual under the Food Stamp program.

Hatfield Amendment No. 2467 (to Amendment No. 2280), to increase the participation of teacher, parents, and students in developing and improving workforce education activities.

Hatch (for Nickles) Amendment No. 2556 (to Amendment No. 2280), to require the transmission of quarterly wage reports in order to relay information to the State Director of New Hires to assist in locating absent parents.

Hatch (for Jeffords) Amendment No. 2557 (to Amendment No. 2280), to amend the definition of work activities to include vocational education training that does not exceed 24 months.

Hatch (for Jeffords) Amendment No. 2558 (to Amendment No 2280), to provide for the State distribution of funds for secondary school vocational education, postsecondary and adult vocational education, and adult education.

Hatch (for Kyl) Amendment No. 2559 (to Amendment No. 2280), to require the establishment of local workforce development boards.

Dodd Amendment No. 2560 (to Amendment No. 2280), to provide for the establishment of a supplemental child care grant program.

Ashcroft Amendment No. 2561 (to Amendment No. 2280), to replace the supplemental security income program for the disabled and blind with a block grant to the States.

Ashcroft Amendment No. 2562 (to Amendment No. 2280), to convert the food stamp program into a block grant program.

Graham (for Kennedy) Amendment No. 2563 (to Amendment No. 2280), to terminate sponsor responsibilities upon the date of naturalization of the immigrant.

Graham (for Kennedy) Amendment No. 2564 (to Amendment No. 2280), to grant the Attorney General flexibility in certain public assistance determinations for immigrants.

Graham Amendment No. 2565 (to Amendment No. 2280), to provide a formula for allocating funds that more accurately reflects the needs of States with children below the poverty line.

Graham Amendment No. 2566 (to Amendment No. 2280), to require each responsible Federal agency to determine whether there are sufficient appropriations to carry out the Federal intergovernmental mandates required by this Act, and to provide that the mandates will not be effective under certain conditions.

Graham Amendment No. 2567 (to Amendment No. 2280), to provide that the Secretary, in ranking States with respect to the success of their work programs, shall take into account the average number of minor children in families in the State that have incomes below the poverty line and the amount of funding provided each State for such families.

Graham Amendment No. 2568 (to Amendment No. 2280), to set national work participation rate goals and to provide that the Secretary shall adjust the goals for individual States based on the amount of Federal funding the State receives for minor children in families in the State that have incomes below the poverty line.

Graham Amendment No. 2569 (to Amendment No. 2280), to provide for the prospective application of the provisions of title V.

Dodd (for Leahy) Amendment No. 2570 (to Amendment No. 2280), to reduce fraud and trafficking in the Food Stamp program by providing incentives to States to implement Electronic Benefit Transfer systems.

Jeffords Amendment No. 2571 (to Amendment No. 2280), to modify the maintenance of effort provision.

Santorum (for Domenici) Amendment No. 2572 (to Amendment No. 2280), to improve the child support enforcement system by giving States better incentives to improve collections.

Santorum (for Domenici) Amendment No. 2573 (to Amendment No. 2280), to maintain the welfare partnership between the States and the Federal Government.

Santorum (for Domenici) Amendment No. 2574 (to Amendment No. 2280), to express the sense of the Senate regarding the inability of the noncustodial parent to pay child support.

Santorum (for Domenici) Amendment No. 2575 (to Amendment No. 2280), to allow States maximum flexibility in designing their Temporary Assistance programs.

Santorum (for Domenici) Amendment No. 2576 (to Amendment No. 2280), to create a national child custody database, and to clarify exclusive continuing jurisdiction provisions of the Parental Kidnapping Prevention Act.

Santorum (for D'Amato) Amendment No. 2577 (to Amendment No. 2280), to change the date for the determination of fiscal year 1994 expenditures.

Santorum (for D'Amato) Amendment No. 2578 (to Amendment No. 2280), relating to claims arising before effective dates.

Santorum (for D'Amato) Amendment No. 2579 (to Amendment No. 2280), terminating efforts to recover funds for prior fiscal years.

Santorum (for Grams) Amendment No. 2580 (to Amendment No. 2280), to limit vocational education activities counted as work.

Jeffords Amendment No. 2581 (to Amendment No. 2280), to strike the increase to the grant to reward States that reduce out-of-wedlock births.

Dodd (for Wellstone) Amendment No. 2582 (to Amendment No. 2280), to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate under such Act.

Dodd (for Wellstone) Amendment No. 2583 (to Amendment No. 2280), to exempt women and children who have been battered or subject to extreme cruelty from certain requirements of the bill.

Dodd (for Wellstone) Amendment No. 2584 (to Amendment No. 2280), to exempt women and children who have been battered or subjected to extreme cruelty from certain requirements of the bill.

Stevens Amendment No. 2585 (to Amendment No. 2280), of a technical nature.

Santorum (for Cohen) Amendment No. 2586 (to Amendment No. 2280), to modify the religious provider provision.

Santorum (for Specter) Amendment No. 2587 (to Amendment No. 2280), to maintain a national Job Corps program, carried out in partnership with States and communities.

Santorum (for Chafee) Amendment No. 2588 (to Amendment No. 2280), to require States to provide voucher assistance for children born to families receiving assistance.

Santorum (for McCain) Amendment No. 2589 (to Amendment No. 2280), to provide for child support enforcement agreements between the States and Indian tribes or tribal organizations.

Moynihan Amendment No. 2590 (to Amendment No. 2280), to provide that case record data submitted by the States be desegregated, and to provide funding for certain research, demonstration, and evaluation projects.

Moynihan (for Boxer) Amendment No. 2591 (to Amendment No. 2280), to provide for a child care maintenance of effort.

Moynihan (for Boxer) Amendment No. 2592 (to Amendment No. 2280), to provide that State authority to restrict benefits to noncitizens does not apply to foster care or adoption assistance programs.

Moynihan (for Boxer) Amendment No. 2593 (to Amendment No. 2280), expressing the sense of the Senate on restrictions on providing medical information by recipients of Federal aid.

Santorum (for Faircloth) Amendment No. 2594 (to Amendment No. 2280), to prohibit direct cash benefits for out of wedlock births to minors except under certain conditions.

Santorum (for Faircloth) Amendment No. 2595 (to Amendment No. 2280), to require the Secretary of Housing and Urban Development to submit a report regarding disqualification of illegal aliens from housing assistance programs.

Santorum (for Faircloth) Amendment No. 2596 (to Amendment No. 2280), to express the sense of the Congress regarding a work requirement for public housing residents.

Santorum (for Faircloth) Amendment No. 2597 (to Amendment No. 2280), to require ongoing State evaluations of activities carried out through statewide workforce development systems.

Santorum (for Faircloth) Amendment No. 2598 (to Amendment No. 2280), to provide for transferability of funds.

Santorum (for Faircloth) Amendment No. 2599 (to Amendment No. 2280), to provide for transferability of funds allotted for workforce preparation activities for at-risk youth.

Santorum (for Faircloth) Amendment No. 2600 (to Amendment No. 2280), to allow a State agency to make cash payments to certain individuals in lieu of food stamp allotments.

Santorum (for Faircloth) Amendment No. 2601 (to Amendment No. 2280), to integrate the temporary assistance to needy families with food stamp work rules.

Santorum (for Faircloth) Amendment No. 2602 (to Amendment No. 2280), to limit vocational education activities counted as work.

Santorum (for Faircloth) Amendment No. 2603 (to Amendment No. 2280), to deny assistance for out-of-wedlock births to minors.

Santorum (for Faircloth) Amendment No. 2604 (to Amendment No. 2280), to provide for no additional cash assistance for children born to families receiving assistance.

Santorum (for Faircloth) Amendment No. 2605 (to Amendment No. 2280), to deny assistance for out-of-wedlock births to minors.

Santorum (for Faircloth) Amendment No. 2606 (to Amendment No. 2280), to provide for provisions relating to paternity establishment and fraud.

Santorum (for Faircloth) Amendment No. 2607 (to Amendment No. 2280), to require State goals and a State plan for reducing illegitimacy.

Santorum (for Faircloth) Amendment No. 2608 (to Amendment No. 2280), to provide for an abstinence education program.

Santorum (for Faircloth) Amendment No. 2609 (to Amendment No. 2280), to prohibit teenage parents from living in the home of an adult relative or guardian who has a history of receiving assistance.

Moynihan Amendment No. 2610 (to Amendment No. 2280), to amend title 13, United States Code, to require that any data relating to the incidence of poverty produced or published by the Secretary of Commerce for subnational areas is corrected for differences in the cost of living in those areas.

Moynihan Amendment No. 2611 (to Amendment No. 2280), to correct imbalances in certain States in the Federal tax to Federal benefit ratio by reallocating the distribution of Federal spending.

Abraham/Lieberman Amendment No. 2476 (to Amendment No. 2280), to express the sense of the Senate that the Congress should adopt enterprise zone legislation in the 104th Congress.

Santorum (for Gramm) Amendment No. 2612 (to Amendment No. 2280), to limit the State option for work participation requirement exemptions to the first 12 months to which the requirement applies.

Santorum (for Gramm) Amendment No. 2613 (to Amendment No. 2280), to require that certain individuals who are not required to work are included in the participation rate calculation.

Santorum (for Gramm) Amendment No. 2614 (to Amendment No. 2280), to provide for increased penalties for failure to meet work requirements.

Santorum (for Gramm) Amendment No. 2615 (to Amendment No. 2280), to reduce the Federal welfare bureaucracy.

Santorum (for Gramm) Amendment No. 2616 (to Amendment No. 2280), to require paternity establishment as a condition of benefit receipt.

Santorum (for Gramm) Amendment No. 2617 (to Amendment No. 2280), to prohibit the use of Federal funds for legal challenges to welfare reform.

Moynihan Amendment No. 2618 (to Amendment No. 2280), to eliminate the requirement that HHS reduce full-time equivalent positions by specific percentages and retain requirements to evaluate the number of FTE positions required to carry out the activities under the bill and to take action to reduce the appropriate number of positions.

Moynihan (for Kennedy) Amendment No. 2619 (to Amendment No. 2280), to terminate sponsor responsibilities upon the date of naturalization of the immigrant.

Moynihan (for Kennedy) Amendment No. 2620 (to Amendment No. 2280), to grant the Attorney General flexibility in certain public assistance determinations for immigrants.

Moynihan (for Kennedy) Amendment No. 2621 (to Amendment No. 2280), to ensure that programs are implemented consistent with the First Amendment to the U.S. Constitution.

Moynihan (for Kennedy) Amendment No. 2622 (to Amendment No. 2280), to repeal food stamp provisions relating to children living at home and to reduce tax benefits for foreign corporations.

Moynihan (for Kennedy) Amendment No. 2623 (to Amendment No. 2280), to permit States to apply for waivers with respect to the 15 percent cap on hardship exemptions from the 5-year time limitation.

Moynihan (for Kennedy) Amendment No. 2624 (to Amendment No. 2280), to permit States to provide non-cash assistance to children ineligible for aid because of the 5-year time limitation.

Moynihan (for Kennedy) Amendment No. 2625 (to Amendment No. 2280), to require States to have in effect laws regarding duration of child support.

Moynihan (for Kennedy) Amendment No. 2626 (to Amendment No. 2280), to eliminate a repeal relating to the Trade Act of 1974.

Moynihan (for Kennedy) Amendment No. 2627 (to Amendment No. 2280), to improve provisions relating to the Trade Act of 1974.

Moynihan (for Kennedy) Amendment No. 2628 (to Amendment No. 2280), to improve provisions relating to the Wagner-Peyser Act.

Moynihan (for Kennedy) Amendment No. 2629 (to Amendment No. 2280), to improve provisions relating to the unemployment trust fund.

Moynihan (for Kennedy) Amendment No. 2630 (to Amendment No. 2280), to clarify that the responsibilities of the National Board are advisory.

Moynihan (for Kennedy) Amendment No. 2631 (to Amendment No. 2280), to improve provisions relating to workforce development activities and funds made available through the unemployment trust fund.

Moynihan (for Kennedy) Amendment No. 2632 (to Amendment No. 2280), to exclude employment and training programs under the Food Stamp Act of 1977 from the list of activities that may be provided as workforce employment activities.

Moynihan (for Kennedy) Amendment No. 2633 (to Amendment No. 2280), to provide for the State distribution of funds for secondary school vocational education, postsecondary and adult vocational education, and adult education.

Moynihan (for Kennedy) Amendment No. 2634 (to Amendment No. 2280), to establish a job placement performance bonus that provides an incentive for States to successfully place individuals in unsubsidized jobs.

Moynihan (for Kennedy) Amendment No. 2635 (to Amendment No. 2280), to require that 25 percent of the funds for workforce employment activities be expended to carry out such activities for dislocated workers.

Moynihan (for Kennedy) Amendment No. 2636 (to Amendment No. 2280), to establish a definition of a local workforce development board.

Moynihan (for Kennedy) Amendment No. 2637 (to Amendment No. 2280), to provide a conforming amendment with respect to local workforce development boards.

Moynihan (for Kennedy) Amendment No. 2638 (to Amendment No. 2280), to require the establishment of local workforce development boards.

Moynihan (for Kennedy) Amendment No. 2639 (to Amendment No. 2280), to clarify the role of the summer jobs program.

Moynihan (for Kennedy) Amendment No. 2640 (to Amendment No. 2280), to expand the provisions relating to the limitation of the use of funds under title VII.

Moynihan (for Kennedy) Amendment No. 2641 (to Amendment No. 2280), to improve the State apportionment of funds by activity.

Moynihan (for Kennedy) Amendment No. 2642 (to Amendment No. 2280), to clarify the role of the summer jobs program.

Moynihan (for Kennedy) Amendment No. 2643 (to Amendment No. 2280), to increase the authorization of appropriations for workforce development activities.

Moynihan (for Kennedy) Amendment No. 2644 (to Amendment No. 2280), to limit the percentage of the flex account funds that may be used for economic development activities.

Moynihan (for Kennedy) Amendment No. 2645 (to Amendment No. 2280), to make a conforming amendment regarding limiting the percentage of the flex account funds that may be used for economic development activities.

Moynihan (for Kennedy) Amendment No. 2646 (to Amendment No. 2280), to provide for national activities.

Moynihan (for Kennedy) Amendment No. 2647 (to Amendment No. 2280), to ensure that students have broad exposure to a wide range of knowledge on occupations and choices for skill training.

Moynihan (for Kennedy) Amendment No. 2648 (to Amendment No. 2280), to clarify the advisory nature of the responsibilities of the National Board.

Moynihan (for Kennedy) Amendment No. 2649 (to Amendment No. 2280), to provide both women and men with access to training in occupations or fields of work in which women or men comprise less than 25 percent of the individuals employed in such occupations or fields of work, with respect to workforce development activities.

Moynihan (for Kennedy) Amendment No. 2650 (to Amendment No. 2280), to provide both women and men with access to training in occupations or fields of work in which women or men comprise less than 25 percent of the individuals employed in such occupations or fields of work, with respect to workforce preparation activities for at-risk youth.

Moynihan (for Kennedy) Amendment No. 2651 (to Amendment No. 2280), to ensure that States reference existing academic and occupational standards in their State plans.

Moynihan (for Kennedy) Amendment No. 2652 (to Amendment No. 2280), to ensure that State plans describe activities that will enable States to meet their benchmarks.

Moynihan (for Kennedy) Amendment No. 2653 (to Amendment No. 2280), to clarify that the term "labor market information" refers to labor market and occupational information.

Moynihan (for Kennedy) Amendment No. 2654 (to Amendment No. 2280), to explicitly include occupational information in labor market information system provided under workforce employment activities.

Moynihan (for Kennedy) Amendment No. 2655 (to Amendment No. 2280), to provide a conforming amendment relating to labor market and occupational information.

Moynihan (for Kennedy) Amendment No. 2656 (to Amendment No. 2280), to maintain the administration of the school-to-work programs in the School-to-Work office.

Moynihan (for Kennedy) Amendment No. 2657 (to Amendment No. 2280), to make the list of workforce education activities for which funds may be used more consistent with the provisions of the amendments made by the Carl D. Perkins Vocational and Applied Technology Education Act Amendments of 1990, and the provisions of the School-to-Work Opportunities Act of 1994.

Moynihan (for Kennedy) Amendment No. 2658 (to Amendment No. 2280), to clarify the role of the State educational agency with respect to workforce education activities and at-risk youth.

Moynihan (for Kennedy) Amendment No. 2659 (to Amendment No. 2280), to include the participation and resources of the education community with that of business, industry, and labor in the development of statewide workforce development systems, local partnerships, and local workforce development boards.

Moynihan (for Kennedy) Amendment No. 2660 (to Amendment No. 2280), to include volunteers among those for whom the National Center for Research in Education and Workforce Development conducts research and development, and provide technical assistance.

Moynihan (for Kerry) Amendment No. 2661 (to Amendment No. 2280), to provide supplemental security income benefits to persons who are disabled by reason of drug or alcohol abuse.

Moynihan (for Kerry) Amendment No. 2662 (to Amendment No. 2280), to provide demonstration projects for using neighborhood schools as centers for beneficial activities for children and their parents in order to break the welfare cycle.

Moynihan (for Kerry) Amendment No. 2663 (to Amendment No. 2280), to provide demonstration projects for using neighborhood schools as centers for beneficial activities for children and their parents in order to break the welfare cycle.

Moynihan (for Kerry) Amendment No. 2664 (to Amendment No. 2280), to require applicants for assistance who are parents to enter into a Parental Responsibility Contract and perform satisfactorily under its terms as a condition of receipt of that assistance.

Moynihan (for Harkin) Amendment No. 2665 (to Amendment No. 2280), to reduce the income tax rate for individuals to equal the estimated cost of certain repealed programs.

Moynihan (for Kerry) Amendment No. 2666 (to Amendment No. 2280), to make the workforce development system more responsive to changing local labor markets.

Moynihan (for Breaux) Amendment No. 2667 (to Amendment No. 2280), to improve the services provided as workforce employment activities.

Moynihan (for Mikulski) Amendment No. 2668 (to Amendment No. 2280), to eliminate a repeal of title V of the Older American Act of 1965.

Moynihan (for Mikulski) Amendment No. 2669 (to Amendment No. 2280), to encourage 2-parent families.

Moynihan (for Kerrey) Amendment No. 2670 (to Amendment No. 2280), to allow a State to revoke an election to participate in optional State food assistance block grant.

Moynihan (for Daschle) Amendment No. 2671 (to Amendment No. 2280), to provide a 3 percent set aside for the funding of family assistance grants for Indians.

Moynihan (for Daschle) Amendment No. 2672 (to Amendment No. 2280), to provide for a contingency grant fund.

Santorum Amendment No. 2673 (to Amendment No. 2280), regarding implementation of electronic benefit transfer system.

Santorum (for McConnell) Amendment No. 2674 (to Amendment No. 2280), to timely rapid implementation of provisions relating to the child and adult care food program.

Santorum (for McConnell) Amendment No. 2675, to clarify the school data provision of the child and adult care food program.

Santorum (for Packwood) Amendment No. 2676, to strike the increase to the grant to reward States that reduce out-of-wedlock births.

Moynihan (for Kennedy) Amendment No. 2677 (to Amendment No. 2280), to provide for an extension of transitional medicaid benefits.

Santorum (for D'Amato) Amendment No. 2678 (to Amendment No. 2280), relating to the eligibility of States to receive funds.

Moynihan (for Kerry) Amendment No. 2679 (to Amendment No. 2280), to provide supplemental security income benefits to persons who are disabled by reason of drug or alcohol abuse.

Moynihan (for Harkin) Amendment No. 2680 (to Amendment No. 2280), to assure continued taxpayer savings through competitive bidding in WIC.

The PRESIDING OFFICER. Under the previous order, the Senator from Kansas, Mrs. KASSEBAUM, is recognized to offer an amendment.

AMENDMENT NO. 2522 TO AMENDMENT NO. 2280

Mrs. KASSEBAUM. Mr. President, I am happy to be able to start off by offering one of the 200 amendments that will be considered today. As we know, all these amendments were laid down before the close of business on Friday.

The amendment that I am offering and that I would like to discuss briefly this morning would restore provisions contained in the Child Care and Development Block Grant Amendments Act of 1995. This is the reauthorization of legislation that has been in law for 5 years. It was approved by the Committee on Labor and Human Resources by a unanimous vote on May 25.

While I am committed to ending the concept of welfare as an entitlement, I have some concerns about the legislation before us, the Work Opportunity Act, regarding changes that have been made to child care.

It seems to me that one of the most important considerations we have to undertake when we are considering welfare reform is how we handle child care. I think that all of us here in the Senate on both sides of the aisle regard our ability to structure welfare reform in an effective manner a top priority for the 104th Congress. We can talk about ending support for mothers who should be working, for families who should be working, but it is the children who become a crucial element. It is with the children that we have to be careful and must begin breaking the cycle of dependence that has occurred through years of being on welfare. It is the protection of the children that is the most important responsibility that we have.

Title VI of the welfare reform bill includes the reauthorization of the Child Care and Development Block Grant. It is called the CCDBG and it was enacted in 1990 with bipartisan support because Congress recognized there was a lack of adequate child care for many low-income working families. These just are not families on welfare. These are families that are in the work force, frequently with low-paying jobs, but who do not have the access to affordable, quality child care.

It was in that light that we felt it was very important to address this, with a sliding fee scale determined by the states, so that low-income families could be participants with some subsidies as they worked their way into better paying jobs.

I think this continues to be a nationwide problem. One of the primary goals of the CCDBG as it came out of committee is to ensure that there is a seamless system of child care where it counts the most at the point where the parent, child, and provider meet.

The provision that was in S. 850 that would have consolidated child care funds into one unified system is not included in the leadership welfare reform bill. The amendment I offer today restores that provision so that we will

have one unified system of child care, one State plan, and one set of eligibility requirements.

I believe this only makes sense, Mr. President, as we are trying to consolidate and trying to work together to form a better system. Why continue to have two different child care systems—one under the child care and development block grant, and one under the welfare child care system? I think it makes sense to bring the two systems together in a unified approach.

My amendment does make one change to the original consolidation provision that was included in S. 850, the legislation that we approved out of committee, and that relates to the 15-percent set-aside for quality improvement activities. The set-aside will apply to the discretionary funds appropriated for the CCDBG, but will not apply to other child care services provided through the unified system.

We have tried to take into account some of the concerns of Governors who obviously would like to have a system that does not have too many requirements from Congress, and we have tried to do that. On the other hand, we believe that through the CCDGB there are some important requirements that have proven to be of benefit and to have created a successful child care approach in the States.

My amendment also strikes the provision in the welfare bill that would allow up to 30 percent of the funds to be transferred between the CCDBG and the cash assistance block grant. I oppose the transferability provision for two major reasons.

First, I am concerned that there is too little child care money available now. Funds transferred out of the CCDBG would not necessarily be used for child care, which would create an even bigger problem; the Governors could use it for other assistance such as cash benefits, which they might choose and which they may feel is important. But I feel strongly that these funds need to be targeted toward child care. If we fail in this, we are going to fail to reform welfare in ways that will be beneficial for years to come.

Second, the primary purpose of the CCDBG is to assist the working poor who contribute something toward child care through the sliding fee scale. Having this type of assistance available will become even more important as individuals make the transition from welfare to work. I think we all know that finding the right child care can be one of the most costly and stressful aspects for parents as they enter the work force. Not everyone is fortunate enough to have a grandparent or an extended family member who can help with child care. In fact, many today do not have relatives that can or will care for their children. And that becomes one of the most stressful problems that a mother faces when she goes to work in the morning, if she cannot be certain of some quality child care, or cannot count on child care that she feels comfortable with for her children.

Having this type of assistance available to those who are trying to work their way off welfare will become even more important as we stress the transition from welfare to work. Diverting CCDBG funds for other purposes diminishes a program which is badly needed by the working poor, and I believe it is unfair to penalize those who are struggling to provide for themselves and their families.

I hope that all of my colleagues can support the amendment I offer today, Mr. President, to consolidate child care into one unified system and to preserve the limited funds allocated to child care.

I yield the floor.

Mr. GRASSLEY. Mr. President, on a Monday morning, to focus on a very important amendment that the Senator from Kansas has offered, when we are going to have a very long week on this bill, is a sharp contrast from sometimes the easy subjects we are discussing on Friday afternoon when we adjourn for a weekend. To start out with the very basic issue of child care that Senator KASSEBAUM has brought up is really starting out with a heavy burden. The Senator from Kansas is always well prepared, and so we cannot find any fault with the preparation for her amendment, but we do take exception to the rationale behind the amendment and consequently cannot support it.

Behind the amendment I believe is an assumption that somehow if you are on welfare, or are low income, and it comes to the subject of getting up in the morning and going to work—and obviously if you are on welfare, there is a family involved, so there is a child that must be taken some place when you are on welfare—it assumes somehow that low-income people are different than other people; that when it comes to child care, they cannot do it; they cannot seek good child care, go through the business arrangements required, and on their own, without the help of the Federal Government or without the help of the State government, be able to provide for the care of a child while the mother and/or father are at work. It assumes that low-income people are not capable of this or assumes that they do not want to do it.

One of the things our reform proposal intends to do is to assume that whether people are low income or not, they are, first of all, concerned about their family; and, second, that they have the capacity to do what must be done for their family; that you just cannot assume because people are low income, somehow they do not have that ability.

Part of the basis for welfare reform is to enhance individual responsibility, detract from the dependency of the State that has been paramount to the system we have had historically and to start out with the assumption that low income people have the basic innate capabilities that other people have if given the opportunity.

Just recently, as I have said so many times on the floor of this body, our State of Iowa passed a welfare reform proposal that is going to enhance this individual responsibility. In fact, under our system, welfare recipients sign a contract with the State establishing certain points in the near future when they will take certain actions regarding the family, regarding seeking a job, regarding education, if that is necessary before a job, and eventually to getting a job so they work their way off welfare. Individual responsibility is the essence of that contract which the recipient signs with the State of Iowa.

There is a welfare recipient in my State who recently told a State legislator that the problem with the Iowa welfare reform was that we had gone from a system of no choices, where the State told her what to do, when to do it, and where to do it, to a system of choices in which she had to plan for her future, decide what opportunities to take and, in her words, "to be responsible."

For her being faced with choices was the hardest part of the reform, but I hope she recognizes, and us as well, that the hardest part of the reform is basic to whether or not things are going to be different under a new system. The issue comes down to whether we are going to assume the capabilities that all Americans have of making decisions and wanting to make decisions and set up an environment for those decisions to be made.

I think the amendment that has just been presented by the Senator from Kansas assumes that the welfare recipient might not be totally capable, or ought not to have the responsibility even, of making that decision.

The story I mentioned about the Iowa welfare recipient is true. I think it epitomizes what is wrong with the current system. And when we give States an opportunity to do better than what the Federal Government wants to do, we can move in the direction of changing our paternalistic system. It is promoting and even rewarding dependency.

There are many low-income American families who are struggling to make ends meet and be responsible without any public assistance. They take pride in their successes. And they have dignity for their efforts to be self-sufficient through employment. They get up every morning and they take their children to child care. They go to a job where they work all day. They pick up their children in the afternoon and go home.

That is what most American families do. That is what even most American families who are low income or "working poor" do without any concern by any bureaucracy. They just do it. When you lump in some of the other benefits that go with AFDC that may not have an immediate cash value, there are some people on welfare who are not too

far below what low-income working people make over the course of a year.

And yet somehow with this amendment the assumption is that if you are on welfare and make X number of dollars, the State has all this responsibility to see that you have food on the table, child care, job training before you go to a job, and assistance in finding a job.

In contrast, if you have never been part of the welfare system and you have a job that does not pay very well, you get up in the morning, find your own job, take your kids to child care, pick them up at night. Additionally, you had to worry about your own training if there was training for that job, without any concern of a bureaucrat looking out for you.

Why the difference? One system breeds dependence. The other independence. We want to change that. We want people who are on welfare to assume responsibility and to move forward with life.

They should not somehow be segregated as different from other people without the capability of exercising a normal life..

Well, those families who work are faced with decisions on how to deal with their daily challenges, how to budget for their family's needs, what to do if their child care falls through for the day and how to plan for their future. In contrast, today's welfare system does not allow, expect, or encourage welfare recipients to make these normal, everyday decisions.

I think this legislation is about changing all that, ending business as usual for families, requiring recipients to take responsibility and learn to make decisions that most American families are faced with every day.

And, of course, one of those decisions is child care.

It is conceivable that a State may want to take a new approach of combining cash assistance and child care funding into a single grant to a family. The family then would make the decision on who to provide care for their children and the fair rate that they need to pay in a negotiated agreement with the providers.

That is what most American families do. The amendment before us by the Senator from Kansas would apply all of the child care development block grant standards to all child care funding, no matter what the source of the Federal dollars might be.

For instance, the amendment assumes payment to the provider would be guaranteed directly from the State. This would take away the premise of family responsibility and independence. This is what we need to change. We need a system where a State would be allowed to challenge public assistance recipients to be responsible and to make the child care decisions themselves as well as making the payments themselves.

We should not assume the worst about public assistance recipients, that they are incapable of making these decisions in the best interest of their children and family. If we really want an environment of State flexibility, we should be minimizing standards, not maximizing them. As we all know, the best welfare reform proposals have come from the State level, not from the Federal Government. So, if we maximize State flexibility to be creative with reforms, including child care, we do that by leaving these decisions to the States. So if we want to give States block grants and the flexibility that goes with it, rather than continue the rigid existing programs and regulations, then it seems to me that we have to limit prescriptive operating guidelines in our legislation.

As well intended as the Senator's amendment is, it is tied to the old way of doing business. It is tied to the philosophy that, first of all, when it comes to the families of AFDC recipients, everyone needs a bureaucrat looking out for them. It assumes that government knows better. It assumes that when government knows better, that of all governments, the Federal Government knows better. It assumes that parents, if low income and on a government program, know less about meeting the needs of their families than low-income families who are not on public assistance.

It assumes because you are low income that you have capabilities less than people who are middle income or higher income, and that is not true.

It segregates too many Americans into certain categories. We ought to be eliminating the categorization of Americans, the balkanization of our society. We ought to be working in this body to bring our country together, not to separate it.

We should be working in this body for eliminating any differences we can, particularly those differences that come because of Government involvement.

So, I hope that the amendment of the Senator from Kansas can be defeated. I yield the floor

Mrs. KASSEBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mrs. KASSEBAUM. Mr. President, I wish to respond for a moment to the Senator from Iowa. I know that Senator GRASSLEY cares as much as I do about making sure that we can enact a welfare reform initiative and the importance of doing that. But I think I need to reiterate that the amendment I am offering deals with child care for low-income working families.

The child care and development Block Grant, which has been in law for 5 years, and is being reauthorized, has been included in this overall welfare reform package. It was designed to provide, as I said earlier, a sliding fee scale of support for low-income working families. It is not addressing the child care provisions for AFDC recipients. It does bring them together into a single system rather than a two-track system, but it is not Government bureaucracy so much as I would argue the need to continue that support for families that are moving off welfare.

Child care is very expensive. As I say, if you are not lucky enough to have some member of the family or a good neighbor or friend who is assisting with child care—sometimes those provisions and tradeoffs can be made; having a daughter and daughters-in-law who work, I know that sometimes it is possible, but many times it is not—child care can range as low as $60 to $80 per week to as high as $150 to $200 a week. That is a lot of money for families who are trying to enter the work force at very low-income levels, and that is why I feel strongly about not permitting transferability of funds out of the CCDBG account so that we can help those families in transition.

It seems to me that this is a very important part of this provision. I think we should be concerned about low-income families who do not have any support for child care versus the welfare family who would have total support for child care. For those just right over the line, it is difficult and it does not make a lot of sense. That is why I feel strongly about a sliding fee scale where recipients make a contribution to their child care and are given some Federal assistance based on their income as they are trying to break away from welfare assistance.

I think every State, including Iowa, has some concerns about how to help a population that has been very dependent on benefits over the years and how to make this transition without harming children. This is what I am trying to address by keeping intact the provisions of the child care and development block grant.

I yield the floor, Mr. President.

Mr. President, I call up my amendment, which is No. 2522.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Kansas [Mrs. KASSEBAUM] proposes an amendment numbered 2522.

Mrs. KASSEBAUM. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in the Friday, September 8, 1995, edition of the RECORD.)

Mrs. KASSEBAUM. Mr. President, as has been indicated, this will be one of the amendments that will be voted on after 5 o'clock this afternoon.

Mr. President, I yield the floor.

Mr. GRASSLEY. Mr. President, I announce to Members of this body who have amendments that are pending—and I think under the rules all amendments must have been filed by last week—that several of those amendments have been reviewed and agreed to. If those amendments can be offered

today, we would like to have the Members come and bring those amendments up, and those amendments will be accepted.

I and other managers of this legislation, throughout the course of the day, will be happy to handle those amendments if the Members are not able to do so or do not want to do so this morning, so that we can use this time before the votes at 5 o'clock this afternoon to expedite as many amendments as we can from our list of over 200.

Mr. President, I am going to take this opportunity to speak as in morning business. When somebody comes and wants the floor for work on welfare reform, I will yield it.

I ask unanimous consent to speak as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Iowa is recognized.

DECLINES IN FUNDING FOR INTERNATIONAL NARCOTICS PROGRAMS

Mr. GRASSLEY. Mr. President, in the past several months, the international drug program has not fared very well in Congress. Funding for interdiction, law enforcement, and international efforts have declined steadily. In part this is the result of a failure by the administration to either present a serious strategy or to fight for it in any meaningful way. The President has been all but invisible and his drug czar, left without support, has been ineffective. The obvious consequence of this dereliction in tough budget times is an erosion of funding and support to other projects that have more defenders.

Unfortunately, the administration's indifference has reinforced the attitudes of some in Congress that the program is not worth fighting for, that nothing we do to combat drug use works, and so we should surrender. The result has been devastating for our international effort and for the morale and capabilities of our frontline forces.

It is a myth to believe that nothing we do to combat illegal drugs works. In fact, whenever we have consistently and seriously attacked the problem—and we have a history going back to the beginnings of this century—we have had considerable success in reducing drug use and reversing epidemics. The trouble comes in believing that we should only have to combat illegal drug use once.

The belief in some quarters seems to be that, unlike any other major social problem, we should have some magic formula that banishes the issue forever. This attitude seems peculiarly endemic to our counter drug efforts. Despite a long history, we have yet to solve the problem of murder, spouse abuse, incest, rape, or theft. One rarely hears the call, however, that because these problems persist we should give up trying to stop them or legalize them as a way out of solving our problem. Everyone recognizes that to seek such a solution would be irresponsible. Yet, when it comes to drugs, we seem to take a vacation from common sense.

We must also remind ourselves that our measure for success cannot be some simplistic formula. Too often, the standard that critics apply to the counter drug effort, to prove that nothing works, is to create an impossible standard of perfection by which to judge it. For some, if there is one gram of cocaine on the streets of America somewhere, or one trafficker left in Colombia, then our efforts are a bust. Such counsels of perfection are enemies of realistic approaches. It is a lot like arguing that because we beat the other team 28 to 17 we really lost because they managed to score. Like a football team, our effort must be continually renewed. You do not win the championship once and for all, you have to train for the next season. The struggle to control illegal drug production and trafficking does not simply end when the whistle blows. Nor can our efforts simply stop.

But let us look more closely at whether all our drug efforts are failures. In the mid-1980s, The American public made it quite clear to this body that stopping the flow of illegal drugs to the United States and ending the poisoning of millions of America's young people was a top priority. We got the message. In a series of legislative initiatives, we forced the administration to take the drug issue seriously. We created a drug czar to coordinate efforts. And we voted to increase funding across the board for counter-drug programs, from law enforcement to education and treatment.

Remember that those efforts came after almost two decades of tolerance of drug use and a major cocaine and crack epidemic. When we decided to act, we faced a massive addiction problem and a widespread acceptance of drugs as an alternate life style. Yet, look at what happened. In the space of a few years, less than a third of the time it took us to get into the mess we created, we reversed attitudes toward drug use, and cut causal use of drugs by 50 percent and cocaine use by over 70 percent. Working with our Latin America allies, we wrapped up the Medellin cartel—which critics said would never happen—and made significant inroads in stopping the flow of drugs to this country.

Now, we clearly did not eliminate either drug use or trafficking, but elimination was hardly the criteria for our programs nor the measure of success for evaluating them. It is also clear that we have more to do. But serious reflection on the issue shows that this is one of those problems for which continual effort is our only possible response. And our efforts pay dividends. While there is no ultimate victory parade, surrender is not an option—unless we are prepared to live with the consequences. Our past responses to public concern indicates that we are not.

But can we afford the price? The notion that we are spending an inordinate amount of money on fighting drug use is one of the arguments used to justify cuts in the program. Such criticism, however, only works in isolation. Looking at the context shows a different picture.

The total Federal budget is $1.5 trillion. Of that, the entire drug budget of the United States—for all drug-related law enforcement, treatment, education, and international programs—is less than 1 percent of the total. Of the money we allocate to the drug program—before present proposed cuts—we spend less than 4 percent of the total on international efforts. Even adding in all DOD detection, monitoring, and law enforcement support the total is only 8 percent of the Federal drug budget. Hardly significant sums.

Compared to what Americans spend on other activities, these sums are insignificant. We spend annually five times as much on beauty parlors and personal-care products than we spend on the total drug budget. At current wholesale prices, a mere 8 percent of the cocaine imported into the United States would more than cover the costs of our entire international counter-drug effort; and 20 percent would cover the costs of adding in DOD efforts.

Moreover, we cannot afford the annual the costs of not acting. At present levels, the annual costs of drug use—some $60 billion to industry, some $50 billion spent on drugs, and untold billions in the costs of crime, violence, and medical costs—dwarf our expenditures on counterdrug programs and create major social problems. Yet, critics argue than we spend too much. We could double our drug budget and still be spending only half of what we spend on legal services. It is simply not the case that we are spending too much.

The issue, however, is not just a question of throwing money, however small, at a problem, but of what we are getting for our investment. As I indicated, the returns are significant and if they had been achieved in other areas of public problems we would regard them as successes. Yet, we act as if a 50-percent overall reduction in drug use is a failure. We become frustrated because this is one of those problems that requires ongoing efforts not one-time quick fixes. If we forget this simple fact, we will find ourselves repeating history—of once again having to dig ourselves out of a major addiction problem. The signs that we are drifting in that direction are already there, we ignore them at the peril of our young people. We need to sustain the efforts that have proven themselves in the past. Success, however, is not a one-time thing. It requires both the moral leadership and the consistent message to our young people that illegal drug use is risky business.

In this regard, I intend to work with my Senate and House colleagues to restore realistic funding to our counterdrug efforts and to raise the priority. We cannot afford to return to disastrous policies of the 1970's that did so much harm. We cannot afford to ignore the continuing public concern over this issue. We cannot afford to spend less on our counterdrug programs, or expect less for our investment.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that I might proceed as in morning business to comment on the very able remarks of my friend and collaborator at this point from Iowa.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. I Would like to share his concern about the state of the White House operation in this matter—the matter of drug interdiction and drug abuse—which was established by legislation in 1988. The then majority leader, ROBERT C. BYRD, created a task force which consisted of the Senator from Georgia, Mr. NUNN, and myself, and I think we had more than a little influence in the legislation that finally passed. I will take a moment of the Senate's time to speak about that legislation. We saw the problem as being twofold.

One was the reduction in the supply of drugs—most of which began as legal pharmaceutical products. They arrived from the onset of organic chemistry in German universities in the early 19th century.

You take this gradual escalation from opium to morphine to heroin. Heroin, Mr. President, is a trade name. You can find advertisements in the Yale Alumni News, if you wish, for heroin in 1910 or thereabouts. It was developed by the Bayer Co., that produced Bayer aspirin. Aspirin is a trade name. Heroin was tried out and tested on its employees and it made them feel heroisch in German, heroic.

Cocaine emerged from the same process, from the coca leaf to the synthesized product. Sigmund Freud's first publication "Uber Coca" described his use of cocaine as a means of treating morphine addiction, which did not succeed, and he became very much opposed to it.

These drugs were outlawed in 1915, if memory serves, by the Federal Government, and remain so. It is the last of the prohibition decrees of that era.

We thought in terms of supply and demand. If I can tell my friend a little story, I think it may be said that in the late 1960's we had a heroin epidemic in this country, very much so in this city. You could tell it by the incidence of robbery of small grocery stores and food outlets—small amounts of money needed by persons who are getting withdrawal symptoms from the lack of heroin.

It was so serious that—at this point I was Assistant to President Nixon for Urban Affairs—I was called to a meeting across the street, cater-cornered from the White House, by some of the most respected and responsible citizens in the city of Washington, who asked me if I would ask the President to garrison the Capitol. Such was the problem.

This particular flow of heroin originated in the opium fields in Turkey, made its way to Marseilles, where, in small simple laboratories, it was converted into heroin, thence smuggled into New York, more or less directly, and then around the country.

It seemed to me a curious thing. In 1969, as Assistant to the President for Urban Affairs, I thought the most important thing we had to deal with was welfare, which we are doing today, and next the heroin epidemic.

President Nixon, in August of that year, sent to the Congress a very wide-ranging proposal, the Family Assistance Plan, which would establish a guaranteed income and replace the welfare program altogether. It passed the House twice and never get out of the Finance Committee in the Senate.

That done, I left immediately for Turkey by way of India, which is still the largest source of illicit opium. I would not want to live in a world without morphine, not with my teeth. But it is still widely used properly as a medicine for medicinal purposes.

I went to Turkey, to Istanbul, and met with the Foreign Minister, representing the President of the United States. I said, we have an epidemic in our country and we have to stop it. That means we have to stop the production of opium in the province of Afyon. Opium is made from poppy seeds. Poppy seeds are part of the Turkish cuisine. They put poppy seeds on their bread.

This was not an easy thing to do. It is like someone arriving in Washington and telling our Secretary of State they had to stop growing corn in Iowa—sorry about that, you just have to stop. The Secretary of State will say, I see, of course.

Actually, they did not close them down; they just harvested them in a different way, called straw poppy. You could still extract the ingredients needed for pharmaceutical purposes, but without the paste which is derived by simply putting an incision on the stamen of the poppy plant, collecting the moisture which oozes out by fingers and wrapping it up in a leaf until it gradually became raw opium.

I then went to Paris where I found the American Embassy was not aware that anything was going on in Marseilles, much less going on in Washington. But they took my word for it and I met with the director of the Surete, their internal police, which has been there since the Napoleonic age.

These conversations went back and forth a number of times. Finally the French agreed, all right, they would close down the Marseilles operations, and the Turks agreed they would move to this new mode of harvest.

I was in a helicopter—I wonder if my friend from Iowa might hear this because it would help him—I was in a helicopter on my way up to Camp David and just back from Paris. The only other person present was the then Director of the Office of Management and Budget, George P. Shultz. I said to him. "George, I have good news, I think we are going to close down the French connection." This is what it became known as. He looked up from his papers and said, "Good," and then I said, a little deflated, "No, no, really. This is important. They are going to close it down. I have it from the head of the Surete in Paris." And he looked up and said "Good." Then, quite crestfallen, I said "I suppose"—he being an economist—"I suppose you think that so long as there is a demand there will be a supply?" He looked up at me and said, "You know, there is hope for you yet."

Of course in 3 to 4 years' time the Mexicans were providing heroin. Now it comes in from anywhere in the world, and will continue to do so.

That is why in our 1988 legislation, we said there will be two deputies in the newly created White House office—the Office of National Drug Control Policy. One would be the Deputy Director for Demand Reduction, who would seek a clinical device, a pharmaceutical block, an equivalent in one way or another in that general field of methadone treatment for heroin, who would learn the chemistry of this subject enough to have some treatment beyond the sort of psychiatric, psychological treatment available. The numbers would overwhelm us. We cannot cope.

President Bush made extraordinary, fine appointments. He appointed Dr. William Bennett as the head of the office. As the Deputy Director for Demand Reduction he appointed Dr. Herbert Kleber, a physician at the Yale Medical School, a research scientist, and exactly the man you would want for this.

Then after a while Bennett left, and Kleber also left. Kleber has gone to Columbia College of Physicians and Surgeons and is working at the New York Psychiatric Institute in this field.

Nobody succeeded him in a scientific role. There have been a number of persons in the job. I am sure they are good persons, but they are nothing like what we had in mind in the legislation.

Just 2 weeks ago, I tried to learn what had been the professional qualifications of the persons who had succeeded Dr. Kleber, and I found that in this office in the White House, they could not tell me. They did not know. This was not a long time back. It was 1988—well, 1990. They did not know their history 5 years back. They had no idea what the statute intended. They were not doing anything the statute contemplated.

So I actually thought I would put in legislation abolishing the position, on the grounds that if it was not going to do what it was intended to do by statute, why not just eliminate it?

I would like to think someone there is listening to what the Senator from Iowa said, and what I said. I doubt it very much. I will introduce that measure, or insist on it. But I may try to offer it as an amendment somewhere along the line.

The main point is, we enacted a good statute which has been trivialized, a fact which I regret, but about which I can do very little.

Mr. President, I see no other Senators seeking recognition. The chairman of the Committee on Foreign Relations is on the floor. He may be seeking the floor.

Mr. President, I yield the floor.

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER (Mr. CRAIG). The Senator from North Carolina.

THE FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

Mr. HELMS. Mr. President, the last thing I want to do is shorten any remarks that the distinguished Senator from New York wished to make. He is a fine orator and a good Senator and a good friend.

Let me ask a parliamentary inquiry, if I may. Is there a time limitation on each amendment this day?

The PRESIDING OFFICER. There is no time limitation on each amendment, but the Dodd amendment does have a 4-hour time limitation with a vote scheduled for 5 this evening, so debate on that particular amendment could begin no later than 1 o'clock.

Mr. HELMS. I see. So I will not be burdening the Senate if I take a few minutes longer than 5 or 10 minutes with my remarks, if no Senator is here to offer an amendment.

The PRESIDING OFFICER. I think the Senator may proceed.

Mr. HELMS. I thank the Chair.

AMENDMENT NO. 2523

Mr. HELMS. Mr. President, I call up amendment. No. 2523, and ask it be stated.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from North Carolina [Mr. HELMS] proposes an amendment numbered 2523.

Mr. HELMS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

[The text of the amendment is printed in the Friday, September 8, 1995 edition of the RECORD.]

Mr. HELMS, Mr. President, I had the clerk read what I considered to be the most relevant part of the amendment. It has to do with people sitting around on their posteriors and doing no work at all—not wanting to do any work at all—yet drawing food stamps regularly and purchasing anything they want to purchase with them, regardless of the statute. I say this as a Senator who has been here for almost 23 years, as a Senator who has served as chairman of the Senate Agriculture Committee, during which time I did my best to crack down on the abuse of the Food Stamp Program.

I recall getting the inspectors general to conduct a pilot program in a number of States, and I specified that my State be first, the State of North Carolina. The inspectors went to cities like Fayetteville and Wilmington, Laurel Hill and Durham, Charlotte and High Point, Winston-Salem, Greensboro and Asheville. Everywhere they went, they found terrific fraud in the Food Stamp Program. That is the reason I am offering this amendment today.

Now, there are going to be Senators who will speak in opposition to it—including at least one who is a very close personal friend of mine, Mr. COCHRAN—as I understand it.

I intend to hold the floor until Senator COCHRAN can get here so that he can speak against my amendment, which I wish he would not do. But he does what he does in good conscience and I respect him for it.

Mr. President, I have seen the good intentions of Members of the Senate and the House of Representatives and others who have sponsored and advocated the Food Stamp Program. Instead, this program has moved rapidly into a multibillion dollar boondoggle with the American taxpayers footing the bill. I doubt there are very many citizens who, themselves, have not seen examples of exactly what I am talking about.

The Federal Food Stamp Program, over the past 3 decades, has clearly been a major contributor to the Federal debt which, I might add, Mr. President, will surpass the $5 trillion mark before the end of this year.

Mr. President, as an aside, I went into the Cloakroom not long ago and posed a little question to several Senators. I asked, "How many million in a trillion?" I received five different answers from Senators who participate in the fiscal policy of this country. If the Chair wants to know how many million in a trillion, I will tell him. There are a million million in a trillion. That gives you a perspective of what we are doing to the young people in allowing this debt to increase and increase and increase while efforts to enact a balanced budget amendment to the Constitution are filibustered.

I say that as a preface to my having offered an amendment to the Dole substitute amendment to H.R. 4, the Work Opportunities Act. If Congress truly expects to achieve meaningful welfare reform, Congress absolutely, in my judgment, must insist upon responsibility and common sense in the operation of the Federal Food Stamp Program. On many, many occasions, I urged the Agriculture Committee and the various witnesses and nominees who have come before the committee to reexamine their spending priorities when it comes to Federal nutrition programs.

I have pleaded, time and time again, that the Agriculture Committee decide, and decide now, whether the U.S. Department of Agriculture will be restored, as an entity, to its original purpose—that is to say, a department dedicated to America's farmers and agriculture—instead of the social services instrumentality that it has become during the past 30 years.

For the record, the USDA's 1995 feeding assistance and nutrition programs cost the American taxpayers an estimated $39 billion with more than 40 million Americans participating in the free food and free services program. That is for 1 year. The Food Stamp Program alone costs $27 billion of which $3 billion is squandered due to waste, abuse, and fraud—as I described earlier when inspectors went into my own State of North Carolina. And what is true in North Carolina is true in every State in the Union.

Mr. President, to put these figures into perspective, 62 percent of the entire USDA budget goes for food and consumer services with the Food Stamp Program comprising 42 percent of the entire budget. I wonder how many Americans realize that. It is easy to understand why the farmers I hear from are sick and tired of being shoved around by the Federal agency created to serve them.

I recall my years as chairman of the Ag Committee in the 1980's. I focused attention time and time again, on specific, precise identification of the waste and fraud found in the Food Stamp Program. I found a program in desperate need of repair—that was 10 years ago—because of the countless numbers of people willing to take advantage of a Federal Government handout—and they still are. The only difference is there are more of them today than there were then. I discovered then what Reader's Digest reported in its February, 1994 issue:

> . . . food stamps have become a second currency used to pay for drugs, prostitution, weapons, cars—even a house."

People have even bought homes. They have gone to houses of assignation, and the proprietors of such enterprises accept food stamps.

Unfortunately, the political climate today is the same as it has always been. Attempts to restructure Federal programs to meet the needs of the poor while trying to use wisely the money of the American taxpayers brings the same old cadre of people saying this is heartless and this is cruel. It is not. It is an attempt to straighten this Government out—one small facet of it, but one expensive facet nonetheless.

Those who support the status quo of maintaining unlimited resources for social programs without regard to the cost of these programs to the taxpayers of today, and tomorrow, have simply ignored two significant facts crucial to

the welfare debate—and I would be derelict in my duty if I did not bring that up.

First, Congress—not some bureaucracy downtown—the U.S. House of Representatives and the U.S. Senate, is responsible for the expensive and costly social service programs and the resulting runaway debt. These programs may have been recommended from downtown, or by some politician who was thinking of the next election instead of the next generation, but the final, ultimate responsibility for the debt, for the creation of these foolish programs, lies right here where we work. We cannot put it on any President or any department or any bureaucrat. It was done right here.

Every day that the Senate has been in session, for more than 3 years, I have reported—maybe some Senators have noticed it—the most recently available exact total of the Federal debt down to the penny. For example, as of the close of business on Thursday, September 7, the exact total stood at $4,968,651,845,437.79. (On a per capita basis every man, woman and child owes $18,861.09.)

The second point, which naturally follows the first, is that Congress must restore fiscal responsibility and integrity to federal social service and welfare programs. Nobody else is going to do it. Nobody else can do it. If we do not do it, it will not be done. which brings me to the current discussion on precisely how the Federal Government is going to remedy the broken and irreparably destructive welfare system. I intentionally used the word "irreparably" because the current system built on a foundation of a government handout with nothing in return is beyond restoration. The concept is bad. It is bad for the taxpayer. It is bad for the personal morality of the lawmakers who permit it to happen, and in fact, encourage it to happen. And, it is bad for the recipient of welfare who is able to work but just will not work.

So that is why I am here this morning. We must instill into the welfare instrumentality and infrastructure the components of the underpinnings of what I like to call the Miracle of America. Can you imagine what laughter would have ensued if a little over 200 years ago at Philadelphia the Founding Fathers had been confronted with the suggestion that they pay people not to work—if somebody had suggested a Food Stamp Program? I think Thomas Jefferson would have rolled on the floor in protest.

We absolutely owe it to the people of America to do what we can—and do it now—to build an accountable work ethic, personal responsibility and common sense in public policy. If we do not do this, we fail in our duty.

So the pending amendment, which I have offered to the Dole substitute amendment, will require able-bodied individuals who receive food stamp benefits to work at least 40 hours every month—not every week, 40 hours every month—before they receive food stamp benefits. This amendment will save the American taxpayers $5.6 billion.

My amendment focuses on people who are able to work. I do not want anybody coming to the Senate floor moaning and groaning, "How about the sick and the infirm?" And do not try to tell me that there are not some kind of jobs available. It may not be the kind of jobs or the kind of work that these people want to do. The problem is they do not want to work.

The underlying substitute amendment simply does not go far enough in work requirements, as far as I am concerned. It allows recipients to receive benefits for an entire year while requiring that they work only 6 months.

This loophole—and I admire the author of the substitute—allows recipients to sit on their rear ends and do nothing and yet continue to receive those benefits that cost the taxpayers billions of dollars.

My pending amendment sets the parameters so that able-bodied citizens receiving food stamp benefits—and this includes approximately 2.5 million people—must work before he or she receives their monthly allotment of food stamp benefits. In the meantime, while earning their food assistance, recipients will have ample time to look for further permanent employment so that they can move altogether off of the welfare rolls.

One additional important fact: the pending amendment exempts children; it exempts their parents; it exempts the disabled; it exempts the elderly. The pending amendment focuses—as I stated before—on the 2.5 million able-bodied food stamp recipients.

In my judgment, Congress simply can no longer look the other way when it comes to restoring responsibility to the Federal nutrition and welfare programs. Congress can no longer allow unlimited tax dollars to be used on misguided, although well-intentioned, social programs. It is time to stop throwing taxpayers' money at pie-in-the-sky Federal programs instead of working to get to the root of the problem. This is one step toward reaching the root of the problem.

It goes without saying that I hope Senators will help accomplish this goal with their support of this amendment.

Mr. President, I understood the distinguished Senator, my friend from Mississippi, Mr. COCHRAN, was to be here about 11 or 11:15 so that he could speak in opposition to my amendment. I hope the Chair will recognize the Senator from Mississippi at such time as he may appear in the Chamber for that purpose.

I yield the floor.

Mr. THOMAS. Mr. President, I would like to speak in general terms about the bill that is before us, not particularly on the amendment offered by the Senator from South Carolina, but I will be brief and be happy to yield if Senator COCHRAN comes to the floor.

Mr. President, I, of course, have watched with great interest over the last week as we have talked about welfare, and much of it has been in great detail, as it should be. But I rise basically to support the Dole amendment. I rise to urge that we pass this bill. There will be changes. There should be changes. There should be great debates. There are differences of view. But those things can, indeed, be resolved.

The point is we have come to the time, the monumental time in which we can reform welfare—almost everyone says welfare needs to be reformed—and yet we go on and on in great detail and, indeed, risk the opportunity of passage of this bill.

So I rise to suggest to my colleagues that we need to move forward. We need to consider the amendments. We need to consider the ideas. Mostly, however, we need to be committed to taking this opportunity to passing welfare reform. It is a historic time. It is the first time in most of our memories when we have had an opportunity to really look at what are basically Great Society programs that have not been reviewed, have not been changed in a very long time, have not been questioned as to whether or not they are fulfilling the purpose for which they were devised, have not been measured in terms of their effectiveness, in terms of accomplishing that goal.

No one would oppose the idea that we need to help people who need help, but the purpose is to help them back into the workplace, back into the private sector so that they can help themselves.

Nobody would argue that making a career of welfare is a great thing to do. No one wants to do that. So we have for the first time an opportunity to make these measurements, and I certainly am encouraged that we are doing it.

I have to admit that we are somewhat discouraged in that this is not the first time this year we have entered into one of great debates when we have had people stand up on both sides of the aisle and say we certainly want a welfare bill, we want a nonpartisan bill, we want to move it, and then go into a very partisan posture of seeing that it does not move, of having 150 amendments that have to be treated.

So I hope, Mr. President, that we are prepared to complete this task and complete it in a responsible time, to complete welfare reform for the first time in many years.

We have to deal, of course, with the perverse incentives that are there, the incentives that encourage people to be locked into welfare, that encourage the idea of additional children while on welfare, that encourage the idea of one-parent families. These are things that no one agrees with, but these are in fact at least partially the results of things that we have been doing. In short, the system conflicts with the basic principles of this country in terms of equality and opportunity, and that is what we are seeking to do.

There is a need for a new approach. I have dealt with this, as most of us

have, for a good long time, starting in the Wyoming Legislature when we had the same kinds of debates. But I am persuaded that this is one of those things—and there are many of them—in which the needs in Wyoming are quite different than the needs in New York or New Jersey or indeed in California, so that we do need to allow the States to be the laboratories in which we devise the best delivery plans we can.

That is partly what this is all about. The States know the kinds of programs. We have developed programs in Wyoming, nonpartisan programs, by the way, that are designed to bring people back into the workplace, and to a large extent they are working.

Workfare programs in Wyoming, known as Wyoming opportunity acts, were started by a Democratic Governor several years ago. They are very limited. They are only in two or three counties out of 23, and we have had difficulty getting waivers from the Federal Government to do those things. But they are a move in the right direction, and that is the kind of flexibility we do need.

Obviously, the Federal Government will have a role, setting a framework for the States, requiring work, encouraging child care, stressing personal responsibility, cracking down on fraud, but we need to give the States the flexibility to devise the plan that works there.

I urge that we move forward. Many of the things that are talked about as being partisan are really the great debates. There are differences of view. There is a substantial difference between the general philosophy of our friends on the other side of the aisle and this side of the aisle.

We have to resolve those. That is what it is all about. That is why we take votes. And that is why we have a process. I guess I am urging more than anything, however, that we collectively commit ourselves to completing this task, to accomplishing the reform of welfare.

The President in his initial entry into national public life said we are going to change welfare as we know it. Unfortunately, there has not been much activity from the White House—very little activity from the White House. This week's radio program however says let us keep politics out of the welfare bill. I am for that. Let us identify those issues that we need to talk about. There are differences. We can resolve them. We need to do that.

Unfortunately, the White House says, let us keep politics out of it; and then turns loose the Press Secretary and many others in the administration to come in in various areas.

So, Mr. President, I just believe strongly that the 1994 election and the continuing polling indicates a particular message; that is, Americans want action and they want something changed. They want reform. The American people do not want us to debate this in great detail and then leave it, walk away from it without some resolution. I think they indicated we are sincere and serious about breaking the cycle of welfare and giving the States flexibility.

Those are issues that almost no one can argue with. We certainly need to be concerned about the distribution formula, about the maintenance of effort in the States, about training. We had to do some of these things in our Senate legislature. We had perverse incentives. We found it was more attractive for a single mother to stay on welfare than to go off to a minimum-wage job and lose health benefits and lose child care. We had to change that.

So, Mr. President, I am very optimistic about our chances to do something that has not been done for a very long time. And I urge my fellow Members of the Senate to move forward, resolve these questions—they can be resolved; that is what the system is for—and produce a result this week.

Mr. President, I yield the floor.

Mr. LEAHY addressed the Chair.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. LEAHY. Mr. President, what is the parliamentary situation?

The PRESIDING OFFICER. We have the Helms amendment currently pending.

Mr. LEAHY. Is there a time limit on that?

The PRESIDING OFFICER. There is no limit on the amendment per se. We have the Dodd amendment that does have a time limit of 4 hours, which would speak to commencing debate at around 1.

Mr. LEAHY. I thank the Chair. And I thank Senator MOYNIHAN and Senator HELMS. I had wondered about a time limit. I did not know whether one had been entered into. I wanted to make sure.

Mr. President, I would like to speak to a number of amendments to be offered: the one by the distinguished Senator from North Carolina, Senator HELMS, No. 2523; but also ones to be offered by Senator ASHCROFT, No. 2562; Senator SHELBY 2527; Senator MCCAIN, No. 2542.

I realize we will be voting on all of these, but I will oppose them, and I know of others who may. I want to lay out my reasoning. I would start with the amendment of the distinguished Senator from North Carolina, No. 2523.

I oppose it because I believe that instead of encouraging people to work, it actually punishes hard-working Americans and it also punishes pregnant women. I know that the distinguished Senator from Indiana, Senator LUGAR, chairman of the Agriculture Committee, which, of course, is the committee of jurisdiction over the food stamp program, strongly opposes the amendment of Senator HELMS. In this case both the chairman and I, as ranking Member, join in opposing it.

In doing that, I want to lay out some basic facts. I want to remind everybody here that over 80 percent of food stamp benefits go to families with children. Over 90 percent go to families with children, the elderly or disabled.

Keep in mind where this is going. The average food stamp benefit is around 76 cents per meal, per person. And if you read this amendment, and follow it to its logical conclusion, it says if you work hard for 15 years, pay your taxes for 15 years, abide by the law for 15 years, but your factory closes, and you are taking more than a month to find another job—maybe the main employer in the whole area closes—you cannot get food stamp assistance after that time.

And even though you put all this money into your taxes, though you paid for the program for 15 years, you are out. The amendment looks back 30 days. If a person has not worked in the last 30 days they are denied food stamps.

Well, we all remember the earthquake in California, and hurricanes in Florida—these disasters caused major disruptions to employment. Or think of an area where you have one primary employer, say a large factory, that closes—you are going to take a lot more than 30 days to find a job. But if you have not worked in those last 30 days, even though you are out actively trying to find a job, you are denied food stamps.

Incidentally, the amendment makes no exception for women who are pregnant with their first child. If their employer goes out of business, these pregnant women must find another job or work for free for the county or the State before they get any food assistance. I do not think it is fair for pregnant women, and it certainly is not going to help their unborn child.

Now, my understanding is that Senators LUGAR and COCHRAN agree with me that this amendment is not one to be supported, and it is not fair to hard-working Americans who play by the rules, the factory workers who are laid off and need some temporary food assistance. One of the reasons we have the food stamp program and why it is part of the safety net is because we cannot say, "Too bad, go get a job. Then we will give you food stamps." It is a time when they are out looking for a job and cannot get a job that they need the food stamps. Usually if you are able to get a decent job, you are not eligible for food stamps anyway and you do not need them.

I think hard-working Americans deserve a better break than that. They should, of course, try to find work. Everybody should. But they should not be punished because their factory moved or they went out of business or they had to lay off employees.

There are an awful lot of people who have paid the cost of the food stamp program, and of every other program the Federal Government has been involved in from the Department of Defense to agriculture. Those people are going to be affected by this.

Now, the amendment by Senator ASHCROFT, I oppose because of its affect on the elderly and disabled. Under the Ashcroft amendment, once anyone has received 24 months of assistance in their lifetime, they can no longer receive food stamps unless they are working. Elderly and disabled Americans may work very hard for decades and then become cut off from benefits by that amendment.

The amendment also denies States the right to make a decision, a decision that is offered in the bill by the distinguished majority leader, to choose whether to take a block grant or to participate in the food stamp program. Under Senator ASHCROFT's amendment States no longer have that option. It is a mandatory block grant. Senator DOLE's bill contains that option. And I agree with the handling of this by Senator DOLE—States should not be forced to take block grants.

The amendment also imposes on States, whether they want it or not, an unfair formula for providing funds.

The formula penalizes those States that are growth States, especially those in the Sun Belt. It penalizes those States that face recessions. And I think every one of us knows that recessions often hit individual States harder than the country as a whole, and that each one of us have seen times when our State may be hit by a recession when other States are not.

During the last recession, my home State of Vermont was one of the first States affected by the recession.

Vermont suffered significant job losses throughout the recession. Just when Vermont would most need its food assistance, the amendment would say, "Too bad. Have a hungry day."

I think States should at least have the ability to decide whether to take that block grant, and this Congress should not impose it.

So I urge my colleagues to vote against the Ashcroft amendment, since it takes away the State's right to decide, it hurts the elderly and disabled, and it hurts some States at the expense of others.

Now let me speak to the third amendment offered by the distinguished Senator from Alabama, Senator SHELBY. I strongly oppose this amendment. I believe it would lead to a huge increase in childhood hunger among low-income Americans. More and more children live in poverty in this country. But Senator SHELBY's amendment takes food assistance away from low-income families and provides it to higher-income families who may not need the assistance.

The bill of the distinguished majority leader, the Senator from Kansas, already makes huge cuts in food stamp funding, but under the Shelby amendment to the Dole bill, a lot of the funds that are left would be diverted to higher income families. That means low-income children go hungry.

Again, remember what I said earlier, 80 percent of food stamp benefits go to families with children; 90 percent go to families with children, the elderly or the disabled. But in this case, the money is actually diverted to higher-income families.

Under the current law, just to explain this, food stamp benefits are carefully targeted to the most needy Americans. Almost all the benefits go to those who live in poverty. But under the Shelby amendment, much of the food stamp money can be diverted to benefit higher-income families.

It also allows States to divert substantial portions of the block grant away from food assistance.

That, in my mind, is enough reason to defeat the amendment, but there is something even worse. The funds are diverted in a manner that reduces work programs. The one thing I think we all agree on is to try to get people back to work. I know I want—and this has been my position for years—to get participants off food stamps and into the work force. But this amendment allows diversion of funds away from work-related activities that help create jobs and help get people back to work. It is counterproductive.

The best way to get families back on their feet is to help them find a job. We should not reduce job-search efforts or job training.

Lastly, Mr. President, I oppose the amendment of the distinguished Senator from Arizona, Senator MCCAIN. The amendment would have some unusual, and I have to believe, unintended effects. Let us go back first to the bill of the majority leader. Under Senator DOLE's bill, food stamp assistance could be used to provide subsidies to private employers to hire food stamp recipients. It is called wage supplementation. It has to be done carefully, but if it is done carefully, it can be a very good idea. Under Senator DOLE's bill, corporations can use this Federal money to subsidize wages for up to 6 months. Then the employer has to decide, do you hire the person or let them go?

Senator MCCAIN's amendment allows for a permanent subsidy for jobs for private employers. It takes money away from others who need help getting off food stamps and into the work force. We have already cut back the amount of money substantially in food stamps. So I oppose that amendment also.

Mr. President, none of these issues are easy when it comes to food stamps. There are improvements that can be made to the program. We have made some substantial ones over the years. One improvement that I strongly support—in fact, I have written an amendment to do this—is to get us as quickly as possible on to an EBT Program, an electronic benefits transfer program. It would save tens of millions of dollars in just the cost of printing and handling food stamps. We tend to forget that there are millions and millions and millions of dollars that are spent just in printing these coupons, in collecting them and storing them, and even millions in carefully destroying them.

Electronic benefits transfer would use a credit-card type of system, with the computer ability to say, if you have 46 dollars' worth of benefits, you know exactly where the $46 was spent, whether it was spent at a legitimate grocery store or fraudulently spent elsewhere.

Electronic benefits transfer would help us catch those who defraud the program. There are people in all parts of this country who are using this program, which was designed to help hungry children, the poor, the elderly, and the disabled, to rip off the taxpayers. We have had instances of stores, tiny little stores, that are doing hundreds of thousands of dollars of business a month on food stamps. It is obvious they are not selling that. They are a front to cash in these food stamps.

Under my plan, with electronic benefits transfer, we could find those stores more easily. We could identify them much more quickly. We could give the U.S. attorney far more evidence for prosecution. And, frankly, Mr. President, those who are defrauding the program in this way should go to jail. They should be taken off the program, the store should be taken off the program, the person using the food stamps should be barred from the program, and the person should be prosecuted and sent to jail.

I hear a lot of talk about what might prove to be a deterrent and what might not. I found during my years as a prosecutor nothing proved a better deterrent than the knowledge if you committed a crime you are going to do the time. I found the best deterrent was not to say, "Oh, we have all these laws on the books, you potentially could get nailed for this." If people know they are not going to get caught, that does not make any difference.

I will give one example. I used to give to police officers at the police academy, when I was a prosecutor, a lecture. I said: You have two warehouses side by side, both filled with television sets. One is well lit and has an alarm system. It is going to notify the police immediately if there is a breakin. The other is down the street around the corner off the view of the main thoroughfare, has no lights around it, has an old lock and has no alarm system. Now, the penalty for breaking into those warehouses and stealing the television sets is exactly the same, whether you break into the one with the alarm system and well lit, or the one around the corner where nobody is going to see you and you get away with it. The law is exactly the same. The penalty is exactly the same. The answer, of course, is simple. You are going to break into the one where you think you will not get caught. The penalty was not the deterrent. The deterrent was that you might get caught, you might get prosecuted, you might

go to jail. The same thing should be done with food stamp fraud.

If you are running a small store, some of which are about the size of our offices, and doing more food stamp business a month than a supermarket, and if you know you are going to go to jail, not just that you will be taken off the program and not allowed to sell, but you are going to go to jail if you do it, you are going to think twice about defrauding the program, especially if the Federal authorities have a new tool that gives the prosecution an ironclad ability to nail you. We must provide that tool.

We have to do that because there is one thing we have to remember: Those who commit fraud in the food stamp program are taking money from every American taxpayer, people who work very hard. Sometimes a husband and wife are holding down three jobs or four jobs between them just to pay the bills. They should not have to pay for those who are defrauding the system. For those of us who feel we should do something to help hungry children, it is also taking money away from them.

There are studies that show if we go to this, we could save $400 million over 10 years. Frankly, I would like to see us save even more, and I suspect we will.

It will not be just the paperwork where we will save money or the printing and collecting and distribution of paper coupons. We will save money by reducing fraud. I think the benefits will be enormous.

My amendment allows States the option to convert statewide to EBT. I sent a "Dear Colleague" letter Friday, before we went out, to all of the offices. I know each one of us eagerly awaits "Dear Colleague" letters so that we can read them before we do everything else. If there are any other Senators who just came back and have not had a chance, as I eagerly read all of yours, hopefully, they will read mine. This is a way to save money. I see the Senator from Mississippi.

I yield the floor.

Mr. COCHRAN. Mr. President, I regret that I must oppose the amendment of my good friend, the distinguished Senator from North Carolina. I agree with him that our public assistance programs ought to encourage work and not dependency. But it seems to me that this amendment affects the wrong people.

For example, individuals who have a long job history, but who are laid off when a factory closes, would be denied benefits under the amendment. This result concerns me. Individuals who have never been on the Food Stamp Program and who have always worked seem to me to be those whom this program ought to help—people who face a temporary setback.

In the case I have described, individuals who have been laid off when a factory closes may face high local unemployment conditions and may find it difficult to get a job.

A major goal of the Agriculture Committee was to preserve a safety net for people who have played by the rules and need a helping hand through hard times, while ending the free ride for those who have taken advantage of the system.

As a matter of fact, there are numerous provisions in the bill to promote work and to deny benefits to those who will not work even though they are able-bodied and could be working. For example, States will—for the first time—be able to permanently disqualify repeat violators of work rules under this bill.

Mr. President, we have worked to analyze a number of suggestions for reducing the costs of this program, for tightening the rules, and making true reform come to pass. We think this is a balanced and thoughtful approach that we are recommending to the Senate for its action. I hope the Senate will support the committee's effort.

Mr. LUGAR. Mr. President, our public assistance programs should encourage work, not dependency. The Senator from North Carolina and I agree on this. However, this amendment affects the wrong people.

It would deny food stamps to able-bodied 18- to 55-year-old persons without dependents unless they work at least part time. Many people who fit that description are not long-term food stamp recipients.

Individuals who have long job histories but who are laid off when a factory closes would be denied benefits under this amendment. This result should concern all of us. Individuals who have never been on the Food Stamp Program and who have always worked are exactly the kinds of people that the Food Stamp Program should help—people who face a temporary setback.

Individuals who have been laid off when a factory closes may face high local unemployment and may find it difficult to get a job. The case of the people I have described is not unusual. Over half of all food stamp recipients will only stay on for a matter of months, and they will most likely leave because their earnings increase.

A major goal of the Agriculture Committee was to preserve a safety net for people who have played by the rules and need a helping hand through hard times, while ending the free ride for those categories of recipients who have most taken advantage of the system. Under the leadership bill, able bodied, nonelderly adults without dependent children will have their benefits time limited if they are not in a job or employment program at least halftime. The time limit in the leadership bill prohibits the receipt of food stamps for those who were not working for 6 months out of a year. According to the Congressional Budget Office, approximately 700,000 people would be subject to this requirement in an average month. USDA's estimate is higher. However, under the leadership bill, the Secretary of Agriculture may waive this provision in areas with over 8-percent unemployment or if there are insufficient local jobs.

The amendment by the Senator from North Carolina does not contain any waiver language. In addition, AFDC block grant recipients who violate an AFDC work program requirement will be sanctioned under the Food Stamp Program. For an AFDC recipient who has been disqualified from food stamps due to an AFDC work violation, the food stamp disqualification continues until compliance even if the recipient loses AFDC eligibility.

Numerous other provisions in the bill promote work. For example, States will—for the first time—be able to permanently disqualify repeat violators of work rules.

Mr. President, I urge Senators to vote against this amendment.

Mr. HELMS. Mr. President, I will not consume very much more time. THAD COCHRAN knows of my respect for him. There is no Senator in this body for whom I have greater respect. But I have to say to him, as I say to the distinguished Senator from Vermont, I do not know which amendment they are talking about, but they are certainly not talking about the pending amendment by JESSE HELMS.

For example, both Senators have said and have voiced a lamentation that people who are temporarily out of work would be cut off of food stamps. Clearly, on page 2 of the amendment, it says, "For the purposes of paragraph (1), an individual may perform community service or work for a State or political subdivision of a State through a program established by a State or political subdivision."

Then, Mr. President, the distinguished Senator from Vermont mentioned people needing food stamps in earthquake situations—workers are needed for community service then more than ever. They should not be desirous of just sitting around while somebody cleans up the mess.

I, then, heard that we ought not to deny pregnant women food stamps. Mr. President, there are pregnant women all over this country working today. As long as they are able to work, they do. Some of them—who have worked in my office and at my television station before I lost my mind and ran for the Senate—worked until a few days before they went to the hospital. I am not saying that they ought to do that. But, to say that a pregnant woman should automatically get food stamps does not make sense. It is not fair to all the pregnant women who get up and go to work every day by the millions in this country.

Excluded from this amendment—let me repeat—excluded are children under 18, parents with dependents under 18, mentally or physically disabled, members of a household caring for incapacitated people, and people over 55 years of age.

Although many families with children receive some food stamp assistance, the overwhelming majority of them also receive aid from another Federal program, another costly Federal program—the AFDC. Welfare benefits are already given to these families.

Mr. President, we are supposed to be dedicated to working toward a balanced budget. The Heritage Foundation has estimated that 9 out of every 10 recipients will automatically drop off the roll if you require them to work under the pending amendment.

Also, according to the Congressional Budget Office, the pending Helms amendment will save $5.6 billion of the taxpayers' money over the next 7 years.

As for the role of the States, the Republican welfare bill removes a mountain of redtape and administrative costs are cut tenfold. In addition, the U.S. Department of Agriculture, in a report from 1986, states that enforcing strong work requirements will save $3 on welfare costs for every dollar the State invests in a work program.

Currently, there are 15 million State and local employees within 23,000 county and municipal governments. If absolutely nobody were to drop off the welfare rolls because of the Helms amendment—and this is next to impossible because of the Heritage Foundation estimate which I just stated—this amendment would increase the State and local employment rolls by only 3 percent, and then only for workers working one-fourth of the time.

Finally, it is easier for States to keep track of recipients when they sign up for work and benefits at the same time and place. Trying to keep track of recipients in private sector jobs while making sure that they are in fact working could be an administrative nightmare.

Therefore, I must respectfully decline to accept the criticism of the Helms amendment by my friend from Vermont and my friend from Mississippi.

Finally, Mr. President, I ask unanimous consent that the article of February 1994, from the Readers Digest to which I referred earlier, entitled "The Food Stamp Racket," be printed in the RECORD.

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

THE FOOD-STAMP RACKET

(By Daniel R. Levine)

Spyros Stanley was one of the wealthiest people in Charleston, W.Va. He owned a bar and practically every parking lot in the city. But, according to investigators, he had also purchased $23,000 worth of food stamps—for a fraction of their value—from welfare recipients and crack-cocaine dealers. Stanley was buying the stamps to purchase food for himself and his bar.

In Brooklyn, N.Y., J & D Meats, Inc., looked like a typical big-city wholesaler, bustling with delivery trucks, vans and forklifts. Its finances, however, were anything but typical. J & D's owners were illegally trading meat for food stamps. The wholesaler was converting the stamps to cash by depositing them into the bank account of a retail meat market it had once owned, but which was then out of business. In nine years, J & D Meats redeemed $82-million worth of food stamps at its bank.

In Hampton, Va., food stamps became Lazaro Sotolongo's road to riches. Penniless when he arrived from Cuba in 1980, Sotolongo set up a drug ring that sold crack for food stamps at 50 cents on the dollar. He converted the food stamps to cash by selling them to unscrupulous authorized retailers. Over three years he took in more than $8 million.

Says Constant Chevalier, Midwest regional inspector general of the U.S. Department of Agriculture (USDA):

"We've seen just about every type of fraud and abuse of the food-stamp program you could think of."

In 1968, 2.2 million Americans received food stamps at a cost of $173 million. Today, 27 million Americans are enrolled in a food-stamp program that costs taxpayers $24 billion a year.

Food stamps are available to anyone meeting certain eligibility requirements, including individuals whose monthly income is 30 percent above the poverty line. The eligibility requirements are so generous that a family of four earning $18,660 a year (and an individual earning $9,072) can qualify for limited benefits. Maximum benefits for a family of four with no income are $375 a month, while a family of eight can receive up to $676 a month. The value of the stamps is inflated to 103 percent of the cost of the government's basic nutrition plan. This three-percent boost costs $850 million each year.

Even when required by law, getting Congress to cut food-stamp benefits is nearly impossible. Benefits are indexed for food-price inflation once a year. But when food prices dropped 1.3 percent between 1991 and 1992, Congress blocked the law's automatic reduction in food-stamp benefits, throwing a potential savings of $330 million out the window.

At the same time President Clinton and Congress talk of reducing the federal deficit, food-stamp spending will increase by $3 billion over the next five years. Now is a good time to take a look at what years of skyrocketing spending have already produced.

Second Currency. Once a month, a large percentage of food-stamp recipients receive "authorization to participate" (ATP) cards in the mail that show their monthly allotment based on household size and income. They take these to a post office, bank or check-cashing store and exchange them for food stamps, which are used to buy food in authorized retail stores.

But it's when recipients trade the stamps for cash or drugs that the system breaks down. A typical fraud works this way: A drug dealer approaches a food-stamp recipient outside an issuance center and trades $50 worth of crack for $100 in food stamps. The dealer then sells the stamps to a dishonest authorized retailer for $75 in cash. The store then redeems the stamps at a bank for their full value. As a result food stamps have become a second currency used to pay for drugs, prostitution, weapons, cars—even a house. Says Cathy E. Krinick, a Virginia deputy commonwealth attorney, "Food stamps are more profitable than money."

In Camden, N.J., a USDA agent making an undercover investigation into food-stamp fraud received a startling offer in January 1991. Jack Ayboub, owner of a grocery store authorized to accept food stamps, had already received $6700 in coupons from the agent for $3300 in cash. Now Ayoub offered to trade a three-bedroom house for $30,000 in food stamps and another house every two months using the same scheme. After completing the first part of the deal, Ayoub was arrested by federal agents.

An art aficoinado in Albuquerque, N.M., used food stamps to fund his collection. He also owned a general store authorized by the USDA to accept food stamps. But instead of milk or eggs, he gave customers cash at 30 to 50 cents on the dollar for their stamps. Then he redeemed them at the bank for their face value. With his profits, he bought $35,000 worth of stolen art.

Food stamps are also easily counterfeited. Dennie Lyons of New Orleans printed more than $127,000 worth of bogus stamps and tried to sell them around the country. When caught, he was sentenced to four years in prison, and his wife, Johnette, got five years' probation for aiding him. But it wasn't long before her phony food stamps were replaced by real ones—soon after her indictment, she was admitted to the food-stamp program.

Retailer Rip-Offs. Only stores authorized by the USDA's Food and Nutrition Service (FNS) can accept and redeem food stamps. But the procedures for receiving authorization are woefully inadequate. A retailer can receive certification merely by filing out an application and stating that staple foods account for over 50 percent of his sales. At the same time, however, there are some 175 FNS people assigned to monitor and investigate the activities of 213,000 authorized retailers, of which 3200 are estimated to be illegally exchanging stamps for crash.

The FNS is so outmatched that even official sanctions don't work. A USDA audit in 1992 found that there were "no effective procedures" to prevent disqualified retailers from continuing to accept and cash in food stamps. "The disqualification process is sorely lacking," says one regional inspector general.

Adds Craig L. Beauchamp, the USDA's assistant inspector general for investigations, "We are seeing more million-dollar-and-up frauds committed by retailers than we have ever seen before."

In Toledo, Ohio, grocer Michael Hebeka was convicted of fraud and permanently banned from the food-stamp program in 1984. Using falsified papers, he tricked officials into believing he had sold his Ashland Market to an employee. Soon the government reauthorized the store to accept food stamps, and Hebeka was back in business. When he was caught a second time in May 1991, he had already redeemed another $7.2 million in stamps.

In Los Angeles, two small grocery stores bought food stamps for half their face value in cash and redeemed them for their full value. Between 1989 and 1992, they cashed in stamps worth more than $20 million. For 16 months, one of the markets averaged $19,000 a day in food-stamp redemptions—even though it had only $10,000 in inventory.

In East St. Louis, Ill., Kenneth Coates, owner of Coates Market, paid as little as 65 cents on the dollar for foods stamps, which he cashed in for full value. Over a year and a half, he redeemed $1.3 million, enabling him to pay for his children's private schooling and have enough left over for $150,000 worth of stocks, at least five rental houses and a Mercedes-Benz. This wasn't the first time Coates Market had defrauded the food-stamp program. Ten years earlier, it had been disqualified for fraud—only to be readmitted after six months.

Bureautatic Nightmare. After Medicaid, the food-stamp program is the most expensive in the federal welfare system, and one of the most poorly run. Even when the number of recipients has dropped, operating cost have gone up. In 1990 there were 600,000 fewer people on the rolls compared with 1981. But administrative costs soared from $1.1 billion

to $2.5 billion. The bureaucracy has grown so unwieldy that mismanagement and inefficiency permeate the program.

Most welfare programs are jointly funded by state and federal governments. But food stamps are entirely funded and regulated by Washington, while state and local agencies are responsible for administering and distributing the coupons. Essentially, states run the day-to-day operation of a program in which they have little incentive to manage costs efficiently.

Mistakes are rife. In 1992, $1.7-billion worth of food stamps were overpaid or sent to ineligible people. The government has fined states that have high error totals, but the penalties are rarely taken seriously. During the past 11 years, $869 million in fines have been levied, and only $5 million collected.

With over $20 billion in federal food stamps circulating every year and little reason for the states to manage them effectively, it's no surprise that the program is easy pickings for crooks—even those "inside" the system.

In Detroit, the department of social services sent $26,000 in food stamps to Mae Duncan. But she didn't exist. The name was one of 26 invented by Patricia Allen, a 39-year-old social worker. Over a nine-year period, she collected more than $221,000 worth of food stamps. In Baton Rouge, La., two sisters who were social-service caseworkers issued $50,000 in food stamps to nonexistent recipients. And in St. Paul, Minn., nobody noticed when a state clerk pocketed $180,000 worth of returned food stamps in nine months.

Of the $24 billion taxpayers fork over for food stamps, nearly $2 billion is lost to fraud, waste and abuse. Says welfare and social-policy expert Charles Murray of the American Enterprise Institute, a Washington, D.C., think tank. "This is a program that for three decades has grown year after year, without any evidence that it should grow."

Clearly, radical reform is needed. Here's what can be done:

1. Tighten eligibility. Food stamps should be focused on helping the neediest Americans—those living at or below the poverty line. Lowering the income eligibility ceiling to that level (except for families with elderly and disabled members) would guarantee that taxpayer dollars are going to those who truly need assistance.

2. Cut excesses. Reducing benefits so that they reflect 100 percent, rather than 103 percent, of the government's basic food plan would save $850 million annually. And states with excessive error rates in administering food stamps should be forced to reimburse the federal government for the lost money. If incentives are put into place, taxpayers could be saved hundreds of millions of dollars each year, and recipients would be served more efficiently.

3. Crack down on criminals. Last August, Congress passed legislation introduced by Sen. Mitch McConnell (R., Ky.) toughening penalties against recipients and retailers convicted of food-stamp trafficking. This is a good start, but much more can be done. Recipients should be permanently barred from the program the first time they are caught trading food stamps for drugs, just as they are when they trade for weapons, ammunition or explosives. Now they are given two chances.

As for retailers, information they provide the FNS, such as sales-volume and coupon-redemption data, should be shared with federal law-enforcement officials. Currently, only other welfare agencies are allowed to see these numbers. Also, tougher standards should be imposed before retailers can be certified to redeem food stamps and after a store has been disqualified. Regular store visits and interviews with the owners should be the rule, not the exception. Some of the savings from the program should be used to hire much-needed additional FNS investigators.

Ultimately, however, it is up to Congress to control the rapid growth of food stamps. But over the program's 30-year history, Congress has rarely taken the bold steps necessary to rein in costs. Eliminating illicit trafficking and ensuring that food stamps reach only the neediest Americans in a cost-efficient manner should be a top national priority.

Mr. HELMS. I yield the floor. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HELMS. I thank the Chair. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. JEFFORDS). Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, I am taking a moment to expand on the remarks I made toward the end of our debate on Friday concerning the amendment I offered, the Family Support Act of 1995, a measure which simply brought up to a new set of standards the Family Support Act of 1988.

We began in 1988 saying all States would have to have 20 percent of their eligible adult welfare recipients in work, job training, or job search by 1995.

It was understood that as we got the hang of this, as States learned to handle what was a new idea, welfare should be an interim measure, as people moved to independence and became self-supporting. We agreed to change a program that began as a widows' pension and is no longer such.

It was contemplated we would work our way up to higher levels of participation, and indeed in the Family Support Act of 1995 we move to 50 percent by the year 2001, add money to the JOBS program, make improvements to the child support system, and build on a program which we have begun to feel is working.

Dramatic improvement does not happen instantly when one passes legislation, not in an area like this, not in a situation where we have so many communities that have been reduced to an extraordinary incidence of dependence.

I mentioned on Friday that, in the city of Chicago, 46 percent of children were on welfare at some time in the course of the year 1993; in Detroit, 67 percent; in New York, 39; in Philadelphia, 57; San Diego, 30. These are massive problems.

It is not surprising that the first real reactions to the Family Support Act, the ones that were most innovative and effective, came in areas not necessarily rural, but not with the masses of poor who inhabit the great cities. Iowa is one of these areas with great significance.

On the floor a month ago, Monday, August 7, my good friend and comanager here, the Senator from Iowa, [Mr. GRASSLEY], said something very important. He said, ". . . my State of Iowa began the implementation of its program in October 1993. In the last 2 years, the number of AFDC employed recipients has increased from 18 percent of all welfare recipients to 34 percent—I believe now the highest of any of the States—as a percentage of welfare recipients who are working." If I may interpolate, I think that is correct. We had set 20 percent as the initial goal. Iowa went right by it to 38 percent, more than halfway to the goal of fifty percent we had contemplated in the Family Support Act of 1995 presented to the Finance Committee. That bill failed 12 to 8 in the Finance Committee and received 41 votes here on the Senate floor; 54 to 41, if I recall.

But that bill of 1988, which I say, once again, went out the Senate door 96 to 1, began to take hold. The program in Iowa that Senator GRASSLEY was talking about is the program created under the Family Support Act. Mr. President, the Federal government pays at more than 60 percent of the program costs in the JOBS program. The Family Support Act of 1995, which we voted on Friday, would take it from 60 percent to a minimum of 70 percent for all expenditures, including administrative costs. States have not in the past drawn down the full amount available to them to implement the JOBS program—by increasing the federal share, my bill would make possible the full implementation of the JOBS program.

I might just add as a preface to some of the other things I am going to say, Iowa passed a reform bill 2 years ago. Indeed, on that occasion, Mr. President, I put into the RECORD the Iowa Family Investment Program, for which basic approval under the JOBS program was requested in April 1993 and approved in August 1993. They received a waiver to raise the asset limit for applicants to $5,000 for recipients, exempt equity value of an automobile up to $3,000, adjust annual CPI by income deposited in an IDA account not to be counted as income, and so forth.

In Iowa, if you are out in the countryside and you do not have an automobile, you are not going to find a job. One of the debilitating things about welfare is that it has required its recipients not only to be paupers but to remain paupers. About 5 years ago a

mother was discovered in a Middle Western State who had been saving, had saved some $12,000 to put her daughter through college, and was, in consequence, a criminal.

It just emiserates the population involved, and not a small number of persons. To say again, in some cities it is the majority of all the children living in the city—67 percent of the children in Detroit, 57 percent of the children in Philadelphia.

On Friday, Senator HARKIN gave a very careful and thoughtful description of the program in Iowa, following on some of the remarks by his colleague. He said he wanted to bring to his colleagues' attention what has happened in Iowa "since we changed our welfare system." He said:

> We enacted a welfare reform program in October 1993, and almost 2 years later you can see what happened. Our total spending on welfare has dropped, and dropped dramatically since we had our welfare reform program.

Mr. President, what Iowa has been doing is exactly what the Family Support Act hoped States would do. And Senator HARKIN very properly said the program was enacted in October—that was following the approval from the Department of Health and Human Services in August. In Iowa, sixty-three percent of the JOBS funds are federal moneys.

Iowa has every reason to be proud of its program. But is Iowa certain that the program will continue when the funds are discontinued? The JOBS program is abolished by both the Democratic bill, that we voted on earlier last week, and the Republican bill. We are taking something that has worked and decided, no, it has not worked fast enough. Or has not worked far enough? The proposal to undo this is the nearest thing to vandalism I can recall in 19 years in the Senate. We will regret it and we may return to it. Or we may, as in the case of the deinstitutionalization, forget what we did and wonder what this new, ominous, inexplicable problem of child poverty is?

I say again, a 5-year limit in a situation where 76 percent of the recipients are on AFDC for more than 5 years, will lead to a situation out of control, if it is not already. We will not begin to see the effects for about 5 years. Five years is a very long time in our memory. I have said over and over again, how quickly we forgot that we emptied out our mental institutions and did not build the community health centers that President Kennedy contemplated.

We will forget, perhaps, what we have done, what we did on the Senate floor in this September. And we are doing it in the face of the first really good evidence that the JOBS program is working. The Manpower Demonstration Research Corporation, last July, put out a report on the programs it had been following around the country, because we built evaluation into our studies. And the overwhelming evidence was that the Family Support Act was working. The most promising results involved a strategy that was tested in Atlanta, Riverside, and Grand Rapids, that emphasized rapid job entry. We learned something here.

Training? No, no. Get into a job situation, and you will learn the job. You will learn on the job if you can learn to get to the job.

The number of AFDC recipients dropped by 11 percentage points in those three. Employment rose by 8.1 percentage points. Expenditures dropped 22 percentage points, which was exactly what Senator HARKIN was describing. And the MDRC, which is a very careful organization, observed that the 22 percentage point drop in expenditures exceeds the savings achieved by experimentally evaluated programs in the last 15 years. We are finally beginning to understand this problem.

What we are dealing with here is the aftermath of an enormous increase in out-of-wedlock births. President George Bush was the first President to speak of this, and did so in a commencement note of 1992. President Clinton raised the issue in his State of the Union Address in 1994. Never before had Presidents touched on this subject. Never before have we debated it. We are doing so now, and as we must.

In the current issue of The Economist, Mr. President, a journal not necessarily read widely in the United States but certainly respected, this week's cover story, "The Disappearing Family," talks about the American experience, the awful experience. It includes a chart of the experience of this country for which I find myself cited as the source. It is the first time The Economist looked to me for data. Indeed we find that in every country in northern Europe there has been extraordinary increase in the ratio of births to unmarried mothers in the last 30 years. A few Western industrialized countries have not seen an extraordinary increase. Italy's rise has not been as shocking as ours, and Switzerland has had a fairly modest increase. Japan's ratio was 1 percent in 1970, and is 1 percent today.

This is going to be a major subject of cross-cultural studies in the next century as we find ourselves asking what are the forces that make for the dissolution of the marriage unit in Western society that do not similarly affect Eastern societies?

Just last Friday, as I believe, the Christian Coalition had a large conference here in Washington, and a number of Senators spoke. Mr. Ralph Reed is their director. They heard a stirring comment from Mr. Alan Keyes who spoke to them. This was the Christian Coalition's annual conference here in Washington. He said:

> And we know the breakdown of the marriage-based, two-parent family is at the root of every problem, crime problem, poverty problem, deteriorating education, even the problem of entitlements, where we have backed away from the family system that ought to take care of the children and the elderly and try to turn that task over to a Government that cannot get it right.

You know, Mr. Keyes I believe is a candidate for the Republican Presidential nomination. He said:

> We are doing it wrong when we back away from the family system, and we have allowed the destruction of the family system because we are defining our freedom in a corrupt and a centrist way that destroys the loyalty and law and sense of obligation that is needed for family life. Now we know it is true, and I have a question for you then. If you know it is true, and you think it is right, then why on Earth would you sit back this time, when it matters more than anything else in this Nation that we put our No. 1 priority and put your seal of approval behind people who put it on the back burner and give it the backseat and only talk about it when they force them to? What is the matter with you?

He went on to say:

> The marriage-based family, the No. 1 priority of this Nation's life, nothing is more important, not the budget, not the deficit, not taxes, not the power of the Federal Government over the State government. We will rebuild our families or we will perish, and we know it.

Well, that is language that is perhaps more in the mode of bearing witness than of giving testimony. But it is a purposely legitimate setting and a purposely legitimate speaker saying something which I happen to think is entirely the case, and I think it is so important that we are talking about it. We used not to talk about it. We could not do it. We did not do it 30 years ago, or 20 years ago. We started to talk about it 10 years ago, and now we have reached it. We do not know what to do with very little evidence, no data. Only in the last Congress did I get a welfare indicators report established by statute, and in 2 years' time we get our first study. The idea is to match the economic report that was created by the Employment Act of 1946. We are getting there. Long before you get good answers, you have to ask good questions. I think we have begun to do that. I take heart from it.

I wish that my friend from Iowa would acknowledge that their success is success under a statute we passed in 1988, and it is well deserved. And we might do worse than to build on that success rather than dismantle the program. But there you are. That is a decision the Senate will make in good time.

I see my friend from North Dakota is on the floor. I understand he wishes to speak. In any event, Mr. President, I yield the floor.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. Mr. President, just for a couple of minutes to respond to what the Senator from New York had to say, I would very readily admit that a certain amount of flexibility under the 1988 act gave States the opportunity to change their plan and come to Washington and request waivers. It gave us an opportunity for the political laboratories of our system of Government, our State legislatures, to try

something new and to experiment. Most of those States participating have been very successful. I think my State of Iowa has been the most successful.

But I think that what we have seen is two phenomenon which dictates to me that we ought to move more aggressively toward flexibility to the States. The No. 1 thing is a dramatic increase in the number of people on welfare, 3.1 million now since the 1988 act went into effect. There was some leeway to States in that act that gave them an opportunity to make it possible for more people to get on welfare. I do not know whether that was intended or not, but it was an end result. So we have 3.1 million more people on welfare. The second phenomenon is that it is costing more money, and I think at a time when we thought we were passing an act that was going to save some money, that tells me, as I look back to my involvement with the 1988 Act, that I failed in making that judgment.

In the meantime, we have seen several States move dramatically forward, move people from welfare to work, save their taxpayers' money, and save the Federal taxpayers some money as well. And in that 7-year period of time, it has given me, and others of my colleagues, encouragement to have more faith in the States to do things even more dramatic and dynamic than they have done thus far under waivers.

I would suggest that if there is one reason that I wish to be able to move forward based upon the success of the Iowa legislature and their plan, it is the fact that, in my judgment, that Iowa would have gone much, much further in reforming welfare if they did not have to tailor a program that would meet the requirements of some obscure bureaucrat in the Department of HHS in order to get approval. So that is why Republicans have a bill that gives so much more authority to the States than ever before.

I will admit, in conclusion, that the stage was set for it by the 1988 Family Support Act; but it set a stage that tells us now that we can do even more than what we could do under the 1988 act and we ought to do it.

I yield the floor.

AMENDMENT NO. 2529

Mr. CONRAD. Mr. President, I would like to call up my amendment No. 2529.

The PRESIDING OFFICER. If there is no objection, that will become the pending question.

The Chair hears no objection.

Mr. CONRAD. I thank the Chair. I thank my colleague from New York for the opportunity to discuss my amendment.

Mr. President, the amendment that I offer I call a State flexibility amendment because it allows States to choose between the Dole AFDC and job training block grant and titles I and II of my own welfare reform plan, the WAGE Act, the Work and Gainful Employment Act, that I offered in May of this year. Titles I and II of the WAGE Act are based on four principles: First, work; second, protecting children; third, providing States flexibility; and fourth, preserving the family structure.

I believe those are the fundamental principles of any serious welfare reform effort. My plan provides unprecedented flexibility to States while providing a safety net for children and an automatic economic stabilizer for States.

Mr. President, I agree strongly with my colleagues that States should be given great flexibility to design and deliver welfare programs. My amendment expands this principle by giving States a choice between block grants, the pure block grant approach as contained in the Dole proposal, and my totally new approach to welfare that has a combination of a block grant and a temporary assistance program that includes an automatic economic stabilizer so that States are not put in a circumstance in which they may not be able to meet the needs of children in their States due to economic conditions or a natural calamity.

Under my amendment, States are given a chance to choose the block grant approach in the Dole bill or the WAGE approach contained in my bill for 4 years, after which the State could choose to continue its program or switch to the other approach. In other words, the amendment that I am offering today expands the choice of individual States. They can choose the Conrad approach that contains a block grant as well as a temporary assistance program or they can choose the pure block grant approach of the Dole program.

For the past month, my Republican colleagues have engaged in extensive and arduous discussions to work out a formula for States with high rates of population growth. While we may differ with the merits of the formula, the negotiations dealt with the most important issue confronting the Senate as we debate welfare reform, and that is economic uncertainty.

None of us in this room can predict the economic future. History has taught us that the business cycle is not predictable, natural disasters are not predictable, State growth patterns are not predictable, and economic performance may differ dramatically between the States.

Economic uncertainty must be at the forefront of this debate. It is precisely the fact of economic uncertainty that leads millions of people to welfare during times of crisis. Welfare programs, with all their flaws, provide the safety net that helps families survive plant closings, droughts, floods, layoffs, and other crises.

When I set out to develop a welfare reform plan, I told my staff that the word "entitlement" was banned from their vocabulary. The word "entitlement" sends all the wrong messages and underscores the devastating problems of our current system.

Unfortunately, in the current system, there are no incentives to work. Welfare recipients learn quickly that work does not make them better off and that not working entitles them to a guaranteed monthly check. I think that is the reason the taxpayers have no respect for the welfare system as it currently exists. Our current welfare system violates American values of hard work and personal responsibility. We must reform the status quo and create a system that encourages work, self-sufficiency, and that strengthens family.

I believe my welfare reform plan meets those tests. It does not entitle people to a free ride. Instead, it demands responsibility and a personal commitment to become self-sufficient in return for a transitional welfare check.

Mr. President, when I go to my State and I talk to the people in every corner of North Dakota, they say to me, "We're not unwilling to help somebody that has hit hard times or somebody that is permanently disabled or somebody that for some reason has fallen into a circumstance where they need some help for a time. And we're even willing to help people permanently who are disabled. But, you know, we are not willing to be shelling out to pay for somebody who could work who refuses to work. That's not fair."

Mr. President, they are exactly right. Unfortunately, the debate between entitlements and block grants has missed the fundamental issue highlighted by these intense Republican negotiations over formula, and that is economic uncertainty. I agree that the notion of the no-responsibility entitlement philosophy of welfare needs fundamental change, but the automatic economic stabilization must be retained.

States will experience hard times and prosperous times in the coming years. We cannot predict the economic winners and losers. The only thing we can predict is that the future will look very different in 1996, 1997, and 1998 than it looks in 1995.

Under the amendment that I am offering today, if States choose my transitional aid and WAGE programs, States will have almost complete flexibility to design welfare programs. At the same time, the funding mechanism will provide an automatic stabilizer to assure that States and regions in economic downturns receive the necessary funds.

Under the State flexibility amendment that I am offering today, States would be allowed to choose, first, the Dole block grant, or second, the Conrad WAGE and transitional aid program. States would choose one approach for 4 years, after which the State could either keep the program they have chosen or switch to the other program.

Under either approach, States would receive their proportional share of funding, assuming all States were participating in the same program.

I would like to briefly describe the specifics of my WAGE and transitional aid program. There really are two elements here:

The WAGE program which is a block grant for job training. The WAGE block grant gives States flexibility to provide job placement and supportive services to move individuals into jobs as quickly as possible. The WAGE block grant consolidates funding from five different current welfare programs.

The JOBS Program, emergency assistance, AFDC child care, transitional child care, and the administrative costs of AFDC.

Welfare would become what the American people want it to be, a temporary, employment-based program to move people into the work force. The States are given enormous flexibility under the WAGE block grant that is part of my overall proposal. States have complete flexibility to design employment programs. States may provide monetary incentives to case managers for successful job placements and retention, as well as to outsource job services and to use performance-based contracts. States determine eligibility criteria and participant requirements for the specific work and training programs. States have the option to require noncustodial parents with child support arrears to participate in WAGE. States can establish time limits of any duration that require individuals to work as a condition for benefits.

However, a State may not terminate participants from WAGE if the participants have played by the rules and complied with the requirements set forth in the WAGE plan.

States have the ability under the WAGE approach that I have introduced today to make the decisions on what the welfare reform program will be. We have heard the outcry that States ought to make these decisions. My approach allows States to make them within a certain broad framework. Self-sufficiency is the goal of my welfare reform plan. I am not interested in kicking kids into the streets with no support. If a parent is making a good-faith effort to get off welfare, as required by the State—and the State determines what is a good-faith effort, not the Federal Government—this parent should be encouraged to continue to strive for self-sufficiency.

States are given complete flexibility to determine the sanctions imposed on individuals who fail to comply with the State's program requirements. Again, it is not the Federal Government deciding, it is the States deciding. If a sanction results in the complete elimination of aid to a family, States must take measures to ensure the well-being of the children.

Mr. President, obviously there are certain requirements that are expected of the States. At the very minimum, States are required to administer a WAGE Program that promotes moving parents into private-sector employment. States must develop a wage employability plan with the recipient that indicates the requirements necessary to move off of welfare.

There is a personal contract that is entered into between the person seeking temporary assistance and the State. They line out a contract of what the recipient is going to do in return for what they receive.

The States must ensure that children are protected by making certain that the child care is available for WAGE participants. The funding mechanism is very simple. The WAGE block grant is a cap entitlement to States based on historical funding for emergency assistance, AFDC child care, transitional child care, and the administrative costs of AFDC. The WAGE block grant includes additional funding each year to put people to work and to ensure that child care is available. The WAGE block grant grows 3 percent a year. States receive incentive payments for moving individuals off welfare and into employment, as well as for improvements in the number of individuals combining work and welfare.

Mr. President, my plan is serious about work. Work rates in the WAGE Program are phased in, reaching 55 percent in fiscal year 2000. That is the highest participation rate of any welfare reform program that is before this body. States focus specifically on getting people into work with work preparation activities with a minimum of 20 hours a week. If the State decides they want to require more than that, that is their decision. Half of the participation rate must be met by individuals who are working. After 2 years individuals must be working in order to meet State participation rate requirements.

In addition to the block grant approach that replaces current jobs programs, we also have eliminated AFDC and, in its place, created a transitional aid program. The transitional aid program maintains a basic safety net for America's children and provides an automatic stabilizer for States. This is where my plan differs fundamentally from the Dole plan that is before us, because the Dole plan contains only a block grant approach. My plan contains a block grant approach for the jobs programs, but has in the temporary assistance program, which replaces AFDC, a continuation of the automatic stabilizer. Because, again, Mr. President, none of us can predict what the future holds.

If there are floods in Mississippi or a drought in North Dakota, or some kind of economic calamity in the State of Vermont, we do not think it makes sense just to have a flat amount of money going out there to deal with any kind of emergency. It does not make sense.

We ought to continue the automatic stabilizer that allows this country to function as the United States of America, not just as 50 separate States. Let the 50 individual States experiment with any kind of welfare program they want to create, yes, absolutely. We ought to have 50 States operating in that way. But, Mr. President, if there is an economic calamity, then this country ought to stand as one, all of the States standing together to help a sister State that may have experienced some incredible economic calamity or natural disaster. That is the strength of America. That is not something that ought to be abandoned.

The transitional aid program, as I have indicated, maintains that basic safety net for America's children. And for the States as well.

My plan fundamentally reforms welfare. It eliminates the Federal bureaucracy and overregulation that hampers State efforts to develop their own innovative welfare programs. The transitional aid program reduces the State plan to 14 elements, compared to the 45 in the current AFDC State plan. Instead of Federally mandated policies, States have the option to determine eligibility criteria, support and benefit levels and the form of those benefits, the treatment of earned and unearned income, the extent to which child support is disregarded when determining eligibility and benefits, the treatment of children's earnings, resource limits, restrictions imposed on eligibility for assistance for two-parent families.

And States have the ability to determine the requirements on recipients whether it be work, school attendance, or whatever. States have the ability to determine sanctions for individuals who fail to comply with State requirements. States determine the payment or denial of benefits to children born to individuals receiving assistance. And States decide the timeframes for achieving self-sufficiency.

Mr. President, for those on the other side of the aisle who say, "States ought to be the laboratory of experimentation in this country," I say, amen. Absolutely. Let us let the States experiment. Let us let all of the States have a chance to determine a welfare reform approach and see how it works. As the Senator from New York has said repeatedly, the only thing we can be certain about is that we do not know much about what works and what does not work. So let us give the States an opportunity to experiment. Let us let them have a chance to figure out what works and what does not work.

But, Mr. President, while we are doing that, while we are engaging in this great experiment, let us maintain the automatic stabilizer, let us maintain the underlying financing of a system that permits the United States to function as one country, that says if Iowa, for some reason, gets in special difficulty, that we are not going to just leave the children of Iowa out there on their own, that the other States of this Union will come together and help that State.

That makes sense, Mr. President.

My plan, with respect to temporary assistance, requires that a family meet the following criteria to be eligible for the transitional aid program: They must have a needy child that is defined

by the State; they must comply with the WAGE employability plan; and they must cooperate and comply with paternity and child support measures.

While I have indicated that States have substantial flexibility in the design of their transitional aid program, there are minimal Federal requirements: They must serve all families with needy children uniformly—uniformly—as defined by the State; they must operate a WAGE Program; they must operate a child support enforcement program; they must maintain categorical Medicaid eligibility for the transitional assistance program and provide transitional Medicaid for at least 1 year. It could be longer at State option. And they must maintain assistance in some form to needy children and families in which the parent is complying fully with all WAGE and other requirements.

The State designs the program. The State decides what it is, but if people are complying with that program, people cannot be kicked off for some other reason.

Mr. President, under my plan, welfare remains a Federal-State partnership. States draw down Federal funds for the transitional aid program using the Medicaid matched rate. My plan gives States extensive flexibility to design these programs and to invest State funds toward these efforts. The Federal Government continues to finance the majority of program costs.

In conclusion, my amendment allows States a choice. States can choose between the Dole approach and my approach, a new welfare program that combines the flexibility of block grants with an automatic stabilizer funding mechanism to respond to economic uncertainty.

Since day one, the welfare debate has focused on devolution, how much authority should be turned over to the States. Every plan of either party expands State authority and lessens Federal oversight, and that is appropriate.

There are many State officials, however, that have expressed grave concern about ending the current funding mechanism and completely block granting welfare. The Dole plan will create 50 different safety nets across the country, some of which will hold strong and some of which will tear and dissolve when the vagaries of the market create economic downturns or in the face of a natural disaster. If States do not want to take this chance, we should allow them to choose the alternative approach I have presented in my amendment.

Mr. President, Americans are rightfully demanding welfare reform that focuses on work, personal responsibility, and accountability. My amendment focuses on the public's demands. It emphasizes work, it protects kids, it gives the States enormous flexibility.

Mr. President, I believe it is the right mix of allowing States the right to determine what welfare reform ought to look like while at the same time continuing the automatic stabilizer that has proved such an important part of our ability to function as the United States of America.

I ask support for this amendment to expand States' abilities to develop welfare programs to move parents toward self-sufficiency while protecting children.

I thank the Chair and yield the floor.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The majority manager is recognized.

Mr. GRASSLEY. Mr. President, I have had a chance to sit with my friend from North Dakota as a member of the Senate Finance Committee where all this legislation on welfare reform comes from. I sense in him a true desire to work out compromises and solve some problems that he believes will result if we give too much leeway to the States.

I presume his legislation, where he gives the States a choice of continuing with a Federal program or adopting their own, is the ultimate of discretion. I do not know who can find any fault with that discretion; however, there are goals that we have on this side of the aisle other than just choice and discretion to the States.

One of those is the fact that we have a terribly bad budget problem from 30 years of irresponsible spending. Some of that irresponsible spending—not all of it, but some of it—is directly related to the fact that we have programs that we call entitlements. That means basically that whatever is going to be spent, if you qualify, it will be spent and there is not much congressional control over the amount of money to be spent.

So his program would continue that entitlement. The Republican bill would end the entitlement aspect.

Also, we on this side of the aisle with our bill save $70 billion. The Congressional Budget Office has put a cost on the Conrad amendment of $6.99 billion over the next 7 years.

Mr. CONRAD. Will the Senator yield for a question or a point on that?

Mr. GRASSLEY. Yes, I will.

Mr. CONRAD. The amendment that I am offering as an amendment to the Dole welfare reform plan would reduce the savings by $7 billion. So is it not correct to say that the total package would still achieve $63 billion of savings over the next 7 years? In other words, I do not think it is correct to compare a $70 billion savings under the Dole bill to a $7 billion cost under my plan.

The correct comparison is a $70 billion savings over 7 years under the Dole plan, $63 billion of savings under the Conrad plan.

Mr. GRASSLEY. I am reading from the CBO estimate which says that your bill will cost $7 billion over 7 years.

Mr. CONRAD. The Senator is absolutely correct, if I might say, the document from CBO—which I ask unanimous consent to have printed in the RECORD.

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

PRELIMINARY ESTIMATE OF AMENDMENT PROVIDING STATE FLEXIBILITY TO PARTICIPATE IN THE TAP OR WAGE PROGRAMS (CONRAD), ESTIMATED RELATIVE TO S. 1120, THE WORK OPPORTUNITY ACT OF 1995

[By fiscal year, outlays in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002	1996–2002 Total
Option to Participate in WAGE Program								
Family Support Payments:								
Budget Authority	−874	−1,184	−1,106	−987	−688	−825	−742	6,607
Outlays	−838	−1,190	−1,107	−987	−689	−828	−743	−6,583
Food Stamps:								
Budget Authority	−26	−75	−121	−183	−250	−308	−376	−1,339
Outlays	−26	−75	−121	−183	−250	−308	−376	−1,339
Medicaid:								
Budget Authority	25	68	68	128	153	137	126	722
Outlays	25	68	68	128	153	137	126	722
Earned Income Tax Credit:								
Budget Authority	0	0	1	4	10	21	34	71
Outlays	0	0	1	4	10	21	34	71
Wage Block Grant:								
Budget Authority	1,123	1,695	1,914	2,176	2,414	2,478	2,530	14,329
Outlays	1,111	1,678	1,885	2,149	2,383	2,449	2,504	14,159
Foster Care:								
Budget Authority	0	0	0	−3	−9	−12	−15	−39
Outlays	0	0	0	−3	−9	−12	−15	−39
Total, All Accounts:								
Budget Authority	247	502	776	1,135	1,430	1,491	1,557	7,138
Outlays	272	476	746	1,108	1,399	1,459	1,530	6,992

Basis of Estimate:

The amendment would allow states to choose whether to participate in the Temporary Assistance for Needy Families (TAP) Block Grant as described in Title 1 of S. 1120 of the Work and Gainful Employment Act (WAGE) Program described in this amendment. The WAGE program would maintain AFDC benefits as an entitlement, but grant states new flexibility to design their programs. A new capped entitlement block grant would be created which would combine AFDC administrative costs, Emergency Assistance, AFDC Child Care and Transitional Child Care. The block grant would require no state match and would grow at 3% a year. Additional funds would be added to the block grant that are equal to 1995 federal JOBS spending and that would grow at a fixed amount equal to $200 million in 1996, rising to $2.200 million in 2002. CBO assumes that two thirds of sales would opt to participate in the block grant program established under S. 1120 and one-third would opt to participate in the Wage program established by this amendment.

This estimate does not include AFDC benefit savings associated with provisions limiting eligibility of non-citizens to benefits. If these savings were included, the cost of the amendment would be reduced.

The estimate assumes that technical changes would be made in the amendment to ensure cost neutrality with an effective date later than 10/1/96. If technical changes were made to include At-Risk Child Care spending in the base amount of the WAGE Block Grant, the cost of this amendment would increase by $300 million per year for each year 1996–2002.

(Mr. FRIST assumed the chair.)

Mr. CONRAD. Mr. President, that document makes clear that my amendment would reduce the $70 billion of savings by $7 billion over 7 years to still achieve $63 billion of savings, but to give the States this added flexibility, which I think is critical.

Mr. GRASSLEY. Mr. President, while we are waiting to get that deciphered, I want to go on to another point that I wanted to make about the bill that is before us.

The Senator from North Dakota speaks about 55 percent of the people who would have to be working. That 55 percent seems higher than the 50 percent in the Republican plan, but it depends upon what group you talk about.

On the Republican plan, our goal and requirement is that 50 percent of everybody on welfare, the category of everybody on welfare, would have to be working.

In the bill of the Senator from North Dakota, he would have these categories of people exempted from the 55 percent rule: Parents of children under 12 weeks of age or, at the State's option, up to 1 year; individuals who are ill or incapacitated, as defined by the States; individuals needed in the home on a full-time basis to care for a disabled child or other household members; individuals over 60 years of age; individuals under age 16, other than teenage parents. I am not going to argue about the Senator's rationale for exempting certain populations.

So his goal is 55 percent of a group that has several exemptions in it as required to work. Whereas, in our bill, we have 50 percent of a whole, without exemption.

So for those reasons—the fact that it does not save as much money as our proposal saves, and the fact that it does not have as high a goal of people to work by the year 2000—we feel that this bill, even though it does give an option to the States of whether to choose the Federal entitlement or a program defined by the individual State, does not go far enough in eliminating a major problem with the welfare system of the last 40 or 50 years. That problem is the Federal entitlement. It seems to me the maintenance of a Federal entitlement is a litmus test of whether or not we are going to have business in welfare reform or whether or not we are going to have a completely new approach.

The plan offered by Senator DOLE is a completely new approach—no longer a Federal entitlement, no longer an environment in which there will be an encouragement for dependency; but instead a requirement where we are going to move more people from welfare to work.

I yield the floor.

Mr. CONRAD addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. CONRAD. Mr. President, let me just say, with respect to the Republican plan, it is true that they have 50 percent of the total, but that total is a different total than the total I am talking about, because they take 15 percent of the caseload right off the top. They have 15 percent that are exempted right off the top. It is impossible to know whether the categories that we have exempted—that is, a mother with a child under 12 weeks, we think it is appropriate that the mother stay home with the child. If somebody is sick and disabled and cannot work, it is appropriate that they not be expected to work. They come at it a little different way. They take 15 percent off the top and say the provisions do not apply to them. We come at it by specifically categorizing those people who should not be expected to be part of the work force.

Mr. President, there is a larger issue of work here, as well, and that is, what is the fundamental complaint about welfare? The fundamental complaint is that we are not moving people to work. The Republican plan is sadly deficient with respect to that issue. According to the testimony we had by the Congressional Budget Office, in 44 of the 50 States, there will not be a work requirement because there is not sufficient funding for child care to get the people to work, and that 44 of the 50 States would be better off taking a 5-percent penalty than to have a work requirement. So if we want to talk about a work requirement, let us be honest about it.

The work requirement in the Republican plan is a hoax. It says it is tough on work, but they do not provide the funds necessary for people to actually go to work, because they do not have the child care. So people are not going to be going to work. And States will not have the work requirement because they are better off; rather than providing the child care necessary to get people to work, they will take the 5-percent penalty. That is CBO's analysis, not mine. CBO said that 44 of the 50 States will not have a work requirement under the Republican plan.

Mr. President, the proposal I am offering says we want to devolve power to the States. We want to give States the ability to experiment. We want to have a chance to have 50 different States have 50 different programs, and let us see what works. Absolutely, I am all for it. Sign me up. That is what my amendment does.

But my amendment also says there ought to be the economic stabilizer. I do not know if it has become an ideological question that you eliminate the role for the Federal Government just because it feels good—because rhetorically it feels good. I do not get it. Are we saying that if California has massive earthquakes, tough luck? Are we saying if North Dakota has a devastating drought, tough luck? Are we saying if Mississippi has massive flooding, tough luck, the United States is not in on the deal? I thought this was the United States of America. I thought this was a Union. That is the America I know.

So there is this idea that we are going to cut States adrift and they can do whatever. Here is the money and good luck, I hope things work out. But if you have a disaster—a natural disaster or an economic calamity—and kids get put on the street, tough luck. I do not think much of that plan.

I was in California and I saw a young woman on the street with two little kids—a middle-class woman, begging. I went up to her and I said, "How did you get on the streets of San Francisco begging with these two little kids?" I tell you, if you would have seen that woman, you would have seen a person that looks like she just came from the shopping center, grocery shopping with her two little kids. She was an attractive woman, nicely dressed, and the kids were nicely dressed. They were out on the streets begging. Why? Because her husband had taken a hike and her house had gotten foreclosed, and she was homeless with two little kids. Well, some of us believe that is not a circumstance that should be tolerated in America. That woman and those little kids ought to have a place to go.

The Republican plan says we are so locked into ideology, the Federal Government should not have a role in anything, and we are willing to take that chance. Well, I am not willing to take that chance. I think if some State suffers a disaster, the United States of America ought to stand together and protect the kids—at least the kids. That is the difference.

Mr. President, this is dramatic welfare reform that is being proposed in my amendment—dramatic. It is not the Federal Government deciding these programs; it is the States deciding. But if we get to the circumstance where there is a disaster and the State cannot meet the needs of the kids, then I think we live in a United States of America.

I yield the floor.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

AMENDMENT NO. 2560

The PRESIDING OFFICER. Under the previous order, the pending question is amendment 2560, and the time until 5 o'clock will be equally divided.

Mr. KENNEDY. Mr. President, I yield such time as I might use.

The struggle for decent child care is a daily fact of life that all working families understand, regardless of their income.

Some in Congress may want to ignore these realities, but a mother with young children who wants to work or go to school does not have that luxury.

Today and every day, millions of American families face impossible and heart-wrenching choices—between the jobs they need and the children they love—between putting food on the table and finding safe and affordable care for their children.

We have heard a lot about turning welfare into work—but precious little about who will care for the nearly 10 million children on AFDC while their parents meet the mandate to pursue job training or go to work. If we are serious about promoting work and strengthening families instead of punishing them, we must deal responsibly with the issue of child care.

Today—at long last—is our chance to do this long overdue reality check on the pending Republican welfare reform proposal.

Quality child care creates opportunity and increases productivity—not just for one generation, but for two. Child care is not about giving parents a blank check. It is about giving them a fair chance. Failing to make child care a centerpiece of welfare reform makes a mockery of any such reform. It will only pass the real life tragedy of dependency from one generation to the next.

Today, 21 million low-income children are eligible for Federal child care programs. Yet less than 7 percent of these children currently receive this essential support. Clearly more—not less—needs to be done.

But too many of our Republican colleagues seem content with simply slashing benefits, and will do so at any cost. If that is the plan—the Dole program fits the bill. But those who seek truly to promote work and strengthen families understand the need to remove real world barriers to self-sufficiency.

For many, even most, the greatest barrier to self-sufficiency is lack of child care. The Census Bureau found that 1 of 3 poor women not in the labor force identified child care as their greatest barrier to participation. One in five part-time workers said that they would work longer hours—if child care was available and affordable.

A GAO study of participants in 61 welfare-to-work programs in 38 States found that more than 60 percent of respondents reported that a lack of child care was their number one barrier to participation in the work force.

The National Research Council recently documented that mothers with safe and adequate child care arrangements were more than twice as likely to successfully complete a job training program.

The link between child care and self-sufficiency is well documented in report after report after report. The real question is—will the Senate act based on this mounting evidence.

We know that 60 percent of AFDC families have at least one preschool child. It is simple common sense that they would need child care assistance to enroll in job search, community service, or workfare activities. But while there have been loud calls for cutting benefits and ending welfare, there has been a deafening silence on the need for child care. It is time to break the silence and put together a realistic program—a program not based on rhetoric but on reality and results.

But when it comes to child care, the ever-evolving Dole bill continues to be fatally flawed. While we have now seen three modifications—one essential fact remains the same. The Dole bill does not dedicate a single dime to providing child care services to families on welfare. Behind Dole No. 1, Dole No. 2, and Dole No. 3—one reality remains clear—the primary goal is to reduce spending and not increase opportunity.

The Republicans may choose to call their bill the Work Opportunity Act—but this noble claim is nothing more than a hollow promise when you look at the fine print. Simply put, their numbers just do not add up. They know it and CBO has confirmed it. This bill is not welfare reform—it is welfare fraud.

Let us consider the facts.

As we prepare to move millions of American families into job search and workfare programs—the Dole bill repeals the child care programs targeted to these families.

That is outrageous. That is irresponsible. That is not a joke—it is a fraud. I ask—who will care for these children?

In 1988, by a vote of 96 to 1, the Senate passed and President Reagan signed into law a guarantee that child care would be provided to each and every AFDC family pursuing job training or education or participating in workfare programs to enable them to develop the skills necessary to secure private sector jobs.

That was not a radical idea then, and it should not be now. This is sound and sensible policy—adopted with strong bipartisan support. This policy appropriately acknowledged the critical link between child care and work. But in the Republican plan, this guarantee and the resources to make it real are gone, wiped out, taking with them the hopes and dreams of poor children and families in every State.

Some may say that these funds are not eliminated—just given to the Governors with greater flexibility to spend them as they see fit. I only wish it was that simple.

The Dole bill takes the funds for safety net benefits, job training, and child care—folds them into a single block grant—and freezes spending at the 1994 level through the turn of the century. As States feel the crunch of this dwindling Federal support, who will care for the children?

If you want to imagine the predicament the Republicans are putting the Governors in, just think about a family budget. Take the average family's annual budget—include food, rent, child care, and work expenses. Cut it back to what they spent last year. Tell them they get no increases for the next 5 years—regardless of inflation, sickness, fire, or other unforeseen disasters. Undoubtedly they will run into serious financial trouble.

That is exactly what is going to happen in State after State after State. Children and families are going to pay the price—and in the long run, so will the Nation.

The Dole bill professes to increase work participation rates by 131 percent over the next 5 years. That is an admirable goal, but who will be taking care of the children?

The Department of Health and Human Services estimates that States will have to spend $11 billion more over the next 5 years on child care to make this happen. Senator DOLE's plan budgets $12 billion less in real dollars.

All of us are for work—but this will not work. That is why some have called this plan the "mother of all unfunded mandates."

In Massachusetts alone, to meet the work requirement in the Dole bill, the State must increase participation from 10,000 to nearly 30,000 in 5 years. This means funding tens of thousands of new child care slots at a cost to the State of nearly $89 million in the year 2000 alone. The State is already falling behind as 4,000 families wait for the child care they need—without help from the Federal Government. Who will care for these children?

Forty-four States are projected to simply throw up their hands and ignore the work requirements in the Dole bill, according to the nonpartisan Congressional Budget Office. CBO believes States would rather accept the sanctions for failing to comply, than try to reach the goals without the resources needed to make it possible.

States are far better able to afford the 5-percent grant reduction than a 165-percent increase in child care needed to make the program work. Only a handful of States may even bother to comply with the work requirement. That does not sound like progress to me. It sounds like tough talk and no action. It may provide the savings needed for a tax cut for wealthy individuals and corporations—but it certainly will not change the welfare system. It may reduce the welfare rolls, but it will not increase the future prospects of millions of American children and their families.

In fact, it is more likely to produce homelessness than opportunity. It is more likely to leave children home alone than in quality child care programs that can give them a decent head start in life. Is that the direction we want to go? I do not think so and I hope my colleagues do not think so.

Now let us review the ways that the various Dole plans have sought to fill this child care gap.

First, the Dole bill and each of its modifications includes the child care and development block grant unanimously reported by the Labor Committee. But this grant program was created to provide child care services to low-income working families to help make ends meet. Low-income families spend nearly one-third of their income on child care and they are too often only one pay check away from falling onto welfare.

Low-income working families need this help too—and we must do a better job of making work pay. The average cost of a child in child care is almost $5,000 a year—yet the take home pay from a minimum wage job is stuck at $8,500 a year. This is not manageable and it is not acceptable.

States already have long waiting list of working families who are desperate for this assistance. For example, California has 255,000 on its waiting list, Texas has 36,000, Illinois has 20,000, New Jersey has 25,000, and Minnesota has 7,000, just to name a few. In many States, young children will graduate high school before their names reach the top of the child care waiting list.

If the resources provided for this program are diverted to filling the child care void for welfare families created by the Dole bill, it will surely jeopardize the livelihoods of the 750,000 working families who currently depend on this assistance.

Such an approach is callous and counterproductive. In Massachusetts, of mothers who left welfare for work and then returned to welfare, 35 percent cited child care problems as the reason. Additional support at this critical time could have made all the difference. But the Dole bill will pull the rug out from under these families, just as they are getting on their feet.

And despite the clear reality that this program was created for low-income working families, and that it falls far short of being able to meet the rapidly growing need for child care services for welfare families, the Dole bill allows governors to transfer 30 percent of these essential resources to other purposes.

At every turn, the Dole bill chips away at child care for poor families struggling to make a better life for themselves and their children. This simply adds insult to injury and makes a bad situation worse. I ask again, who will care for the children?

For all of these reasons, the original Dole bill was rightly called Home Alone. It freed parents to work, but did nothing about child care. It left children home alone. In the end, it would wind up forcing more families onto welfare than we help get off welfare. That's certainly not reform.

And then came the sequels.

Home Alone II—or as I call it—Home Alone by 2—sought to address the need for child care by exempting mothers with babies under the age of one from the work requirement.

But once you reached the age of one they said, you're old enough to care for yourself. You do not need child care. You are on your own. This may have been welcome news to the 10 percent of families on welfare with a child under the age of one. But it was a continuing nightmare for the mothers of preschoolers and school-aged children who had to face the choice of leaving their children home alone or losing their benefits and livelihood.

Home alone is not a joke or a Hollywood film. It is a real life tragedy for American families pressed to the wall. Just listen to the horror stories from families who have been put in this awful position—and have paid an unbelievable price.

Think about 6-year-old Jermaine James of Fairfax County and his 6-year-old friend Amanda, who were being cared for by his 8-year-old sister Tina. When a fire broke out in their apartment, Tina ran for help, inadvertently locking the younger children in the burning apartment. They died before the fire department could get to them. Sandra James and her husband needed two jobs to support their family and still could not afford child care. They tied to stagger their schedules but did not always succeed.

Think about 7-month-old Craig Pinner of San Francisco who drowned in the bathtub while his 9-year-old brother was trying to bathe him. His mother was working part time and participating in job training. She usually left the child with her family, but her car had broken down and she was no longer able to get them there. She was trying to find affordable child care but was unsuccessful.

Think about 4-year-old Anthony and 5-year-old Maurice Grant of Dade County. While home alone they climbed into the clothes dryer to look at a magazine in a hiding place, pulled the door closed, and tumbled and burned to death. Their mother was waiting for child care assistance and generally left the children with neighbors. But sometimes these arrangements fell through and she had to leave them home alone for just a few hours.

This did not happen in Hollywood—but in Virginia and Florida and California and elsewhere. We must do everything in our power to avoid putting families in this kind of a situation in the name of reform.

The most recent Dole modification prevents families with children under 5 from being sanctioned for not participating in the work program if they can not find child care. But 66 percent of families on welfare have a preschool child.

I believe our top priority and our primary strategy should be to assist families in securing the child care they need to enable them to work and achieve self-sufficiency. Is that not what real reform is all about?

Exemptions and other protections should be our fall-back plan and not our national policy. If we are serious about promoting work and protecting children, we need to find the money to provide the child care that is needed. Home alone should not become stay at home under the present system.

As States face the difficult task of trying to move millions of people from welfare to work, we should not only give them additional flexibility but the tools they need to get the job done. We should help States push for real change—not just in the ledger books but in the real lives of their citizens who depend on them. If States are forced to do more with less, children will pay the price. That is not fair and it is not smart.

Investments in children pay off—not just in their lives—but for society as a whole. That is why the business community has been so outspoken about the importance of early childhood development programs. They know that the work force of tomorrow is being cared for—or not—today. Children deserve more than custodial care. They need structure and positive individual attention. Above all, they need a sale place to learn and grow.

I am pleased to join Senators DODD, MOSELEY-BRAUN, MIKULSKI, MURRAY, KOHL, KERREY, JEFFORDS, and others in offering this important child care amendment. Its purpose is simple and straightforward—it seeks to provide the child care assistance necessary to make the Dole bill work. It is not an attempt to change the intent of the bill, but to put resources behind the rhetoric to ensure real results.

The amendment is not about building bureaucracy or creating new entitlements. It is about providing States with the funding they need to meet, rather than ignore, the Dole bill's work requirements. It ensures children will be cared for in safe and appropriate child care settings. And it continues much-needed support for working families, rather than pitting them against families seeking self-sufficiency. It is a realistic pro-work and pro-family proposal.

We are in a budgetary era where we have to make some very difficult choices. But if we avoid these choices, we are not representing the real needs of the American people. We are taking care of the special interests of corporate America, and removing these special interests from the debate. Well, it is high time to make them a part of the debate, and take advantage of the billions of dollars in misguided tax expenditures that are provided to large corporations across the country.

We have spent enormous amounts of time debating the need for a balanced budget, and all of its ramifications on domestic spending—yet we have refused to take a long, hard look at tax expenditures and loopholes, which work against the goal of a balanced budget on a trillion dollar scale.

We at least owe it to the American people to close these loopholes that are truly egregious. Corporate America

and wealthy Americans with expensive tax lawyers have learned to navigate through them, but they do not represent good policy. They take away jobs for working families and those who want to work. And we can use those dollars to provide desperately needed child care.

At the present time, tax expenditures are not even reviewed on an annual basis.

When a tax loophole is approved, it is placed on the books and remains there unchallenged. It is no wonder that loopholes continue to grow and expand the budget deficit.

Over the next 7 years, these tax expenditures will eat up $4.5 trillion—$4.5 trillion. Many of these tax expenditures are necessary to spur investment in particular industries and goals, whether it is high technology, exporting, manufacturing, or achieving the American dream of buying a home.

The global economy within which we are now competing demands that we provide necessary tax incentives for investment in this country that will create new jobs for working families.

But it is time to take a closer look at corporate tax breaks. Often only the wealthiest can take advantage of them.

Primary examples of the tax expenditures that should be reviewed and thoroughly overhauled are the loopholes that United States and foreign-owned multinational corporations now use to minimize their U.S. taxes.

Companies are now taxed on their U.S.-generated income. They have a significant incentive to minimize the calculation of their U.S. income, and therefore their U.S. taxation—called transfer pricing. They shift income away from the United States and shift deductible expenses into the United States for tax purposes.

As this chart shows, the General Accounting Office has reported that, in 1991, 73 percent of foreign-based corporations doing business in the United States paid no Federal income taxes. And more than 60 percent of U.S.-based companies paid no U.S. income taxes. The number of large nontaxpaying firms has doubled in recent years.

IBM, for example, was fortunate enough to accumulate $25 billion in U.S. sales in 1987. That same year, its 1987 annual report stated that one-third of its worldwide profits were earned by its U.S. operations. Clearly, its U.S. operations were appeared profitable and successful. Yet, its tax return reported almost no U.S. earnings.

Multinational corporations should pay their fair share of taxes. They should be required to pay taxes on their U.S. share of worldwide sales, assets, and payroll.

This is not a new problem. To the contrary, we have been trying to close these types of loopholes for almost 20 years. We knew then, as we know now, that it was a loophole that necessitated action. The only difference now is that it is a much bigger problem, much more pervasive, and much more costly to the Federal Treasury.

Our current tax laws have the unacceptable consequence of allowing multinational corporations to lurk in foreign tax havens, hide behind foreign subsidiaries and corporate shells, suck income and profits out of the United States, and then thumbing their noses at Federal tax officials and State tax commissioners in every State.

Multinational corporations can also take advantage of the so-called title passage rule; $3.5 billion per year is lost because large multinational corporations sell U.S. goods abroad and avoid all U.S. taxes through some sleight of hand while the goods are on the high seas during the export process.

We have known about this serious loophole for some time. In fact, this loophole was closed by both the House and the Senate during deliberations on the Tax Reform Act of 1986. But for some reason it was dropped in conference.

As an example, a U.S. company makes a sale and ships the products from a U.S. port to a foreign country. Under normal circumstances, the shipment would generate the payment of taxes to the United States. But under a special rule, that company passes title to the products on the high seas, and avoids all Federal taxes. On top of that, the company pays taxes on the products in the country to which they are being exported, and uses those taxes to claim tax credits against other U.S. taxes it may owe. It is a lose-lose proposition all the way around for the United States.

This provision applies only to multinational companies. It is of no use to domestic, smaller companies.

Some will suggest that closing such loopholes will hurt exports and prevent the expansion of our markets to create new jobs for the economy. But these are unnecessary loopholes that were never meant to be used in these ways. When these provisions originally became law, Congress had no idea of the loopholes being created.

Additional tax breaks for multinational corporations are available by setting up corporations that exist only on paper. They are called foreign sales corporations, and provide exporters with the opportunity to exempt 30 percent of their export income from U.S. taxation.

Many other similar loopholes exist, such as tax credits provided to U.S. companies for payments made to foreign countries, or tax deferrals for U.S. companies on income of foreign operations that is not repatriated to this country.

These tax breaks cost the U.S. Treasury billions of dollars each year.

And, of course, there are other types of corporate welfare:

The peanut program and other agricultural subsidies provide billions of dollars to large corporations, although the family farmer was the intended recipient. Senator SANTORUM has filed legislation to phase out the peanut program.

The excessive mining subsidies provided through an 1872 law have never been changed. Senator BUMPERS was on the floor last week discussing the fact that the Secretary of the Interior was forced to sell 110 acres of Federal land to a large corporation for $275—$2.50 an acre. Yet the land has more than $1 billion in mineral value.

The House Republicans capital gains tax cut now will add $31 billion to the already existing $57 billion capital gains subsidy that now exists.

The repeal of the alternative minimum tax will cost the U.S. Treasury almost $17 billion, and enable many wealthy corporations to reduce their taxes to zero by playing the loophole game.

The accelerated depreciation loophole was partially closed in 1986 and 1993, but still generates more than $100 billion in tax subsidies.

The billionaires' tax loophole allows super-wealthy individuals to renounce their U.S. citizenship and avoid U.S. taxes.

The bill before us seeks to balance the budget on the backs of poor children. Over the next 5 years, the Dole bill cuts $50 billion for programs and services targeted to children and families in the toughest of circumstances. Current spending on AFDC benefits and job training and child care for families on welfare represents less than 1.5 percent of the Federal budget. It is true that we need to reduce the deficit—but the pain should be more evenly distributed.

We need to make difficult choices to balance the budget. But when we are choosing between children and the wealthy individuals and corporations that have shrewd tax attorneys, the choice is clear. Children should prevail. Welfare reform should include reform of corporate welfare too.

The futures of 10 million children are in our hands—and Congress should not leave them home alone under welfare reform, when reform of corporate welfare can provide the resources necessary to do the right thing on child care.

Mr. President, we have had a good opportunity, I think, in the past few days to address the issue on welfare reform. Quite obviously, there is a very strong commitment on both sides of the aisle to move legislation that is going on to enhance employment and employment possibility and diminish welfare dependency for the citizens. No one really wants that more than those that are participating in that process and system.

We have also begun, really, the debate on a key element about how effective we can be, and that is the debate that we talked about briefly during the time when this issue was called up last week; more precisely, on Friday last, when Senator DODD introduced the amendment, which I welcomed the opportunity to cosponsor, which is before the Senate at this time.

It is entirely appropriate as we start this week and the Nation gives focus

and attention to the U.S. Senate as to where we are going to end up on this debate, and where we are going to end up legislatively, to give full focus and thanks to a key element of this debate and of this legislation. That is, the availability in this legislation to provide for good, quality, decent child care for working families.

That is a key element. Republicans and Democrats alike understand that in the debate of last week, in the very brief exchange that I had with my colleague from Pennsylvania, Senator SANTORUM, who is a supporter of the legislation.

I went over after the discussion and reminded and talked with him about the legislation that he had introduced and worked for in the House of Representatives. A key element of that program was the child care program. I daresay, even as they went through the discussion earlier today with the Kassebaum amendment, talking about child care, it is something that reaches across both political spectrums, a recognition that if we are not going to have good quality child care we are not really going to have a meaningful welfare reform.

The idea of this legislation is to get people to work but not at the expense of the children in this country—not to be unduly harsh, punitive, to the children of this country.

I think we all understand the old adage that none of us had a chance to choose our parents. Children do not have a chance to make a judgment decision whether they will be born in poverty or to some degree of affluence. They have no control over it.

We want to make sure as we move ahead on this legislation that we are not going to get carried away with the punitive aspects of it and say that we are going to have a welfare reform, and as a result of it have a particularly harsh, devastating, unrealistic, and cruel impact on the children of this country.

One of the aspects that can be particularly cruel and harsh is separating children away from their parents in a way that denies those children, particularly at the early ages, from the kind of nurturing and care and affection and love as well as the food and resources and social services and health care, to ensure that they are going to have a good opportunity to be able to grow and to prosper.

We do not need much of a review and debate, Mr. President, on what is happening to children. The fact is an increasing number of children in our country are falling into poverty. We do not need to review again the importance of those early years, both the expectant mother, the various studies and reports and experiences which have taken place, the Beethoven project that was of such importance in terms of Chicago, that shows what happens when you provide expectant mothers with well-baby care, and also the newborn children with the kind of attention and support and nurturing as well as nutrition, and move them in helping them developing their various kinds of skills and talents, and what kind of results that they have in terms of their early years as compared to those that do not have those kinds of attention.

We do not need those additional kinds of studies. We have seen those studies. The evidence is out there both for the smallest of children, infants, as well as children in their earliest of years, moving on through their early teens.

We know what is really essential. We cannot guarantee if a child has healthy parents, if a child has good health care, if a child has given good nutrition, if the child is going to grow up without violence and surrounded by the other kinds of aspects which are so attendant to poverty, that that child is necessarily going to turn out to be an extraordinary success.

What we do know is that you deny that expectant mother the nutrition and the care. You deny those children the early kinds of intervention. You set those children, really, apart from the nurturing experience of their parents or loved ones. We know that the opportunities for those individuals to move ahead in the society in a constructive and positive way are significantly diminished.

I saw this morning a recognition by one of the Nation's publications where they were talking about the 100 companies that were family friendly. They were talking about again, the importance of one of the criteria being child care, and talking about the enormous changes that have taken place over the period of recent years, the economic realities where we went through in the 1980's and effectively required that they were going to have the mother enter the job market as well as the father, to make up for the needed resources to maintain a standard of living because of the freeze on wages and the freeze on employment opportunities.

We will have an opportunity to debate that at another time in terms of the increases in the minimum wage and what has happened in terms of the incomes of working families in this country and the earned-income tax credit.

All of this has demonstrated that with the restrictions on working families, with the limitations on income, the wives, the women in the families entered the job market in the period of the 1980's in order to try and maintain the joint income. We find now that opportunity does not exist in the 1990's with all kinds of attendant results which are putting additional kinds of pressures on the families.

One of the dramatic results from the mother entering the job market is that there has been an increasing number of children being left alone at home, the home alone concept, which I have referred to in the past, is something which is a reality in this country and in our society and in the workplace.

We have reviewed for the Senate earlier in this debate the number of children, the thousands, millions of children, who are left unattended during the course of the day, even at the time of the afternoon when they come back from school.

We have to ask ourselves, what are the results of these factors, and why we are all as a society surprised when we see this extraordinary behavior by children in our society, the youngest people, to think that this comes right out of the blue, it comes completely off the wall.

We have to ask ourselves what have been the circumstances and conditions that so many of these children grow up in, where basically they are left behind. The children are not the ones that have been left out. It has been too often, under too many circumstances, the parents that have left them behind. The children want to be included. It has been the actions of the parents that have left them behind.

That, Mr. President, is important to recognize as we begin the debate and have had the debate on the questions of welfare reform. We are trying to take people that are able bodied, that can work, and give them the opportunity to work and make sure they will be productive members of our society.

We have learned a very fundamental fact, Mr. President. It has been understood in city after city and community after community in State after State. That is, if you are expecting those individuals to take the jobs that they are going to need to have some kind of a training or some kind of skill, they are going to have to have day care. They will have to at least have the assurance that their children will have some degree of health care that is being provided for them in that employment. Those are things that are provided in the existing kind of program that we are altering and changing. Those were evidenced in the 1988 act. But what we are seeing now, rather than understanding that experience and rather than building on that experience, we are moving in an alternative and very different direction.

We have to ask ourselves whether this is serious, meaningful reform. Are we really going to be presenting to the American people a program that is going to move people off welfare if we are not going to provide child care for their children? Not only are we not going to provide the care, but are we also going to eliminate the existing care that is actually provided under the three different programs under the Finance Committee that provides $1 billion a year for some 700,000—some 643,000 children at the present time, that is being provided at the present time under the 1988 act? And also provided is 10 percent for 150,000 children at the present time.

Now, what has happened and where we are in this debate in the Senate as

we go through this, as the Dole amendment has effectively eliminated the $1.1 billion—that is out, that is gone—what we are saying to the 643,000 children is, "That program will not be there. That program will not be there for those working mothers who today are able to benefit from that program." We are saying to them, "Tough luck for you. Tough luck for you. Because the program that is out there today that is providing child care for your child is gone under this program, effectively gone."

The $1 billion that was developed over here with the discretionary programs, with strong bipartisan support—Senator DODD, Senator HATCH, Senator KASSEBAUM, other members of our committee that had developed it some years ago—that provides $1 billion for 750,000 children, effectively one-third is being taken off that to be used for other purposes. That is a very, very dramatic emasculation of the existing child care programs.

Mr. President, if you look at what had been projected for child care over the period of time, over these future years, and look if we are going to conform with the recommendations that are included in the Dole proposal, we are basically saying half the people are going to have to work and of those able-bodied people who are going to have to work, half of those people are going to find child care on their own. How they are going to do it, we have not heard much of an explanation for it.

I wish they could come and talk to the parents in my own State of Massachusetts, who are on lists and have been on lists, and in scores of other States, where you have, 10,000, 20,000, 30,000 parents who are trying to get child care today. They say, "Somehow that will be done."

It is not being done in the cities. It is not being done in the States. But somehow Washington knows best. Remember that slogan? Washington knows best. Under the Dole proposal, Washington knows best. Half of the able-bodied people are going to be able to get it on their own. That is what Washington knows, in spite of the fact that you have scores of States that have tens of thousands not providing it at the local level, the local community. We ought to be able to learn something from what is happening at the local community.

We are constantly being told we ought to learn something from what is happening back home. I can tell you what is happening back home. Working mothers, particularly single heads of household—but not just single heads of households, working families that are making just above the minimum wage, making that $15,000, $20,000, $22,000, $24,000, $28,000 a year, are finding it extremely difficult to be able to get any kind of child care. Many of those families, depending on the size of the family, are living in poverty.

So, what are we finding out about what will be necessary? We are finding out what will be necessary from this chart here, over this period of time, under the projections of the Republican welfare program, under the total amounts of $16.8 billion that will be in this program, flat-funded over the period of time. Then we take the projections of what will be necessary, needed to provide child care for welfare recipients mandated under the Home Alone bill. HHS has estimated it will cost $11.2 billion of the 16.8. That leaves the other moneys available for all the other kinds of functions.

We may hear, during the course of the debate, "Well, Senator, you just don't get it. You just don't get it. What we are doing over here is, sure, we are canceling out the $1 billion that we have under the welfare program and we are giving maximum flexibility to a third of that other billion dollars under the discretionary to let the Governors—and we all know the Governors will do it. Therefore, your argument really does not hold a lot of water."

The answer to that is, 80 percent of the funding now that is provided here goes in the benefits of individuals. Let us have the testimony from those Governors who are going to do it, who say we are going to reduce the benefits, 80 percent of the benefits, not the child care, the benefits to individuals. When you look at what is happening in the States, you see that they are not doing it today. Why will we believe they will do it tomorrow when they are not doing it today? When you have all of these States that have these extraordinary lists for child care that are out there, they are not doing it today. They say, "You give us all of this money, this $16.8 billion, and you just relax back there, because we are going to do it."

When I hear from these Governors how we are going to take that $16 billion and we are going to spell that out, how we are going to really meet the child care needs, and what benefits they are going to cut for the people in their States—we have not heard it from one Governor, Democrat or Republican. Not one. But we are asked to take that on good faith. We are told that is what is going to happen. "You just don't understand, Senator. You give the Governors this $16 billion. They will know how to deal with this correctly. They know how to balance. They know how to choose." Yet, when they are using 80 percent of the current funds for benefits and they refuse to tell us about how they are going to use these kind of funds to take care of those children, I think it is important for someone to speak for children, for someone to say they are not going to be the ones who will be left out and left behind.

Mr. President, 10 million or 11 million of the 14 or 15 million Americans on welfare are children. And the principal debate is how we are going to get busy, in terms of how we are going to get their parents busy. All of us want to make sure that able-bodied people who can work ought to work and go to work. That is included in the program.

But what we are going to do is at what price to the children? Someone has to speak for the children, and this amendment does it. That is what this amendment is about.

When this issue was brought up earlier in terms of the majority leader, and I inquired of him last week about the issue of child care, he indicated that there was support on both sides of the aisle to try to address this issue. Later in the week the new legislation was introduced, the modified—this legislation "as further modified" was introduced. This is 791 pages. This is always interesting to me, having gone through the health care debate. Remember the times that we had all of our Republican colleagues who said, "Look at this bill. Look at this bill. How could we ever wind our way through this bill? Look, it is 1,300 pages."

You had 1,400 last week, one with the Dole and one with the modified. No one is squawking about that. No one is complaining about that.

Mr. President, 777 pages—we got the modified and we took a look at what was in the modification and all that was in the modification, what I call the Home Alone bill, all that was in the modification was to permit States, regarding mothers who had children up to 1—permit States, not mandate, not say to the States, "You cannot have the punitive aspects"—permit the States not to enforce the punitive aspects of this legislation and effectively cut off all the benefits if the child is under 1.

Then this issue was brought up again. It was said, look, we are still not adding child care. Effectively, what you are doing is taking about 10 percent of those we want to be able to work and effectively excluding them, if all the States are going to do it, and I expect we think they would, if we believed that mothers, primarily, with children under 1, should not be penalized for deciding to stay home and care for their child rather than to go to work.

So later in the week we have the other amendment, which is the third change that says we will permit them to exclude mothers who have children up to 5 years. That is 65 percent of the mothers on welfare. Do we understand? We are talking now about trying to reform the welfare program and we are saying effectively 65 percent of the people who are on welfare will not have to have the punitive provisions because they will not have to work because of the Snowe amendment. I mean, sometime people have to start to say what are we really debating here? What is this reform we are debating? All the measures that are being put in, I guess, are just being decided in some forum. We heard so much about the health care being decided behind closed doors. We have now three different positions

by the leadership on this issue that have moved from taking, I think emasculating, the child care programs to one position to saying we will permit the States to exclude at least 10 percent. Those are the mothers with small children up to 1. And then later in the week for children up to 5, which is 65 percent of this—all being done under a request to be able to modify the amendment as amended.

Now we have to ask ourselves where are we? I want to say to our Republican friends, I applaud their initiative and I applaud their actions because, if this measure is going to go into force, that is going to at least provide some protection for those children. But the fact of the matter remains that it does not add a single dime to saying to those mothers that may have the opportunity to work and they can work, we are saying to those mothers we are providing child care for you so that you can get your training, you can get your education, you can make the job search, you can go out and begin the process of working yourself up through the economic ladder. We are challenging you to go out and work.

How are you going to be able to do that? There is only one way to do it, and that is to provide child care. The real welfare bill will provide work and child care. That is why this amendment is so important. It is effectively providing the child care funding that is necessary and has been projected as necessary for those working mothers. It will provide restoring the existing program, or funding, that exists under the Finance Committee, and provide the additional $6 billion to $5 billion, which is the existing child care funding lumped into the general block grant, and $6 billion in new money needed to make work requirements real.

That will be taken, hopefully, from what we call the corporate welfare. We have reduced it in this amendment by the savings, by the $50-odd billion in savings. So that is specific. But our desire, Senator DODD and myself, is that we take it from the corporate welfare.

You can say, what are these types of corporate welfare? We will have a chance to go into those in some detail. I can still remember where we were in the debate on corporate welfare when we had the billionaire's tax, which is $1.6 billion. Remember that here in the Senate of the United States? We came back with a small conference report a number of months ago. We went on for days before we could at least get a vote about whether we ought to close the billionaire tax loophole, which says effectively that you can make it big in the United States and then, if you become a Benedict Arnold and reject your citizenship and become an expatriate, you do not have to pay your taxes. That is the billionaire's tax loophole.

Some of us believe that they ought to pay their fair share, that anybody who has been here, has been a citizen and has been able to participate in the protections of freedom, independence, and liberty have some obligation, as greedy as they might be, and as desirous as they want to be of taking the money and running, we say we ought to close that loophole. That is $1.6 billion. That issue about trying to close that loophole passed overwhelmingly. I think it was 96 to 4 in the Senate.

Do you think we have that particular proposal included, that $1.6 billion, as a way of trying offset the child care? Do you not think the American people say, OK, that is $1.6 billion. There is $1.6 billion of that money for child care. Let us see if we cannot find the rest of it. Of course, we can. There is a whole series of different proposals that have been referred to as the corporate welfare proposal—we hear a lot about welfare—which I think ought to be considered.

All this amendment says is that we will reduce the savings by $6 billion, but it follows on with this amendment to say, let us find the $6 billion out of the billions of dollars—$424 billion under the budget resolution—of tax expenditures. We ought to be able to squeeze those expenditures just like we are squeezing the earned-income tax credit that benefits working families that are making $26,000; just like we are squeezing the students in this country, sons and daughters of working families that are talented, creative, and have the intellectual ability in order to go ahead. And we are squeezing them by the in-school interest payments, which will mean, for every student that borrows, $3,000 to $4,000 additional a year. We are squeezing those students out of $32 billion in education funds. We are squeezing those students anywhere from $8 billion to $9 billion in different ways in education generally, under the instruction of the Human Resources Committee, out of all the money that we are spending in education. We are squeezing them out of $8 billion to $10 billion.

Out of $400 billion, we ought to be able to get $6 billion for child care. $1.6 billion right off the top. We voted 96 to 4 for it. Why do we not say, all right, there is $6 billion, let us take that right away and let us look at the other $400 billion and see if we cannot get $4 billion out of there to make it up and make sure that in a welfare reform program that requires work that we are going to provide the child care? Why do we abandon them? Why do we abandon the children? Why do we abandon working families? Why do we abandon workers who want to get off welfare and go ahead? Why do we say that corporate welfare is more important than the well-being of the children of this country, the 11 million of them that are the sons and daughters of welfare recipients?

Mr. President, I see my friend and colleague who is a principal sponsor on the floor now. I will not take additional time. But I will point out that on this chart where we are talking about a total of $11 billion, and we know that of this $11 billion $5 billion can be paid for by discontinuing the existing—and these are the changes that have been made over in the House—additional one-third of the $60 billion. They want $30 billion more in the capital gains tax. That is on the table over there.

Some of these items are examples of corporate welfare: 5-year cost, $300 million; $18 billion shifting U.S. sales overseas—$18 billion. These are financial incentives to more jobs overseas and to make sure that the companies do not pay any taxes if they do so. That is a wonderful tax incentive. It seems that we ought to cut back a little bit on those measures.

I am mindful that we will not be able to get uniformity among all the Members on these different items. That is not the purpose of raising this chart here. But all we are saying, Mr. President, is that under the Dodd-Kennedy amendment, we will provide the necessary child care program, No. 1; that we have the $5 billion under the existing programs that are authorized and appropriated under the existing financing. So we have to make up the $6 billion. And under the Dodd bill, that $6 billion is made up on reducing the savings, and it is our position that we can find the $6 billion scattered across this range of corporate welfare starting with the billionaires' tax cut.

We are wide open to consider any suggestions from any of our colleagues as to how you package together that additional $6 billion. I would suggest that the first part include the billionaires' tax cut, but we are wide open to how that can be done.

Ultimately, if you say we cannot even do that, at least let us say that this measure deserves to be passed because with it being passed, we will provide child care for the children of this country. We will say to them, as all of us are wont of saying, that they are our future and they are our priority. They deserve the first priority. And rather than just saying it or speaking about this rhetorically, we will be doing something for the children of our future. That is what this amendment is about, and I believe it is the most important amendment we will have in this debate.

I ask unanimous consent that the examples of corporate welfare be printed in the RECORD.

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

Examples of corporate welfare—five year costs

Shifting U.S. Income Overseas (Transfer Pricing), $300 million; Shifting U.S. Sales Overseas (Title Passage), $18.3 billion; Creation of Phantom Sales Corporations, $7.5 billion; Billionaires' Loophole, $1.6 billion; Peanut Program Phase-Out, $264 million; Mining Subsidies for Major Corporations, $280 million; Capital Gains Tax Break, $57.4 billion; Repeal of Alternative Minimum Tax, $16.9 billion; Accelerated Depreciation of Buildings and Equipment, $115.1 billion; Market Promotion Program, $425 million.

Corporate welfare—five year costs

SHIFTING U.S. INCOME OVERSEAS—COST: $300 MILLION

Tax loophole allows multi-national corporations to avoid U.S. taxes by shifting income to foreign subsidiaries and shifting costs to U.S. facilities.

SHIFTING U.S. SALES OVERSEAS—COST: $18.3 BILLION

Tax loophole allows multi-national corporations to avoid U.S. taxes by passing title for exported goods on the high seas. Loophole was closed by both the House and the Senate during deliberations on the Tax Reform Act of 1986—but was dropped in conference.

As a result of this and other tax breaks for multi-nationals, 62% of U.S. multi-national firms pay no U.S. income taxes.

CREATION OF PHANTOM SALES CORPORATIONS—COST: $7.5 BILLION

Tax loophole allows exporting companies to set up phantom subsidiaries that exist only on paper and exempt up to 30% of their export income from U.S. taxation.

BILLIONAIRES' TAX LOOPHOLE—COST: $1.6 BILLION

Tax loophole allows billionaires to renounce their American citizenship to avoid millions of dollars in taxes on income and capital gains. Loophole applies to those with a minimum $600,000 in unrealized gains, which generally would necessitate a minimum $5 million net worth.

Finance Committee and full Senate closed loophole with 1995 legislative action, but it was re-opened in Conference.

Senate voted 96-4 on April 6, 1995 to close the loophole. It is still open.

Loophole allows an individual to enjoy all the benefits of the U.S., grow rich because of them, and then renounce citizenship to avoid taxes on the wealth generated in this country.

PEANUT PROGRAM PHASE OUT—COST: $264 MILLION

Program introduced during the Depression to assist struggling farmers by distributing poundage quotas to individuals to grow and sell peanuts. Less than a third of quota holders are farmers. Quotas are passed from generation to generation.

World market price for peanuts is $350 a ton, and American price is $678 a ton. Companies who use peanuts have moved plants to countries where peanuts are less expensive, costing U.S. jobs. Since 1990, peanut butter plants have closed in Virginia, Georgia, Alabama, Michigan, and New York.

MINING SUBSIDIES—COST: $280 MILLION

Originally signed by President Grant to encourage settlement of the West, the current mining law has allowed the extraction of over $200 billion in mineral reserves with minimal federal compensation. A company can "patent"—or buy—20-acre tracts of land at a price between $2.50 to $5.00 per acre. The land then becomes available for mining or any other use, with no royalties for the government.

Last week, Secretary of the Interior Bruce Babbitt was forced to sell 110 acres of federal land in Idaho for $275. The land was sold to a Danish company for $2.50 an acre, and reportedly contains $1 billion of minerals.

Last year, prior to a moratorium put in place, a Canadian firm paid $10,000 for federal land in Nevada. The land has mineral value of $10 billion.

If the law stands, approximately 140,000 acres of public lands containing more than $15 billion of publicly owned minerals will be given away. One of the largest involves the Jeritt Canyon Mine in Nevada. A South Africa company and FMC, a U.S. corporation, propose to pay $5,080 for land with an estimated mineral value of $1.1 billion.

CAPITAL GAINS TAX BREAK—COST: $57.4 BILLION

Capital gains tax break benefits the wealthiest 1% of the population. Legislation passed by the House as part of the Contract with America would expand this benefit by $31.9 billion.

REPEAL OF ALTERNATIVE MINIMUM TAX—COST: $16.9 BILLION

Alternative minimum tax was instituted in 1986 Tax Reform Act. Major corporations, despite massive profits in an expanding economy, were paying zero taxes because of their artful combination of tax loopholes. Examples include:

DuPont—Despite $3.8 billion pre-tax profit, no taxes were paid; Boeing—Despite U.S. profit of $2.3 billion, no taxes were paid; and General Dynamics—Despite $2 billion pre-tax profit, no taxes were paid.

ACCELERATED DEPRECIATION OF BUILDINGS AND EQUIPMENT—COST: $115.1 BILLION

Largest of all corporate tax loopholes are write-offs for accelerated depreciation of buildings and equipment.

Expanded as part of the 1981 Reagan tax plan, the tax break was curtailed in the 1986 Tax Reform Act and the 1993 reconciliation bill. Legislation passed by the House as part of the Contract with America would expand this benefit by $16.7 billion.

MARKET PROMOTION PROGRAM—COST: $425 MILLION

Market Promotion Program funds consumer-related promotions of products through advertising campaigns, trade shows, and commodity analyses on foreign markets.

In 1995, the Senate deleted funding, but the Conference Committee restored $85 million. The House has just increased 1996 funding for the Program by 25%.

Funds are used to subsidize large companies like Miller Beer, McDonald's, General Mills, and M&M/Mars. American taxpayers spent $29 million advertising Pillsbury Muffins abroad and $10 million on Sunkist oranges. One report has cited $100 million in expenditures for foreign-owned corporations.

House Majority Leader Armey: "I wonder about our commitment to deficit reduction if we cannot take Betty Crocker, Ronald McDonald, and the Pillsbury Doughboy off the dole."

Program should target its resources to smaller companies attempting to expand their markets, not large multinational corporations that hardly need public assistance.

Mr. KENNEDY. I yield the floor.

Mr. GRASSLEY. Mr. President, I yield myself such time as I might consume.

Before I speak about the amendment that the Senator from Massachusetts just discussed, I wish to settle an issue that I discussed with my friend from North Dakota on his amendment concerning just exactly what CBO says the cost of that amendment is.

I hope that there will not be any dispute on this point. The Conrad amendment costs money. He says it saves $63 billion. There is nothing in this amendment that he has before us that saves $63 billion. In fact, what he basically has done is add provisions to the Dole bill that cost $7 billion.

I have the CBO estimate in my hand, and it says right here, $6.992 billion is the cost over a 7-year period of time. So I hope that will put that to rest now as to the aspects of that amendment.

In regard to the amendment that is before us, the Dodd amendment, I wish to remind my colleagues that the Dole modification to the original bill S. 1120 regarding child care—offered on September 8, last week—prohibits States from sanctioning a single custodial parent if appropriate child care for a child age 5 and under is not available within a reasonable distance of the home or work site, or informal child care by a relative is unavailable or unsuitable, or appropriate and affordable formal child care arrangements are not available.

So there will not be any sanctioning of any parent with a child under age 5 if these sort of suitable arrangements are not readily available.

Let me point out that S. 1120, as introduced, provided and continues to provide two streams of funding for child care. I think we are getting the opinion from the other side that there is no concern whatsoever about provisions for child care. That simply is not so. And the original had provisions for child care. But to address some Members' concerns, that maybe it did not go far enough, those provisions I just stated were added.

In the original S. 1120, the current AFDC-related child care provisions, like IV-A child care, transitional child care, and at-risk child care, are included as part of the cash assistance block grant to the States. Funding for that is $16.8 billion for each year, fiscal year 1996 through fiscal year 2000.

The current child care and development block grant, the State dependent care planning and development grants, and child development associate credential scholarships are folded into a separate child care development block grant. Funding for these is authorized for fiscal year 1996 at $1 billion and such sums as necessary through the year 2000.

The Dodd amendment earmarks $1 billion of the cash assistance block grant for child care and provides an additional $5 billion to States for child care. Furthermore, it mandates that the child care provisions apply to children 12 and under, including prohibiting States from applying sanctions to those who do not fulfill their work requirements.

Now, it seems as if liberals refuse to recognize that the main cash assistance block grant and the child care and development block grant will not constitute the only funding source available to AFDC children. Other funding sources for child care include Head Start, title 20 and chapter 1.

While liberals attack the Work Opportunity Act of 1995 as somehow being a Home Alone bill, like we have no care whatsoever for children, they continue to ignore the fact that most of the JOBS participants did not report receiving child care funded by AFDC day care. In fact, according to the CRS, only 38 percent of all AFDC JOBS children age 5 and under reported receiving IV-A paid child care in fiscal year 1993.

The other side complains that the measures to sanction mothers who

refuse to work are punitive because they may not be able to work due to a lack of available child care. However, this concern has been answered by the additional provisions offered on September 8 because the States will not sanction mothers that they determine cannot obtain appropriate child care. I hope we have addressed their concern satisfactorily.

Liberals claim that the Congressional Budget Office figures prove that S. 1120 will impose an unfunded mandate on the States concerning child care costs. The CBO estimates show additional costs of $280 million in fiscal year 1998, $830 million in fiscal year 1999, and $2.2 billion in fiscal year 2000.

However, the Congressional Budget Office estimates are based on the 1994 caseload level for all 5 years. The fiscal year 1994 caseload was at a historically high level due to the massive expansion of the rolls following the Family Support Act of 1988.

The Republican bill provides the mechanisms to give the States the flexibility that is needed in order to lower costs and improve the quality of child care. Our bill enables States to transfer up to 30 percent of the available funds between the child care block grant and the main cash assistance block grant. This transfer of funds will permit States to make the proper provisions for both low-income and welfare children so that funding is available as parents shift from welfare to work. The ability to transfer funds between block grants then gives States the maximum flexibility to target resources where they are needed.

We in Washington, DC, and the Congress of the United States, cannot expect to pour one mold here in Washington, DC, where we are going to solve all the child care problems or all the welfare problems as they exist in New York City or my State of Iowa in exactly the same way. We cannot expect a good use of the taxpayers' money to accomplish the most.

We have to wake up to the fact in this body and in this town that our population is so heterogeneous, our Nation so geographically vast, that it is impossible to make these very critical decisions in Washington, DC, that are going to solve the welfare problems the way they ought to be solved with the best use of the taxpayers' money moving people from welfare to work in the process.

Our bill gives States the flexibility to accomplish that. The reason that we give States the flexibility to do that is because so many of our States have shown the ability in their welfare reform legislation to move people from welfare to work and save the taxpayers money.

This legislation builds upon the success of several States, albeit under waiver from the Department of HHS, to experiment, to use new dynamic approaches to welfare reform. But they are doing it. And we observe that. We observe that States are going to do it better than we can. In fact, considering the fact that 3.1 million more people are on welfare now than in 1988, the last time Congress acted, it ought to prove to us dramatically that our efforts toward welfare reform have failed.

Now, in addition to what I said about the 30 percent that can be transferred between the block grants by the States—and that is a legitimate discretion to the States—our bill says that the States can determine the proportion of funds to be allocated for child care and the method of delivery. It could be cash, it could be vouchers, it could be reserved spaces in designated facilities. It gives to the States the method of delivery in the main cash assistance block grant, and the provision to improve the quality of care for children, enabling relatives and religious providers to care for children without onerous regulatory burdens. At the same time, we hope to be able to do it by lowering the cost of child care.

Our bill strengthens current law regarding parental choice by eliminating the registration requirements for relatives who serve as child care providers as a condition of receiving a subsidy from the block grant, and includes provisions requiring that referrals honor parental choice of child care providers. Our bill permits the States to provide vouchers to recipients so they can contract for child care by charitable, religious, and private organizations through a voucher system.

Our bill allows us to move beyond the point that Government is the answer to every problem and that only Government can solve our social problems. We have a number of examples that serve as a structure for charitable, religious and other private organizations, with a little help through a voucher system, that are able to help solve these problems in a much better way than the Government. We should not assume here in Washington that Government generally is the answer to every one of our problems. And when we assume that Government is an answer—obviously, through this legislation, we are not assuming that the Federal Government is the only answer to every problem, but that there is a role for State and local governments.

But an obvious step beyond that is not to assume that Government, and a Government program, is the answer, but that there are other organizations out there in our society—charitable, religious and private organizations—that can help, and maybe even do a better job of it than we in Government can do. So our bill does that.

Our bill also allows States to count welfare mothers as fulfilling work requirements by providing child care services for other welfare mothers. To the other side I say, it is legitimate maybe to think in terms of problems that might be created, that children need to be taken care of when mothers are working. But the answer to that problem might be in the very neighborhood of the welfare mother who wants to go to work by giving income to another welfare mother who wants to provide child care in the home. This will help them move from welfare to work, maybe to establish a very successful occupation and business they would not otherwise be able to start.

So neighbor helping neighbor is one answer to this problem, as well. You do not have to look just to some sophisticated organizations to provide child care. Give options to the families. Give neighbors an opportunity to help, particularly if that neighbor is somebody on welfare that wants to move to other sources of income. This gives that opportunity.

Now, under our bill, States can meet work participation rates without incurring major additional child care costs by moving recipients with older children off the rolls and into work.

According to the General Accounting Office, JOBS participants tend to be older and have older children than nonparticipants. The most recent data available from the Department of Health and Human Services indicates that for 39 percent of the AFDC families, the youngest child was 6 years old and over.

The Dodd amendment constrains State flexibility by eliminating $1 billion from the cash assistance block grant and making a decision here in Washington, DC. It earmarks it through congressional enactment for child care rather than leaving the decision to the States.

In addition, it appropriates $5 billion—that is in addition to the $1 billion I just spoke about—in Federal funds for child care grants over the next 5 years, even though the need for these funds has not been demonstrated.

Under the Republican bill, the child care block grant calls for such sums as are necessary in fiscal years 1997 through the year 2000. So if there is a need for increased funding, then funds can be appropriated through this provision rather than locking Congress into a decision to spend $5 billion right now.

The Dodd amendment effectively provides sufficient funding for every parent to have child care for children 12 and under and enforces the entitlement by eliminating the State's ability to sanction parents who choose not to work.

We assume that the States have the ability to make that decision, for children over 5 that they ought to have that right to make that decision. Our bill does that.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. DODD addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Mr. President, do I control the time?

The PRESIDING OFFICER. Yes, you do.

Mr. DODD. Mr. President, I yield myself such time as I may consume. How

much time remains? There is a voting time. Parliamentary inquiry, we do not have an allocation of time?

The PRESIDING OFFICER. There is a vote set at 5 o'clock, with the time divided equally. You have about 82 minutes.

Mr. DODD. I yield myself 10 minutes. If the Chair will notify me in 10 minutes. If I need more time, I will yield some. I will try to stick to this time constraint.

Let me quickly respond to my colleague from Iowa before he leaves the floor, if I may, on a point he has made on the earmark.

Senator HATCH of Utah has an amendment pending which deals with the earmark which I think is pretty much unanimously supported. That is, to earmark out of the $48 billion, $5 billion for child care. I strongly support it. I think most people do.

What we are talking about in the Dodd amendment is not only the Hatch amendment, the $5 billion, but an additional amendment that we would be putting into the Child Care Program. The reason we do that, I say to my colleague from Iowa, is, in effect, to try and really assist the Dole proposal so that it can be done, if we try to achieve the desired goal here, and that is to get as many people to work as possible.

Under the Dole welfare reform proposal, 25 percent of all people on welfare are required, under the law, to be at work within 2 years, and then 50 percent of all people on AFDC to be at work by the year 2000.

Mr. President, I have to be careful about numbers, but this is a report that was put together on the Republican leadership plan. I will tell you who put this together in a minute. It is an analysis of the projected numbers of people that would be required to be at work under the majority leader's bill.

There are several columns. It goes State by State. The first column is the "Projected number required in the year 2000 to participate in work under the Senate Republican leadership plan." Go over two columns and it is, "Projected number required to actually participate," with a number in between, "Projected number of leavers, combiners, and sanctioners that count toward participation."

I do not know what that means, except that it reduces the number. It must mean that people who otherwise would be exempt under the proposal, for one reason or another, because it reduces the first number by almost 50 percent.

If you take the first number, the projected number by the year 2000, it is in excess of 2 million people who would have to be at work by the year 2000..

In Tennessee, the number of people is 46,000. My State of Connecticut is 26,000. Iowa is 17,000. If you take the Tennessee number and the Connecticut number, as it is reduced down, the Tennessee number actually gets you down to 23,400. The Connecticut number reduces from 26,000 down to about 13,500. It is exactly in half. I do not know quite how that happened. Let us just accept that number, somewhere between 2 and 1 million. Fifty eight thousand will have to meet that criteria.

Maybe someone can explain that middle column to me at some point, what a leaver and combiner is that reduces that number.

The point is this. It is estimated that the number of child care slots that will be necessary to move these people from welfare to work is roughly increasing the number by 165 percent. If we do not do that, the States are going to be faced with penalties, a 5-percent penalty, 5 percent on the block grant the State would get.

As you calculate that, the 5-percent penalty is probably less than saddling the State with the cost. I will give you the numbers of what is estimated State by State. I will ask unanimous consent to print this in the RECORD.

The estimated cost State by State related to child care alone, beyond what we presently have in the bill, would require an expenditure in Connecticut of $48 million. In Iowa, it is $32 million; California, $652 million; in Tennessee, it is $84 million, and each State goes down.

I see my colleague from Utah. Utah is $14 million. This is what the States would have to come up with, we are told, in order to meet the child care requirements. Sixty-four percent of these people have children under the age of 5. You are either looking at reducing spending in other areas or coming up with a tax increase to meet that number. We are doing what Hatch proposed, and we are allocating of the $48 billion, $5 billion to child care.

We are going a step further by saying the demand is such you have to have a resource allocation to avoid putting States in the position of having to pay the penalty because you are not able to get there unless they come up with this kind of revenue increase, which I think is going to be difficult in many cases. Or they probably would opt for the penalty, given the lower cost of paying the penalty.

In the debate on welfare reform, we should not be in the business of trying to promote penalty payments or necessarily asking States to meet this criteria to come up with a tax increase on their own. What we are talking about is an allocating of existing resources under the block grant and additional resources to meet the demands.

The number is somewhat in debate, depending upon, like most things in this town, when you start talking beyond the $5 billion. Everyone admits beyond the $5 billion, you need more resources. We are told roughly it is close to $6 billion over 5 years. Others will say it is $3 or $4 billion, and we are roughly in that range. Depending upon what happens with the numbers I outlined to begin with on how many people are actually moved to welfare, if it is the 2 million or the 1 million, that number, that $6 or $3 billion would probably change somewhat. But clearly, we need some if we are going to make this work.

Again, I do not know anyone who disagrees with the notion that when you have young children—by the way, I applaud the majority leader's decision to take the exemption from 1 to 5 years. That is going to help, I believe. What it does too often is it gives people an excuse not to get from welfare to work. I appreciate trying to help out those families, but I believe our underlying goal ought to be, how do we move people from public assistance to work. Not giving them a reason not to, but rather, how do you achieve it, not just in economic terms, in dollars and cents. There is a societal benefit, in my view, that exceeds whatever dollars we invest or save here, that far exceeds the numbers that we benefit or costs us to do this.

The value of work, a family at work is so much more important in many ways than the budgetary implications. There is nothing that is more salutary for a family, a neighborhood, a community than work.

And so while I applaud the decision to exempt these families, and understand it, we ought to be doing everything we can not to create exemptions but to create opportunities for work. So while I fully understand and accept the concern about an additional $3 to $6 billion over 5 years, Mr. President—not 1 year; over 5 years—I happen to believe that is a good investment, if we stick to our common goal, and that is to do everything possible to make it possible for people on public assistance to get to work.

There are other elements as well, the job training and so forth, the health care elements, but one of them clearly is the child care question.

Again, you do not have to be on welfare to understand the child care question. As I said the other day, any family in this country with young children, regardless of their income, knows of the anxiety of child care, particularly if it is a single-parent family raising children or two-income earners out there. They worry about it every day, every week, every month, wondering about whether the child care will be there next week, is it good child care, is it safe—all of these questions that people worry about.

No one is necessarily going to have to get into the shoes of a welfare recipient to appreciate the feelings of a mother or parent that is going off to work and wants to know where those children are. I might add, Mr. President, that in fact not only is this going to help people get to work, but, based on what Senator HATCH and I did a few years ago on child care—by the way, we had the same qualities, standards, and so forth, incorporated as part of our block grant as are included here. We happen to believe that the child care settings are a lot better than some of the settings we would be talking

about where some of these children would be.

There is another educational element here. Not every single case, but most of the child care programs, church-based and community-based programs, are pretty good programs. They have sliding scales and so forth to make it possible. All we are saying here is that to really make our welfare reform program work, to really make the Dole bill work, you have to have some feature to this that makes it possible for people to be able to leave their homes in the morning, knowing full well that their most important asset, the thing they care about the most, their children, are taken care of. They are not going to go out the door—and they will pay any price—particularly if they have infant children, and even 5, 5½ years of age, even though there are preschool programs, they will not leave those children unattended. They will go to jail or pay fines.

We ought to create an environment where it is inviting to go to work, not create obstacles. How do we take down the barriers? In any survey that I have read over the last 5, 6 years on welfare to work, if not the top reason, Mr. President, one of the top two or three reasons is the absence of child care. In fact, one of the problems is that in our urban areas, unlike suburban areas where you get more options of child care because there are a lot more people in the business of child care, in our urban settings, there is less of that. So the options available to people in our poorer areas—urban and particularly rural areas—is more difficult.

The problems in rural America and urban America are more difficult in trying to find child care settings for people. A lot of people are not in the business of child care, for obvious economic reasons. The pressures are great in the areas where we find the larger concentrations of people on public assistance, in our poor areas, and there is not the kind of availability.

What we are hoping to be able to do with this amendment—and I truly hope it is bipartisan—is bring everyone together on this one issue. Senator HATCH and I did that 5 years ago in our child care program. It really united a lot of people here around a common theme of trying to eliminate one of the major obstacles of going from welfare to work—to come up with a proposal that provides resources.

This is not an entitlement. It is not that somebody has a right to go into court and demand these resources. It is truly an assistance to the States that have good child care programs, that have flexibility, that we are asking to do a lot. This is a mandate, a Federal law that says, within 2 years, you have to have 25 percent and, by the year 2000, 50 percent have to be at work, or we penalize you 5 percent of your block grant.

Now, again, that is a mandate. All we are suggesting here is to make it possible for these States to achieve those goals and those numbers—whether it is the 2 million, Mr. President, or the 1 million. Again, I will try to sort out that number. It is somewhere in between here. Clearly, those are going to be difficult numbers to reach. In California, 358,000 people are going to have to find work slots. We know how difficult it is to find work for people. Here are 358,000 new jobs we are going to have to come up with in California. The number is 17,000 in Iowa, 102,000 in Michigan, 200,000 in New York, 104,000 in Ohio, and 46,000 new jobs in Tennessee in the next 2 years. We all know of the pressures of people being laid off, losing jobs, with downsizing and so forth. So as we try to create new jobs and requiring people to move into them, to make it possible and ease that burden of child care seems to me to be critically important.

One additional element. Again, I respect the 5-year-olds and less on the exemption. But if you have four children, and three of them are over 5 and one is under, you are exempted because you have one child under 5. So if you have three children—maybe 12, 13, and one is under 5—you fall into the exemption category.

We ought to be trying, as I say, not to create a situation where people say, "How do I avoid this and continue to collect public assistance?" But we ought to try to move people into that work category. Again, I respect the exemption and applaud it in some ways; I welcome it as an improvement here. What I really hope, Mr. President, is that we can come together here in the next few hours on this proposal. It is not draconian or radical. It is a simple enough idea. I think you build a much stronger base of support for the majority leader's bill with the result of the adoption of this. I think the President would welcome this, in terms of his signature. Also, I think it would really make it possible to reach the kind of numbers we are talking about here to be entering that work force, moving away from public assistance. And the tremendous value, beyond the dollars and cents we talk about, the value to those families and to those children, I think, does not show up on all these graphs and charts we talk about. It is hard to put a price tag on the value of somebody at home who has a job, and what it means to that family and neighborhoods and communities when people are working.

For those reasons, I urge adoption of the amendment. I thank our colleague from Vermont for cosponsoring the bill. We adopted unanimously in the Labor and Human Resources Committee a sense-of-the-Senate resolution which concludes by saying, "It is the sense of the Senate that the Federal Government has a responsibility to provide funding and leadership with respect to child care." That is in anticipation of this bill coming along. And as the distinguished occupant of the chair is a member of that committee, I appreciated his support of that resolution. I hope that he, along with others, will be supportive of the amendment pending.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. KENNEDY. Mr. President, how much time remains on each side?

The PRESIDING OFFICER. There are 67 minutes on that side and 97 minutes to the Senator from Utah.

Mr. KENNEDY. I yield 10 minutes to the Senator from Washington.

Mrs. MURRAY. Mr. President, I began listening to this debate several weeks ago with the hope that some positive changes could be made to the current welfare system. Since then, I have spent weeks in my State talking with friends and parents and members of communities about this issue.

I must admit, as we continue this debate, I have mixed feelings. I still believe the Senate can achieve real welfare reform that works for families. But I have been disheartened by the Senate's rejection of the work-first amendment, because I believe that amendment reflected a workable, nonpartisan, solution-oriented approach to fixing the welfare system.

Now we are considering an amendment that goes to the very heart of the welfare debate: childcare services. Make no mistake about it, Mr. President: childcare is the key to successful welfare reform.

Mr. President, I bring a unique perspective to this debate on the Senate floor. I am a mother with school-age children. I have been a preschool teacher, dealing with kids from all economic classes. I have run parent education classes, counseling young parents to help them develop their skills as mothers and fathers in the modern world.

I can tell you what it's like to take a phone call from a young single mom at the end of her rope. She is burning the candle at both ends, trying to work, worrying all day long about her kids. For this parent, her paramount concern is childcare; she cannot focus on doing a good job without knowing her kids have adequate nourishment, supervision, and care during the day.

Fully 34 percent of current welfare recipients have identified access to childcare as the single barrier between them and reentering the work force.

To succeed in reforming welfare, we have to understand the everyday challenges of everyday parents. We have to speak their language, and know their issues. Only by knowing and understanding these challenges can we design a welfare reform proposal that truly gives struggling families a boost to economic stability. That, Mr. President, means we need to address childcare in this bill.

For the past 5 months I've been participating in a unique program called Walk-a-Mile. Some of my colleagues, including Senator SIMON, have also taken part. Walk-a-Mile started in Washington State as a collaborative effort between the University of Washington and the Northwest Resource

Center for Children, Youth, and Families.

The program pairs a welfare recipient with an elected official, and the two speak frequently on the telephone about each others' experiences. I was lucky enough to be paired with June, a single mother of two from a Seattle suburb who survived an abusive relationship.

During her time on welfare, June attended school and earned a degree from evergreen State College. Her classroom time was frequently interrupted, however, because her 6-year-old son Jonathan suffers from attention-deficit disorder, a side effect of the abuse suffered in their previous home.

Since earning her degree, June was divided her time between looking for work and looking for childcare. She has been told by six different daycare providers that her son could not be cared for, because of his explosive and erratic behavior.

Her dilemma is a familiar one: in the absence of childcare, she cannot work; yet she is qualified, and eager, to work today.

How does. this story related to the Dole bill? the pending legislation glosses over the childcare question, and leaves demand for childcare services unmet.

In 1994, there were 3,000 children on waiting lists for childcare in my State. Nearly 23,000 other kids received childcare services that would be eliminated under the Dole bill. That adds up to 26,000 children for whom childcare is thrown into question under this bill.

The Dole bill would compel my State to spend $88 million in childcare in order to meet its work requirements. At the same time however, we stand to lose over $500 million in Federal funding over the same period.

The bill cuts current services; it severely limits Federal funding; and forces my State to spend more of its own scarce money. Worse, it stands to create an expanded, unaddressed demand for childcare. This is a major unfunded mandate, and a major problem for Washington State.

Mr. President, this is not reform; this is reshuffling the chairs on the *Titanic.*

If we want to move people into the work force, we should do it. I think this is a very worthy and important goal. But we should be realistic about what that will take.

As a preschool teacher, and parent education counselor, I can tell you—based on firsthand experience—given the choice between work and kids, a parent with limited options will stay on welfare if it's the best childcare option, just for the security of her family.

This is why the Dodd-Kennedy amendment is so important. It addresses the need for childcare services, pure and simple.

It provides resources in a fiscally prudent, credible way through direct grants to States with only one purpose: to fund childcare needs created by new work requirements. Funding levels would be set according to CBO estimates of the childcare demands created by the underlying Dole bill.

What is the purpose of the amendment? It is not to give bureaucrats more money; it is not to place more regulations on States; the sole purpose is to move parents into the work force.

I believe this is not only appropriate, but necessary.

Think back to my Walk-a-Mile partner, June. For people like her, the Dodd-Kennedy amendment gives them peace of mind to invest themselves in education or training programs that will equip them to move into the work force, without worrying about whether their kids will be looked after during the day.

Mr. President, I know what worries parents, and I know what scares the kids. I've seen it firsthand, and I've studied it closely over the past 3 years.

We have a unique opportunity to do something concrete for real people in this bill. We can build a foundation for families. We can provide opportunity for children and their parents.

Mr. President, 78,000 children in my State live in poverty. Their parents struggle every day to make ends meet. How do we know one of those kids will not be the next Einstein, or the next Cal Ripken, or the next Bill Gates?

If we do not do our part to create a foundation to care for children and provide options for parents, our Nation stands to lose in the long run.

These are the fears of moms and their children. This is why moms get trapped in dependency, and why their kids look for their solutions on the streets. And unless we do something to remove these fears, we will not accomplish reform.

The Dodd-Kennedy amendment provides that foundation. The Senate must adopt this language, or something very close to it, if our reform effort is to succeed.

Mr. President, I urge my colleagues to look carefully at this language. It is fiscally smart, and I believe it will help welfare parents turn the corner.

I urge my colleagues to consult with their States. Do the math. Ask yourselves what happens to children under the Dole bill, in the absence of better childcare provisions.

Ask yourself whether the work requirements are realistic in the absence of strong childcare provisions. If you don't know the answer, talk to someone like June, my Walk-a-Mile partner, someone with real experience who understands life on the lower half of the economic ladder in this country.

If you do this, I believe you will have no choice but to reach the same conclusions I have: Moving welfare recipients into the work force can work, but only if we do it right. We simply must address critical childcare needs in this bill.

I yield the floor.

Mr. KENNEDY. Mr. President, how much time is on each side of this?

The PRESIDING OFFICER. The Senator from Connecticut has 58 minutes; the Senator from Utah has 96 minutes.

Mr. KENNEDY. Mr. President, I see both the Senator from Connecticut and Washington are here. We hoped to have an opportunity to debate this important measure with the leadership because it is, I think as I mentioned before, the most important amendment, I think, coming on welfare.

We welcome the opportunity to make presentations. The proponent of the amendment, Senator DODD, myself, Senator MURRAY and others on Friday outlined the amendment, and again today. We want to try and have a chance to enter into a debate on it.

Mr. President, I yield myself 4 minutes.

Mr. President, I ask to have printed in the RECORD a very excellent address on related matters provided as a keynote address to the 25th anniversary of the Campaign for Human Development by Cardinal Bernardin from Chicago.

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

THE STORY OF THE CAMPAIGN FOR HUMAN DEVELOPMENT: THEOLOGICAL-HISTORICAL ROOTS

(Joseph Cardinal Bernardin)

I am delighted to serve as Honorary Chairman of this event and to welcome you to Chicago for the 25th anniversary celebration of the Campaign for Human Development. I thank Bishop Garland and Father Hacala for the kind invitation to speak at this gathering. This is the first address I have undertaken since my illness, so it is indeed good to be here with you!

It is fitting that we are gathered here because since the beginning, Chicago has been important to the Campaign and the Campaign has been important to Chicago. As you may know, Msgr. George Higgins of this Archdiocese wrote a Labor Day message in 1969 that pointed the way to the Campaign.

Auxiliary Bishop Michael Dempsey of Chicago was CHD's first spokesperson.

Msgr. Jack Egan organized the "Friends of CHD" in the mid-1970s and for decades has been an inspiration to the Campaign's work.

The great work of community organizing began in Chicago, and Chicago has many important networks and training centers.

CHD enjoys a rich tradition of support here, both in the form of active and enthusiastic participation by people in organizations and projects funded by CHD, and in the generous donations to the annual CHD collection. Again this past year, despite many other urgent and worthwhile requests for assistance, Catholics throughout the Archdiocese donated nearly three quarters of a million dollars.

An anniversary is a good time to reflect on the splendid accomplishments of the past and to look to the significant challenges of the future. This evening, I will highlight CHD's historical and theological roots and share some thoughts on its importance for the future.

In his labor Day message in 1969, Msgr. George Higgins urged the Catholic Church to make "a generous portion of its limited resources available for the development and self-determination of the poor and powerless." A the bishops' meeting that fall, the late Msgr. Geno Baroni continued to lay the groundwork for this initiative by urging the bishops to take up the plight of the poor in a new, significant way.

In response, the bishops resolved (a) to raise $50 million to assist self-help programs designed and operated by the poor and aimed at eliminating the causes of poverty; (b) to educate the more affluent about the root causes of poverty; and (c) to change attitudes about the plight of the poor. The bishops were inspired by Jesus' life and mission, by almost a century of Catholic social teaching, and by Pope Paul VI, who had called for determined efforts to "break the hellish circle of poverty" and to "eradicate the conditions which impose poverty and trap generation after generation in an agonizing cycle of dependency and despair."

As General Secretary of the National Conference of Catholic Bishops at the time, I was directly involved in this exciting endeavor. While enthusiasm among the bishops was high, details about how the crusade would be implemented had yet to be developed. As I have often noted, the bishops voted in this collection and left it to me and staff to work out the details! Despite the complexities involved in such an enormous undertaking, I was motivated by my strong belief that the idea behind what would become known as the Campaign for Human Development was "blessed from the beginning," and was eager to get it underway.

Even though we had to create a program, manage a national collection, and decide how to distribute millions of dollars in grants—all in only a few months—we were determined to make it a success. Thanks to a dedicated staff, and many others, some of whom are with us this evening, the Campaign did get off to a good start. Indeed, the first CHD collection was the most successful national Catholic collection ever taken up in the United States, raising $8 million. And we received a thousand requests for grants!

The Campaign for Human Development has a threefold mission of empowering the poor, educating people about poverty and justice issues, and building solidarity between the poor and non-poor, it is a remarkable expression of Catholic social teaching. CHD embraces the basic principles of that teaching: the God-given dignity, rights, and responsibilities of the human person: the call to community and participation in that community; the option for, and solidarity with, the poor.

Chd funds have helped organizations effectively address the larger issues of the community by promoting changes in detrimental laws and policies and by opening lines of communication with government, banking, business, and industry. According to a recent study sponsored by the Catholic University of America, CHD seed monies have generated billions of dollars' worth of resources for underprivileged communities. That same study indicates that CHD-funded projects currently benefit in some way fully half of the poor in the United States!

CHD-funded groups have helped to shape U.S. public policy and improved life for families and communities in many ways. They helped enact legislation to ban redlining, require mortgage information disclosure, and require reinvestment in communities. They helped enact federal standards that virtually eliminated "brown lung" disease in the textile industry. They helped pass the Family and Medical Leave Act and strengthen enforcement of child support.

However, more important than what CHD-funded groups have done is how they have done it. While some political leaders have lately begun to talk about "empowerment," CHD has made empowerment its very reason for existence. CHD has successfully promoted self-determination and participation for countless people.

One of my joys as Archbishop is meeting individuals who, thanks to CHD, now share more fully in decision-making processes that affect them. For example, just yesterday the following 1995 CHD grants for the Chicago area were announced at a press conference:

Chicago ACORN received $45,000 to fund the Chicago Parents Organizing Project's efforts to unite parents and young people to improve schools in low-income communities;

Chicago's Homeless on the Move for Equality received $30,000 to expand its operations to serve better the needs of the homeless in Chicago;

Illinois Fiesta Educativa of Chicago received $40,000 to fund educational programs and services to Latinos with disabilities; and

Chicago Metropolitan Sponsors, with which I have been personally involved, received $116,000 to address such social issues as crime, unemployment, and education in Chicago and surrounding suburbs.

Twenty-five years, nearly $250 million dollars, and 3,000 funded projects later, CHD remains a leader in community organizing and education about the impact of poverty, the social structures that perpetuate it, and ways to overcome it. CHD has consistently taught all of us about systemic injustice that limits people's ability to improve their lives. It has also changed attitudes among the poor by fostering self-esteem, self-confidence, and self-reliance, as well as encouraging a sense of hope about being able to address injustice effectively and create a better life for the poor. As CHD's "25th Anniversary Challenge" document notes, "CHD is an unusual combination of religious commitment, street-smart politics, commitment to structural change, and commitment to the development of the poor."

Pope John Paul II highlighted CHD's effectiveness when he was in Chicago in 1979, saying, "The projects assisted by the Campaign have helped to create a more human and just order, and they enable many people to achieve an increased measure of rightful self-reliance." In a recent letter to Cardinal Keeler, the President of our Episcopal Conference (for whose presence this evening I am very grateful), the Holy Father echoed similar sentiments of admiration and respect. And in their 1986 pastoral letter, "Economic Justice for All," the U.S. Catholic bishops underscored CHD's efforts, pointing out that: "Our experience with CHD confirms our judgment about the validity of self-help and empowerment of the poor. The Campaign * * * provides a model that we think sets a high standard for similar efforts."

Despite CHD's successes, tragically, poverty is more entrenched today than ever before in our nation's history. Indeed, reducing poverty today is even more daunting than a quarter-century ago because it is often exacerbated by other serious, societal problems that have increased significantly. Out-of-wedlock births, particularly among teens; inadequate housing, health care, education, and job opportunities; lack of community involvement; and most of all, the collapse of family structures—all are undermining our society and making it all the more difficult for people to escape from the grips of poverty. Moreover, senseless violence, rampant crime, drug abuse, and gang warfare dramatically and tragically diminish the quality of life in many communities.

As a result, our country is even more divided today between the "haves" and "have-nots." There is an increased concentration of wealth and political power alongside a growing feeling of powerlessness among many of our citizens. Rapidly developing technology, layoffs, diminishing health benefits and retirement security, and more part-time jobs offering little or no benefits have left the middle-class and working-poor very insecure and growing more resentful toward both government and the non-working poor who depend on society for aid and assistance.

Building solidarity between the "haves" and the "have-nots" is vital if we are to overcome poverty and the many other problems facing our society. So, even though the challenge of reducing poverty is greater today, the fact that one of CHD's greatest strengths is its ability to bridge the gaps—between the poor and the affluent, the powerful and the powerless, workers and management—will enhance its influence. However, as you and I know very well, it will require much more than "bridging the gaps."

Twenty-five years ago, Msgr. Baroni emphasized this point when he spoke to the U.S. bishops about the urgent need to address poverty, racism, and injustice in our nation. He pointed out that "something spiritual is lacking—the heart, the will, the desire on the part of affluent America to develop the goals and commitments necessary to end the hardships of poverty and racism in our midst."

Today, for example, there appears to be a great desire to address one dimension of poverty, namely, welfare reform. Unfortunately, the debate about such reform seems to spring not so much from an authentic concern for the poor as from pragmatic concerns about the federal budget deficit and taxpayers' pocketbooks. Now the federal budget and taxes are realities that must be dealt with, but they should not be resolved apart from a sincere and objective consideration of the common good of all citizens.

If we are to solve these problems, then, we must shift the discussion about welfare reform from a merely pragmatic or myopic concern to a more fully humane concern for all. To address poverty realistically and humanely involves more than appealing to people on an intellectual or a political level. It requires calling people to a real conversion of heart for the sake of the common good, which includes the well-being of the poor and needy. It means nurturing a new spirit in the Church and in our nation:

a new spirit of compassion, generosity, and love for "the least among us";

a new spirit that rejects the vicious rhetoric and the push for punitive measures that is so common today and instead encourages a new, determined approach to addressing the root causes of poverty;

a new spirit that challenges those who are not poor to disavow stereotypes of the poor and shatter myths that enable people to look down upon the indigent;

a new spirit that encourages an honest and informed consideration of issues in the light of human values and a moral commitment; and, ultimately;

a new spirit that trusts in God's grace to transform our hearts and to empower our communities and Church—from sin and evil to love and justice.

There is no doubt that welfare reform is an urgent national priority. No one should support policies that are wasteful or counter productive, policies that perpetuate poverty and dependence. Rather, such reform should aim to enhance the lives and dignity of poor children and families and enable them to live productive lives. Saving money in the immediate future should not be the only criterion because such short-term savings lay the groundwork for greater difficulties and costs in the future. Remember also that welfare funds amount to only 1% of the national budget. Reforms that effectively punish the innocent children of unwed teenage mothers, wittingly or unwittingly promote abortion, or burden states to do more with less resources are not the answer.

The success of Campaign for Human Development clearly shows that combining personal responsibility and social responsibility is a potent catalyst for change, renewal, success, and hope for the future. Now is the

time to demand a halt to the political rhetoric and posturing, which are fueled by individual interests and those of special interest groups. Now is the time for creative solutions and bold strategies that invest in human dignity and potential rather than scapegoat and punish the poor, further exacerbating the already dire situations many poor people face today. We know that true reform will not be easy, but we also know that poor people, with the right kind of assistance and opportunities, can make a better life for themselves and can contribute to the common good.

So, this evening, this weekend, and as we return home, let us renew our commitment to economic and social justice for all by continuing to engage people in their faith life and by encouraging them to put their faith into action. It we do, we can and will make a difference. I am convinced that CHD harbors a vast reservoir of untapped potential.

In a speech to students in South Africa, the late Senator Robert Kennedy, said, "Each time a man stands up for an ideal or acts to improve the lot of others or strikes out against injustice, he sends forth a tiny ripple of hope, and crossing each other from a million different centers of energy and daring, those ripples build a current that can sweep down the mightiest walls of oppression and resistance." (Senator Kennedy's widow, Ethel, is featured in CHD's current radio ads, and his daughter, Kerry, now serves on the USCC/CHD Committee.)

The Campaign for Human Development began as a ripple and has become a current cascading through lives and communities—bringing new opportunity in its wake. It is a sign of hope for the poor and for all Americans who seek justice. You, my friends, help to make that hope possible!

My dear sisters and brothers, let us thank God for the grace of the past quarter of a century. Let us also open ourselves to the inspiration and strength of the Holy Spirit so that we will be able to: change hearts; face the challenges and opportunities of the future; and nurture a new spirit of compassion and solidarity with the most vulnerable members of our society.

May God who has begun a good work among us bring it to fulfillment.

Mr. KENNEDY. Mr. President, let me quote from a few paragraphs of Cardinal Bernardin in his excellent address on August 25. "Today, for example, there appears to be a great desire to address one dimension"—he talks in the early part of the speech about the problems of poverty and welfare and the importance to eradicate, to break the hellish circles of poverty is to eradicate the conditions which impose poverty and trap generation after generation in an agonizing circle of dependency and despair. He could be talking about the whole welfare issue we are addressing here today.

Today, for example, there appears to be a great desire to address one dimension of poverty, namely, welfare reform. Unfortunately, the debate about such reforms seems to spring not so much from authentic concern for the poor, as from pragmatic concern about the Federal budget deficit and taxpayers' pocketbooks. Now, the Federal budget and taxes are realities that must be dealt with, but they should not be resolved apart from a sincere and objective consideration of the common good of all citizens.

If we are to solve these problems, then, we must shift the discussion about welfare reform from a merely pragmatic and myopic concern to a more fully humane concern for all. To address poverty realistically and humanely involves more than appealing to people on an intellectual or political level. It requires calling people to a real conversion of heart for the sake of the common good, which includes the well-being of the poor and the needy.

He continues:

There is no doubt that welfare reform is an urgent national priority. No one should support policies that are wasteful or counterproductive, policies that perpetuate poverty and dependence. Rather, such reform should aim to enhance the lives and dignity of poor children and families and enable them to live productive lives. Saving money in the immediate future should not be the only criterion because such short-term savings lay the groundwork for greater difficulties and costs in the future. Remember also that welfare funds amount to only 1 percent of the national budget. Reforms that effectively punish the innocent children of unwed teenage mothers, wittingly or unwittingly, promote abortion or burden States to do more with less resources are not the answer.

He then continues:

The success of Campaign for Human Development clearly shows that combining personal responsibility and social responsibility is a potent catalyst for change, renewal, success, and hope for the future. Now is the time to demand a halt to the political rhetoric and posturing, which are fueled by individual interests and those of special interest groups. Now is the time for creative solutions and bold strategies that invest in human dignity and potential rather than scapegoat and punish the poor, further exacerbating the already dire situations many poor people face today. We know that true reform will not be easy, but we also know that poor people, with the right kind of assistance and opportunities, can make a better life for themselves and can contribute to the common good.

The excellent address goes on.

Mr. President, I daresay I would like to believe, although obviously the Cardinal was not focusing on this amendment, that is really what this amendment is all about, investing in people; in the human dignity of, in this instance, needy children. He states it, I think, in a very eloquent, uplifting and inspiring way. But it seems to me it is right on target for this debate.

Mr. President, I will withhold the remainder of our time. We have a number of speakers who will be coming to the floor.

I suggest the absence of a quorum, with the time to be evenly divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BREAUX. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BREAUX. Mr. President, I ask the distinguished manager of the amendment to yield to me 10 minutes.

Mr. KENNEDY. I yield 10 minutes to the Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. BREAUX. I thank the Senator for yielding.

Mr. President and my colleagues, I take the floor to make comments in support of the Dodd-Kennedy amendment that is currently pending to the welfare reform bill. I do so with great enthusiasm because, like any effort, unless you have all the parts together you cannot accomplish the ultimate goal. In welfare reform there are a number of significant things that have to be done in order to pass a true reform bill. Congress cannot come on the floor, obviously, and pass a resolution that says welfare will be over with by the year 2000 and do nothing else. Any legislative effort that attacks this tremendous problem that we are facing as a Nation has to be composed of a number of significant measures in order to bring these measures together to accomplish real reform. It is not easy. It is not going to be cheap. But it is absolutely essential that we do it.

One of the things that we as Democrats, and I think Republicans as well, agree on is that the welfare system as we know it today does not work very well for those who are on it, nor does it work very well for those who are paying for it. The system has generated generation after generation of people who are dependent on government help in order to survive. We in this Congress I think have an obligation to try to come up with a real reform bill that breaks that cycle. It is not going to be easy. I think it has to be bipartisan. We have to have our Republican colleagues join us when we have a good idea and I am willing to join them when they have a good idea. We do not have enough votes by ourselves to pass a welfare reform bill. We simply do not have a majority any longer. But I would suggest that they alone do not have enough votes to pass a bill that will be signed into law by this President unless we too are involved in helping to craft a measure that makes sense.

Some have argued that the Federal Government and the States have been trying to solve the welfare problem for years and it has not brought about any real solution. Therefore, we are just going to give the whole mess to the States and let the States handle it because they are more inventive and have better ideas about how to solve the problem. I would suggest that approach is simply too simplistic and it is not going to work.

This problem is big enough for both the Federal Government and the State governments working together to try to help solve this immense problem. I would suggest that State and local governments cannot solve it by themselves, and I would also suggest that the Federal Government cannot solve it by itself. Therefore, real reform has to be a coming together of the best ideas from the States and the Federal Government working together to provide money both from the State level and the Federal level in order to try to create sufficient funds to bring about real reform.

There are those who suggest that, no, that is not the answer. We are just going to send all of the problems to the States and let them solve it. I have said that type of an approach is sort of like those of us in Washington putting all the problems of welfare into a big box and mailing it off to the States and say, "Here. It is yours. You solve it." That is the block grant approach. When those State representatives and State officials open that box they are going to find a lot of problems. They are not going to find enough money to help them solve those problems. Therefore, it is absolutely essential, in my opinion, that we forge a joint venture, a partnership with the States and the Federal Government, to help bring about the best ideas and the best solutions to this problem working in partnership.

The Federal Government should absolutely have to contribute money from the tax base that we have access to to help generate sufficient funds to solve the problems. But the States also have to participate.

There are some who would suggest that the States should have no maintenance of effort at all. The Federal Government will pay the whole bill. But we will let the States get off without having to contribute anything. I think that is the wrong approach.

Tomorrow, myself and others will be joining together to offer an amendment dealing with State maintenance of effort, to give the States an incentive to match Federal money to try to create a program that makes sense. I am absolutely convinced that if State officials, no matter how good and honest they are, know all the money in the program is going to be from Washington, they are less inclined to make the right decisions, to spend the money wisely, if they do not have to put up any of their own State dollars. Therefore, I think we have to urge them to participate, to maintain most of the effort they have made in the past and to join with us in a partnership arrangement to in fact solve this problem.

Let me talk specifically just for a moment about the Dodd-Kennedy amendment. I do not think that there is a social scientist or a housewife or an individual in this country, no matter what their profession, who can look at the welfare problem in this country and say that we can solve it without addressing the problem of child care. We cannot solve welfare problems in this country just by passing a law that says all mothers should go to work and do nothing about the mothers who have small children at home, maybe 1 or 2 or 3 years old. We cannot pretend that if they have to go to work without something being done to help them with their child care, that is a real solution to welfare. In fact, that is not only not a solution, it in fact is a greater problem than we have right now. The Republican proposal requires—as does ours—that by the year 2000, 50 percent of the people who are now on welfare have to be in work. The Republican proposal and the Democratic proposal are the same essentially on that issue. The difference is how we get people to that point. The Republican proposal does not provide any additional financial assistance to pay for child care. That is the real defect in that approach.

Our legislation, on the other hand, provides $9.5 billion in new funds over the next 7 years—which is more than paid for through spending cuts—to provide child care so people can go to work and we can have true reform.

If the Republican proposal is adopted without the Dodd-Kennedy amendment, we are passing the largest unfunded mandate on to the States in the history of this country. We would do this at a time when the ink is not yet dry on the unfunded mandate legislation that so many people took so much credit for adopting—which recently this Congress passed and we sent to the President—saying that we are not going to pass an unfunded mandate on to the backs of the States any longer. But this bill without the Dodd-Kennedy amendment is, in fact, a huge unfunded mandate because it tells the States, Louisiana, or Massachusetts, or Utah, or any State in the Union, that they have to pay for the child care to put half of the people on welfare to work by the year 2000. But they are not going to be able to reach that goal without raising an incredible amount of State taxes in order to pay for the child care.

I suggest that we ought to provide child care in partnership, the Federal Government and the States, and that is exactly what the Dodd-Kennedy amendment does.

Over the next 5 years, Health and Human Services says that about $11 billion would be needed to meet the child care requirements of the Dole bill. The Dodd-Kennedy amendment provides those funds. The Republican bill does not provide those funds.

I heard some suggest that the States will have more money because we will eliminate some of the red tape. How many times have we heard the argument that if you eliminate red tape, we will solve all the problems of Government? I have heard it time after time in the years that I have been in the Congress, both in this body and the other body that, well, if you eliminate red tape, the States would have enough money to do everything they have to do. That is a ridiculous notion. It is not true, and it is not factual.

This reform is going to cost us money in order to achieve the long-term results. I should point out that the long-term result will be financially beneficial to society. It will be beneficial to individuals. It will make them more responsible citizens, and it will teach them that there is no free lunch; that people have to work in order to be able to be successful in this country.

But again, it has to be a partnership. I know that my State of Louisiana cannot come up with the necessary funds to meet that 50-percent-work requirement in the year 2000. We are suffering, as many States are, from the lack of adequate funding for roads and hospitals and health care needs and all of the other needs that a State has to address.

I suggest that child care is not a high priority among the people who get paid to lobby around State legislative bodies. Therefore, unless we require some type of a financial partnership to help provide for child care for mothers who are going to be required to go to work, those moneys will not be provided at the State and local level.

The General Accounting Office recently released a research study which provided evidence of what I am saying I think in a very commonsense way. Their study, entitled Child Care Subsidies Increase the Likelihood That Low-Income Mothers Will Work, finds that among the factors which encourage low-income mothers to work, in fact, child care affordability is one of the decisive ones.

I think we should listen to the General Accounting Office, which certainly is a bipartisan and nonpolitical organization, and their recommendation that we simply cannot have real reform in welfare, that we will not be able to get mothers who have small children to go to work, unless there is an answer to the very difficult child care problem. I have occasion from time to time in my State of Louisiana to visit welfare offices, to talk with groups that are trying to reform the welfare system, and great progress is being made, but in every one of these institutions, in every one of the talks I have been able to engage in, availability of child care was raised as such an important ingredient in the solution to this particular problem.

Unless Congress acts in a forceful and affirmative way to guarantee child care funding will be available, I suggest that no matter how laudatory the other provisions of the bill happen to be, it will truly not be reform. What it will be is a major unfunded mandate on the backs of the States.

I do not think we can find a Governor who is going to say they want to have to put 50 percent of the people to work without any help from the Federal Government. This is an absolutely essential, critical amendment. Without it, the bill I think will be fundamentally flawed and one that should not be signed into law.

If we are going to do real reform, we have to recognize our responsibility in participating as a Federal Government along with the States and local governments to build the necessary funds to bring about a real reform bill.

I congratulate Senators DODD and KENNEDY and all others who have joined with them in helping to craft this amendment. They have worked long and hard and tirelessly over the years to see to it that adequate child care is part of any reform package that

we will consider in this Congress. Without it, this bill will not be reform. It will be highly destructive and should not be signed. With it, it will go a long way to fundamental bipartisan reform legislation to which President Clinton should proudly affix his signature.

Mr. President, I yield the floor.

Mr. KENNEDY. Mr. President, how much time now remains on this side?

The PRESIDING OFFICER. Thirty-five minutes.

Mr. KENNEDY. For the proponents.

And how much for the other side?

The PRESIDING OFFICER. And 91 minutes for the opponents.

Mr. KENNEDY. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

PREMIUMS UNDER REPUBLICAN MEDICARE PLAN

Mr. KENNEDY. Mr. President, the Republican secret plan for deep cuts in Medicare will finally be unveiled, we are told, this Thursday. Yet, only 4 days before the announcement, the Republican disinformation campaign about what their program will mean for senior citizens is still in high gear.

Before the 1994 election, the Republicans said they were not planning to cut Medicare at all, but their budget resolution provides for an unprecedented $270 billion in Medicare cuts. After the budget resolution was adopted, the Republicans said the cuts would not hurt senior citizens. That pledge was preposterous on its face since cuts of that magnitude would obviously have a substantial impact on millions of elderly Americans.

Now our Republican friends are beginning to reveal the true impact. Yesterday, on "Meet the Press," the Speaker of the House of Representatives stated that the Republican plan would require the part B premium for Medicare to be set at 31.5 percent of program costs. He claimed that this program would cost senior citizens an additional $7 a month. He also said that the premium increases under the Republican plan are not in any way unreasonable.

The facts are otherwise. According to the independent actuaries at the Health Care Finance Administration, if the premium is set at 31.5 percent of cost as the Republicans propose, the monthly premium will go up to $96 a month, an increase of $37 a month compared to current law, not $7. On an annual basis, seniors will have to pay an additional $442 in the year 2002, a premium of almost $1,200 a year, more than twice as much as they pay today. That is from the Health Care Finance Administration. Those are their estimates.

Over the life of the Republican plan, each senior citizen will have to pay an additional $1,750 in Medicare premiums. Each senior couple would pay $3,500 more. These numbers are approximate because they are based on current projected spending under Medicare part B. They will undoubtedly change somewhat when the full Republican plan is finally laid out to the American people. Estimates by the Congressional Budget Office may even be higher.

However, the basic point is clear. We are not talking about senior citizens paying a few dollars more for Medicare. Under the Republican plan, senior citizens will be asked to pay thousands of dollars more for Medicare in order to fund a Republican tax cut for wealthy Americans.

That additional burden is unreasonable and unfair, and I believe the American people will reject the Republican plan. I urge the Congress to do so as well.

Mr. President, these figures that I am quoting are the result of the Health Care Finance Administration and their actuaries from their evaluation of the Republican plan.

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, I have been listening to my colleague from Massachusetts very carefully, not only on the child care amendments but also on capital gains, on the so-called Republican amendment, and how Medicare is going to be so seriously hurt if the Republican approach is taken.

I do not think it is a Republican approach. It is a pro-American approach. Right now, I do not know of anybody who does not agree that Medicare is in serious financial condition and faces bankruptcy early in the next century.

As of next year it starts to go broke. By the year 2002 it will be broke, and 37 million Americans will be the losers. I do not know why we have to make this so partisan because I have to say the Democrats have basically been virtually in control of Congress for all of the last 40 years, every year that Medicare has been in existence. And here we are today with Medicare's financial crisis.

Now, rather than complaining about efforts to try to save it, it seems to me they ought to pitch in and help us. The fact is, if we do nothing but throw authorized dollars that are not there, it is not going to solve the underlining problem. And under the approach that the House Members are taking, Medicare is going to increase 6.4 percent each year. Not only increase 6.4 percent, but the average payment under Medicare is currently $4,800 a year per senior and that will increase to $6,700 by the year 2002.

Clearly, nobody is cutting Medicare. The 37 million-plus beneficiaries who currently are on Medicare will continue to be taken care of. And, the program will be there for the rest of us in the future. The American people understood this when they, for the first time in 40 years, put Republicans in control of the House of Representatives. The American people knew that if they kept business as usual by keeping Democrats in control—who believe the answer to everything is the Federal Government—then we would never solve Medicare's financial situation.

And Medicare is soon going to be broke if it is not fixed. And the Medicare trustees' April 3, 1995, report on part A, the Medicare Hospital Insurance trust fund, under the most likely scenario, would be bankrupt in 7 years by the year 2002. It will begin running a deficit as early as October 1 of next year. The average two-income couple retiring in 1995, according to the Trustees Report—and four of the six Trustees are Clinton appointees—will receive $117,000 more in Medicare benefits than they paid into the Trust Fund during their working lives. Now, I do not have any problem with that as long as we have a fiscally responsible approach to solving the problems. So Congress will save Medicare, not by cutting it, but by slowing its rate of growth. This is based not on rhetoric but on the Congressional Budget Office analysis.

The Budget resolution proposes to increase total Medicare spending from $181 billion in fiscal year 1995 to $276 billion in fiscal year 2002—an increase of $96 billion or 52 percent overall.

As I said, the Budget resolution proposes to increase the amount spent per beneficiary from $4,800 in fiscal year 1995 to $6,700 in fiscal year 2002. That is $1,900 per person on Medicare or a 40 percent increase over that 7-year period. Congress will increase spending over 7 years by $355 billion more than if it were held at its current level. That amount of increase is equal to twice the total amount that will be spent on Medicare this year.

Who is kidding whom? It is nice to get up and harangue about the fact that we have to restrain the growth of Medicare. It is not a cut; it is a reduction in growth. We cannot just assume that Medicare is going to continue to run off the charts at 10.4 percent every year. That is totally unrealistic. It would bankrupt Medicare and jeopardize the program for future generations.

That is why we experienced a change in congressional leadership in the last election. The American people, in despair, realized that the only way they will get this problem under control is to get more moderate to conservative leadership in the Congress. That is what they did in voting for Republicans the last time.

Spending, as I said, is going to increase by 6.4 percent each year for the next 7 years if the Republican budget resolution proposal is adopted. The slowed spending rate is designed to save Medicare—not to balance the budget or pay for tax cuts. If the budget were balanced today, Medicare would still be broke tomorrow. Medicare's trustees, three of whom are members of the Clinton Cabinet, have

made this clear, but the President refuses to admit it. And so apparently do others here in the Senate.

Medicare reform is not related to Congress' promise of tax relief for America's middle class. Clinton's charge to the contrary is hypocritical. His own budget combines slow growth in Medicare spending with $110 billion in tax cuts. So who is kidding whom? Let us quit playing politics. Let us do what is right for Medicare and the American people. We have got to restrain the growth of this program and we have got to do it now. And that means, in part, some people are going to be means tested, and some of us are going to have to pay slightly more Part B premiums.

I think President Clinton and those who support him and who are playing politics with this are playing politics with our senior citizens' health. Rather than focus on Medicare's problems, you do not hear any solutions from these people who have controlled Congress for 40 years and who will control the White House for at least another 1½ years. You do not hear any solutions from them. Rather than focus on Medicare's problems, its impending bankruptcy, President Clinton seems to want to have us focus on politics and exaggerate spending differences between his and the Republican's plan.

When I hear that the Republicans want to hurt Medicare so they can fund their tax cuts for the wealthy, who is kidding whom? If you look at the Republican tax cuts, they primarily benefit the middle class. So let us not kid each other. And let us quit playing politics and start facing the facts and work together to solve this problem while, at the same time, developing prudent tax policy that encourages growth, economic development, and jobs enhancement rather than encouraging the growth of Federal spending.

A comparison of CBO's estimate of Congress' plan and the President's own estimation by the Office of Management and Budget of his plan shows the spending differences to be minuscule. Medicare spending will increase under both the President's and Congress' plan, assuming Congress will pass it.

Let us call it the Republican plan, if you want, because right now that is fair. However, there are going to be Democrats who support it who are as concerned about the future of Medicare as are Republicans who now know that reform is inevitable. It is apparent that Medicare spending cannot continue at current levels if the program is to survive for future generations of Americans.

And what is this rhetoric that cutting taxes is to take care of the wealthy? Proposed tax cuts are based on responsible reasons just as the Republican Medicare reform proposals are based.

And, in fact, President Clinton's current budget is closer to Congress' than it is to the first one he proposed just 4 months earlier. The Clinton budget would spend 7.4 percent more every year for the next 7 years. Congress would spend 6.4 percent.

(Mr. DEWINE assumed the chair.)

Mr. HATCH. Mr. President, also, according to the Senate Budget Committee, Federal benefits spending is going to grow by 6.4 percent. The difference between Congress' plan and the President's—1 percent—is well less than the difference between projected spending under current law—CBO says 9.98 percent—and the President's plan, a 1-percent difference. Yet, we hear this rhetoric that the Republicans are going to ruin Medicare and that they are going to take money away from the poor and give it to the rich. That is simply not true, and it is time for those who make those allegations to become more responsible and to stop misleading the American people.

True, the Republicans restrain the growth slightly more than the President's proposal, and I think there is a case, a very important case, to be made that is an appropriate thing to do.

The reform differences are crucial, however. Under Congress' budget, the problem is identified. Medicaid will be saved, and the budget will be balanced. That is the difference. The problem is identified, Medicare will be saved, and the budget will be balanced under the Republican approach. I should say, the Republican—with moderate/conservative Democrats—approach to solving the problem. Reform will mean Medicare is not only secure for the future but strengthened with more choices, less waste, and less abuse.

So I felt I had to make a few comments about this issue because of some of the comments made by several of my dear colleagues.

I would like to thank the distinguished Senator from Connecticut and the distinguished Senator from Massachusetts, both of whom are close and dear friends of mine, for their kind words about my involvement in the enactment of the child care development block grant. I do, indeed, consider this landmark legislation. I was proud to have played a role in its passage, and I have to say that working with my friends, the Senators from Connecticut and Massachusetts, as well as Senator MIKULSKI from Maryland, to accomplish this legislation was certainly one of the highlights of my last term in the Senate.

I agree with the thrust of the Senator's amendment in this case. I agree that we need more money for subsidized child care. I do not think anybody can disagree with that. The figures just show we need more money, not only to enable those on welfare to get off, but also to enable those who are working but have low income to stay off welfare.

I personally believe that child care is one of the key components to the reduction of welfare rolls in virtually every State. These points are well made, they are well taken, and I do not know many Senators in the Senate who would disagree with them. I have to say that if the distinguished Senators were suggesting the mere addition of funds to the CCDBG, the child care development block grant, or to the child care carve-out that I am suggesting in title I, I think it would be a pretty tempting proposition. But I have several reservations about this approach. I am going to keep an open mind as we debate it, but I still have several reservations.

First, it is a separate program, a new separate program established completely apart from title I. I believe we need to delineate funds for child care under the welfare program, and the reason we do is because if you just block grant them to the Governors, children do not vote and it becomes too easy to use those funds for other children's programs. That is a pretty wide array of programs, some of which may or may not benefit children and may or may not benefit them very much, if at all.

So I think we do need to delineate funds, but I do not believe the two efforts should be so completely separated that they cannot be effectively coordinated. I believe this is particularly important if we want to reduce the strain on the CCDBG, the child care development block grant, to provide child care for a welfare population at the expense of services for the working poor.

Second, one of the primary purposes of this block-grant approach is to simplify things for States. We want to spend less on bureaucracy at all levels and more on services at all levels. So I see no reason for a separate State application and a different format, which is what this amendment does. It just adds more bureaucracy, more Federal control, less money, less services, even though they are adding 6 billion new dollars.

Third, while I certainly appreciate what I take to be an effort of flexibility, I think subsection (e) is a little too flexible. Here I believe it is appropriate to specify that the use of funds are exclusively for child care services, not for a whole host of other child-care-related functions performed by States and localities.

Along this line, I would like to see some indication that parents will have a full array of child care options. My amendment, which we will take up later, states that "eligible providers" are centers, family-based or church-based.

Then, finally, there is the dreaded "M" word, and that is "money." As I stated earlier, I agree that an excellent case could be made for child care funding. In fact, I will be using similar arguments about the need for child care during my presentation on my amendment to split child care funding out from title I funding. I hope I can deliver my statement with as much passion as the Senator from Connecticut and the Senator from Massachusetts have done, because I wholeheartedly

believe that we must enable parents to access safe, affordable child care.

The problem that I have with a quarter-billion-dollar add-on in the first year and a ballooning of that add-on to more than $3.7 billion in the year 2000 is that unless the Appropriations Committee has been holding out on us and has a money tree somewhere that can grow an additional $6 billion between now and the year 2000, I just do not think that it is very wise or even fair to authorize this money and pretend that it is going to materialize. Sitting on the Finance Committee, I have to tell you, the Finance Committee already has to come up with almost $600 billion in savings over the next 5 years.

I think an authorization should be realistic. It creates an expectation among the States, local governments, and potential recipients of this child care assistance, and we should not be promising that which we cannot deliver, and we cannot deliver at this time an additional $6 billion on top of the moneys that we have. I wish we could. If we could, I would certainly be in favor of doing it.

For those who work on these very crucial money committees, like the Finance Committee, I have to tell you, there are a lot of programs that are going to have to pay their fair share. I wish they could all be funded to the fullest degree. It is a lot more fun to spend money than it is to conserve, but there comes a time in everybody's life when they have to conserve, where they have to live within their means, where they have to try and balance budgets, and this is that time. We cannot continue on the way we are going.

It is not enough to believe child care is the right thing to do; we have to make it happen as well. I do have these problems, among others, with my friend's amendment today. It is a matter of great concern to me, because as everybody knows, I take a very strong and vital interest in child care and have from the beginning and would like to think I played a significant role in passing the Child Care Development Block Grant Act, which I think was long overdue.

I suggest to my colleagues who agree with both the Senator from Connecticut and me that child care is an essential component of this bill that they will have an opportunity later on in this debate to support a carve-out for child care within the title I block grant.

I have offered my amendment, and I will be bringing it up during the debate. I do believe that Senators will find that the Hatch child care amendment is more workable and more viable as an alternative in the overall context of this welfare reform bill.

That is not to disparage the efforts of my friends, because like I say, if the moneys were there, if we had a reasonable chance of getting those moneys, if we really go could go out and find them somewhere, certainly I would be very much in favor of trying to do that. But I am not in favor of creating an additional program to be run by HHS. The purpose of this is to block grant the funds to the States and let the States use less bureaucracy and get the moneys to the people who really need them—they claim they can do it better, and I have no doubt about that—than if we launder it through the HHS, this humongous bureaucracy bank that eats it up as fast as we launder it through.

I should say there are some differences between our amendments, and maybe I will speak on that later. I cannot find fault with anybody who feels deeply about this, arguing for this amendment. I know my friends from Massachusetts and Connecticut feel very deeply, as do I, about the whole issue of child care. We fought together on this floor for it, and we fought a very difficult battle, which was very costly to some of us. I would do it over again. But I also think we have to look at reality, too. I just plain do not want to start another separate child care program when we have one that is working very well right now, that we fought for and gave a lot for and have seen work well once it was enacted.

Mr. President, I feel so deeply about child care issues. I feel deeply about the single heads of household—primarily women, who do not know where to turn, who really cannot work because they worry about their children. I worry about latchkey children, who do not have anybody to supervise them at home. I worry about 6- and 7-year-olds watching over babies. These are all important points.

I think we should carve out and make it clear that we are going to protect these people who do not have votes right now, because over the years, as we have been concerned about our seniors—and rightly so—the bulk of the money is going to seniors because they vote, and the people who are being left out are children because they cannot vote. That is why I think we should have a carve-out so they have to use this money for child care and for the purposes of child care. But I do not think we should be sending messages that we have $6 billion when we do not. There is no real reason why we are going to have it.

Having said that, Mr. President, I suggest the absence of a quorum—I withhold that.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KENNEDY. Mr. President, I yield myself 5 minutes. I know there are others of our colleagues who want to speak on this issue. I want to respond very briefly to some comments that my friend and colleague from Utah made with regard to the Medicare issue.

Of course, as the Senator from Utah knows, it is not part B of Medicare that is in trouble now, it is part A. That is the part of the Medicare system that needs focus and attention. The increase in the premiums that the Speaker has talked about and that is part of the Republican program is in the part B program. That is important to understand right at the outset.

We saw earlier in the year where the Republicans in the House of Representatives took $87 billion over ten years out of the Medicare part A trust fund in order to support their tax fund program. And still they continue to advocate for $245 billion in tax relief, while they are cutting Medicare $270 billion. So while Medicare part A is the part that is in difficulty, it is part B that we are going to have the increases in. But part B is not subject to bankruptcy, from a statutory point of view. That is important to understand. Again, it is part B where we are going to see the dramatic increases. Under the Republican plan, individuals will have to pay an additional $442 in the year 2002—a premium of almost $1,200 a year. These increases will cost individuals about $1,750 more in Medicare premiums over the life of the program, which means each senior couple will pay $3,500 more.

I just say, in response to my friend and colleague, that it does very little good, at least to the seniors in my State, to say, well, we are increasing the amounts which we are expending for you in terms of Medicare, but we are not increasing them to the extent to cover your health care needs, as we have in the past. And you are going to have to pay some $3,500 more. Maybe the seniors in Utah have a different reaction than the seniors in Massachusetts. People have paid into the Medicare system; they are working families. Two-thirds of them are making less than $17,000 a year, and $3,500 is a great deal of money for any family, any middle-income family and any retirees. And to say to the seniors, well, we are raising the expenditures on Medicare, but not the amount to cover the same range of health care services to the extent of $3,500 to the seniors in my State. They say that is a cut.

Here is the final point I will make with regard to the Medicare. First of all, we find that the statement the Speaker made with regard to a $7 a month increase in the part B premium is absolutely wrong. According to the Health Care Financing Administration, the monthly premium will go up to $96 a month in the year 2002, an increase of $37 a month, not $7 a month.

So it is important that seniors understand, as this debate takes place, what the facts are. There is going to be up to $37 a month increase, not $7 a month increase, in the year 2002 alone. And individuals will pay $1,750 more over the next 7 years of the program and couples will pay $3,500 more. So the argument that we will be raising the reimbursement falls flat to the seniors of my State that will be paying that much more—$3,500 more—over the next 7 years.

Finally, it is important in health care to understand what has been going

on in Medicare over the last 10 years. The fact is that Medicare, per patient, has not increased as much as in the private sector. We understand that. The increases in Medicare for treatment has not increased as much as the cost for the treatment of those that are not in Medicare. The increase in the costs, therefore, are a result of the Congress not acting to hold costs down. And to say to our senior citizens that it is just too bad that you are paying more out of your pocket because we in Congress refuse to come to grips with the escalation of health care costs, I find to be an unsatisfactory way to approach this situation.

Mr. President, I daresay we will have more of a chance to deal with and discuss the Medicare issue. I think it is obviously an overarching, overriding issue, because it involves the social compact which is a part of Social Security. Social Security and Medicare are part of one single contract. We heard a great deal around here about how we are not going to cut Social Security, but somehow that promise did not, for some reason, extend to Medicare. And now we have seen at the beginning of that debate, which will continue over the period of these next few weeks, serious misrepresentations in terms of the costs for our seniors. That is a disservice to the debate and discussion which needs to take place.

So, Mr. President, finally, let me just say this regarding the Senator's comments on the child care proposal. As the Senator from Connecticut and I have stated during the course of this debate, the provisions in the child care and the discretionary program would not be law today if the Senator from Utah had not supported those provisions.

That was at a time when we had real renewed attention and focus on the issues of children. It was at a time we were debating the Family and Medical Leave Program on which my friend and colleague, the Senator from Connecticut, Senator DODD, was a leader up here, as well as on the child care program where, again, he, Senator HATCH, Senator KASSEBAUM, and others were the real leaders.

When he speaks and expresses his commitment and concern, all who have been a part of this whole process respect that.

The only point I make is that we are, in characterizing this amendment, as the Senator provides $1 billion for earmarking for the child care program in a way that it will work its way through the block grants to the States and through the State organization, we have accepted that same approach in terms of the Dodd-Kennedy increase in funding.

We are following identically the same kind of process. The difference is we will meet the responsibilities to the increased demand for child care, we think. We all respect the approach of the Senator from Utah that falls far short.

Mr. President, I see my friend here from Minnesota. I expect the Senator wants some time.

How much time remains?

The PRESIDING OFFICER. The Senator has 21 minutes and 22 seconds.

Mr. KENNEDY. I yield 6 minutes to the Senator from Minnesota.

Mr. WELLSTONE. I thank the Chair. I say to my colleague from Massachusetts that I will not use any of this time to talk about health care, but I do want to associate myself with his remarks. I think we really will have a nationally and historically significant debate about Medicare and health care policy soon which will be extremely important for this Nation.

I hope people throughout the country are very engaged in this debate.

Mr. President, I ask unanimous consent that I be included as an original cosponsor of the Kennedy-Dodd bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WELLSTONE. Mr. President, this amendment would provide a direct spending grant to States of $11 billion over the next 5 years, which is precisely the amount that HHS estimates the child care would cost under the Dole bill.

I say to my colleague from Utah and I say to the rest of my colleagues, as well, that you cannot have real health care reform, as opposed to what I describe as reverse reform, which is what we have right now with the Dole bill, unless you have a commitment to family child care. This amendment really invests the necessary resources.

Mr. President, there have been any number of different studies in Minnesota, and I cite one study by the Greater Minneapolis Day Care Association in 1995. I am not even going to go through all the statistics because sometimes I think our discussion on the floor of the Senate becomes too cut and dried when we just focus on statistics.

The long and the short of the study is that there are many families, single-parent and two-parent families, that really are doing everything they can to get on their own two feet and be able to work. The problem is affordable child care.

In cases of a single-parent family—and when we talk about welfare families, we are talking in the main about a family with a woman as a single parent. I wish men would accept more responsibility. I know the Chair agrees with me 100 percent on that. In the case of a single-parent family welfare mom, quite often the pattern over a period of time is that a mother will move from welfare to workfare. But then what happens is the cost of child care is so prohibitively high or it is just so difficult to find the child care in the first place, or the child becomes sick for a week and the mother loses her job, you name it, that she has to then go back to welfare.

I am all for the welfare reform. Guess what? It is not just Senators that are for the welfare reform. The citizens that are most for real reform as opposed to something which is punitive and degrading are the welfare mothers themselves, the ones who all too many Senators have been bashing for the last week and a half.

Mr. President, this amendment is extremely important. If we want to have the reform, we have to invest the resources into affordable child care.

Mr. President, I noticed there is a provision now in the Dole bill which I think is interesting and I think it is relatively important, which essentially says, as I understand it, that if, in fact, the State does not allocate the money or does not have the resources for the affordable child care for the mother, then the mother would not be sanctioned by not taking a job and going into the work force.

That makes a lot of sense because these mothers, like all parents, are worried about their children.

By the way, Mr. President, if we have silly cutoffs like 1 year, it does not make any sense. I am a father of three children, a grandfather of two, going to be a grandfather of three in the next month or so, and I can tell you that a child at 1 year and 1 week is not exactly ready to clean the kitchen, do the housework, stay at home alone, et cetera.

The question is, what happens to these small children? The last thing in the world we want to do is punish children.

This commitment of some resources to child care goes some way toward making this real welfare reform as opposed to reformatory; that is to say, something which is punitive and puts children in jeopardy.

The second point I want to make, Mr. President, with this provision that is now in the Dole bill, is that as I see it, if this provision is taken seriously, what will happen is a lot of this is just going to be at a standstill because as a matter of fact without the commitment of resources for child care, and we did not have that commitment of resources in the Dole bill—this amendment attempts to invest those resources—a lot of mothers will be in a position back in our States of saying with the long waiting lists already for affordable child care, without the resources to be able to afford it, these are low-income women, they will be able to say we cannot go to work because we do not know what will happen to our children, there is no affordable child care for our children, in which case according to the provision in the bill they would not have to go into the work force.

There is some good news to that, because I do not think we should coerce a mother into going into the work force. Taking care of children at home is very important work, whether it is a mother or a father. Without the child care, she cannot do it.

On the other hand, then, the whole promise of this reform of enabling welfare mothers, sometimes welfare fathers, to be able to work becomes a promise that is never fulfilled. This amendment goes a long way toward enabling us to fulfill that promise.

The PRESIDING OFFICER. All time has expired.

Mr. KENNEDY. I yield 1 minute.

Mr. WELLSTONE. Mr. President, in a minute, I cannot even do justice to the point I will try to make.

What has cropped up in this debate I think is a very interesting argument, which is all too often some of my colleagues will say, well, look, if you have a family with an income of $35,000, maybe two parents, they are paying for child care, why should we talk about investment of resources for affordable child care for welfare mothers?

I do not know why we are paying off middle-income and moderate-income citizens versus low-income women. We should focus on what is good for the children.

The fact of the matter is our country has not made a commitment to affordable child care. It is a shame. This is a perfect example of where we could allocate some of the resources at the Federal level and decentralize it and let all the good things happen at the community level, at the neighborhood level —be it for low income, moderate income, middle income—with some sort of sliding fee scale.

That is really the direction we ought to go, not in the direction of not investing resources in child care and therefore putting mothers in a difficult position, and most important of all, punishing children.

This is a very important amendment which really kind of is a litmus test as to whether we are serious about reform as opposed to reformatory.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

The Senator from Connecticut.

Mr. DODD. Mr. President, if I might, let me inquire how much time remains?

The PRESIDING OFFICER. The Senator from Connecticut has 14 minutes and 18 seconds.

Mr. DODD. On the side of the Senator from Connecticut.

The PRESIDING OFFICER. The Senator from Utah has 67 minutes and 22 seconds.

Mr. DODD. I would just inquire of my colleague from Utah if I might take 5 of his minutes? I am fearful he may not be on the floor, someone else may come over, and we will have run out of all of our time.

Mr. HATCH. I will be glad to yield 5 minutes to the Senator from Connecticut.

Should I say a few words first? Or I will be happy to wait.

Mr. DODD. No, go ahead.

The PRESIDING OFFICER. The Senator from Utah.

THE CAPITAL GAINS DEBATE

Mr. HATCH. Mr. President, it is not quite on this subject, but since my friend from Massachusetts raised the issue I thought I would just spend a few minutes on it because it is something that is near and dear to my heart and I think near and dear to, really, those of a pretty good majority of this body.

One of the worst perceptions about the capital gains debate is that only the rich are going to benefit from a capital gains rate reduction. My friend from Massachusetts implied that and implied that those of us who are for a capital gains rate reduction are basically taking care of our good old rich friends. I do not have many rich friends. I have to say that I was born in poverty, came up the hard way. I am one of the few in this body who learned a trade, went through a formal apprenticeship program, became a journeyman and worked in the building construction trade unions for 10 years, putting myself through high school. I had to work to get through high school, college and law school. So I do not think it is a matter of rich friends at all.

The fact of the matter is, nothing could be further from the truth with regard to capital gains. In fact, Americans at all economic levels will benefit from increased growth. President John F. Kennedy once said, basically while he was enacting a capital gains rate reduction which proved to be very efficacious for our country, "a rising tide of investment lifts all boats." President Kennedy supported a capital gains cut because thousands of middle-class Americans would benefit from it.

In 1992, 56 percent of Federal income tax returns claiming capital gains—56 percent of those returns claiming capital gains—were from taxpayers with incomes of $50,000 or less, and 83 percent came from taxpayers with incomes of less than $100,000. Almost all of them came from people who earned less than $100,000. But, again, keep in mind, 56 percent came from those who earned less than $50,000. Only the rich?

The preferential capital gains tax benefits every American who believes in the American dream, who is willing to take a risk for a long-term reward. Millions of American families that own farms or small businesses will benefit from the capital gains tax. Yes, in 1 year of their productive lives, a husband and wife may have a high income, in the year they sell their family farm or small business. But that is one reason these statistics can be so misleading. The capital gains differential is just as much about Main Street as it is Wall Street. This amendment rewards risk taking and sacrifice, and that is the right thing to do.

The opponents of the capital gains tax rate cut argue that it benefits mostly the wealthiest income groups. This assertion is based on deceptive statistics. The income figures used in these statistics include the taxpayer's entire income, which includes the capital gain. This makes the capital gains tax cut appear to be a tax cut for the rich.

A far more accurate picture results when only recurring or ordinary income is considered. Let me give an example. An elderly couple living in Cache County, UT, has been farming on land they owned for 40 years. The land was purchased for $50,000 in 1950. They decided to retire to St. George, UT, and thus, they sell their farm for $250,000 after farming it for 40 years, having paid $50,000 for it.

This couple has never reported more than $35,000 of gross income on their tax returns in their life, never more than $35,000 in any given year. But in the year of the sale of their farm, they report more than $200,000 of gross income. Are these people among the very wealthiest income earners of our Nation? Of course not.

The Department of the Treasury statistics show that this example is not just the exception, it is the rule. If capital gains are excluded from income, only about 5 percent of tax returns containing long-term capital gains have incomes of over $200,000. Only 5 percent.

A Treasury study covering 1985 shows that taxpayers with wage and salary income of less than $50,000 realized nearly one-half of all capital gains in 1985. In addition, three-quarters of all returns with capital gains were reported by taxpayers with wage and salary income of less than $50,000 in that year. So let us not kid anybody. Of course, those who are wealthy will benefit, but they generally put their moneys back into investments or into businesses, into creation of jobs and economic opportunity for others. So we should not begrudge the fact that they benefit as well.

But a huge, huge number of middle-class people benefit from capital gains rate reductions not just because they themselves have capital gains to pay taxes on, but because they benefit from the stimulation of the economy that occurs when money is rolled over and utilized in creating new jobs and new job opportunities.

A Joint Tax Committee analysis of the years 1979 to 1983 found that 44 percent of taxpayers reporting gains realized a gain in only 1 out of 5 years. This is the occasional investor, the home or business owner, who is realizing these gains. When we move beyond the class warfare rhetoric, we find that capital gains tax cuts help working Americans.

High capital gains taxes especially hurt elderly taxpayers. Capital gains for seniors average four to five times the size for capital gains for younger taxpayers. In fact, in any year more than 40 percent of taxpayers over the age of 60 pay capital gains taxes.

So, the fact of the matter is, it is deceptive to argue that capital gains benefit only the wealthy. They benefit everybody.

I believe if we cut capital gains, we will unleash some of the $8 trillion in

this economy that is locked up in capital assets that people will not sell because they do not want to pay 28 to 39 percent in a capital gains tax. Once we unleash that—if we could just unleash 10 percent of that money, can you imagine what a stimulation and stimulus that would be to our economy?

Taxpayers are very sensitive to capital gains reductions. This is especially true for the most affluent Americans. As a result, Americans will realize many gains as soon as the rate changes. This will raise tax revenue, probably by an amount far above joint tax estimates.

Joint tax estimates are among the most conservative estimates you can have. I will not go into the details on this, but we can say in the last 30 years, every time capital gains rates have gone up, revenues to the Federal Government have gone down from selling capital assets. Every time capital gains rates have been dropped, or lowered, revenues to the Government have gone up. It just makes sense, especially when you realize there is $8 trillion locked up in capital assets that they will not sell, they will not trade, they will not move because of the high rate of taxation that we have today.

Let us lower that capital gains rate and benefit all Americans, but especially—especially—the middle class and those earning under $50,000 a year who will benefit greatly from it, and get some sense into this system so we push the better aspects of our system. Let us get rid of some of this demeaning rhetoric that literally cuts into the—really cuts against what are the real facts with regard to capital gains and capital gains rate reductions.

I am very strongly for a capital gains rate reduction because I think it will benefit virtually everybody in our society, the poor as well, because there will be more jobs and more economic opportunity than before the rates are cut.

Mr. President, I yield the floor.

THE FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

Mr. KENNEDY. Mr. President, will the Senator be good enough to yield 5 minutes?

Mr. HATCH. I will be happy to yield minutes.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KENNEDY. I thank the Senator.

Mr. President, I just want to put in the RECORD some of the comments from some of the leading church and legislative and active groups that have been focusing on the welfare debate. I will include all of the statements in the RECORD. But I would like to refer at this time to individual sentences and comments that summarize their position.

One was from the National Council of the Churches of Christ in the USA. It said:

The religious community is a major provider of center-based child care. Throughout the nation, millions of children are cared for every day in church-housed child care. Our churches have long waiting lists of parents seeking quality care for their children. We are not able to accommodate the demand because the resources to expand the supply are so scarce. We know this problem first hand, because the desperate parents are in our congregations, as are the overworked providers of child care services. Their facilities are in our buildings, and our congregations are enriched by the lively presence of their children.

We believe that it is not responsible public policy to require parents to work without providing adequately for their children's safety and nurture while the parents are at their jobs. If the government is going to insist that mothers of young children leave them to go into the workplace, then the government must make it possible for the parents to do so in the confidence that their children are in a safe, wholesome environment. To do otherwise puts our children at risk and almost guarantees that parents, preoccupied with concern for the well-being of their youngsters, will not perform to the best of their ability.

That is an excellent statement of the National Council of the Churches of Christ.

The National Conference of State Legislatures:

NCSL has been concerned about the lack of coordination of existing child care funding streams. We are interested in working with you to consolidate these funds. Child care is an essential component to support welfare recipients moving from welfare to work and is critical for low-income working families. Our experience suggests that a renewed commitment to work by welfare recipients will require additional child care funds above current levels.

That is the National Conference of State Legislatures; that is, Republicans and Democrats.

The American Public Welfare Association:

Current proposals in the Senate do not create a separate state block grant for all child care programs. APWA supports a separate child care block grant, in the form of an entitlement to states, not as a discretionary spending program subject to annual funding reductions. States will not be able to move clients from welfare to work without adequate and flexible funding to provide essential child care services.

Catholic Charities:

We are very concerned that the new work requirements and time limits for AFDC participation will leave children without adequate adult supervision while their parents are working or looking for work. The key to successful work programs is safe, affordable, quality day care for the children. The bill before the Senate does not guarantee or increase funding for day care to meet the increased need associated with the work requirements and time limits. Please, support amendments by Senators Hatch and Kennedy to guarantee adequate funding to keep children safe while their mothers try to earn enough to support them.

The Governor of Ohio:

I would like to see the child care and family nutrition block grants converted into capped state entitlements. In the House bill, funding for these block grants is discretionary. Key child care programs currently are individual entitlements. The need for child care only will grow as welfare recipients move into the workforce.

The National Parent Teacher Association:

The potential for success of welfare reform depends on former recipients becoming employed an being able to meet basic needs for shelter, food, health care and child care. Subsidized child care for low income working parents is crucial.

Every single organization that has responsibility and which has studied this is and which are out on the front lines on the issue of welfare reform has understood the importance of providing child care, and the Dodd-Kennedy amendment provides it.

Mr. President, I ask unanimous consent that these documents be printed in the RECORD.

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

NATIONAL COUNCIL OF THE CHURCHES OF CHRIST IN THE USA—STATEMENT ON THE IMPORTANCE OF CHILD CARE IN WELFARE REFORM

(By Mary Anderson Cooper, Associate Director, Washington Office, August 9, 1995)

As the Senate works to overhaul the nation's welfare system, we urge Senators to make the well-being of those who are impacted by that system their primary concern. As people of faith and religious commitment, we are called to stand with and seek justice for people who are poor. This is central to our religious traditions, sacred texts, and teachings. We are convinced, therefore, that welfare reform must not focus on eliminating programs but on eliminating poverty and the damage it inflicts on children (who are ⅔ of all welfare recipients), on their parents, and on the rest of society.

Further, we support the goal of helping families to leave welfare through employment, because we believe that those who are able to work have a right and a responsibility to do so. However, we also recognize that just finding a job will not necessarily mean either that a family should leave welfare or that its poverty will end. Since full-time jobs at minimum wage yield a family income that is below the poverty line, and since such jobs often do not provide health care benefits, employed people trying to leave welfare may still need some government subsidy in order to become self-supporting.

Key among the kinds of help such people need is child care. The Children's Defense Fund tells us that one in four mothers in their twenties who were out of the labor force in 1986 said they were not working because of child care problems (high cost, lack of availability, poor quality or location, lack of transportation, etc.). Among poor women, 34% said they were not working because of child care problems.

The Government Accounting Office tells us that increasing the supply of child care would raise the work participation rates of poor women from 29 to 44 percent. For near-poor women, the rates would rise from 43 to 57 percent. Thus, increasing the supply of safe, quality, affordable child care would help some women escape poverty while helping others avoid falling into it in the first place.

The religious community is a major provider of center-based child care. Throughout the nation, millions of children are care for every day in church-housed child care. Our churches have long waiting lists of parents seeking quality care for their children. We

are not able to accommodate the demand because the resources to expand the supply are so scarce. We know this problem first hand, because the desperate parents are in our congregations, as are the overworked providers of child care services. Their facilities are in our buildings, and our congregations are enriched by the lively presence of their children.

We believe that it is not responsible public policy to require parents to work without providing adequately for their children's safety and nurture while the parents are at their jobs. If the government is going to insist that mothers of young children leave them to go into the workplace, then the government must make it possible for the parents to do so in the confidence that their children are in a safe, wholesome environment. To do otherwise puts our children at risk and almost guarantees that parents, preoccupied with concern for the well-being of their youngsters, will not perform to the best of their ability.

The issue of child care has been nearly absent from the congressional debate on welfare reform. Consequently, we are particularly grateful to Senator Daschle for making child care a key feature of his legislation. We commend him for raising the visibility of this issue and look forward to working with him to assure that adequate provisions for child care are included in any welfare bill that is approved by the Congress.

NATIONAL CONFERENCE OF STATE LEGISLATURES,
Washington, DC, May 16, 1995.

Hon. BOB PACKWOOD,
U.S. Senate, Russell Office Building, Washington, DC.

DEAR SENATOR PACKWOOD: We are writing to thank you for your public commitment to state flexibility as a principle in your welfare reform legislation. The National Conference of State Legislatures (NCSL) is especially pleased by your recognition of the critical role of state legislators in welfare reform and other programs that serve children and families. We appreciate your confidence in our ability to design programs that best serve the needs in our states and urge you to consider our views as you finalize your welfare reform legislation.

We are encouraged by your endorsement of providing more discretion to state decisionmakers and rejecting provisions that micromanage and limit state authority to determine eligibility. However, state legislators are concerned about several provisions under consideration that have the potential to limit state authority, shift major costs to the states and violate NCSL's policy on block grants. The balance of this letter specifies our concerns in six major areas. In summary, we urge you to reconsider the consolidation of open-ended entitlements for child protection services, work requirements in the cash assistance block grant, denial of benefits to legal immigrants, the absence of real protection for states to respond to economic change, the consolidation of child care funding, and timing to successfully implement revised programs.

I understand that your are still considering a block grant for child protection funds. State legislators believe that foster care maintenance and adoption assistance payments and administrative funding under Title IV-E must be maintained as an open-ended entitlement. Children in danger cannot be told that the government ran out of money to protect them. We must respond to those who turn to us as a last resort. The demand for these services has not been predicted well at the federal level. No one predicted the damage that HIV infection, crack cocaine and homelessness would do to children's security within their families. No one anticipated the resulting increase in state and federal costs. Courts will decide to remove children from unsafe homes and states must respond to these decisions. We urge you to reject the child protection block grant.

We are disappointed with the prescriptive work and participation requirements in H.R. 4. State legislators are interested in creating our own programs, not running a uniform program with federally-determined program details and fewer funds. We oppose federal micromanagement in the definition or type or work, the role of training, minimum number of hours a recipient must work, and participation rates. These are precisely the decisions each state should make based on local needs. We do support measurement of outcomes and performance data to ensure that program goals are being met.

NCSL strongly opposes the denial of benefits to legal immigrants. The federal government has sole jurisdiction over immigration policy and must bear the responsibility to serve the immigrants it allows to enter states and localities. The denial of benefits will shift the costs to state budgets. Eliminating benefits to noncitizens or deeming for unreasonably long periods will not eliminate the need, and state and local budgets and taxpayers will bear the burden. Denial of services to legal immigrants by states appears to violate both state and federal constitutional provisions. We continue to support making affidavits of support legally binding.

NCSL supports the development of a contingency funds to assist states to respond to changes in population and the economy rather than a loan fund. The absence of adequate protections for states with population growth, economic changes and disasters is a barrier to state support of a cash assistance block grant. We believe that a loan fund is not sufficient assurance of federal assistance. The federal government must participate as a partner in a fund that has a mechanism for budget adjustment so that states are not overly burdened by increased demand for services.

NCSL has been concerned about the lack of coordination of existing child care funding streams. We are interested in working with you to consolidate these funds. Child care is an essential component to support welfare recipients moving from welfare to work and is critical for low-income working families. Our experience suggests that a renewed commitment to work by welfare recipients will require additional child care funds above current levels. A consolidated child care fund should stand alone.

Finally, state legislators will need adequate transition time to successfully implement revised income security and related programs. States will have to modify their laws to comport with new federal legislation, restructure their administrative bureaucracies and revise their FY96 and FY97 budgets that have been enacted on the basis of current law and federal spending guarantees. We urge inclusion of a provision giving states no less than one year of transition time and consideration for additional time for states that meet biennially.

We look forward to working with you throughout this process. Please contact Sheri Steisel or Michael Bird in NCSL's Washington Office to further discuss our views.

Sincerely,

JANE L. CAMPBELL,
President, NCSL, Assistant House Minority Leader, Ohio.
JAMES J. LACK,
President-elect, NCSL, Senator, New York.

AMERICAN PUBLIC WELFARE ASSOCIATION
(By Gerald H. Miller, President, and A. Sidney Johnson III, Executive Director)

SERIOUS SHORTFALL IN CHILD CARE FUNDING

By increasing the number of participants required to work and maintaining child care funds at the FY 94 level, current welfare reform proposals in the Senate would significantly hinder states' efforts to move welfare recipients into the workforce. There is clear congressional intent to require states to meet higher participation rates, which cannot be met if child care is unavailable. CBO estimates, presented in testimony before the Senate Finance Committee, indicate that the child care needed to meet proposed participation rates, will cost approximately 5 times the current proposed allocation. Based on those estimates, states will face a serious child care funding crisis.

Current proposals in the Senate do not create a separate state block grant for all child care programs. APWA supports a separate child care block grant, in the form of an entitlement to states, not as a discretionary spending program subject to annual funding reductions. States will not be able to move clients from welfare to work without adequate and flexible funding to provide essential child care services.

ANALYSIS

The amount of money allocated for child care is not adequate given the work participation requirements in the bill. Welfare reform legislation, in outlining work provisions and requirements, should recognize and address both programatically and financially the distinct role of child care in clients' ability to obtain and retain employment. Child care is an essential component for successfully moving people to self-sufficiency. Moreover, no work program can succeed without a commitment to making quality child care available for recipients.

CATHOLIC CHARITIES, USA,
August 4, 1995.

DEAR SENATOR: As the Senate takes up welfare reform, we urge you to adopt provisions to strengthen families, protect children, and preserve the nation's commitment to fighting child poverty.

Across this country, 1,400 local agencies and institutions in the Catholic Charities network serve more than 10 million people annually. Last year alone, Catholic Charities USA helped more than 138,000 women, teenagers, and their families with crisis pregnancies. Because Catholic agencies run the full spectrum of services, from soup kitchens and shelters to transitional and permanent housing, they see families in all stages of problems as well as those who have escaped poverty and dependency.

This broad experience, along with our religious tradition which defends human life and human dignity, compels us to share our strong convictions about welfare reform.

The first principle in welfare reform must be, "Do no harm." Along with the U.S. Catholic Conference, the National Right-to-Life Committee, and other pro-life organizations, we have vigorously opposed child-exclusion provisions such as the "family cap" and denial of cash assistance for children born to teenage mothers or for whom paternity has not yet been legally established.

We are also convinced that the idea of rewarding states for reducing out-of-wedlock pregnancies is well-intentioned but dangerously light of the fact that the only state experiment in this regard, the New Jersey family cap, already has increased abortions without any significant reduction in births. The "illegitimacy ratio" may well encourage states to engage in similar experiments that

would result in more abortions and more suffering.

We also support Senator Kent Conrad's amendment, which not only would require teen mothers to live under adult supervision and continue their education, but also would provide resources for "second-chance homes" to make that requirement a reality.

The second principle should be to protect children. We are very concerned that the new work requirements and time limits for AFDC participation will leave children without adequate adult supervision while their parents are working or looking for work. The key to successful work programs is safe, affordable, quality day care for the children. The bill before the Senate does not guarantee or increase funding for day care to meet the increased need associated with the work requirements and time limits. Please, support amendments by Senators Hatch and Kennedy to guarantee adequate funding to keep children safe while their mothers try to earn enough to support them.

The third principle should be to maintain the national safety net for children. We oppose block granting Food Stamps, even as a state option, because the Food Stamp program is the only national program available to feed poor children of all ages with working parents as well as those on welfare. On the whole, the Food Stamp program works well, ensuring that children in even the poorest families do not suffer from malnutrition.

We are encouraged by the fact that Senator Dole's bill does not seek to cut or erode federal support for child protection in the child welfare system. Proposals to block grant these essential protections are ill-advised and dangerous to children who are already abused, neglected, abandoned, and totally at the mercy of state child welfare systems. Federal rules and guarantees are essential to the safety of children.

The fourth principle should be fairness to all citizens. Certain proposals before the Senate would create a new category of "second-class citizenship," making immigrants ineligible for most federal programs, even after they become naturalized Americans. We urge you to reject this and other proposals that would leave legal immigrants without the possibility of assistance when they are in genuine need.

The fifth principle should be to maintain the national commitment to fighting child poverty. In exchange for federal dollars and broad flexibility, states should be expected to maintain at least their current level of support for poor children and their families. We understand that Senator Breaux will offer such an amendment on the Senate floor. Please give it your support.

In our Catholic teaching, all children, but especially poor and unborn children, have a special claim to the protection of society and government. Please vote for proposals that keep the federal government on their side.

Sincerely,

FRED KAMMER, SJ,
President.

STATE OF OHIO,
OFFICE OF THE GOVERNOR,
March 27, 1995.

Hon. BOB DOLE,
Majority Leader,
U.S. Senate, Washington, DC.

DEAR SENATOR DOLE: As you know, the House of Representatives has completed its consideration of welfare reform legislation. While I strongly support the decision made by the House to convert welfare programs into block grants, I am concerned that the House bill fails to provide states with the flexibility needed to set our own priorities and conduct innovative experiments to promote responsibility and self-sufficiency. Many of my fellow Republican Governors share a number of my concerns.

I was disappointed with the allocation formula established through the Temporary Family Assistance Block Grant. It is the position of the National Governors' Association that any formula should allow states to use either a three-year average or 1994 spending levels in determining base year allocations. While the House formula includes this choice, it then applies a 2.4-percent reduction factor to each state's allocation. The reduction factor leaves Ohio with a base year allocation of $700 million annually, which is lower than what we would have received using either formula without a reduction factor. Speaker Gingrich assured states he would support eliminating the reduction factor. We would like to work with you in the Senate to make this correction.

Although allowing each state to receive its most favorable allocation without a reduction factor requires funding for the block grant to be increased by approximately $200 million nationally, it is important to remember that states are making a significant financial sacrifice in supporting capped block grants. If states are disadvantaged in determining base year allocations, it becomes even more difficult to make the increased investments in work programs necessary to move individuals off welfare.

The House bill also does not include sufficient protections for states in the event of an economic downturn. If Congress replaces open-ended individual entitlements with capped state entitlements, states are placed in an extremely vulnerable position should the welfare-eligible population increase significantly. The state and federal governments should be partners in meeting the needs of expanded caseloads in recessions. The House bill contains a $1 billion rainy day fund designed to provide the states with short-term loans, repayable with interest in three years. A loan fund does not represent a partnership; instead it is a cost shift.

Ohio would be particularly disadvantaged in a recession due to aggressive steps already taken to reduce welfare caseloads. Today, 85,000 fewer Ohioans receive welfare than in 1992. States that have not been aggressive in reducing their welfare rolls will be better able to accommodate increased caseloads. Ohio's streamlined base makes it very difficult for us to absorb increased recessionary demands.

As part of our efforts to reduce welfare caseloads, Ohio has developed the strongest JOBS program in the nation. Ohio leads the nation with 33,911 recipients participating in JOBS. Only California comes close to matching Ohio's performance with 32,755 recipients enrolled in JOBS, and California has three times as many ADC recipients as Ohio. Our success with the JOBS program reflects a strong investment in training and education programs. Regardless of the extent of our investment, however, no work program can succeed without a commitment to making quality child care available for recipients. In Ohio, the state provides non-guaranteed day care to families with incomes up to 133 percent of the federal poverty level. The program currently has an average daily enrollment of 17,800. The State of Ohio is doing its part to provide child care to those in need. The federal government also must meet its responsibility.

I would like to see the child care and family nutrition block grants converted into capped state entitlements. In the House bill, funding for these block grants is discretionary. Key child care programs currently are individual entitlements. The need for child care only will grow as welfare recipients move into the workforce. My comfort level with the House package would increase significantly if states were guaranteed to receive a specified level of funding for child care and for child nutrition services for the next five years. That guarantee can only come through a capped state entitlement.

Excessive prescriptiveness is a problem throughout the House legislation. The bill's work requirements are a perfect example. The federal government mandates how many hours per week a federally defined percentage of cash assistance recipients must participate in federally prescribed work activities. In a true block grant, states would be free to choose how best to allocate resources to meet goals developed jointly by the federal and state governments. The record-keeping requirements in the House bill also are extraordinarily prescriptive. States remain concerned that our computer systems lack the capability to provide the information required by the House.

A true block grant should also give states the ability to determine their own program eligibility standards. The House legislation includes a number of specific eligibility restrictions. For example, cash benefits will be denied to unwed minor mothers and their children. Additional children born to mothers on welfare will be denied benefits. Decisions like these should be left to the states. By federally mandating these restrictions, the House is interfering with successful state reforms. For example, in Ohio we have developed a program designed to encourage minor mothers to remain in school. The LEAP (Learning, Earning, and Parenting) program supplements or reduces a teen mother's ADC cash grant based on her school attendance to teach her that there is a real value to completing her education. LEAP has led to a significant decrease in the drop-out rate for this vulnerable population. If the House prohibition on cash benefits remains in place, the LEAP program will have to be discontinued.

As the Senate begins to consider welfare legislation, I would be grateful for your assistance in addressing my concerns. Like many other Governors, I strongly support the broad outline of the House proposal, but it is important that these issues be resolved successfully. As a Governor, it will be up to me to implement welfare reforms in my State. I would like to work with you to ensure that block grants give the states the flexibility we need to implement innovative reforms designed to meet the specific needs of our communities. Without this flexibility, I cannot support this welfare reform package.

While Ohio watches federal welfare reform developments with tremendous interest, we have been actively pursuing a statewide reform agenda. I have enclosed a summary of Ohio's history of welfare reform innovation for your information.

Thank you for your personal consideration of my concerns.

Sincerely,

GEORGE V. VOINOVICH,
Governor.

NATIONAL PARENT TEACHER ASSOCIATION, NATIONAL ASSOCIATION OF ELEMENTARY SCHOOL PRINCIPALS, NATIONAL ASSOCIATION OF STATE BOARDS OF EDUCATION, NATIONAL ASSOCIATION OF STATE DIRECTORS OF SPECIAL EDUCATION, NATIONAL EDUCATION ASSOCIATION, AND THE COUNCIL OF CHIEF STATE SCHOOL OFFICERS,
March 20, 1995.

DEAR REPRESENTATIVE: The undersigned organizations, representing parents, educators, principals, and state policymakers, support improvements to the welfare system. We believe such reforms must address the

fundamental quality child care needs of working as well as unemployed parents.

We have several concerns about the impact of H.R. 999 on the issues of access to and the quality of child care in this country:

The plan reduces funding even though programs already have long waiting lists of eligible families.

Welfare reform will increase the need for child care by requiring participation in training, education, or employment by mothers who currently take care of their children.

The potential for success of welfare reform depends on former recipients becoming employed and being able to meet basic needs for shelter, food, health care and child care. Subsidized child care for low income working parents is crucial.

Recent data show that quality in centers and daycare homes is low, especially for infants. Cutting funding for quality and eliminating standards would threaten to erode the quality of care even further.

We know that the quality of child care for all children has a significant impact on the ability of children to learn in the first few years of school. When children experience success in responsive, high quality programs, they learn essential skills and knowledge, and their parents learn to be confident partners with teachers and schools.

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Mr. KENNEDY. Finally, Mr. President, I would just mention what we are really talking about in terms of child care. We have talked about figures. We talked about statistics. We talked about flow lines. We talked about entitlements. What we are talking about is really the issue of children being home alone. This is not a joke or a big screen comedy. It is a real life tragedy for American families pressed to the wall. Just listen to the horror stories from families that have been put in this awful position—and paying an unbelievable price.

Think about 6-year-old Jermaine James of Fairfax County and his 6-year-old friend Amanda, who were being cared for by his 8-year-old sister Tina. When a fire broke out in their apartment, Tina ran for help, inadvertently locking the younger children in the burning apartment. They died before the fire department could get to them. Sandra James and her husband needed two jobs to support their family and still could not afford child care. They tried to stagger their schedules but did not always succeed.

Think about 7-month-old Craig Pinner of San Francisco who drowned in the bathtub while his 9-year-old brother was trying to bathe him. His mother was working part time and participating in job training. She usually left the children with her family, but her car had broken down and she was no longer able to get them there. She was trying to find affordable child care but was unsuccessful.

Think about 4-year-old Anthony and 5-year-old Maurice Grant of Dade County. While home alone, they climbed into the clothes dryer to look at a magazine in a hiding place, pulled the door closed, and tumbled and burned to death. Their mother was waiting for child care assistance and generally left the children with neighbors. But sometimes these arrangements fell through and she had to leave them home alone for just a few hours.

This did not happen in Hollywood—but in Virginia and Florida and California and elsewhere. We must do everything in our power to avoid putting families in this kind of a situation in the name of reform.

Mr. President, I will include in the RECORD, if my friend and colleague, Senator DODD, has not, the waiting lines that exist in the States at the present time.

The States face large unmet needs for child assistance, waiting lists, clothes, and the list goes on all the way—Alabama, 19,000 children; Alaska, 752 children; Arizona, 2,600 children; California, 250,000 children; Delaware, over 1,000 children; Florida, 19,000; Georgia, 21,000; Hawaii, 900 children are on the waiting list; Idaho, 1,000 children waiting; Illinois, 20,000 children waiting; Indiana, 7,900 on the waiting lists: Kansas, 1,270 on the waiting list, Kentucky, 10,000 on the waiting list; Louisiana, 4,600; Maine 3,000; Maryland, 4,000; Massachusetts 4,000 statewide waiting for child care for working poor families; Michigan, 12,000 last year; Minnesota, 7,000; Missouri, 6,500; Montana, 200 children; Nevada, 7,000; and the list goes on; New Jersey, 24,000; New Mexico, 6,300; New York, 23,000; North Carolina, 13,000; Pennsylvania, 7,700; Rhode Island, 972. The list goes on and on with Wisconsin, 6,800; West Virginia, 13,000.

Mr. President, the fact of the matter is that under this particular bill, the Dole bill, without the Dodd amendment, we will be requiring the States to have over 1 million new slots. They are not doing it today. They do not have the resources today. They do not have the money under the Dole program today to do it. The Dodd amendment will provide them with the resources to be able to meet that obligation, that obligation that is there in the States today and that will be created by this bill. That is what this amendment is all about and why it should be supported.

Mr. DODD addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Mr. President, let me pick up on the last point that the Senator from Massachusetts raised. He may have made it before I walked onto the floor. He pointed out the waiting lists that exist in the States for child care slots today, before we pass a welfare reform bill. There is just tremendous demand today. What we are talking about—this bill, of course—is taking anywhere from 1 to 2 million people and moving them over the next 5 years from welfare to work.

If we do not provide additional resources, then there will be increased pressure on existing dollars that go to those who are getting the child care today. It is worthwhile to point out that the people who get child care today under the child care development block grant, that Senator HATCH and I passed in 1990, are working poor. Those are people at work right now. That child care assistance makes it possible for them to stay in the work force and not slip into a public assistance category.

The fear that many of us have here, is that without some additional resources, as we move people who are on welfare today to work, the people out working today and staying at work, getting some of that assistance, those resources are going to have to be shifted in the State in order to accommodate the demands of this bill or face the penalties the bill imposes on the States if the States do not move the 25 to 50 percent of the welfare recipients on their rolls to work.

So you are going to have the almost bizarre effect of taking people who are doing what we are encouraging people to do, and that is stay at work, who are marginally making enough to stay off the welfare rolls and pushing those people back on the rolls as we accommodate the demands of the legislation to take people on the welfare rolls to work.

So it seems we ought not to be jeopardizing the small amount of funds we have today out there assisting those families presently at work.

Let me emphasize a couple of points here if I can. What we are talking about with this proposal is not an entitlement. This is a pool of resources. It does not entitle anyone to it. It merely makes the funds available to the States.

So there are those who have said they do not believe in an entitlement for child care. We might otherwise disagree about that, but this amendment does not create an entitlement. It merely says to Ohio, Connecticut, Massachusetts, divide it up based on the block grant and what it takes to make it work. Here are some additional resources to make it possible for you to meet the demand, the mandate, of the Federal law.

The mandate of the bill we are about to pass says to Ohio and Connecticut, you must move the following percentages of your welfare rolls to work. And what we are saying is rather than ask Ohio and Connecticut to pay a penalty because they did not meet that criteria because they could not come up with the resources to pay for the child care, here as a result of our mandate are some resources on the most critical issue facing any State with its welfare recipients: How do you take a parent that has infant children and no place to put them and get them to go to work?

Sixty percent of all welfare recipients have children age 5 and under, Mr. President. So it is unrealistic to assume those children are going to find some setting in the neighborhood or with a grandparent. Ideally that would be the best case, but realistically that

is not going to happen in enough instances. So it is finding and affording child care that's the issue. The child care settings may vary—church-based programs, community-based programs. There is a wide variety of things the States have done creatively in the child-care setting area. I do not have any difficulty with that kind of flexibility at all. But here are resources.

In the absence of that, we are told that we are looking at an additional cost, above the amount set aside from the block grant, which is the $5 billion over 5 years. In fiscal year 2000, in the State of Ohio, the additional amount is $190 million, in the State of Pennsylvania—I see my colleague and friend from Pennsylvania here—$171 million; for Connecticut, $48 million; Massachusetts, $89 million. These are the numbers the States, it is estimated, will have to come up with. They can cut spending. It does not mean necessarily a mandate to raise taxes. But that is the pool they will have to come up with to provide for the child-care needs of the population that moves to work.

If we are mandating that—and we are; we are mandating work—why not provide the States with some help to do it? That is all we are saying here, a pool of money over 5 years, $6 billion.

Now, it is a lot of money. I know that. But if we all appreciate keeping our mind on the goal of getting people to work, then we ought to be trying to do this in a bipartisan way.

Mr. President, I am not exaggerating. If we get this amendment adopted or something like it—and I think on the issue of the formulas, which is, I think, a minor point—and a few other areas, you could pass this bill 95 to 5. We could have overwhelming, strong support coming out of here for a welfare reform bill, because I think all of us share the common goal of getting people from welfare to work.

Whether that is cost savings or an investment, the value of it, I think all of us appreciate, to the family, the neighborhood, the community, is tremendously enhanced. And if child care is one of the major obstacles to moving an individual to work, because they do not know where to put that child, then trying to find the way for them to do it, assist the States in that process ought not to be an ideological battle here. We have enough battles on that stuff. This ought not be one.

So I am urging in these next 40 minutes or so that are remaining that people take a good look at what this is. Understand, it is no entitlement, not a guarantee to anybody, merely assistance to these States to be able to achieve the goal as laid out in the majority leader's bill, and that is to get people to work.

People will tell you even with adequate child care, it is going to be hard. You talk about some pretty heavy numbers to move from welfare to work, and given the economy and downsizing and a lot of other things happening, good jobs, and so forth, are not expanding in our economy. We ought to be talking about that, I hope, one of these days, but nonetheless under the best of circumstances, it is going to be hard.

It seems to me we ought to be trying at least to make it possible to move those people to work and not have the kind of burden on the States that is laid out here with the particular costs associated with child care. And as I said in response to the point that was being made by the Senator from Massachusetts, we have already got people really trying hard to stay off the welfare rolls and stay at work. It would be a tragedy, in a way, to then have some of these people taking some of the resources they get, plowing them into this area and moving some of these people at work and trying to stay off welfare back on those rolls.

Mr. President, I thank my colleague from Utah, who was here, who allocated me about 5 or 10 minutes of his time to make this point. I am grateful to him for that.

At this point, I will yield the floor. We may have some additional Members who show up on this issue. But I urge my colleagues in these next remaining minutes here, this is a chance for us, Mr. President, to really put together a bipartisan bill on welfare reform. I honestly believe that if we could adopt this amendment, and a few other things, we would be looking at an overwhelming vote in favor of this welfare reform package.

That is how this body and this Congress ought to be functioning. People want us to come together. They do not want to see bickering and partisan battling. They would like us to find common ground. Here is a way for us to do it on an issue that most people really want to see us focus our attention on. Here is a chance to achieve that goal in the next 45 or 50 minutes. It means doing the right thing. It is truly doing the right thing in terms of welfare reform and eliminating a major obstacle that people face here of moving from the rolls of public assistance to the independence and self-reliance of work and helping them out with their kids. And those children's needs, as I said a moment ago, Mr. President, ought not to be the subject of a partisan debate here. We ought to be able to find the means by which we can assist the families to eliminate at least that question in their mind, assist the States as they move into this process in a way in which we can do it. Resource allocation is simple enough to accommodate.

I again urge my colleagues to take a good look at this and come to this floor, hopefully in the next 50 minutes, and cast a vote in favor of what I think would build a strong, strong vote of support in favor of the majority leader's welfare reform bill.

I yield the floor.

Mr. SANTORUM. Mr. President, may I inquire of the Chair of the time remaining on this side?

The PRESIDING OFFICER. The Senator from Pennsylvania has 50 minutes remaining. The Senator from Connecticut has 1 minute 42 seconds.

Mr. SANTORUM. Mr. President, I yield myself such time as I may consume.

I wanted to congratulate the Senator from Connecticut for his very persuasive case on behalf of the need for child care and making workfare or welfare to work.

I do not think anyone on this side of the aisle disagrees with the basic premise of his amendment, which is if we are going to have people go to work, then we are going to be in some need of child care for working women, single mothers. The question is, How much money are you willing to put up? What will be the impact?

Again, we go back to the start of a lot of these programs, the welfare programs back in the 1960's when they really mushroomed, and a lot of these programs were very well intentioned, but what happened? What were the consequences of these—I am careful not to use the word entitlement because I know the Senator from Connecticut says this is not an entitlement. I agree. It is not an entitlement. But there is enough money in his bill to fill all the day-care slots that are anticipated to be needed.

Well, it is not an entitlement, but it takes care of everyone who needs the service. So while you know it is sort of taking away with one hand, saying it is not an entitlement, it is giving with the other by giving all the money necessary anticipated to have the need. You can say it is not an entitlement, but it is, in fact, almost a guarantee of child care.

So, what are the consequences of this guarantee? And we talked about this in some dialog on Friday. And you know, I have some concerns about people on welfare getting a guarantee of sorts of child care where if someone who is a working mother gets no guarantee at all of having any kind of child-care support. In fact, as the Senator from Connecticut pointed out on numerous occasions, accurately, there is a shortage of day-care slots available for working mothers in this country.

So to suggest we should provide some sort of quasi-guarantee for those on welfare and not for those who are working mothers, I think, sets up a bad precedent, No. 1; and with the law of unintended consequence you may encourage welfare dependency, at least initially, in some cases.

There are several other points I want to make. One is the money. I know we sort of gloss over that around here. Mr. President, $6 billion is not a whole lot of money, at least if you sit on the Senate floor most days you would think $6 billion is not a lot of money. But it is a lot of money, and it is given the fact that if you look at what is being proposed in the Republican bill that we are now amending.

The Republican bill over the next 7 years will allow welfare to grow at 70 percent over the next 7 years—70 percent. Welfare programs will grow from

the year 1995 to the year 2002, 70 percent. There will be an increase of 70 percent in these programs. And what we are saying now is that is not enough. We need another $6 billion more. Just so you understand, you say, well, how much was it going to grow if we did not cut it back, because this bill does have some reduction? Well, it would have grown at 77 percent. So we are taking a program that was supposed to grow over the next 7 years and grow by 77 percent; cut it back to 70 percent. There are those on the other side saying, that is too tough. We need to add another $6 billion more back to this fund of money.

If you are serious about day care, if you really think child care is that important, well then, I would suggest that you confine it to the 70-percent growth that is going to be experienced over the next 7 years, $6 billion to offset the money you want to spend, not another quasi-guarantee or almost entitlement for child care.

I just think you have to pass the straight-face test around here. If you really are serious about solving problems—I think we all are. We want to solve the problem of child care in this bill. And I think we have done some things with the Snowe amendment that goes a long way in doing so. So it is now in the Dole modified bill. I think we made a major step forward.

If you are serious about providing and funding more dollars, do not say we need to spend more. That is how we got to where we are today. This bill has to fit into a reconciliation package which, by the way, it does not right now. It does not right now. It is over what, I think, the Budget Committee wants to see in reductions in welfare. We are going to have to get more.

When we go to conference this bill is going to come back with less money, I suspect. The House bill was substantially under this bill. So it will be under this. The House bill had a 5-year year timeframe when they passed the bill. And on their 5-year timeframe they had welfare expenditures growing at 42 percent.

Now, that is at a slower rate than our 70 percent over 7 years. So you are going to see we are already going to have to pull back funds. And to suggest that we should come to the floor and we can get a compromise spending more money, that is how we got there and how we got to what the welfare system is. We have always done that, come to the floor and said, "OK. We will compromise and spend more." And everybody will be happy and pass a bill 96 to 1, passing a bill 96 to 1 that perpetuates the same thing—maybe makes everybody feel good, but it does not solve the problem. It does not solve the problem.

So what we are suggesting here is that you know, we are, and I think, continuing in a dialog. I know Senator HATCH has an amendment on day care that I think is a serious amendment. And we are trying to find some ground to make all of our Members, not just on the Democratic side, but I know myself and others, I know Senator JEFFORDS is going to speak here. We are concerned about the child care aspects of this.

I know Senator JEFFORDS supported the Snowe amendment which is now in the leader's bill. I know he would like to go further. And I know there are other Members who would like to go further. But we have to understand we have budget constraints.

This is not a stingy bill that we are dealing with. Welfare spending will grow by 70 percent over the next 7 years. That is not stingy. That is not uncaring. And to suggest that we can solve the problem and get everybody happy by spending another $6 billion—I suggest if we got that in there there would be another $6 billion to spend in another program.

I would also add that Republican Governors, almost every one of them—I know the majority leader has come here and said I think 29 of the 30 Republican Governors in the country have come out and supported the Dole substitute. They comprise roughly 80 percent of the welfare recipients. The Governors of those States have within those States 80 percent of the Nation's welfare recipients. And what they have almost unanimously said to us is "You give us the money you allocated under this bill and we can do the job. We can, in fact, put people to work."

You would think from the comments of some on the other side that we are going to require every mother who has a child under 5 to go to work. I would remind the Senators who are debating this amendment that when this bill goes into effect, the initial participation rates are only 30 percent. That means only 30 percent of all the welfare caseload has to be in a work program. It only goes up to a maximum of 50 percent. So the State always has discretion to take mothers with young children and not require them to work. In fact, many Governors have already told me that is exactly what they would do in most cases because of the cost, and because of the difficulty with day care.

But we provide that flexibility in the law. We already provide that. We already say they can adjust. And the Governors say they can do it. And if you look at some of the plans that have been tried under the 1988 act—I mentioned on several occasions the Riverside, CA, example, where what we have seen is a 14-percent reduction in food stamps, a 20-some reduction—I do not have numbers in front of me—20-some percent reduction that goes out on AFDC, aid to families with dependent children, and a 25-percent reduction in caseload.

Now, that saves money. Why? Why do they save money? They require people to go to work. So you can save money to provide some of that work. And it was a successful program at a time when Riverside, CA, was experiencing a 9 percent-unemployment rate. So it is not that there are no jobs. There are no jobs. Well, there are jobs, if we do some things like the Dole bill does which allow you to fill some vacancies in cities and counties and local governments, State governments which you cannot under current law. If there is a vacancy in the State government or local government, you want to fill it with a welfare recipient, you can do it. You are not allowed to hire somebody who is a welfare recipient for an open position. Why? That is to protect the union membership at the State and local level. They do not want people on welfare to get some of those jobs. I think that is a crime. That would change under the Dole bill.

So I mean we are doing a lot of things that will encourage—will create more job opportunities which will cause savings as we have seen in examples in the past, where if you have a work requirement, the welfare rolls will go down. Ask Governor Thompson, Governor Engler, and ask others who have tried it. The caseload will go down. People will get to work because of the requirement that is there. And they will save money. And that money can be used to provide for support services for those who have to remain in the program and go to the work program. That is the whole basis behind what we are suggesting here.

I would suggest that what we have provided for again with the Governors, Republican Governors lining up behind this bill, is adequate to fund this program, to fund the child-care programs that are necessary. We have the flexibility of the States with the 50-percent work participation requirement to exempt certain difficult-to-place mothers with young children. I mean there is a lot of flexibility in this program to be able to deal with the problems. I think what we now have to do is make the fiscally responsible vote. Welfare has gotten itself in the problem it has because we have been reluctant in the face of harming children or these horrible things that are going to occur, if we do not provide all the money for everything, all these entitlements. If we do not provide all these entitlements children are going to suffer.

All I would suggest is we provided entitlements for 25 and 30 years. Children are suffering at historic levels. So if it was just money and entitlements there would be no suffering today. There are plenty of entitlements and plenty of suffering to go with it. So let me suggest that maybe what we need is instead of guaranteeing everybody child care, why do we not require work and say that we have to look to families and to other kinds of networks of support to look for child care, just like we have done in this country historically?

One of my real concerns—and this gets to be more of a philosophical concern, if we—as I know the Senator from Connecticut will say we are not guaranteeing, but we dam near are guaranteeing it—if you provide all the money for all the slots. if you do that, you run

into the problem where the Government day-care option is the first resort; that getting Government support for that day care slot is now the first choice, not the last resort. The system as it works today works well. I know there are shortages of day care, but it works well in targeting the mothers who need day care the most. It works well in that you have to go through a very rigorous qualification procedure to be able to qualify for Government-assisted day care. That would probably not be the case if we fully funded all these day care slots.

Mr. DODD. Will my colleague yield?

Mr. SANTORUM. Yes, I will yield.

Mr. DODD. I note the point about the entitlement issue. I think my colleague from Pennsylvania mentioned over the next 7 years there would be a 70-percent increase. I believe it is flat. I do not think there is a penny more. This is $48 billion. It is for 7 years. There is no inflation factor built in. I think I am correct on that, but I stand corrected if I am wrong.

Mr. SANTORUM. The Senator is right, the AFDC dollars remain flat. When I talk about the 70-percent increase, I talk about all the means-tested entitlement programs included in this bill.

Mr. DODD. As far as the AFDC——

Mr. SANTORUM. The AFDC program is block granted at a flat level, the Senator is right. But, obviously, there are a lot of other support services and means-tested programs that will continue to grow.

The point I tried to make is that with respect to AFDC, you have the flexibility within that program the Governors desire, saying, in fact, they can save money and have money, because of the savings, available to support the work program.

In addition, you have a 50-percent work participation requirement which would give the States the flexibility to exclude a lot of the people that you mentioned who have young children or maybe multiple young children, from having to go to work and the work requirement. We do provide a lot of flexibility there. We think that flexibility goes a long way in solving the problem.

I am hopeful we can look at the past to see what the future holds. Looking at the past and seeing all the entitlements we put in place and seeing all the money that we spent trying to make sure nobody is harmed, what we have done is make sure that nobody has been helped. What we have not done is challenge people to do more, to move forward.

I believe this program, with the work requirement and the participation standards we have and the flexibility given to States, will do just that: challenge people to go out and work and find ways to provide for themselves and their families. I think, in the long run, that will be the best for everyone concerned.

At this time, I yield 5 minutes to the Senator from Vermont.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. JEFFORDS. Mr. President, we all are having a hard time with this amendment and with this bill. We all want to see welfare reform. We all want to see child care provided, and, thus, I rise in support of this amendment because I think it will help us move in that direction.

We all agree that we want to see more welfare recipients in the work force. We all agree that the welfare cycle must be broken. I believe giving kids a good start through safe and healthy surroundings is essential to breaking the welfare cycle.

In order to become productive, self-sufficient members of society, kids need quality care from the very beginning of their lives, either from their parents, in the child care setting or elsewhere. And a quality education must be provided from the beginning of their lives. What we are talking about, though, are the resources that will be available and should be available.

We are all tied up with the problems of the deficit and the need to reduce the deficit. But there are things we must consider when we go about providing resources, that if we do not make resources available for those things that will break the cycle, for those things which will allow our young children to have the possibility of breaking out of the cycle, sort of give the parents of the children the ability to provide the child care necessary, then one important segment of breaking that cycle will not come about.

Let us take a look at the macro picture that we must have and what we have to deal with so that we can recognize what the savings are from improving the education of our society and, most importantly, from the beginning of life, in child care to be sure these young children have the opportunity to have the surroundings that will allow them to learn.

This chart gives us an idea of what we are losing now because we have serious educational problems in our country. One-half of a trillion dollars in GDP is lost per year because we fail to educate our people. The cost to our economy is more than $125 billion, in addition to lost revenues; $208 billion is lost from the result of the problems of welfare. So when we are talking about $1 billion a year or more to try and get enough money available for child care, to give to the children, weigh that against what is lost.

In addition to that, I will have an amendment that says, hey, we have a demand here, an important demand that says every person in training must have a GED, must have a high school equivalent education. There is not money for that either. So what we are going to be doing is either creating a huge mandate upon the States that is unfunded or going forward with expectations which will not be fulfilled.

Let us take a look at the relationship of education to productivity, what is happening to those who do not have a good education.

The only people who have increased their income over the past few years are professionals. This is over the last 20 years. In the last 20 years, the only people who have increased their standard of living is at the level of master's, doctorates, and professionals. Others have either stayed at the bachelor level or gone down. Then take a look at the comparison of what is earned by those who do not finish high school: $12,800 per family. That is incredibly low and is going down in the sense of percentage of income.

How do we break out of this? How do we provide those resources? It is stupid to cut back on those things which is going to increase your deficit. If we do not provide the amount of money that is necessary for child care, there is no chance that we are going to raise this level up, until you get to the area where you have a high enough standard of living to survive.

So what this amendment tries to do is to say, "Look, we are going to make sure that our children will have an opportunity to have the kind of income that will bring them out of the welfare cycle, to place them in a position where they can earn what is necessary, to get us out of the position of losing all this money we do with the welfare situation."

So when we talk in terms of $1 billion a year over the term of this, as compared to the $208 billion we are losing by the problems we have with welfare, it means we are just being, really, penny wise and pound foolish, and we must not do that.

I recognize that my time has expired. May I have an additional 2 minutes?

The PRESIDING OFFICER. The Senator is recognized for an additional 2 minutes.

Mr. JEFFORDS. So as we go forward with this welfare reform, let us keep in mind some things. I do not think there is a person here or the House who does not want welfare reform, including the White House. The question is, how do we reach a consensus?

That is not going to be easy, there is no question about it. We have some people at the extremes of the process from no welfare to all welfare. But what we have to do is to try and reach that middle ground. We have to make some areas where we can have a consensus, and certainly one of those ought to be the provision of child care.

There is not anyone in this body who does not believe there ought to be adequate child care. This amendment is the only thing which will bring us close to that. So, if we are going to have consensus on the issue of child care and if we really want to do what we are supposed to do here, and that is to break through the cycle of welfare, if we are going to give the children of those in the most desperate economic situations in this country the ability for them to have the education which is necessary, all the studies show if they

do not get the early preschool education, they start out at a big disadvantage.

Let me just end up by saying one of my most unusual experiences when I came to the Senate was I had a group of CEO's come into my office when I was first elected to the Senate. John Akers was the head of the group, the Business Roundtable. I expected them all to say, "We need to get capital gains tax relief," blah, blah, blah. What happened? The first thing they said was, "We need to fully fund Head Start. We need to make sure there is preschool education for every one of our kids if we are ever going to get our society in a position where we can be economically sound." Just recently, this IBM president said at the NGA, "This Nation is in a crisis, and if we do not start the educational process we need, this Nation is not going to be the Nation it is today in the next century." I leave those words with you.

Here is an opportunity to make sure the young kids will have the opportunity to get out of the welfare cycle.

I yield the floor.

Ms. MIKULSKI. Mr. President, I am proud to be one of the co-sponsors of the Kennedy-Dodd child-care amendment to the Republican welfare reform bill. No issue more clearly defines the differences in this welfare debate than child care. Both sides have said that the goal of welfare must be to move people to work, but Democrats have maintained that it is not just about moving them to work, it is is about keeping them on the job.

We want to provide welfare recipients with the tools to stay on the job. What the facts prove time and time again is that the most necessary tool is child care for children. Child care is the No. 1 barrier keeping mothers out of the work force, and one in four mothers between the ages of 21 and 29 are not working today because of child care. Among welfare mothers, 34 percent are not working because of either inability to find reliable child care or inability to afford child care.

No single parent can look for or keep a job without child care, and single parents make up 88 percent of the AFDC caseload. Without child care, we will have no success in moving people to work and keeping them there.

But child care is costly, and the average middle-class family spends 9 percent of its income on child care. However, the average poor family spends almost 25 percent of its income on child care.

The Republican plan will leave four million children under the age of six home alone. Today, almost 650,000 of them receive child care with assistance that would be eliminated under the Dole plan. In fact, the plan would repeal the child care guarantee passed by the Senate in 1988.

If the States implement the proposed welfare reform plan, the need for child care will increase by more than 200 percent by the year 2000. States will need over $4 billion more a year. In Maryland, the unfunded mandate will amount to more than $1 million a week that Maryland taxpayers will pay to cover child care costs.

This child care policy proves that the Republican bill does not look at the day-to-day lives of real people. Welfare recipients who we send to work will not have high-paying jobs, and will not be able to afford child care.

Suppose a mother lives in suburban Maryland and decides to do the right thing. She gets an entry-level, minimum-wage job in the food service industry. With this job, she is making almost $9,000 a year, but gets no benefits. After taxes and Social Security, this mother takes home $175 a week, but her child care costs her $125 a week. How is she going to pay for rent, food, clothing, and transportation costs with only $50 left over a week?

Our Democratic Work First plan recognizes that child care is the vital link between leaving welfare and going to work. Our plan consolidates four current programs into one expanded child care block grant, eliminating duplicate paperwork and reporting requirements, and reducing bureaucratic structure.

This block grant will help provide child care for welfare recipients, those transitioning from welfare to work, and the working poor. Under our plan, a family of four making less than $15,000 a year will be eligible for child care.

On the other hand, the Republican plan forces States into an impossible position. Either the State does not provide child care and welfare reform fails, or they do provide child care by raising taxes and cutting other State programs.

States also can divert aid from the working poor to pay for welfare, but in doing so send a perverse incentive—if you go on welfare, you get help; if you go to work every day and barely make ends meet, you never get a break.

Welfare reform is about ending the cycle and the culture of poverty. Ending the cycle of poverty is an economic challenge, but Democrats are providing the tools to overcome this challenge. The Republicans have no plan.

Ending the culture of poverty is about personal responsibility. Democrats have proposed a tough plan based on tough love. It is a hand up, not a hand out. But Republicans have proposed a punitive plan based on tough luck. It aims for the mother, but hits the child.

This debate should be about ending welfare as a way of life, and making it a step to a better life. That means real work requirements, with the tools to get the job done. If we are to have a bipartisan framework for welfare reform, we must address the work challenge in a way that is real, and deals with people's day-to-day needs.

We must adopt the Kennedy-Dodd amendment and fix the Dole home alone child care policy.

THE NEED FOR CHILD CARE IN WELFARE REFORM

Mr. DORGAN. Mr. President, I think we can all agree on the fundamental goal of welfare reform. We must create a program that moves recipients from welfare to work to economic self-sufficiency as quickly as possible. We must help replace their welfare checks with paychecks.

One obvious way to transform a system which encourages dependency is to eliminate its inherent disincentives. How? Fundamentally, you must make support services—the cornerstone of long-term success in the workplace—more available to low-income people who want to work. The linchpin of successfully transitioning people from welfare to work is child care. And the bill before us today is woefully deficient in providing funding for child care services. In fact, the Dole bill does not guarantee that one cent of the block grant will be spent on child care.

That is why I strongly support the Dodd-Kennedy amendment. It recognizes that no welfare reform proposal can be successful without providing child-care services. And it is willing to invest in those services to ensure a successful outcome.

Most working families feel the pinch of child-care costs. Low-income families, which are often headed by single parents, feel the greatest pinch, spending a quarter of their income for child care. In North Dakota, it costs a family about $3,400 a year for child care. If a family is just scraping by at poverty level wages—$14,763 for a family of four—that's an awfully big chunk of your income going to pay for child care.

This situation is all too prevalent in our society. There are too many working poor families, and too many mothers trying to move from welfare to work who are forced back onto the welfare rolls because their child care is too expensive or unreliable.

While the Dole bill does contain child-care provisions, it falls far short of what is needed to help these families achieve true self-sufficiency and economic independence. It fails to guarantee child-care assistance to recipients who are moving to work, and most importantly, it fails to provide additional funding to meet the work requirements contained in the bill—it provides less than half of current child-care spending and doesn't even begin to address the increased need for child care created by the bill's work requirements. In short, it just doesn't put its money where its mouth is, and it is a recipe for disaster.

The ability to secure affordable child care is a decisive factor in determining whether low-income mothers can get off and stay off welfare. If we want to move parents with children off of the welfare rolls and into work, we must pass a welfare reform bill that will ensure that the 10 million children on AFDC will be cared for while their parents look for jobs and begin employment.

The Dodd-Kennedy amendment achieves that goal. To help welfare recipients get and keep a job, this amendment creates a direct spending grant to States with the funding levels set at HHS cost estimates of $11 billion over 5 years so that the child-care needs created by the Dole work requirements are met. This grant is fully paid for—by earmarking $5 billion from the title 1 block grant and by cuts in corporate welfare.

The amendment guarantees that no child will be left home alone while their parents are working, looking for work, or participating in an education or training program. And it ensures that families aren't punished for failing to participate in job training or work programs if child care is unavailable.

It also requires States to maintain current spending on child care—without requiring them to match additional child-care spending.

Perhaps most importantly, the Dodd-Kennedy amendment means that critical child-care services for low-income families will continue to be provided under the child care and development block grant.

Parents who are able to work must be given the tools to do so. A critical component of getting families off welfare—and keeping them off—is ensuring safe, adequate and affordable care for their children. The Dodd-Kennedy amendment does just that, and I hope that my colleagues will support it.

Mr. LEAHY. Mr. President, I am proud to be a co-sponsor of the Dodd-Kennedy child-care amendment to the Republican leader's welfare bill. This amendment backs up the work requirements in this bill with the child care assistance necessary to meet them.

Caring for our children is not an issue that affects only the poor—all working parents need child care. As we debate the issue of how we are going to change the dynamic of the welfare system, it is absolutely crucial that we do all we can to protect children.

We are trying to agree on the best way to get welfare parents, generally single mothers, into jobs and how to keep them there. A single mother should not be forced to choose between properly caring for her children and going to work. And if parents are not working, they cannot support their families. If my wife and I wanted to see a movie, but were unable to find a babysitter for our three children when they were young, then we did not see the movie. How can we expect parents to work when there is no one to care for their children? We need to be realistic in our effort to reform the welfare system.

Welfare reform is not only about adults—it is about children who live in poor families. These children are poor at no fault of their own and the U.S. Congress is punishing them by forcing their mothers out the door, leaving them home without a parent or babysitter.

If we are going to break the cycle of poverty and change the future of poor people in this country, children need to be at the top of our list of priorities. We need to guarantee that children will be cared for in healthy, safe, supportive environments that help them to develop and build their self-confidence. If we do this, if we help children get good child care, we can help parents keep their jobs, and then and only then, will their children learn the importance of working.

Watching their parents come home from work at night will allow children to see the self-confidence that results from bringing home a pay check and being self-supportive. If Congress denies low-income families the child care assistance they need to work, then kids will be left home alone. Do we want television to take over as the caregiver while parents are at work?

If we can give children some structure, a place where they can learn the skills and values they need to stay interested in school, perhaps they will work their way out of poverty and we can start breaking the demoralizing cycle of poverty that has affected millions of Americans.

Anyone who has ever sought child care knows that it can be difficult, stressful, and time consuming. For many families, child care is unavailable and unaffordable and those that lack the economic resources, the time, and information, have fewer options. In many small towns in Vermont, neighbors, friends, and family rely on each other to help out with each other's children. There is usually someone around who can watch the children for a few hours. But not every family lives in that kind of supportive environment. We all need to share the responsibility in meeting the needs of the children of this country. Children growing up in secure, supportive environments benefits us all.

The Republican leader's bill will make child care even more unaffordable for low-income families. As it is, working poor families spend 33 percent of their income on child care. In sharp contrast, middle-class families spend only 6 percent of their income on child care. A single mother of two living on welfare can probably expect to earn about $5 an hour once she is able to find a job. Child care will cost about $3 an hour or more for her two children which leaves her $2 an hour, at most, to live on and support her family—$2 an hour is not even enough to support one person.

In addition to child care, a single mother must then pay for transportation to work, clothes for herself and her children, rent, food, and medical costs depending on how much assistance she receives from food stamps and Medicaid. Nobody could cover those expenses on $2 an hour. Nobody. Welfare is the price our country pays to keep families, single mothers and their children, together. If this Congress fails to require States to guarantee child care, the consequences for many of these families, women and their children, will be tragic.

We must also remember that single mother's did not have their children alone. I certainly hope that strong child support enforcement will decrease the need for Federal assistance, and move single mothers and their families toward self-sufficiency. These efforts alone, however, may not be enough for some families.

Child-care assistance for low-income working parents and those working their way off of welfare is essential. I urge adoption of this amendment.

Mr. HARKIN. Mr. President, I rise in strong support of the pending amendment and commend Senators DODD and KENNEDY for addressing one of the most critical issues related to welfare reform.

Child care is the linchpin for achieving comprehensive welfare reform because parents must know that their children are supervised and safe in order to go to work. That is just common sense.

But the Dole amendment falls short here. First, it repeals the guarantee that child care must be provided in order for States to take welfare recipients out of the home and put them into the workplace.

Second, the Dole proposal mandates that parents work, but does not provide any additional support for child care. In fact, the plan repeals all existing child-care funding specifically for this purpose.

Mr. President, we all agree that welfare recipients must be required to work. However, if quality, affordable child care is not available parents will be faced with the unacceptable alternative of leaving children at home alone or in unsafe situations. That is really no choice at all.

I have often spoken about the success of the Iowa Family Investment Program. After 22 months, the Iowa welfare reform program is showing good results. More people are working, the caseload is declining and the cost of cash assistance is going down.

These results happened because the State has been investing in education, training, transportation, and, of course, child care.

I often meet with welfare recipients, caseworkers, and other in Iowa regarding welfare reform. The most common concern I hear is the need for child care and the need to provide more resources for this purpose. We must make sure that resources are available for child care or welfare reform will fail. This is a most fundamental issue.

The average annual cost per participant in Iowa's PROMISE JOBS program is $1,920, including $987 for child care. It is clear that child care is a critical part of moving welfare recipients into the work force.

Mr. President, I commend Senators DODD and KENNEDY for addressing the important issue of child care and welfare reform and urge adoption of the amendment.

Mr. SANTORUM. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, I ask unanimous consent that Senator HOLLINGS be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Chair advises Senators that the Senator from Massachusetts has only 1 minute and 42 seconds, and the Senator from Pennsylvania has 14 minutes and 52 seconds. Therefore, there is insufficient time for the elapse of a quorum call.

Does the Senator from Pennsylvania yield time?

Mr. SANTORUM. Mr. President, I yield such time as I may consume. I want to go over this amendment again and discuss it specifically for Members who may be torn, as I think many are, in wanting to support work and see the potential need for day care.

Focusing on what the amendment does, we have heard a lot of discussion from the Senator from Connecticut and the Senator from Massachusetts of the concern for mothers with preschool children, that we cannot allow mothers who have children 1, 2, 3, 4, 5 years of age—and I have three children all under the age of 5 and I am keenly aware of the need for care for young children.

However, this amendment does not just pertain to young children. This provides funding so that every welfare parent with children under 12 years of age—12 and under, under 13—you can have an 11-year-old or 12-year-old and you still get a funded day care slot. That is what the amendment says. This is not just focused on children under 5.

We talk about being concerned for them. This is a much more expansive program. It is not just part-time child care, it is a full-time child care program. It is 12 and under, full time, not just for single moms, not just for single moms or dads who have children, but for married mothers and fathers who may be on welfare and have children. This is for two-parent households as well as single-parent households. That is what the amendment says.

You could have a situation where you have a 12-year-old child at home with two parents, and under this bill, you would get a full-time day care slot paid for by the Federal Government. Would that not be nice if every American who was working, the Government would pay your full-time child care, and you could not even have to work under this bill.

So you do not have to work. You can be married, have a 12-year-old at home, do not work, and the Government will pay your child care full time. That is what this amendment does.

Now, you hear a lot of compassion on the other side about the single mom with the 2-year-old, but you do not hear that this is another well-intended bill that focuses on the hard problem. And then when you realize this is a brandnew big-time expansive program, day care for everybody on welfare, whether you are married or not, whether you are working or not.

I do not think that is what is being sold here on the Senate floor. I think we have to look very carefully at what is in this amendment and how much money it costs—$6 billion, fully funded day care slots for all children of married and unmarried parents, single and married parents, up to 12 years of age. Not the preschool kids, but up to 12 years of age.

I think this is a real Pandora's box we have opened. This is not the amendment that is being talked about. This is a very broad, expansive program.

Mr. KENNEDY. Will the Senator yield?

Mr. SANTORUM. I am happy to yield to the Senator.

Mr. KENNEDY. Is the Senator familiar with how many parents are waiting for child care in the State of Pennsylvania?

Mr. SANTORUM. I think the number is around 9,000.

Mr. KENNEDY. Mr. President, 7,779 children now are on the child care waiting list in Pennsylvania, many are single parents, waiting to get off welfare or stay off welfare.

I am wondering, does the Senator believe that for those who want to work and can work, that there ought to at least be some help and assistance, either full or part time, as was included in the bill passed in 1988 and providing at help and assistance for hundreds of thousands of families?

Mr. SANTORUM. If I can reclaim my time, I say the answer is yes. I think we do that in this bill. In the Dole modified bill, we believe there are ample dollars available. Within the AFDC block grant, there will be money available for child care.

You have the additional child care block grant, which is appropriated at $1 billion for this year and as necessary for future years. We will have this debate every year, Senator.

We are going to have a debate on the floor of the Senate over how much money we will provide in the appropriations process for people on welfare who need day care assistance. I may be back here with you, joining with you in having started this program in place and having seen the needs and heard from the Governors that we may need to appropriate more money in the years ahead. There is nothing that prohibits us from doing that.

But to lock in—you do not call it an entitlement, but it might as well be one—to lock in a program of $6 billion right now, not just again for young kids, for children under the age of 5, but for children up to the age of 12, for parents who are single and married, I think that just goes too far.

I hope that my colleagues will look at the expansiveness of this amendment, the cost of this amendment, and I think the unfairness of this amendment when juxtaposed to the working family in America.

We are telling the working family in America that, if you want to raise children, fine. But you are on your own. But if you go on welfare, even if you are married, we are going to provide a full-time government day-care slot for you. I think that goes too far.

I hope we will reject this amendment, that we will continue to work—as I know the Senator from Utah [Mr. HATCH] has talked about, and I know the Senator from Vermont and others who are looking at this issue will—we will continue to work to see what we can do to make sure that people are not disqualified from working because of the unavailability of day care. That is what the Snowe amendment——

Mr. KENNEDY. Will the Senator yield further?

Mr. SANTORUM. If I can finish—that is what the Senator's amendment does. It focuses in on the problem areas. It says, if you cannot find day care, and if you can show that day care is unavailable, whether it is just too costly, given the amount of money you receive on welfare, or it is not proximate to where you live, or whatever the case may be—and there is a laundry list of things that you can use to show the unavailability of day care—under the Snowe amendment that is included in the Dole package now, if you can show that day care is unavailable, you are exempted from the work requirements.

That is a very important measure. Because what that does is it says to the State—which, I remind you, has to have, when this program is finally phased in, half of the people in the program in the work program. Those people who cannot find day care remain in the denominator but not in the numerator. So they are part of the base of 100 percent, but they do not go toward the 50 percent you need for work participation. If you have a sufficient lack of day care, that is going to have a big effect on your ability to meet your 50 percent work participation standards.

We believe that will be adequate impetus, in fact more than adequate impetus, to get the States to provide day-care services that are necessary to get younger mothers, in particular, into the workplace. We think that kind of flexibility and dynamics are better than creating out of the box a fully funded entitlement—or guarantee, it is not an entitlement—guarantee that you are going to have day care if you are on welfare: You get day care if you have children under age 13 whether you are married or not, whether you are working or not. I just think that is too big of a loophole, too big of a grant.

And I think it is an unwise move by the U.S. Senate.

Mr. KENNEDY. Is that what the Senator understands the Dodd amendment will do, provide day care for all children? The Senator just said that. Is that what the Senator understands it to do? You said it. Of course——

Mr. SANTORUM. If I can reclaim my time, I will be happy to answer the question. It says on page 4 of the amendment, eligible children are—

For purposes of this section, the term "eligible child" means an individual, who is less than 13 years of age and resides with a parent or parents who are working pursuant to a work requirement contained in section 404 of the Act.

So I think it is clear that those who are eligible are under 13 years of age, can be with a single parent or parents, which I assume means married.

Mr. KENNEDY. And what percent in the Dole proposal would be included under that requirement? What percent in the Dole proposal will not be so included?

As the Senator knows, half of those will be required to work in order for the States not to be penalized. They are going to have to find their child care outside of these requirements.

The Senator understands that?

Mr. SANTORUM. Right.

Mr. KENNEDY. When the Senator says this amendment is effectively saying to every parent that all children will receive child care, that is not a fair characterization of the amendment. I mean, I think that is what we ought to do—but that is one fact that the Senator is wrong on. And second, how does the Senator understand the discretionary block grant? Who is eligible for that?

Mr. SANTORUM. My understanding, if I can respond to the first point, is that the Senator from Connecticut has repeatedly said the formula was calculated based on fully funding every welfare parent who is required to work with children under 12. That includes single parents and married parents. So there will be parents who will not have to work because only one of them will be required to work that will, in fact, get day care. I think that is a little much.

Mr. KENNEDY. As the Senator knows, the Dole proposal requires that half of all families on welfare participate in the work program. HHS estimates that half of these families will find their own child care. The Dodd amendment is focused on those families that will need child care assistance in order to move from welfare to work.

So it is not all of those. It is those that they believe—50 percent of the adults that otherwise would need the child care under this proposal.

Let me just ask the Senator——

Mr. SANTORUM. If I can reclaim my time, the 50 percent participation standard means that 50 percent of the people in the welfare program are going to be required to be in a work program. The other 50 percent are not required to be in a work program and therefore the need for day care, I would assume—there would be no need for day care because they would not be in a work program.

So, what the Dodd amendment does is provide funding for those who have to work. That is my understanding.

Mr. KENNEDY. First of all, I am a strong supporter of the need for child care to move people off of welfare into work. But second, how does the Senator understand the block grant program? Who is eligible for the discretionary block grant program?

Mr. SANTORUM. Under the amendment of the Senator from Connecticut?

Mr. KENNEDY. No, just under the existing program, the $1 billion that is existing under the discretionary program. Who is eligible for that?

Mr. SANTORUM. Before I answer that question, how much time is there remaining?

The PRESIDING OFFICER. The Senator from Pennsylvania has 2 minutes 20 seconds. The Senator from Massachusetts has 1 minute 24 seconds.

Mr. KENNEDY. I think we have another 15 minutes.

Mr. SANTORUM. I will put a unanimous consent in, and then I will be happy to respond.

Mr. President, I ask unanimous consent the vote on or in relation to the Dodd amendment occur at 5:15 p.m. today, notwithstanding the previous order, with the time between now and 5:15 equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SANTORUM. My understanding is, under the current proposal, that money is a block grant to the States with the States' discretion to provide those funds.

Mr. KENNEDY. The existing discretionary block grant program, who is participating in that program today? The program originally created by Senators DODD and HATCH.

Mr. SANTORUM. I do not know the answer to that.

Mr. KENNEDY. See, this is part of the problem, Mr. President, using these characterizations loosely. That program is targeted to low-income working families. It provides $1 billion and 700,000 families struggling to make ends meet and stay off welfare. It has been supported by Republicans and Democrats alike. The idea, under these proposals, is to assist those who are making the minimum wage, who still receive the $13,000 for the family and still cannot afford the child care they need to get by.

The Senator mentioned earlier that he is concerned about trying to provide some help and assistance to working poor families. I hope then he opposes diverting these essential resources away from working poor families as is encouraged by the Dole bill.

Mr. SANTORUM. Mr. President, if I can reclaim my time, I just think, within the existing AFDC block grant, there are funds available, that are currently available under the AFDC program, for child care. Those funds would continue to be available if the State should so desire to create a program to provide assistance for people on welfare in addition to the block grant funding. So what we do is provide State flexibility to be able to use those funds as the State sees fit, which is in keeping with what this side of the aisle was trying to do, which is for the States to be able to design, we believe, better programs than a Washington-based program.

Again, I think throughout this dialog we found that, in fact, this program is an expansive, new—I will not use the term "entitlement" because there is not an entitlement in the law —but it fully funds every slot that is necessary. I know that is not an entitlement because you cannot go in there and go to court and say I am entitled to this money. But the money is there. Anyone who has a child under the age of 13, one or two parents, will be able to get fully funded government day care, a full-time day-care slot.

Again, it is the option of first resort, not last resort. If you look at the money the Senator from Massachusetts was just talking about, the block grant funding, and he talks about how many working families are waiting for this assistance, it is not the option of first resort. You have to look at family and neighbors and friends. That, I would think, would still be—it is harder. But I think we have done enough to say that families are not important in this country or that fathers are not important in this country, to continue to provide money to replace existing social networks and just say the Government will do it. You do not need the father's money. You do not need a father around anymore. We will pay the father's money. That is what AFDC is for and all these other programs. You do not need grandparents or cousins. We will have a fully funded Government day care slot for you. We do not need family support. What does that mean? That is not necessary. We will continue to isolate you from your surroundings. I think that is harmful. I think guaranteeing something up front is harmful in the long run. It may sound good, but it will continue to destroy the fabric and culture of our society where we used to be interdependent. And because the Government is now coming in and doing everything for you, you have become this island unto yourself.

I think it is a very sad state in our communities. And we will only add to that with this program.

I hope we do not accept this amendment.

Mr. President, I reserve the remainder of my time.

Mr. KENNEDY. Mr. President, how much time remains? I see the leader on the floor.

The PRESIDING OFFICER (Mr. GRAMS). The Senator from Massachusetts has 9 minutes remaining.

Mr. KENNEDY. May I have 3 minutes?

Mr. President, I have listened to my friend and colleague from Pennsylvania. I listened to him describe the Dodd amendment. I have difficulty understanding his interpretation. There are 60 percent of welfare mothers today who have children 5 years of age or younger. Under the most recent modification, they would not be sanctioned for failure to participate in the work program. It is clearly better for parents to stay home than to leave their children home alone, but what about the great number of those individuals who want to work, would like to work, could work, will work, and are just looking for the opportunity and the child care they need to enable them to work. The Senator from Pennsylvania says, "Well, we are not going to be punitive to them." Well he is right, the most recent modification is better than the original bill, but it is not enough.

The final point that I want to mention again is what the National Council of Churches says with regard to this. I have read it. They believe we need increased access to child care. The National Conference of State Legislatures, bipartisan, believes that we need additional child care. The American Public Welfare Association thinks we need additional child care. The Catholic Charities talk about it. They think we need additional child care, and the list goes on. The National Parent-Teachers Association agrees.

These are groups that are operating programs for children every single day, talking with parents and listening to their concerns. They are on the frontlines, and this is what their conclusion is.

Our amendment will promote work and protect children. It will improve the lives and the livelihoods of millions of American families. That is why I think the amendment is needed.

I yield the remainder of my time.

Mr. DASCHLE. Mr. President, I will use my leadership time for whatever time I may consume to speak in behalf of the Dodd amendment.

Mr. President, let me begin by thanking the distinguished Senator from Massachusetts for his excellent comments and for the leadership that he has shown on this issue throughout this debate, and certainly the Senator from Connecticut, the senior Senator, Senator DODD, for his work in bringing us to this point this afternoon. His leadership and the effort that he has invested in this issue for many years is illustrative of the contribution that he has made on a number of issues relating to children. And this is perhaps the most important contribution of all.

As the distinguished Senator from Massachusetts has indicated, you simply cannot have welfare reform if you do not address the issue of child care adequately. There can be no doubt that it is the linchpin between welfare and work. Why? Because 60 percent of AFDC families have children under 6. Why? Because, in many cases, those same families cannot find adequate day care, cannot afford day care even if they can find it, and have great anxiety about leaving their children unattended.

I do not care whether it is one parent or two parents. If we want them to go out and work, if we want them to go out and get the skills necessary so they can work—time after time they have told us, and time after time virtually every social organization has indicated—you have to find a way to take care of their children. That is what this amendment does. It says in a meaningful way we are going to create a partnership. We are not going to tell you who to take your children to. We are not going to create some new governmental system to do it. We are simply going to give you the means by which you can find the best way to take care of your children.

This will affect every single welfare family. You have to have a child to be on welfare, period. You do not meet the definition if you do not have a child.

Child care enables mothers to go to work, to have the confidence to leave their home. Parents cannot accept their responsibilities as parents if they leave their children at home alone without any supervision, without any care, without any knowledge of what is going to happen to their children, especially at those early ages.

Let me address another point that was raised in this most recent colloquy. It is not just the child who is under the age of 4 or 5 and not yet ready to go to school that we ought to be concerned about. What happens to those children who are going to school, who come back in the mid to late afternoon to a home without a parent, without anybody to take care of them through the end of the day? What happens to them? What kind of supervision, what kind of care, what kind of nutrition, what kind of attention are they going to get? This amendment addresses that concern. It is not just a concern for those who are under the age of 6 and not able to go to school. We have to be equally as concerned with those children who come home in the afternoon and have no supervision, especially in those early ages.

Families below poverty spend almost 30 percent of their income on child care, Mr. President. Nonpoor families only spend about 7 percent of their income on child care. There is no secret why low-income families are not capable of addressing the need for child care in their own families.

Child care costs in the District of Columbia can run as high as $150 to $175 per week. The average monthly benefit for an AFDC recipient is less than $400. So we are asking many parents today to spend more in 1 month on child care alone than they receive in AFDC. Obviously, Mr. President, it is an incredible impediment for many people.

So what happens is that most people today are relegated to finding other ways of ensuring that their children are cared for. They depend on relatives who may or may not be reliable or informal arrangements that may or may not work on a daily basis. A job requires reliable child care, and often that is very hard to find.

So in many cases, Mr. President, parents are simply forced to make do. And all too often, unfortunately, they do not make do. All too often they are forced to rely on low-quality care.

We believe that quality child care is too important to child development to leave those children home alone or to make a way somehow on a day-to-day basis with relatives or families or people in the neighborhood to care for their children. Studies show that the first 3 years of life in some ways are the most critical of all. Quality care can clearly change the lives of children today. Quality care can truly give kids a head start. Quality care can relieve parental stress and give people the confidence they need to walk out of that door and go to their job, go on and achieve meaningful job skills, and do so with the knowledge that they can be a productive, cohesive, and successful family when the work is done.

Mr. President, that is all we are asking. Let us give families an opportunity to be families. Let us give them the opportunity to be strong families. Strength is defined in part by how strong the children are, by how nourished, how educated, how guided, how attended, and how cared for they are.

The Republican plan, frankly, is nonexistent in this regard. It is nice to have all the nice sounding rhetoric, but the fact is you have nothing if you do not put resources next to it. There are no resources in the Dole bill. It is estimated that the Dole bill in its current form is underfunded by almost $11 billion in the area of child care.

So there is no assurance that the children of single mothers will be adequately cared for. As the distinguished Senator from Massachusetts has said over and over, the Home Alone bill is not what this piece of legislation ought to be.

The modification made by the majority leader last week does not address this concern. In fact, it only exacerbates the problem. As the Senator from Pennsylvania has alluded to, the bill prohibits States from sanctioning mothers with children under 6. That may be good in some cases. But that is not the real issue. That does not help mothers become self-sufficient. It is a de facto exemption from the work requirement.

We do not want to exempt mothers, and we do not want to exempt States that do not provide the resources. We want States to provide the resources so that mothers will have the tools and the opportunities they are going to need.

Mr. President, the Dole bill in its current form will exempt 60 percent of those who are eligible for welfare today. Why? Because 60 percent of AFDC mothers have children under 6.

As the Dole bill is written, it will exempt any mother among that 60 percent that cannot find or afford child care.

States already had to pay for day care. It was an unfunded mandate, but they were required to pay it or exempt mothers and take a 5-percent cut in the block grant. The likelihood now is even greater that the bill has virtually no value in terms of putting people to work or providing child care.

So that is why this amendment is so important. This amendment says a number of things. First of all, it says we cannot expect parents to walk out that door, achieve the desired goals of this bill—that people either acquire skills or acquire a job—if they have to leave their children at home alone.

Second, it provides the resources necessary to make this happen. We ensure, not only that States are going to establish the mechanisms by which to provide those services, but that States are going to have the resources to see that that happens.

Third, the Dodd-Kennedy amendment is tough on work but not on kids. We require able-bodied adults to work or to prepare for work. We ensure that when they do, we are going to enter into a partnership with them to see that their children are cared for. We guarantee that child care assistance is provided, and we do so not by exempting the mothers with children who cannot find day care, but by helping them find the child care they need to allow them to work in the first place.

It is very clear. The adoption of this amendment is the linchpin to welfare reform. We are not going to get it without child care. We are not going to get it without the level of resources required to provide meaningful child care. We are not going to get it simply by exempting mothers who have no other recourse but to stay at home because child care is not available.

There has been a lot of rhetoric in this debate. The most important thing we can do to change rhetoric to real action is to pass this amendment, to provide the resources, to provide the mechanisms, and, most importantly, to provide mothers the confidence that they can be a family when they come home from work at night. This investment in children is as important to kids as it is to mothers, as it is to the system itself. It deserves our support, and I hope Republicans will join us in the passage of it as we take up the vote momentarily.

I yield the floor.

The PRESIDING OFFICER. Is all time yielded back?

Mr. SANTORUM. Mr. President, what time is remaining on both sides?

The PRESIDING OFFICER. The Senator from Pennsylvania controls 5 minutes, 45 seconds.

Mr. SANTORUM. Their time has expired?

The PRESIDING OFFICER. Seven minutes and seven seconds on the minority side.

Does the Senator from Massachusetts yield back all of his time? Is that correct?

Mr. DODD. The Democratic leader just spoke. Does anybody on that side wish to be heard on this?

Mr. SANTORUM. I would like to recognize the Senator from Washington for 2 minutes.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, I just want to say that the abstractions with which we deal with issues like this here are very different from the reality on the streets.

On my way back here from Seattle today, I read a long and fascinating article in the New York Times about the cultural differences among various kinds of gangs in the city of Los Angeles. The reporter reports on the particular ethos of black gangs, of Asian gangs, and of Hispanic gangs. In Los Angeles, the Spanish gangs account for most of the street murders, in the number of hundreds every year, but they do have a strong sense of family. And the principal part of the story is about a 15-year-old gang member with a 17-year-old girlfriend who has a 1-year-old child by this gang member.

If I may, I will share the last two paragraphs of that story with you, Mr. President.

"He's always staying home now," Tanya said hopefully. "He doesn't want to miss nothing. He's saying, 'Can't you just leave the baby with me. I'll watch the baby and you go to school."

Dreamer is still only school age—

He is 15.

Tanya acknowledged, but the young family expects to be financially secure. Her mother receives Federal assistance to care for her through Aid to Families with Dependent Children. And now, Tanya said, she will also receive AFDC assistance to care for her own daughter, who is named Josefina.

So here we are subsidizing gangs and gang warfare in Los Angeles. That is why we need to pass this bill. That is why we need to deal with reality.

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. I yield myself such time as I may consume.

In closing, I just want to remind Members what this amendment does. This is not an amendment targeted at preschool children, to provide single mothers support for preschool children. Children aged 12 and under are eligible for a full-time guaranteed day care slot under this proposal, under the Dodd amendment including two-parent families. Not just single mothers but two-parent families also qualify for a full-time day care slot. It also has a 100-percent maintenance-of-effort provision in this bill on the States.

This is a throwback to some of the ideas that we were debating for the past 2 decades. This is not in a new direction. This is not the direction we should take if we are going to reform the welfare system and get people back to work and get back to self-sufficiency.

I urge my colleagues to defeat the Dodd amendment.

I yield back the remainder of my time.

Mr. DODD addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Mr. President, very briefly, first of all, just in response to my friend from Pennsylvania, we say with regard to children that they should not be penalized if there are two parents. In fact, we ought to be encouraging that. And second, for after-school programs, it does not mean all-day child care, people in school. Obviously, it does not apply in those cases.

However, let me get back to the central point, Mr. President, if I can, in conclusion. We all want to see people move from welfare to work, and assist in that process. Every survey that has been done over the last decade has indicated that one of the major obstacles of people moving from welfare to work is the absence of child care.

Sixty percent of all AFDC recipients have children age 5 and under. If we are truly committed to moving people from welfare to work and we want to assist States in that process, we must provide adequate funds for child care. Because this bill mandates a 25-percent work requirement in 2 years, and 50 percent by the year 2000—we set that as a mandate in this bill—we should assist States in making that happen. All this amendment does is provide the assistance in a pool of money.

It is not an entitlement. It does not guarantee anybody anything. Merely on a proportional basis based on the block grant, it says to the States, "Here is a pool of money to assist you in providing those families that you are moving from welfare to work with child care."

Everyone knows that any effort to go from welfare to work, with infant children, that does not provide for child care will fail. And all of us do not want to see that happen.

So, Mr. President, I urge that we come together. This is an authorization—authorization. Money will have to be appropriated. If the numbers are less, then appropriate to less. But let us not try to divide over this issue that has united us in the past. Let us see if we cannot here find some common ground.

I happen to believe, Mr. President, we would pass welfare reform 95-5 if we would adopt the Dodd amendment on child care. We could end the acrimony. We could have a good welfare reform bill. We could assist our States. And we could move people from welfare to work. Let us not miss this opportunity, for once, to come together in this Congress on an issue this critical and this important to the American public.

Mr. President, I yield back the remainder of my time, and I urge a "yes" vote on the amendment.

Mr. SANTORUM. Mr. President, I move to table the Dodd amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is now on the motion to table.

The clerk will call the roll.

The bill clerk called the roll.

Mr. LOTT. I announce that the Senator from Texas [Mr. GRAMM] and the Senator from Wyoming [Mr. SIMPSON] are necessarily absent.

I further announce that, if present and voting, the Senator from Wyoming [Mr. SIMPSON] would vote "yea."

The VICE PRESIDENT. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 50, nays 48, as follows:

[Rollcall Vote No. 406 Leg.]

YEAS—50

Abraham	Frist	McConnell
Ashcroft	Gorton	Murkowski
Bennett	Grams	Nickles
Bond	Grassley	Packwood
Brown	Gregg	Pressler
Burns	Hatch	Roth
Chafee	Hatfield	Santorum
Coats	Helms	Shelby
Cochran	Hutchison	Smith
Cohen	Inhofe	Snowe
Coverdell	Kassebaum	Specter
Craig	Kempthorne	Stevens
D'Amato	Kyl	Thomas
DeWine	Lott	Thompson
Dole	Lugar	Thurmond
Domenici	Mack	Warner
Faircloth	McCain	

NAYS—48

Akaka	Feingold	Leahy
Baucus	Feinstein	Levin
Biden	Ford	Lieberman
Bingaman	Glenn	Mikulski
Boxer	Graham	Moseley-Braun
Bradley	Harkin	Moynihan
Breaux	Heflin	Murray
Bryan	Hollings	Nunn
Bumpers	Inouye	Pell
Byrd	Jeffords	Pryor
Campbell	Johnston	Reid
Conrad	Kennedy	Robb
Daschle	Kerrey	Rockefeller
Dodd	Kerry	Sarbanes
Dorgan	Kohl	Simon
Exon	Lautenberg	Wellstone

NOT VOTING—2

Gramm	Simpson

So the motion to lay on the table the amendment (No. 2560) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote.

Mr. SANTORUM. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The VICE PRESIDENT. The question recurs on the amendment of the Senator from Kansas, Mrs. KASSEBAUM.

There are 4 minutes of debate, evenly divided.

Mr. MOYNIHAN. Mr. President, may we have order.

The VICE PRESIDENT. The Senate will be in order.

The Senator from Kansas, [Mrs. KASSEBAUM], is recognized.

AMENDMENT NO. 2522

Mrs. KASSEBAUM. Mr. President, first, I would like to ask for the yeas and nays on my amendment.

The VICE PRESIDENT. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mrs. KASSEBAUM. Mr. President, I will reiterate why I believe this amendment is important.

Mr. President, I, too, feel strongly about the importance of child care. In order to make our welfare reform effort successful, I could not support the measure that we just voted on because I felt it was an amount of money that could not be sustained and was not offset in a way that I felt would be successful.

The rationale for my amendment is briefly three parts. It creates a unified system of child care at the State level, with one State plan. It is not an effort to, in any way, intrude on the infringement of one committee over another. It is my idea that a consolidation of these efforts is important, and it provides one set of regulations, rather than a two-track system. So it does not transfer jurisdiction of the Senate Finance Committee child care program to the Senate Labor and Human Resources Committee. But it does set up a single system through which child care is handled. It prevents families from experiencing disruptions in their child care since their eligibility is no longer tied to specific program requirements, that is, AFDC. Instead, eligibility is based on a family's income, through a sliding fee scale that the State determines. As parents earn more, they make a greater contribution for child care assistance.

I feel it is very important that low-income families can be able to move off of welfare rolls and yet still be able to maintain some support for child care. It preserves the limited funding for child care for low-income working families, many of whom rely on this assistance to stay off of the welfare rolls. For example, for a family of two earning minimum wage, average yearly child care costs consume 47 percent of the household gross income. That is a significant amount, Mr. President. I believe families do need some support because it is the children that we do have to protect in this process.

I yield the floor.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. GRAMS). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Texas [Mr. GRAMM] and the Senator from Wyoming [Mr. SIMPSON] are necessarily absent.

I further announce that, if present and voting, the Senator from Wyoming [Mr. SIMPSON] would vote "nay."

The PRESIDING OFFICER (Mr. FAIRCLOTH). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 76, nays 22, as follows:

[Rollcall Vote No. 407 Leg.]

YEAS—76

Abraham	Exon	Leahy
Akaka	Feingold	Levin
Baucus	Feinstein	Lieberman
Bennett	Ford	Lugar
Biden	Frist	Mikulski
Bingaman	Glenn	Moseley-Braun
Bond	Gorton	Murkowski
Boxer	Graham	Murray
Bradley	Grams	Nunn
Breaux	Harkin	Pell
Bryan	Hatch	Pressler
Bumpers	Hatfield	Pryor
Burns	Heflin	Reid
Byrd	Helms	Robb
Campbell	Hollings	Rockefeller
Chafee	Hutchison	Santorum
Coats	Inouye	Sarbanes
Cochran	Jeffords	Shelby
Cohen	Johnston	Simon
Conrad	Kassebaum	Snowe
Craig	Kempthorne	Specter
Daschle	Kennedy	Stevens
DeWine	Kerrey	Warner
Dodd	Kerry	Wellstone
Domenici	Kohl	
Dorgan	Lautenberg	

NAYS—22

Ashcroft	Inhofe	Packwood
Brown	Kyl	Roth
Coverdell	Lott	Smith
D'Amato	Mack	Thomas
Dole	McCain	Thompson
Faircloth	McConnell	Thurmond
Grassley	Moynihan	
Gregg	Nickles	

NOT VOTING—2

Gramm	Simpson

So the amendment (No. 2522) was agreed to.

Mr. SANTORUM. Mr. President, I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2523

The PRESIDING OFFICER. The question—the Senate will please be in order.

The question is on the amendment No. 2523, offered by Senator HELMS. There are 4 minutes evenly divided. Who yields the time?

The distinguished Senator from North Carolina.

Mr. HELMS. Mr. President, I do not believe I can talk over the various discussions going on.

Mr. LEAHY. Mr. President, the Senate is not in order. The Senator is right. He is entitled to be heard.

The PRESIDING OFFICER. The Senate will please be in order.

Mr. FORD. The Chair can call names.

The PRESIDING OFFICER. The Chair recognizes the Senator from North Carolina.

Mr. HELMS. Mr. President, instead of making remarks, I have prepared a sheet that is on every Senator's desk that explains, or refutes in one or two cases, suggestions about what this amendment does or does not do.

Let me go down the list. First, the question and then the answer.

How much of the taxpayers' money will this amendment save?

CBO says it will save $5.68 billion over 7 years.

What are the work requirements under the Helms amendment? And by the way it is cosponsored by the distinguished occupant of the chair, Mr. FAIRCLOTH, and Mr. SMITH of New Hampshire, Mr. GRAMS of Minnesota, and Mr. SHELBY of Alabama. What are the work requirements under the Helms amendment?

Food stamp recipients must work a total of 40 hours over a 4-week period before receiving benefits.

Question. Are temporarily unemployed people denied food stamps?

No, community service will count as work.

Are work requirements in the Helms amendment stronger than in the Dole amendment? And, incidentally Senator DOLE supports the Helms amendment.

Yes. The Dole amendment allows recipients to receive food stamps for a full year and requires only 6 months of work to qualify.

Will pregnant women be denied food stamps?

No, there are millions of pregnant women who went to work this morning. But if and when they are unable to work they can and will get food stamps when qualified.

Will retired people be denied food stamps?

Of course not. Citizens over 55 are exempt from the work requirements.

How many individuals does the Helms amendment target?

It targets the 2.5 million able-bodied individuals who refuse to work.

Exempted by this amendment are children under 18, parents with children, parents with disabled dependents, mentally or physically unfit, and all who are over 55.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. The time of the Senator has expired.

Who yields time?

Mr. LUGAR. Mr. President, I would like to speak in opposition.

The PRESIDING OFFICER. The Chair recognizes the Senator from Indiana.

Mr. LUGAR. Mr. President, the dilemma with the Helms amendment is very simple. That is in many communities throughout the country there are not volunteer programs. There are not work programs that people could take up. In some cases, there are not jobs.

Frankly, the problem is the amendment affects able-bodied people who are temporarily laid off, as people sometimes are in this country, during recessions or during closing of factories or economic change. It does not really give a very good opportunity for those people to qualify for food stamps.

USDA estimates 700,000 people would be affected. By and large, these are people, often with long work records, who temporarily have bad luck.

In my judgment, the amendment has the merit of trying to tighten up the food stamp situation but it does so at the expense of able-bodied Americans who should not be penalized.

I encourage the Senate to defeat the amendment.

Mr. LEAHY. Mr. President, it is true that this amendment by itself would save money. But you could also say that if we had an amendment that totally did away with the food stamp program that would save even more money.

Basically what this says is you could be somebody who has worked in the plant for 15 years, you paid your taxes, you are an upright citizen who paid for the programs and everything else, and if that factory, the largest employer in the area, should suddenly close, and you cannot find a job within 30 or 31 days later and if you are looking for food stamps you are not going to get them because you have not worked in the last 30 days. This is far too punitive. It is going to make it extremely difficult, as the senior Senator from Indiana said, for those who have been employed who because of a disaster or a plant closing or something else are out of a job. It goes much too far.

FOOD STAMP WORK AMENDMENT

Mr. SHELBY. Mr. President, I am pleased to join with Senators HELMS and FAIRCLOTH to offer this amendment to the welfare reform bill. This amendment is based on the simple notion that recipients of public assistance should give something in return for their benefits. To not require work for welfare, is to promote irresponsibility, which is ultimately harmful to the recipient.

This amendment is straightforward. It states that those recipients of food assistance, who are able-bodied, do not have any dependents, and are between the ages of 18 and 55, must work for an average of 40 hours per month in order to receive their food assistance.

Some critics might point out that the Dole amendment already has work requirements for Food Stamp recipients. However, those work requirements do not begin until 6 months after the person begins receiving food assistance. Workfare programs should resemble the private sector to the greatest extent possible, and I do not know of any business which pays its employees for 6 months before the employee ever begins working. Our work requirement is structured identically to private sector employment: wages—or benefits in this case—are paid after the service is rendered. This will promote personal responsibility and self-sufficiency.

Finally, one of the main benefits of work requirements is that they are a humane way of screening people off of welfare who do not belong on the rolls. Many people receiving benefits which are now free, will opt to pursue other options they currently have in the private sector if they are faced with even a minimal work requirement. If they have no such options, they will be able to continue to receive benefits in exchange for community service. However, CBO has estimated that this work requirement will save taxpayers $5.5 billion over 7 years, due to a decrease in the food stamp rolls of more than 1 million individuals. This will free up money to be used on people who are in genuine need, who have small children, and who have no employment options in the private sector.

Again, this amendment does not affect anyone with small children, or anyone who is disabled or elderly. It is carefully targeted at those who are the most likely to be able to move into the private sector.

Mr. President, this is a responsible amendment, and one I hope my colleagues will support.

Ms. MIKULSKI. Mr. President, I rise today to speak out against the amendment offered by the senior Senator from North Carolina.

Let me be clear. I am for reform of the Food Stamp Program. I am willing to toughen up work requirements. I am for elimination of fraud. That is why Democrats included reforms in our welfare reform.

We include increased civil and criminal forfeiture for grocers who violate the Food Stamp Act. We require stores to reapply for the Food Stamp Program so that we make sure that fraud is not taking place. We disqualify grocers who have already been disqualified from the WIC Program. We encourage States to use the electronic benefits transfer program and we allow them to require a picture ID. We require able-bodied people who are between 18 to 50 to work after a period.

The fight here is over food, not fraud. This amendment would say to workers in my State and States across this country that if you are a victim of a plant closing, you won't get any food stamps unless you go out and work. This amendment is tough on new mothers. Under this amendment, if you are about to have your first child and for some reason you lose your job, you are cut off from food stamps unless you work. Cut off at the most critical time in life for good nutrition. This amendment doesn't recognize that some areas are hit by high unemployment. This proposal fails to realize that we do have recessions.

In a time when we denounce mandates to the States, this is exactly what the proposal does—it mandates further costs. This amendment offers no funding to help these workers find work or create jobs. It is assumed that State and local governments can do this on their own. State and local governments will have to enforce these new Food Stamp requirements at the very time they are reinventing their welfare program.

Mr. President, I am for welfare reform including the Food Stamp Program. I am not for denying help to those who truly need it and that is what this amendment does. I urge my

colleagues to vote this amendment down so we can get on to real reform.

The PRESIDING OFFICER. All time on the amendment has expired. The question is on agreeing to the amendment of the Senator from North Carolina. On this question, the yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Texas [Mr. GRAMM] and the Senator from Wyoming [Mr. SIMPSON] are necessarily absent.

I further announce that, if present and voting, the Senator from Wyoming [Mr. SIMPSON] would vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 32, nays 66, as follows:

[Rollcall Vote No. 408 Leg.]

YEAS—32

Abraham	Gregg	Nickles
Brown	Helms	Pressler
Coats	Hutchison	Roth
Coverdell	Inhofe	Santorum
Craig	Kempthorne	Shelby
Dole	Kyl	Smith
Faircloth	Lott	Stevens
Frist	Mack	Thompson
Gorton	McCain	Thurmond
Grams	McConnell	Warner
Grassley	Murkowski	

NAYS—66

Akaka	Dodd	Lautenberg
Ashcroft	Domenici	Leahy
Baucus	Dorgan	Levin
Bennett	Exon	Lieberman
Biden	Feingold	Lugar
Bingaman	Feinstein	Mikulski
Bond	Ford	Moseley-Braun
Boxer	Glenn	Moynihan
Bradley	Graham	Murray
Breaux	Harkin	Nunn
Bryan	Hatch	Packwood
Bumpers	Hatfield	Pell
Burns	Heflin	Pryor
Byrd	Hollings	Reid
Campbell	Inouye	Robb
Chafee	Jeffords	Rockefeller
Cochran	Johnston	Sarbanes
Cohen	Kassebaum	Simon
Conrad	Kennedy	Snowe
D'Amato	Kerrey	Specter
Daschle	Kerry	Thomas
DeWine	Kohl	Wellstone

NOT VOTING—2

Gramm	Simpson

So the amendment (No. 2523) was rejected.

Mr. DOLE. Mr. President, I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I will ask unanimous consent as to how we may proceed. It has been worked out and cleared by the Democrats. There will be no more votes tonight.

Unfortunately, we could not get anybody to offer an amendment, but we do have an agreement the Senator from California and the Senator from North Dakota will offer amendments and votes will occur tomorrow.

ORDERS FOR TUESDAY, SEPTEMBER 12, 1995

Mr. DOLE. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 9 a.m. Tuesday, September 12, 1995, and the Senate immediately resume consideration of H.R. 4, the welfare bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. I ask unanimous consent that at 9 a.m. there be 10 minutes for debate on the pending Conrad amendment No. 2529, to be followed immediately by a vote on or in relation to the Conrad amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. I further ask that following disposition of the Conrad amendment, there be 4 minutes equally divided in the usual form on the Feinstein amendment No. 2469, to be followed immediately by a vote on or in relation to the Feinstein amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. I further ask that following disposition of the Feinstein amendment, Senator BREAUX be recognized to offer his amendment concerning maintenance of effort; that the time prior to 12:30 p.m. be equally divided in the usual form and a vote occur on or in relation to the Breaux amendment at 2:15 p.m. on Tuesday.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, let me indicate to my colleagues on both sides, I think there are a couple hundred amendments pending. We did not dispose of very many today. It is my understanding there are about 19 cleared on this side. And we hope we might be able to dispose of those this evening if they can be cleared on the other side. They are both Democratic and Republican amendments, and not controversial, as I understand it.

I have not seen the amendments myself. But I think we have indicated—at least I have indicated, and I think the Democratic leader, the distinguished Senator from South Dakota, Senator DASCHLE, agrees—we ought to complete action on this bill Thursday, that on Friday take up the State, Commerce, Justice appropriations bill, and either complete action on that Friday—the chairman would like it Friday or Saturday, that bill, because we do need to complete action on the remaining appropriations bills and go to conference and send them down to the President before October 1.

And so there is a lot of pressure on us to get the work done. We still have the six appropriations bills to do. Two or three will take some time. A couple of them may go rather quickly. So I would suggest that we have got a lot of work to do in a rather short time.

I know that some of my colleagues will have problems in the first week in October because of religious holidays. And we want to accommodate everybody, try to accommodate everybody, as we should. But hopefully we will have the appropriations bills done, so it will be easier to accommodate those who have particular concerns in that area.

So I would urge my colleagues to cooperate with the managers on each side so we can complete action on this bill on Thursday evening.

I will be sending a cloture motion to the desk. In fact, I will do it right now.

Ms. MOSELEY-BRAUN. Will the majority leader yield?

Mr. DOLE. I will be happy to yield to the Senator from Illinois.

Ms. MOSELEY-BRAUN. I have three pending amendments that I would be prepared to take up after the Breaux amendment has been disposed of, and if it is appropriate, if you would amend your unanimous-consent request to take up the three 4Moseley-Braun amendments thereafter.

Mr. MOYNIHAN. Did you want 1 hour?

Ms. MOSELEY-BRAUN. An hour would be sufficient.

Mr. DOLE. For each one?

Ms. MOSELEY-BRAUN. One hour for all three.

Mr. DOLE. I think now that we have two Democratic amendments pending, our hope would be that we take up the Ashcroft amendment, the Shelby amendment, and then the amendments of the Senator from Illinois, if that is satisfactory.

I do not know how much time they are going to take. So we would be on your amendments by about 4:30.

Ms. MOSELEY-BRAUN. Is there time on the Aschroft amendment?

Mr. DOLE. One hour on Ashcroft; 1 hour on Shelby; and 1 hour on yours, if that is satisfactory.

Mr. MOYNIHAN. Why do we not ask for that now?

Mr. GRAHAM addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Florida.

Mr. GRAHAM. I would request, immediately after disposition of the amendments from the Senator from Illinois, an amendment offered by Senator BUMPERS and myself be the next Democratic amendment. And we have agreed to a time agreement of 2 hours equally divided.

Mr. DOLE. I want to first make certain we satisfy the Senator from Illinois.

Ms. MOSELEY-BRAUN. If I may, I would like an hour on my side on my three amendments. And if that would mean an hour—that would be 2 hours total on the three amendments that I have.

Mr. DOLE. OK. Let me just make this consent request, that following the disposition of the Breaux amendment—the vote will occur at 2:15—then we consider the Ashcroft amendment, 1 hour equally divided in reference to food stamps; followed by a Shelby amendment in reference to food stamps, 1 hour equally divided; followed by three amendments by the distinguished Senator from Illinois, Senator MOSELEY-BRAUN, 2 hours equally divided; followed by——

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. If the Senator from Florida would be understanding, I do not know that we could get a time agreement at this point. But in the sequence, he would come after the Senator from Illinois.

Mr. GRAHAM. I would modify my request for unanimous consent just to be in sequence after the Senator from Illinois and settle at a later date the question of time.

Mr. DOLE. I think the only point I would make—I am not certain we could do that. We do not want to get to one amendment at 5 o'clock tomorrow and be on it for the rest of the day.

If I could get consent, before I move to the Graham amendment, on the previous three amendments, Ashcroft, Shelby—no time agreements.

Mr. FORD. Reserving the right to object, Mr. President. And I say to my friend, the majority leader, there are some that are very involved, and the floor manager here understands that very well. We have not been able to check about the time limits on food stamps.

If we could do sequence, then work out the time agreements after that, I think that would be best. But as far as agreeing to a time as it relates to these amendments, it would be very difficult for us to do it at this time unless we could get all of those Senators that are involved and interested in the particular amendments that are going to be brought forward.

We are talking about basically six amendments here, and one of them you cannot give a time agreement on; one you have the time agreement for an hour on the three; but then that does not include time in opposition, so 2 hours. I would be put in a very untenable position to having to object.

I see the minority leader is here, the Democratic leader is here now.

I yield the floor.

Mr. MOYNIHAN. Mr. President, I suggest the absence of a quorum.

Mr. DOLE. That is OK.

Mr. President, I will just modify my request.

Mr. MOYNIHAN. I withdraw my request.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Again, I must say we still have a couple hundred amendments pending. I do not want to get carried away that we are making progress if we take up four amendments, five.

Mr. FORD. They are major, though.

Mr. DOLE. I would ask the following sequence: Following disposition of the Breaux amendment, Senator ASHCROFT be recognized to offer an amendment on food stamps; following disposition of that amendment, we hope to get a time agreement, and that the Senator from Alabama, Senator SHELBY, be recognized to offer an amendment on food stamps; following disposition of that amendment, the distinguished Senator from Illinois, Senator MOSELEY-BRAUN, be recognized to offer three amendments with a 2-hour time agreement, 1 hour on each side; followed by the Graham-Bumpers amendment on formulas, as I understand it.

Mr. MOYNIHAN. That is right.

Mr. DOLE. Yes.

The PRESIDING OFFICER. Is there objection?

Mr. DOMENICI. Reserving the right to object. Might I ask the majority leader a question?

Mr. Majority Leader, there is no time agreement yet as to when this bill has to be disposed of, is there?

Mr. DOLE. No. But it is my hope, and I hope the hope of the Democratic leader, that we finish it Thursday. Otherwise, I think we will go the reconciliation route. We could be here on this for the next 3 weeks, and we have six appropriations bills to pass. We have got some people pressing for a recess in October. And we want to try to accommodate people, but sometimes we have to accommodate the work at hand. And there is a lot of work at hand.

For 49 hours we have been on this bill. It is a very important bill. But this will take us into tomorrow evening, even this agreement—one, two, five, six, seven, eight, nine amendments, which will get us to sometime tomorrow evening. That would still only leave 200 left. That may be progress; not in my book.

I will send a cloture motion to the desk.

First, I will yield the floor.

Mr. DASCHLE addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the minority leader.

Mr. DASCHLE. Mr. President, I share the view just expressed by the majority leader. I think we have made some progress. We have a long way to go. I know that some of the amendments that have been offered are duplicative amendments, so there is probably a much shorter list than 200.

I think we can make a real good-faith effort tomorrow and see if we cannot accommodate both sides in not having votes on all of these. I think if we can work with the managers and accept some of these amendments, it would be very helpful as well.

There are two other amendments, at least I will just put our colleagues on notice, on the Democratic side. I would like the Lieberman amendment and the Kennedy amendment having to do with work as our next two amendments, regardless of whether they are part of the unanimous-consent agreement or not. I think it would be helpful for Democrats on our side at least to know what the sequencing will be.

Mr. KENNEDY. Will the Senator yield?

Mr. DASCHLE. Yes.

Mr. KENNEDY. This is the amendment to strike the training aspects of the welfare proposal; basically, the Kassebaum training programs that deal with dislocated workers, the workers that would be covered under NAFTA, GATT, defense downsizing, corporate restructuring, environmental considerations, an amendment that would be used to strike those provisions from the Dole bill.

Mr. DOLE. Any time agreements?

Mr. KENNEDY. We would be glad to work out a reasonable time, and I will be glad to talk with others who are the cosponsors and Senator KASSEBAUM and make a recommendation to the leaders tomorrow and try to get that in prior to the time of the cloture vote.

Mr. DOLE. I will just say for my colleagues, we have two Republican amendments, and then we have three amendments from Senator CAROL MOSELEY-BRAUN and then the amendment of Senators GRAHAM and BUMPERS. I assume following that there would be a Republican amendment, and then we can accommodate.

Mr. DASCHLE. The next two Democratic amendments following those would be the two I just mentioned.

Mr. DOLE. I also want to say, as I indicated earlier, since the leader is on the floor, there are a number of amendments that have been cleared on this side, and if they can be cleared on the other side—I think there are a total of 19—that would be a sign of progress, too. As I understand, they are amendments from Republicans and Democrats. They are not controversial. They probably would not have been cleared. That would be a sign we are making progress, too.

The PRESIDING OFFICER. Is there objection to the majority leader's request?

Mr. DOMENICI. I wonder if the Senator will add Senator DOMENICI's amendment on family cap to the sequencing when he is finished.

Mr. DOLE. Following the Graham-Bumpers amendment, how much time?

Mr. DOMENICI. At least an hour on my side; maybe an hour on the other side.

Mr. DOLE. They may want to check that. I can seek agreement but not give a time agreement. I ask unanimous consent that Senator DOMENICI be sequenced in after Graham-Bumpers, but we cannot get an agreement on time.

The PRESIDING OFFICER. Is there objection to the request? Without objection, it is so ordered.

CLOTURE MOTION

Mr. DOLE. Mr. President, I send a cloture motion to the desk.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The legislative clerk read as follows:

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on the Dole substitute amendment to H.R. 4, the welfare reform bill.

Bob Packwood, Hank Brown, Bob Dole, Paul D. Coverdell, Conrad Burns, Don Nickles, Trent Lott, Bill Roth, Rick Santorum, Ted Stevens, Pete V. Domenici, Robert F. Bennett, Mike

DeWine, Slade Gorton, Larry Pressler, Craig Thomas, Rod Grams.

The PRESIDING OFFICER. The Chair recognizes the Senator from California.

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

AMENDMENT NO. 2469

Mrs. FEINSTEIN. Mr. President, I thank you for the recognition, and I speak to amendment No. 2469, which was earlier offered, which has to do with the growth formula provided for in this bill.

I ask unanimous consent that Senator BOXER be added as a cosponsor to the legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. FEINSTEIN. Mr. President, let me try to be succinct as to how this amendment would change the Dole bill. Essentially what the Dole bill does, as drafted, is present a growth fund for the next 5 years of $877 million. It then submits a formula under which that growth fund is disbursed. The formula would provide funds only to 19 States. You cannot convince me that only 19 States are going to grow in terms of poor families in this Nation.

So what I have tried to do is come up with a fair formula that measures the growth of poor families. The House bill has a formula in it which measures the growth of people and then applies that to this bill. Ours is very similar to the House, with one distinction, and the distinction is that it would use the census data to count the increase in poor families to determine how the growth money is spent. The House uses the census data to count the increase in the general population. Then, the way in which the growth money is spent is simply: The percentage of growth is divided into the overall total growth. In that way, every State is accommodated, and the growth funds are distributed to each state proportionate to its share of the total growth.

Specifically, it would require the Secretary of Health and Human Services to publish every 2 years data relating to the incidence of poverty. The methodology employed mirrors title 13 of the United States Code, section 141(a) of the census statute, and as I have said, is the same as the House welfare reform bill. So people should know that what we are doing is simply following the way the census produces the material, under current law, and then empowering the Secretary of Health and Human Services to disburse funds according to the results of that data, and proportionate to each state's share of the total growth in poor people.

There is no additional cost associated with this amendment.

I would like to add that all States are being held harmless; in other words, no State's grant would be reduced if that State experiences a decline in poor population. According to the present population projections, four States are expected to experience an actual decline of population. They are Maine, Massachusetts, Connecticut, and Rhode Island. These States are all held harmless in this amendment.

If, of course, the projections prove wrong and those States do experience an increase, because no one can actually predict future growth, they will receive their fair share of the growth formula.

If I may, I would like to contrast this with the approach taken in the underlying bill. Eight hundred seventy-seven million dollars over 5 years is authorized in this bill to accommodate growth. As I said, only 19 States are funded with this growth formula. Under the Dole bill, the 19 States receive automatic additional funding, 2.5 percent of their 1996 grant, in each of fiscal years 1997 to 2000 if, one, their State's welfare spending is less than the national average level of State spending and, two, their rate of population growth is greater than the national average population growth.

For reasons which are unclear, certain States are deemed as qualifying if their level of State welfare spending per poor person is less than 35 percent of the national average level of State welfare spending per poor person in fiscal year 1996.

So Federal taxpayers are being asked to spend almost $1 billion over 5 years in the name of growth. But, in fact, the result is that States that, until now, have spent less than the average level of State spending in assisting their poor will now be subsidized by taxpayers from all 50 States. I think that is plain wrong. The State with the greatest growth—and that is California—is significantly disadvantaged because its funding is frozen for the next 5 years. I have distributed a letter with our proposal, with the Dole-Hutchison formula in it and with the difference. So there are three charts on everyone's desk tonight so everybody can look up their State.

Certainly, the 19 States recognized in the Dole bill—and I know Senator HUTCHISON will comment on this—will be cut back somewhat so that everybody could have a fair share of the growth fund based on the actual growth of poor people in their State as determined by the Bureau of the Census. What could be fairer than that? If in the census you achieve more people, the growth fund is there to give you your percent share of the total growth fund.

So I will yield the floor for the moment. I know Senator HUTCHISON would like to debate this.

The PRESIDING OFFICER. Who yields time?

Mrs. HUTCHISON. Mr. President, I will be managing the time on this amendment for our side. Mr. President, I want to lay out exactly what my amendment does, or my formula, the Dole-Hutchison formula, does. Senator SANTORUM is going to have to leave in 7 minutes, so I would like to ask him to speak for 2 or 3 minutes, and then I will lay out the parameters of the Dole-Hutchison formula so that everyone understands why it is the fairest formula.

Mr. SANTORUM. Mr. President, I thank the Senator from Texas for yielding.

As I discussed the other night, I want to congratulate the Senator from Texas for working diligently in coming up with this formula. It is a fair formula. On the surface, it sounds like the Feinstein formula is fair because it is based on growth in poverty population.

What the Feinstein formula ignores is how we got to the allocation in the first place. In other words, how did we get to today? It is based on not how many poor children there are in California, Pennsylvania, or New Mexico; it gets to the State today based on how much the State of California ponied up, as did the States of Texas and Pennsylvania. As a result, you have States like California—and Pennsylvania being another one and New York—who had large welfare contributions. They put up a substantial State match. As a result, they got more Federal dollars. If you put up more State money, you got more Federal money. So you had certain States who were more generous with their welfare—or more progressive, some would say—and put up more dollars.

Well, now the match is gone. There is no longer a match required under the Dole substitute, the bill we are going to pass. So to suggest that we should now take a formula based on what a State match was and apply that in the future, based on what the growth in the poverty population is, already gives those States that had high State matches an artificial advantage in the first place.

So what the Hutchison formula tries to do is say—starting at this inequity, because the Hutchison formula holds every State harmless and says that, from there on, we are going to have the States who get less per child under current law get more money over time to equal out what the Pennsylvanias and Californias and New Yorks get. So her growth formula targets the low-benefit States that are growing and allows them to catch up with these Federal dollars.

It is fair in the sense that these are block granted funds and there is no match required anymore. California does not want to spend a penny on this. They will not anymore because we have a 75 percent maintenance of effort. But California can reduce their contribution, which would be a lot more to their State budget than Mississippi's reduction in their welfare contribution. So they have a lot more flexibility under the current law. There is no match requirement except to the extent of the 75 percent maintenance of effort.

This is a fair way to make up the difference over a period of time. As Senator HUTCHISON will very articulately tell you, they are still at the short end of the stick because the per child expenditure for a child from California, New York, or Pennsylvania will still be less after 7 years than they will be in taxes, even though it is a block-granted formula. We try to make up this inequity. I congratulate her for her tenacity in dealing with this issue. This was the toughest issue to deal with. Any time you try to figure out how the money is allocated, you get all sorts of parochial interests that jump to the floor. She was able to stick in there and handle it and bring people together. It is one of the principal reasons this bill is on the floor and in shape to pass the Senate.

Mrs. HUTCHISON. Mr. President, I yield myself 6 minutes of our time. I want to start by thanking the Senator from Pennsylvania. I appreciate all of his efforts on this bill. He is one of the first people who understood the balance in the formula.

Mr. President, this formula is very carefully balanced. That is why it is fair. The challenge we had was to make a fair formula in a totally reformed welfare system with a 5-year block grant.

Now, here was the problem. You have high-welfare States that gain in the beginning because they are block granted for 5 years. These are States that have put more into their welfare spending and therefore have gotten more out. A State that has put more in has also gotten more Federal matching funds. Therefore, they have gotten more total AFDC dollars. Now, you have low-benefit States that have not put up as much money. My State is 35th in per capita income and may not have been able to put up as much. So they have gotten fewer Federal dollars.

In we come with welfare reform. Now we are going to lessen the State requirement. We will have no State requirement at all in the last 2 years of this 5-year plan. So we have to reform the formula as well, to keep the low-benefit States that are growing from being in a desperate situation. So the challenge was not to take from anyone, but to allow these low-benefit, high-growth States to be able to win in the end, so that they march toward parity.

If I can say one thing about this formula, it is that we have a goal of parity at some point in the future. I would like to be at parity today; so would Senator DOMENICI, so would Senator NICKLES, and so would Senator GRAMM. We would like to be at parity right now. But even after 5 years, our States will not be at parity. But we know that we have to make accommodations so that everyone can feel that they have gained something from welfare reform. So we are willing to move slowly toward parity, which should be the goal of this country—for every poor person to have the same basic general grant in welfare. My solution, the Dole-Hutchison formula, does exactly that.

Some have said that food stamps make up for inequity. This is not true. If you put AFDC and food stamps together, which gives you the fairest picture, even after 5 years with the Dole-Hutchison formula, here is what you have. The higher welfare States like California that are frozen still get more than their percent of the poverty population in Federal dollars at the end of 5 years. California will get 14.41 percent of the Federal dollars under my formula, whereas, they have 14.1 percent of the poverty population. So they will be getting $141 million more than their actual share of the poverty population. Because they are frozen at the higher level, they are going to be big winners in the beginning, and they will still not be losers at the end.

Hawaii, for instance, will have double its poverty population in Federal benefits. New York will have 9.94 percent of all the Federal AFDC dollars, whereas it has 7.6 percent of the poverty population. Massachusetts will get 1.99 percent of the Federal dollars, whereas, it has 1.7 percent of the poverty population. Michigan will get 4.16 percent of the dollars, whereas, it has 3.6 percent of the poverty population. Washington State will get 1.96 percent of the total Federal dollars whereas they have 1.5 percent of the poverty population.

Now, these are States that are going to be frozen at the higher levels. That is why these States win even though they are frozen. If you take their Federal dollars frozen plus their food stamps they still come out ahead of their poverty population percent.

Now, what is wrong with the Feinstein amendment? Let me say that the Feinstein amendment, she has done her homework. I admire the Senator from California very much. Here is what is wrong with this amendment. It redistributes the growth even to high-benefit States so they get a double advantage. They get a high Federal benefit in the beginning and they get the growth.

So what happens? They increase in poverty requirements, which are an incentive to even the high-welfare States to continue having growing poverty statistics.

The second thing that is wrong with the Feinstein amendment is parity will never be reached. We will never reach the goal in this country to have general parity across the Nation of all of the AFDC grants.

Let me give some examples of the difference between the Dole-Hutchison formula and what Senator FEINSTEIN's formula would do to the poor States.

California receives $1,016 per poor person now. Alabama receives $148 per poor person, and yet under the Feinstein amendment Alabama will lose $11 million more under her formula than they would get under mine because they will grow under mine because they are poor.

Arkansas, $137 per poor person as compared to $1,016 from California.

The PRESIDING OFFICER (Mr. SANTORUM). The 6 minutes of the Senator has expired.

Mrs. HUTCHISON. I ask unanimous consent to be extended 2 minutes.

The PRESIDING OFFICER. The Senator has 4 minutes remaining on her time.

Mrs. HUTCHISON. Mr. President, let me finish this thought, and I want to yield the floor to Senator DOMENICI for 2 minutes.

We have the poor States that will continue to lose under the Feinstein amendment.

The third thing that is wrong with the Feinstein amendment is that it directs the Secretary of Health and Human Services to determine poverty estimates by means of sampling, estimation, or any other method that the Secretary determines will produce reliable data.

Now, Mr. President, that is a hole as big as a Mack truck. Who knows what the formula might be? We just cannot live with that. We must have something that we can count on that will not be jiggered or changed over the years, to be considered fair.

Mr. President, I yield the floor, and I yield the Senator from New Mexico 2 minutes.

Mr. DOMENICI. Mr. President, thank you.

Senator HUTCHISON, let me just say we actually should call the new formula in the Dole amendment not the Dole-Hutchison but the Hutchison-Dole.

I commend the Senator also for the tremendous job done in trying to create parity and what I perceive to be fairness. I have great admiration for anybody that tries to get more for their State. Obviously, I admire the distinguished Senator from California for trying to get more for California.

Essentially, to just give an example, California and New York each start off with more Federal spending per poor person than New Mexico, Texas, Alabama, and Virginia combined. Let me put it one more time, just taking California. California starts off with more Federal spending per poor person than New Mexico, Texas, Alabama, and Virginia combined.

Now, if we are going to have a formula that perpetuates that disparity, then why would we from States like New Mexico, Texas, Alabama, Virginia, and many others, want to be part of this change in our Federal Government's approach to the welfare system? Why we would want to join and put our States and our poor people in a perpetual inferiority position—not a little bit, but a dramatic difference.

The Senator from Texas has stated the difference. We will never catch up.

The distinguished Senator from Texas did not come up with a formula that would take from the rich States, the States that have harvested the program so well. We did not decide in our work together—I worked on it with you, the Senator from New Mexico worked with you—to take from them.

We just said do not continue to leave the poorer States in a perpetual state of disparity beyond any recognition. There will be a welfare program in New Mexico under this that will be one-third of that in New York. My State will lose $23 million. It is one of the hardest hit States. There are many more like it.

I say to the Senator from California, good luck on getting things for California but on this one, this formula will not work because it is not fair. I thank the Senator from Texas for yielding.

Mr. MOYNIHAN. Mr. President, the Dole substitute to H.R. 4 authorizes a supplemental appropriation of $878 million over fiscal years 1997 through 2000 to be allocated to certain States in addition to the funds they would receive under the temporary assistance for needy families block grant. States qualify for the supplemental funds if one, total population—not just poor population—growth in fiscal year 1996 is above the national average and State welfare expenditures per poor person are at or below 50 percent of the national average, or two, State welfare expenditures per poor person are at or below 35 percent of the national average, regardless of population growth.

States have a one-time opportunity to qualify in fiscal year 1997. If they do, they will receive a 2.5-percent increase in their block grant funding each year, 1997-2000, regardless of whether they continue to meet the eligibility standards in subsequent years. Likewise, States that fail to qualify in fiscal year 1997 are excluded from receiving any of the supplemental funds even if they were to quality later. The practical effect of the provision would be to boost cumulative funding in 19 so-called growth States—but not California—by 10.4 percent. The remaining 31 States, including New York, would be held harmless; their allocations under the main block grant would remain frozen through fiscal year 2000, Not surprisingly, fully two-thirds of the Senators who represent the winner States are Republicans.

Mr. President, there are major flaws with this provision that makes me wonder just how serious its proponents are. First, general population growth is not a reliable proxy for an increase in a State's share of the growth of poor people who qualify for welfare benefits. Many rapid-growth States attract new residents precisely because their economies are strong and work opportunities are good. It is entirely possible that a State experiencing rapid growth due to economic expansion could see its share of poor people decline. Conversely, a slow-growing Rustbelt State could see its share of total population decline but its share of poor people eligible for welfare increase.

The second problem is that supplemental fund will be made available only to those growth States whose State expenditures per poor person are at or below 50 percent of the national average. And then there is the curious provision that rewards nongrowth States if their State expenditures per poor person are at or below 35 percent of the national average.

A State could have a large share of childless working or elderly poor. These individuals would dilute per capita welfare expenditures even though they would not be welfare recipients. More importantly, are now about to enter the business of rewarding States who will not spend their own resources on their own poor people? Are we going to start punishing States that do commit their own resources by reallocating scarce Federal funds away from them? I will have much more to say on this subject when we take up the formula amendment the senior Senator from Florida has offered. Suffice it to say at this point that I will not stand by and allow our Federal system to be wrecked in one fell swoop.

Senator FEINSTEIN's amendment is identical to the provision in the bill the House passed pertaining to supplemental block grant funds. Each State's annual share of the supplemental block grant, if any, would be proportionate to its share of the increase in the number of poor people nationwide. New York, theoretically, could be eligible for supplemental block grant funds.

The Feinstein amendment requires the Census Bureau to update and publish data relating to the incidence of poverty for each State, county, and local school district unit of government every 2 years, commencing in fiscal year 1996 and authorizes an annual appropriation of $1.5 million for this purpose.

Mr. President, I support the Feinstein amendment, but it does have two flaws. First, an increase in the number of poor people—while better than the proxy used in the underlying substitute—still is not a precise proxy for an increase in the number of poor people who would be welfare beneficiaries. Once again, low-income men and women without dependent children and the elderly poor, for instance, would not be AFDC recipients but would count in the population tallies that determine whether a State qualifies for the supplemental block grant. More importantly, while updating poverty data more frequently is a desirable public policy goal, which I support, statisticians are not confident yet that accurate subcounty counts are possible in any context other than the decennial census.

Collecting data more frequently typically will harm slow-growing States like New York when the data sets are plugged into allocation formulas. Exacerbating the problem is the fact that poverty data do not reflect regional or State-by-State differences in the cost of living. A family of our just above the poverty threshold living in New York City is demonstrably worse off than a family of four just below the threshold living in rural Mississippi. Research indicates that differences in the cost of living can be as great as 50 percent.

Each year, in collaboration with the Taubman Center for State and Local Government at the John F. Kennedy School of Government, I publish a document entitled "The Federal Budget and the States" that details the flow of funds for the previous fiscal year. Aficionados of the report know that I refer to it as the "Fisc." I send a copy to each Senator every summer and hope that my colleagues read it. At any rate, the most recent edition of the Fisc contains, for the second year, the "Friar/Leonard state cost of living index," which is named for its cocreators, my coauthors, Monica E. Friar, an indefatigable research assistant, and Professor Herman B. Leonard, academic dean of the teaching programs and Baker Professor of Public Finance at the Kennedy School. If we were to apply the Friar/Leonard index to subnational poverty statistics, we would find that New York's 1992 poverty rate jumps from the 18th highest rate nationwide to the 6th highest.

One of the amendments I offered last, Friday would require the Census Bureau to develop cost of living index values for each of the States—at a minimum, and at the sub-State level, if practicable—and apply those values to the national poverty threshold in determining the number of poor people for each State. The index value for the United States would be 100. A State such as New York might have a hypothetical index value of 106 while Mississippi might have an index value of 94. Applying the index values for the two States to the national poverty threshold would increase the income limit and hence the number of poor people in New York and decrease the income limit and the number of poor people in Mississippi.

Earlier this year, a National Academy of Sciences [NSA] panel of experts released a congresssionally commissioned study on redefining poverty. The report, edited by Constance F. Cirro and Robert T. Michael, is entitled "Measuring Poverty: A New Approach."

According to a Congressional Research Service reviews,

> The NAS panel (one member among the 12 member panel dissented with the majority recommendations) makes several recommendations which, if fully adopted, could dramatically alter the way poverty in the U.S. is measured, how Federal funds are allotted to States, and how eligibility for many Federal programs is determined. The recommended poverty measures would be based on more items in the family budget, would take major noncash benefits and taxes into account, and would be adjusted for regional differences in living costs.
>
> . . . Under current measures the share of the poor population living in each region in 1992 was: Northeast: 16.9%, Midwest: 21.7%, South: 40.0%, and West: 21.4%. Under the proposed new measure, the estimated share in each region would be: Northeast 18.9% Midwest: 20.2%, South: 36.4%, and West: 24.5%.

The CRS report, "Redefining Poverty in the United States: National Academy of Science Panel Recommendations," was written by Thomas P. Gabe.

Mr. President, despite the flaws I have just mentioned, the Feinstein amendment is enormously superior to the underlying provision, and I encourage my colleagues to support it.

Mrs. HUTCHISON. Mr. President, I yield 30 seconds to the senior Senator from Florida.

Mr. GRAHAM. Mr. President I ask unanimous consent to extend that 2 minutes.

The PRESIDING OFFICER. Is there objection?

Mrs. HUTCHISON. Mr. President, I think I only have—

Mr. SANTORUM. The Senator has 30 seconds remaining.

Mr. GRAHAM. This would be 90 seconds in addition.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that I get 4 more minutes because I have two other speakers.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Might I ask the Senator from Florida if he would yield without losing any of the time for a unanimous consent request.

Mr. GRAHAM. I yield to the Senator from New Mexico.

AMENDMENT NO. 2575, AS MODIFIED

Mr. DOMENICI. Mr. President, I send an amendment to the desk and ask unanimous consent that it be modified. It is an amendment on my part to conform the amendment on the family cap to the Dole amendment as offered.

My previous amendment was in anticipation of the amendment. This just makes it conform with the Dole amendment. I ask that it be filed as such and take the place of my previously filed amendment.

The PRESIDING OFFICER. Is there objection to the modification?

Mrs. FEINSTEIN. Mr. President, I reserve the right to object.

Mr. President, I withdraw my reservation.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment will be so modified.

The amendment, as modified, is as follows:

Strike the matter inserted in lieu of the matter on page 49, line 20, through page 50, line 5, and insert the following:

"(c) STATE OPTION TO DENY ASSISTANCE FOR CHILDREN BORN TO FAMILIES RECEIVING ASSISTANCE.—At the option of the State to which a grant is made under section 403 may provide that the grant shall not be used to provide assistance for a minor child who is born to—

"(1) a recipient of assistance under the program funded under this part; or

"(2) an individual who received such benefits at any time during the 10-month period ending with the birth of the child.

AMENDMENT NO. 2469

Mr. GRAHAM. Mr. President, I rise just to put the Senate on notice that this is not the only alternative to the formula that we will have an opportunity to consider during the debate on the welfare reform bill.

There will be other amendments that will be offered by Senator BUMPERS, others, and myself tomorrow which go to the more fundamental issue.

That fundamental issue is that not only as the Presiding Officer has correctly pointed out have we changed the status quo by no longer requiring a local effort, and therefore continuing a formula whose numbers were predicated on that effort, is irrational.

We go beyond that. We impose new obligations on the States, particularly in the areas of child care and preparation for work. We are going to be requiring essentially the same obligation from each of the 50 States with enormously different amounts of Federal resources in order to reach those obligations. There are some States that will have to spend over 80 percent of their Federal money in order to meet the new Federal mandates. Other States can reach those Federal mandates with 40 percent or less of the Federal money.

So I suggest this is not just an issue of allocating money between Texas, California, New Mexico, Rhode Island, Florida, or the other States. It goes to the fundamental issue of: Can we achieve the result that this bill is intended to achieve, which is to assist people through appropriate State action to move from welfare dependency to the independence of work?

My suggestion is that we will not be able to achieve that objective, and therefore I urge the amendment as offered by my good friend, the Senator from California, be defeated and, frankly, that tomorrow we be prepared to engage in a very fundamental debate about how we are going to allocate resources that, in my opinion, is critical to whether this goal of welfare to work is attainable.

The PRESIDING OFFICER. Who yields time?

Mrs. HUTCHISON. Mr. President, I yield 30 seconds to the Senator from Arizona.

Mr. KYL. Mr. President, I oppose the amendment of the Senator from California.

I appreciate what she is trying to accomplish. But under her formula, as I calculate it, California would receive fully 20 percent of the supplemental amount already appropriated in the bill. Under the Hutchison formula, not a single State would lose any block grant funding but there is an adjustment for those particularly high growth States and States that are well below the national average on the receipt of Federal funds for welfare spending.

Everybody has a different formula which helps them. Senator FEINSTEIN is only trying to help her constituents.

But if we get bogged down in a welfare formula fight, there is a good possibility that welfare reform could be derailed in the Senate.

Realizing that, a group of Senators early on, under the leadership of Senator HUTCHISON, came up with a formula that, in a small way, begins to recognize the need to distribute welfare funds in a more equitable manner.

The point is this: States that are currently well below the national average in receipt of Federal funds and State welfare spending and States that will experience higher than average growth in population should receive a greater share of the "growth" formula. The Hutchison formula accomplishes this by giving States that meet these criteria a 2.5-percent increase per year in block grant funding starting in fiscal year 1997. Under this formula, no State loses any block grant funding and 17 States with particular needs get an increase. So, in States like Mississippi, where AFDC payments are the lowest in the Nation, a small stride will be made toward allocating funding in a way that treats poor children more equitably. And, in States like Arizona, where population growth is expected to be well above the national average over the next 5 years, a small movement toward equity in funding distribution is also achieved.

The Feinstein amendment, on the other hand, is based solely on increases in incidences of poverty. That will upset the balance that was achieved earlier on the funding formula.

It is based solely on increases in poverty—which can be a built-in incentive for States to keep people in poverty in order to receive increases in Federal funding.

It will reward States like California and New York, which already take a huge chunk of the Federal pot with even additional Federal dollars. Under the Feinstein amendment, 20 percent of the supplemental amount already appropriated in the bill will go to California. This is not fair.

Under the Feinstein amendment, California's spending per person in poverty will remain well above the national average while Arizona will continue to hover around the national average. And, under Feinstein, other States like Mississippi and Texas, will not even reach the national average in spending by the year 2000.

Under the Feinstein amendment, States that are poor and growing will continue to be poor and growing without the necessary 10.4 percent increase that the Hutchison formula would provide. California, which already receives three times more in Federal funding per poor child—$1,016 per child—than a child in Arizona—$361 per child—will receive a much larger increase than Arizona.

Since there will no longer be a Federal/State match required in welfare spending under the Dole welfare bill, there must be a movement toward equity in Federal welfare funding to the States. We cannot expend all of our resources in just a few States.

The Hutchison formula is a very fair formula and I urge my colleagues to reject the amendment of the Senator from California.

The PRESIDING OFFICER. Who yields time?

Mrs. HUTCHISON. Mr. President, I just want to say this formula would not have come about without Senator KYL and Senator MACK, who is the next speaker and I want to yield the remainder of my time tonight to Senator MACK from Florida.

The PRESIDING OFFICER. The Senator is recognized for 1 minute and 10 seconds.

Mr. MACK. Mr. President, the Hutchison formula has been inappropriately referred to as a "supplemental" grant to States. This is a misleading characterization of the additional moneys provided in this legislation. It implies that certain States have been able to negotiate a sort of slush fund or bonus for themselves unfairly.

In reality the Hutchison formula in the underlying legislation begins to chip away at historical inequities between States due to the Federal Government's present system of awarding AFDC moneys.

This debate is and should be about equity.

The Feinstein amendment not only undermines an honest attempt to provide some equity and parity between States but it does so in a way that in essence rewards States for increasing the number of people living in poverty each year.

This policy, Mr. President, runs counter to the welfare reform bill's goal of encouraging States to get people off welfare and into work. Any incentives that we create to reward States for reducing their welfare caseloads would be nullified by Senator FEINSTEIN's amendment.

The Hutchison formula provides funds for States which have been historically below the national average of Federal welfare spending and at the same time experiencing an above average population growth. These qualifiers appropriately identify those States with the most need and begins to move those States, albeit modestly, toward parity.

California currently receives $1,016 per person living in poverty compared to the $363 Florida receives per poor person living in poverty. Under the Hutchison formula, in the year 2000, Florida will still not reach parity with California—Florida will only be receiving about $400 per person living in poverty. Yet the Feinstein amendment will give California $160 million additional over the next 5 years.

Providing States like California with additional money, when they already receive more Federal dollars per recipient than almost any other State—does not mean equity to me. I urge my colleagues to support the underlying bill and vote against the Feinstein amendment.

I yield the floor.

The PRESIDING OFFICER. The time of the Senator has expired.

The Senator from California.

Mrs. FEINSTEIN. Mr. President, I would like to speak for as much time as I may use.

The PRESIDING OFFICER. The Senator is recognized. She has 8½ minutes remaining.

Mrs. FEINSTEIN. In deference to my opponents on this issue, and I very much respect them, there is really a difference in viewpoint here.

Let me explain where I am coming from. For more than a half a century, the way the Federal allocation has been determined has been based on a State determination of benefit level, so a State decides what its cost of living is, how much it needs to sustain a poor family, and sets that amount. And then the Federal Government matches that amount.

Suddenly, what is being said, as I hear it, is those States that had low benefit levels or what amounts to a very low maintenance of effort are now going to be rewarded with a growth fund. California's grant is $607 a month because California decided that the basic cost of living necessary for a family was at least that. And California would put up one half of it. If a State like Alabama, for example, decides that they only want to put up $164, then the Federal Government only matches a percentage of that amount.

Where the arguments made on the other side of the aisle do not ring true to me is only 19 States are benefited in the Dole bill with the growth fund. That means any other State that has growth is not going to get any money under this bill.

In the Feinstein amendment, 28 States have a net benefit over the language. Let me tell you which they are and what the additional annual amount is, over and above the Dole bill, by the fifth year.

Alaska, $2,029,000; California, $64,922,000; Delaware, $1,217,000; Hawaii, $2,840,000; Idaho, $289,000; Illinois, $9,062,000; Indiana, $6.627 million; Iowa, $2.164 million; Kansas, $3.381 million; Kentucky, $4.058 million; Maryland, $6.763 million; Michigan, $5.275 million; Minnesota, $5.816 million; Missouri, $4.058 million; Nebraska, $1.758 million; Nevada, $2.488 million, New Hampshire, $812,000, New Jersey, $5.545 million; New York, $1.217 million; North Dakota, $135,000. Ohio, .$7.709 million; Oklahoma, $2.840 million; Oregon, $7.304 million; Pennsylvania, $5.004 million; Vermont, $271,000. State of Washington, $16.095 million; West Virginia, $541,000. Wisconsin, $6.492 million;

Mr. President, I ask unanimous consent the comparison tables be printed in the RECORD.

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

TABLE 1.—ESTIMATED ALLOCATIONS UNDER THE TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT, WITH GRANT ADJUSTED IN FISCAL YEAR 1998 AND FISCAL YEAR 2000 FOR CHANGE IN POPULATION THE FEINSTEIN BILL

[Share of change in population is used as a proxy for share of change in the poverty population (dollars in thousands)]

State	1996	1997	1998	1999	2000	Dollar change: 1996–2000	Percentage change: 1996–2000
Alabama	$106,858	$108,297	$109,698	$111,189	$112,674	$5,816	5.44
Alaska	66,348	66,838	67,295	67,726	68,377	2,029	3.06
Arizona	230,462	232,881	235,383	237,941	240,606	10,144	4.40
Arkansas	59,900	60,604	61,351	62,163	62,875	2,976	4.97
California	3,685,571	3,700,973	3,716,869	3,733,403	3,750,492	64,922	1.76
Colorado	130,713	133,163	135,698	138,193	140,857	10,144	7.76
Connecticut	247,498	247,498	247,498	247,498	247,498	0	0.00
Delaware	30,239	30,546	30,807	31,125	31,457	1,217	4.03
District of Columbia	95,882	95,882	95,882	95,882	95,882	0	0.00
Florida	581,871	589,311	596,826	604,409	612,167	30,297	5.21
Georgia	359,139	362,691	366,395	370,162	374,017	14,878	4.14
Hawaii	94,964	95,607	96,289	97,031	97,805	2,840	2.99
Idaho	33,696	34,584	35,589	36,550	37,483	3,787	11.24
Illinois	583,219	585,485	587,699	590,010	592,281	9,062	1.55
Indiana	227,031	228,623	230,249	232,050	233,658	6,627	2.92
Iowa	133,938	134,459	134,948	135,513	136,102	2,164	1.62
Kansas	111,743	112,569	113,383	114,302	115,124	3,381	3.03
Kentucky	188,447	189,457	190,403	191,399	192,504	4,058	2.15
Louisiana	164,016	164,751	165,468	166,280	166,992	2,976	1.81
Maine	76,333	76,333	76,333	76,333	76,333	0	0.00
Maryland	246,947	248,693	250,418	252,065	253,710	6,763	2.74
Massachusetts	487,449	487,449	487,449	487,449	487,449	0	0.00
Michigan	806,641	808,049	809,417	810,774	811,915	5,275	0.65
Minnesota	287,137	288,546	290,040	291,468	292,953	5,816	2.03
Mississippi	87,038	87,559	88,111	88,711	89,337	2,299	2.64
Missouri	232,505	233,454	234,461	235,556	236,562	4,058	1.75
Montana	44,948	45,346	45,768	46,129	46,706	1,758	3.91
Nebraska	60,384	60,782	61,141	61,664	62,142	1,758	2.91
Nevada	35,964	37,495	38,993	40,688	42,186	6,222	17.30

TABLE 1.—ESTIMATED ALLOCATIONS UNDER THE TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT, WITH GRANT ADJUSTED IN FISCAL YEAR 1998 AND FISCAL YEAR 2000 FOR CHANGE IN POPULATION THE FEINSTEIN BILL—Continued

[Share of change in population is used as a proxy for share of change in the poverty population (dollars in thousands)]

State	1996	1997	1998	1999	2000	Dollar change: 1996–2000	Percentage change: 1996–2000
New Hampshire	42.577	42.791	43.019	43.167	43.388	812	1.91
New Jersey	417,198	418.698	420,101	421.430	422.743	5.545	1.33
New Mexico	129.839	130.788	131.795	132.890	133.897	4.058	3.13
New York	2.308.405	2.308.986	2.309.604	2.309.487	2.309.622	1.217	0.05
North Carolina	347.837	350.991	354.210	357.580	361.092	13.255	3.81
North Dakota	25.978	26.009	25.978	26.077	25.113	135	0.52
Ohio	769,144	771.073	772.930	774.852	776.853	7.709	1.00
Oklahoma	166.123	166.736	167.385	168.190	168.964	2.840	1.71
Oregon	183.038	184,753	186.509	188.353	190.342	7.304	3.99
Pennsylvania	658.388	659.705	660.975	662.226	663.392	5.004	0.76
Rhode Island	92.633	92.633	92.633	92.633	92.633	0	0.0
South Carolina	103.291	104.607	105.941	107.326	108.836	5.545	5.37
South Dakota	23.019	23.264	23.524	23.708	24.101	1.082	4.70
Tennessee	205.981	208.063	210.209	212.476	214.772	8.791	4.27
Texas	507.442	516.873	526.435	536.672	546.800	39.359	7.76
Utah	83.847	85.133	85.560	88.079	89.663	5.816	6.94
Vermont	49.365	49.457	49.555	49.661	49.636	271	0.55
Virginia	175,260	178,015	180.812	183.625	186.486	11.226	6.41
Washington	432.328	436.033	439.963	444.039	448.423	16.095	3.72
West Virginia	119,017	119.140	119.269	119.411	119.558	541	0.45
Wisconsin	334,783	336.345	337.938	339.606	341.275	6.492	1.94
Wyoming	23.275	23.490	23.717	23.964	24.222	947	4.07
U.S. total	16.695.648	16.781.508	16.868.924	16.959.116	17.050.958	355.310	2.14
One-year, year-to-year change	.....	85.860	87.416	90.192	91.842	.....	.....
One-year amount over fiscal year 1996 grant	0	85.860	173.276	263.468	355.310	.....	.....
Cumulative amount over fiscal year 1996 grant	0	85.860	259.136	522.604	877.914	.....	.....

Source: Table prepared by The Congressional Research Service [CRS] Fiscal year 1996 allocations are based on the Federal share of expenditures for AFDC, EA, and Title IV–A child care plus the JOBS grant. Adjustments for poverty population assume no change in State poverty rates. Therefore, percentage increases are based on percentage increases in total State population. Change in State population are based on Census Bureau projections of the population for the States.

TABLE 2.—PROPOSED ALLOCATIONS TO THE STATES UNDER S. 1120, FISCAL YEARS 1996–2000 (THE DOLE BILL)

[Dollars in thousands]

State	Fiscal year—					Dollar change: 1996–2000	Percentage change: 1996–2000
	1996	1997	1998	1999	2000		
Alabama	$106.858	$109.530	$112.268	$115.075	$117.951	11.093	10.4
Alaska	66.348	66.348	66.348	66.348	66.348	0	0.0
Arizona	230.462	236.223	242.129	284.182	254.386	23.925	10.4
Arkansas	59.900	61.397	62.932	64.506	66.118	6.218	10.4
California	3.685.571	3.685.571	3.685.571	3.685.571	3.685.571	0	0.0
Colorado	130.713	133.981	137.330	140.764	144.283	13.570	10.4
Connecticut	247.498	247.498	247.498	247.498	247.498	0	0.0
Delaware	30.239	30.239	30.239	30.239	30.239	0	0.0
District of Columbia	95.882	95.882	95.882	95.882	95.882	0	0.0
Florida	581.871	596.417	611.328	626.611	642.276	60.406	10.4
Georgia	359.139	368.117	377.320	386.753	396.422	37.283	10.4
Hawaii	94.964	94.964	94.964	94.964	94.964	0	0.0
Idaho	33.696	34.538	35.402	36.287	37.194	3.498	10.4
Illinois	583.219	583.219	583.219	583.219	583.219	0	0.0
Indiana	227.031	227.031	227.031	227.031	227.031	0	0.0
Iowa	133.938	133.938	133.938	133.938	133.938	0	0.0
Kansas	111.743	111.743	111.743	111.743	111.743	0	0.0
Kentucky	188.447	188.447	188.447	188.447	188.447	0	0.0
Louisiana	164.016	168.117	172.320	176.628	181.043	17.027	10.4
Maine	76.333	76.333	76.333	76.333	76.333	0	0.0
Maryland	246.947	246.947	246.947	246.947	246.947	0	0.0
Massachusetts	487.449	487.449	487.449	487.449	487.449	0	0.0
Michigan	806.641	806.641	806.641	806.641	806.641	0.	0.0
Minnesota	287.137	287.137	287.137	287.137	287.137	0	0.0
Mississippi	87.038	89.214	91.444	93.730	96.074	9.036	10.4
Missouri	232.505	232.505	232.505	232.505	232.505	0	0.0
Montana	44.948	46.071	47.223	48.404	49.614	4.666	10.4
Nebraska	60.384	60.384	60.384	60.384	60.384	0	0.0
Nevada	35.964	36.863	37.785	38.729	39.698	3.734	10.4
New Hampshire	42.577	42.577	42.577	42.577	42.577	0	0.0
New Jersey	417,198	417.198	417.198	417,198	417.198	0	0.0
New Mexico	129,839	133.085	136.412	139.823	143.318	13.479	10.4
New York	2.308.405	2.308.405	2.308.405	2.308.405	2.308.405	0	0.0
North Carolina	347.837	356.533	365.446	374,582	383.947	36.110	10.4
North Dakota	25.978	25.978	25.978	25.978	25.978	0	0.0
Ohio	769.144	769.144	769.144	769.144	769,144	0	0.0
Oklahoma	166.123	166.123	166.123	166.123	166.123	0	0.0
Oregon	183.038	183.038	183.038	183.038	183.038	0	0.0
Pennsylvania	658.388	658.388	658.388	658.388	658.388	0	0.0
Rhode Island	92.633	92.633	92.633	92.633	92.633	0	0.0
South Carolina	103.291	105.873	108.520	111.233	114,014	10.723	10.4
South Dakota	23.019	23.594	23.594	24.184	24,184	1.165	5.1
Tennessee	205.981	211,130	216.409	221.819	227.364	21.383	10.4
Texas	507.442	520.128	533.131	546.459	560,121	52.679	10.4
Utah	83.847	85.943	88.092	90.294	92.551	8.704	10.4
Vermont	49.365	49.365	49.365	49.365	49.365	0	0.0
Virginia	175.260	179.641	184,132	188.735	193.454	18.194	10.4
Washington	432.328	432.328	432.328	432.328	432.328	0	0.0
West Virginia	119.017	119.017	119.017	119.017	119.017	0	0.0
Wisconsin	334.783	334.783	334.783	334.783	334.783	0	0.0
Wyoming	23.275	23.857	24.454	25.065	25.692	2.416	10.4
Totals	16.695.648	16.781.508	16.868.924	16.959.116	17.050.958	.....	.....
Year-to-year change	.....	85.860	87.416	90.192	91.842	.....	.....
One year amount over fiscal year 1996 grant	.....	85.860	173.276	263.468	355.310	.....	.....
Cumulative amount over fiscal year 1996 grant	.....	85.860	259.136	522.604	877.914	.....	.....

Source: Estimates prepared by CRS based on financial data on AFDC and related programs from the Department of Health and Human Services [DHHS] and poverty and population data from the U.S. Census Bureau.

TABLE 3.—COMPARISON OF STATE ALLOCATIONS: PROPOSAL TO ADJUST THE GRANT EVERY TWO YEARS FOR CHANGES IN POPULATION COMPARED WITH S. 1120 (CHANGE FROM DOLE BILL WITH FEINSTEIN)

[Changes in population are used as a proxy for changes in poverty population in proposal (dollars in thousands)]

State	1996	1997	1998	1999	2000	Dollar change
Alabama	$0	−$1.232	−$2.570	−$3.886	−$5.277	−$5,277
Alaska	0	490	947	1.378	2.029	2.029
Arizona	0	−3.343	−6.745	−10.240	−13.781	−13.781
Arkansas	0	−793	−1,581	−2.342	−3.243	−3.243
California	0	15.402	31.298	47.832	64.992	64.922
Colorado	0	−818	−1.632	−2.571	−3.426	−3.426
Connecticut	0	0	0	0	0	0
Delaware	0	306	568	886	1.217	1,217
District of Columbia	0	0	0	0	0	0
Florida	0	−7.106	−14.502	−22.202	−30.109	−30.109
Georgia	0	−5.426	−10.925	−16.591	−22.405	−22.405
Hawaii	0	643	1.325	2.067	2.840	2.840
Idaho	0	46	187	263	289	289
Illinois	0	2.266	4,480	6.791	9.062	9.062
Indiana	0	1.592	3.218	5.019	6.627	6.627
Iowa	0	521	1.010	1,575	2.164	2.164
Kansas	0	827	1,641	2.559	3.381	3.381
Kentucky	0	1,010	1.956	2.953	4.058	4.058
Louisiana	0	−3.366	−6.852	−10.348	−14,051	−14,051
Maine	0	0	0	0	0	0
Maryland	0	1.745	3,471	5.118	6.763	6.763
Massachusetts	0	0	0	0	0	0
Michigan	0	1.409	2.776	4.134	5.275	5.275
Minnesota	0	1.409	2.903	4.330	5.816	5.816
Mississippi	0	−1.655	−3.334	−5.019	−6.736	−6.736
Missouri	0	949	1.956	3.051	4.058	4.058
Montana	0	−726	−1,455	−2.275	−2.908	−2.908
Nebraska	0	398	757	1,279	1.758	1.758
Nevada	0	632	1.208	1.959	2.488	2.488
New Hampshire	0	214	442	591	812	812
New Jersey	0	1.500	2.903	4.232	5.545	5.545
New Mexico	0	−2.297	−4,617	−6.932	−9.421	−9.421
New York	0	582	1.199	1.083	1.217	1.217
North Carolina	0	−5.542	−11.236	−17.002	−22.855	−22.855
North Dakota	0	31	0	98	135	135
Ohio	0	1.929	3.786	5.708	7.709	7,709
Oklahoma	0	612	1.262	2.067	2.840	2.840
Oregon	0	1.715	3.471	5.315	7.304	7.304
Pennsylvania	0	1,317	2.587	3.838	5.004	5.004
Rhode Island	0	0	0	0	0	0
South Carolina	0	−1.266	−2.579	−3.907	−5.178	−5,178
South Dakota	0	−331	−71	−476	−83	−83
Tennessee	0	−3.067	−6.200	−9.342	−12.592	−12.592
Texas	0	−3.255	−6.696	−9.787	−13.320	−13.320
Utah	0	−810	−1.531	−2.215	−2.889	−2.889
Vermont	0	92	189	295	271	271
Virginia	0	−1.626	−3.320	−5.110	−6.968	−6.968
Washington	0	3.705	7.635	11.712	16.095	16.095
West Virginia	0	122	252	394	541	541
Wisconsin	0	1.562	3.155	4.823	6.492	6.492
Wyoming	0	−368	−737	−1.101	−1.470	−1.470
Totals	0	0	0	0	0	0
Year-to-year change	0	0	0	0	0	
One year amount over fiscal year 1996 grant	0	0	0	0	0	
Cumulative amount over fiscal year 1996 grant		0	0	0	0	

Source: Estimates prepared by CRS based on financial data on AFDC and related programs from the Department of Health and Human Services [DHHS] and poverty and population data from the U.S. Census Bureau.

Mrs. FEINSTEIN. These tables show how 28 States would gain as a difference between what the Dole bill would give and what this amendment would provide. For the most part, many of these are States with a higher benefit level. These States have decided they were going to spend what they needed to spend to have a poor family be able to exist in their States. What I object to about the Dole bill is that a State is locked out because a State has had a high benefit level and a maintenance of effort and has been willing to provide for their people. Now, they are frozen out of the growth fund.

California, the biggest State, with the most poor people: there is nothing in the growth fund for California. And the reason that is being given is, well, you do not deserve any money because you fund half of $607 a month from California taxpayers to support poor people. So, because California and these 27 other States have had a higher maintenance of effort, and said we are going to fund poor people, suddenly they are left out of any growth fund. There is no hold harmless. They are left out. They are locked out, and that is what I object to in this language.

You can come to California, or any high cost-of-living State, and attempt to live. And it is very much tougher. This is the way the formula has been figured now for over a half century—based on a state match. The Hutchison formula is a stark change from that. But it is a penalty. And it says if you have funded your poor people in the past, as a State, you are now not going to figure into the growth formula.

So let me say another thing. The House of Representatives in its wisdom has passed a formula which is straight across the board based on growth in a State. The only difference in what they did and what I am suggesting we do is base it on growth of poor people. If a State wants to support their poor population, I think that is fine. If they do not, what we are saying, if the Hutchison language is accepted, is, therefore, the Federal Government should reward them for not doing it by providing a growth fund for them. And I frankly cannot agree as someone who has participated in local government helping make some of these decisions. I simply cannot agree that that is the fair way to do it.

So we have presented this. Again 28 States benefit, I have given the amounts. Twenty-two States lose money in this way.

But I believe it is fair. It is based on a census as ratified by the Secretary of Health and Human Services.

How much time do I have remaining?

The PRESIDING OFFICER. The Senator has 33 seconds remaining.

Mrs. FEINSTEIN. I yield my 33 seconds.

AMENDMENT NO. 2501

Mr. PRESSLER. Mr. President, last week I offered an amendment that is designed to give States greater authority to crackdown on welfare fraud.

This amendment would allow States to intercept Federal income tax refunds in order to recover overpayments of welfare benefits due to fraud or error.

This technique, called tax intercept, would be used as a measure of a last resort against former welfare recipients who defraud the system. Originally, welfare was designed as a transitional program to help people become self-sufficient. Many families find themselves

in circumstances beyond their control and legitimately need temporary help. However, as we all know, far too many individuals abuse the system, making public assistance a way of life. This amendment is designed to crack down on the persistent fraud problems that plague our welfare system.

It is estimated that welfare overpayments represent about 4 percent of payments paid by AFDC, food stamp, and Medicaid programs. Many of these overpayments are due to deliberate fraud. This type of abuse is an insult both to hard-working taxpayers who struggle daily without Government assistance as well as families on welfare who play by the rules.

Currently, a similar tax intercept is reducing fraud successfully in the Food Stamp Program in 32 States. My amendment would create a similar model for AFDC. It is also designed to protect taxpayer privacy.

Just as important, my amendment would save States at least $250 million, enabling them to use the savings for those who truly need assistance. The most recent estimate of this proposal was done in 1992, when the United Council on Welfare Fraud estimated that States could save $49 million per year. If a similar analysis were done today, I expect the savings from my amendment would be even greater.

I am pleased this amendment will be accepted. It means getting tough on the cheats who abuse our welfare system.

I also ask unanimous consent that Senator BRYAN be added as an original cosponsor of my amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PRESSLER. I thank my colleague for his cosponsorship and support and leadership in this area.

Mr. BRYAN. Mr. President, I am pleased to be joining with Senator PRESSLER as a cosponsor on this amendment to provide States the option to use the IRS Federal income tax refund intercept process to try to recapture AFDC-type benefit overpayments.

Some years ago, Congress provided for an IRS Federal income tax intercept process to be used to help retrieve child support payment arrearages. When an individual is in arrears on his or her child support payments, the IRS refund intercept allows the State to notify the IRS of the arrearage. If the individual is to receive a Federal income tax refund, the IRS can intercept the refund. Rather than having the tax refund go directly to the individual, the refund amount is intercepted and paid toward the child support arrearage.

As I know a number of my colleagues have also done in their home States, I have spent significant time this year visiting welfare offices in both northern and southern Nevada. During those visits, I spent a significant amount of time listening to welfare eligibility workers. It surprised me to learn from these eligibility workers that State welfare agencies did not have the authority to notify the IRS to intercept Federal income tax refunds to try to recapture benefit overpayments for AFDC-type cash assistance.

My experience in spending time with those who are actually involved in the welfare program, who administer it on a day-to-day basis, has been enormously helpful to me. They have helped explain some of the complexities in our welfare system, some of its inconsistencies and some of its frustrations that welfare workers experience when our best intended policies are hopelessly inconsistent, or when they find their hands tied because of some nonsensical rule that requires them to do certain things.

This is why I am particularly pleased to join on as an original cosponsor of the Pressler-Bryan amendment. This amendment provides an answer to one of those frustrations. When benefit overpayments are made in AFDC-type cash assistance programs under this bill, State welfare agencies will now have the IRS refund intercept process available to them.

Unfortunately, many times welfare recipients who receive benefit overpayments, and most frequently this occurs in the AFDC program, are able to walk away knowing they are not going to have to repay the benefit overage. Those individuals essentially have been unjustly enriched as a result of a fraudulent overpayment made to them. When they later qualify for a Federal income tax refund, the States are powerless to try to intercept that refund, and recapture the money rightfully due the State.

Under the amendment offered by the Senator from South Dakota and myself, we now add a new category to cover those individuals who have received benefit overpayment by reason of their fraud, or for whatever reason the circumstances led to the overpayment. Now States are empowered, through the IRS, to intercept any tax refund check that would otherwise be paid to that welfare recipient. And as the Senator from South Dakota has pointed out, the amount of savings to the taxpayers is enormous. This amendment makes a lot of sense. Expanding the IRS refund intercept process to AFDC-type benefit overpayments makes common sense, and allows all States greater flexibility in the administration of the welfare system.

I applaud the Senator for his leadership and associate myself with his comments on this important amendment. This is the kind of bipartisan work that I am delighted to participate in, and which can help make this welfare reform proposal workable for the States.

I thank my colleague. I yield the floor.

Mr. PRESSLER addressed the Chair.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. PRESSLER. If we could deal with this amendment, it has been cleared on both sides of the aisle. I ask unanimous consent that the Senate proceed to the consideration of amendment 2501.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows.

The Senator from South Dakota [Mr. PRESSLER] proposes an amendment numbered 2501.

Mr. PRESSLER. I ask unanimous consent that the amendment be considered as read.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in the Friday, September 8, 1995, edition of the RECORD.)

Mr. PRESSLER. I urge adoption of the amendment.

The PRESIDING OFFICER. Is there further debate on the amendment? If not, the question is on agreeing to the amendment.

So the amendment (No. 2501) was agreed to.

Mr. PRESSLER. Mr. President, I move to reconsider the vote.

Mr. CHAFEE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MORNING BUSINESS

Mr. CHAFEE. Mr. President, I ask unanimous consent there now be a period for the transaction of morning business with Senators permitted to speak up to 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, it takes no rocket scientist to be aware that the U.S. Constitution forbids any President to spend even a dime of Federal tax money that has not first been authorized and appropriated by Congress—both the House of Representatives and the U.S. Senate.

So when a politician or an editor or a commentator pops off that "Reagan ran up the Federal debt" or that "Bush ran it up," bear in mind that the Founding Fathers, two centuries before the Reagan and Bush presidencies, made it very clear that it is the constitutional duty solely of Congress—a duty Congress cannot escape—to control Federal spending.

Thus, it is the fiscal irresponsibility of Congress that has created the incredible Federal debt which stood at $4,962,703,726,882.93 as of the close of business Friday, September 8. This outrageous debt—which will be passed on to our children and grandchildren—averages out to $18,838.51 for every man, woman, and child in America.

United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 104th CONGRESS, FIRST SESSION

Vol. 141 WASHINGTON, TUESDAY, SEPTEMBER 12, 1995 No. 141

Senate

(Legislative day of Tuesday, September 5, 1995)

Pending:

Dole modified amendment No. 2280, of a perfecting nature.

Feinstein modified amendment No. 2469 (to amendment No. 2280), to provide additional funding to States to accommodate any growth in the number of people in poverty.

Conrad-Bradley amendment No. 2529 (to amendment No. 2280), to provide States with the maximum flexibility by allowing States to elect to participate in the TAP and WAGE programs.

The PRESIDENT pro tempore. The distinguished Senator from North Dakota is recognized.

Mr. CONRAD. I thank the Chair. I inquire if the Conrad-Bradley amendment is the pending business?

The PRESIDING OFFICER (Mr. CAMPBELL). The Senator is correct.

AMENDMENT NO. 2529

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New York [Mr. MOYNIHAN], for Mr. CONRAD, for himself and Mr. BRADLEY, proposes an amendment numbered 2529.

Mr. CONRAD. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in the Friday, September 8, 1995, edition of the RECORD.)

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. CONRAD. Mr. President, the Conrad-Bradley amendment is based on the four principles of requiring work, protecting children, providing flexibility for States, and promoting the family structure. Our amendment fundamentally reforms the welfare system by allowing States to choose between the pure block grant approach of the Dole bill and a program that maintains a safety net for children, provides an automatic stabilizer for States, and includes the funding to pay for them.

None of us can predict the future. If there are floods in Mississippi, earthquakes in California, a drought in North Dakota, or some economic calamity in Colorado, a flat-funded block grant approach may not meet the need. We should retain the automatic stabilizer that allows a State to receive the help it requires. After all, this is the United States of America, not just 50 separate States.

Our amendment allows States to choose the Dole approach or the Conrad-Bradley option for 4 years. After that, the State may continue its program or switch to the other approach at their option. Our option provides States with complete flexibility to design work requirements, job training programs, to determine eligibility and sanctions. It allows States to set time limits of any duration for participants, provided that no participants are terminated if they comply with all State requirements.

The Conrad-Bradley amendment expands the State flexibility already included in the Dole bill. It uses States as laboratories to experiment, to find what is effective in welfare reform strategies. Although the States will have almost total flexibility to design their own welfare programs, they will do so without the risk that a natural disaster or economic collapse will prevent them from protecting children and families.

The Dole proposal before us already includes such an option for the food stamp program. If an option to choose between a pure block grant approach and a system that automatically adjusts for the need is appropriate for food stamps, I suggest we should provide the same option for the Dole AFDC block grant.

According to CBO, our amendment provides protection for children and States while saving $63 billion over 7 years, compared with the $70 billion of

FAMILY SELF-SUFFICIENCY ACT

The PRESIDENT pro tempore. The clerk will report the pending business.

The assistant legislative clerk read as follows:

A bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence.

The Senate resumed consideration of the bill.

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

savings in the current version of the Dole bill. In other words, we reduce the overall savings in the Dole bill, which are currently $70 billion, by $7 billion over the 7 years, in order to protect children and protect the States—to preserve the automatic stabilizer mechanism.

Again, it is a State choice. They can choose the pure block grant approach of the Dole bill. They can choose that for 4 years. Or they can choose the approach in our bill, which represents the most dramatic welfare reform ever presented on the floor of the Senate.

Finally, the Conrad-Bradley amendment eliminates the need to struggle over State allocation formulas because it allows States to choose, to choose between the Dole block grant approach and a funding mechanism that automatically adjusts for State need and effort.

Proponents of the Dole bill say that we should let States experiment. We agree. That is precisely what we ought to do. Let us let the States go out and try various welfare reform strategies and see what works. That makes good sense. Let us give the States a chance to experiment. Let us give the States a chance to determine what works and what does not work. But let us maintain the automatic stabilizer to help States hit by natural disasters or economic calamities. Let us make certain they have the resources to meet the need that none of us can foresee. Let us make certain that we can protect children.

We are, after all, the United States of America, not the divided States of America. Let us remember our strength flows not only from our diversity, but from our union.

I thank the Chair and reserve the remainder of my time.

The PRESIDING OFFICER. Is there further debate on the amendment?

Mr. CONRAD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. HUTCHISON. Mr. President at the request of the Senator from Arkansas [Mr. BUMPERS], I ask unanimous consent that his name be added as a cosponsor of S. 978.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. HUTCHISON. Mr. President, thank you.

I yield the floor.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. SANTORUM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SANTORUM. Mr. President, I ask for the yeas and nays on the Conrad amendment.

The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from North Dakota [Mr. CONRAD]. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Mississippi [Mr. COCHRAN] and the Senator from Wyoming [Mr. SIMPSON] are necessarily absent.

I further announce that, if present and voting, the Senator from Wyoming [Mr. SIMPSON] would vote "nay."

The PRESIDING OFFICE. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 44, nays 54, as follows:

[Rollcall Vote No. 409 Leg.]

YEAS—44

Akaka	Feinstein	Lieberman
Biden	Ford	Mikulski
Bingaman	Glenn	Moseley-Braun
Boxer	Graham	Moynihan
Bradley	Harkin	Murray
Breaux	Heflin	Nunn
Bryan	Hollings	Pell
Bumpers	Inouye	Pryor
Byrd	Johnston	Reid
Conrad	Kennedy	Robb
Daschle	Kerrey	Rockefeller
Dodd	Kerry	Sarbanes
Dorgan	Lautenberg	Simon
Exon	Leahy	Wellstone
Feingold	Levin	

NAYS—54

Abraham	Frist	Mack
Ashcroft	Gorton	McCain
Baucus	Gramm	McConnell
Bennett	Grams	Murkowski
Bond	Grassley	Nickles
Brown	Gregg	Packwood
Burns	Hatch	Pressler
Campbell	Hatfield	Roth
Chafee	Helms	Santorum
Coats	Hutchison	Shelby
Cohen	Inhofe	Smith
Coverdell	Jeffords	Snowe
Craig	Kassebaum	Specter
D'Amato	Kempthorne	Stevens
DeWine	Kohl	Thomas
Dole	Kyl	Thompson
Domenici	Lott	Thurmond
Faircloth	Lugar	Warner

NOT VOTING—2

Cochran	Simpson

So the amendment (No. 2529) was rejected.

Mr. KERREY. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. DASCHLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2469, AS MODIFIED

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of Feinstein amendment No. 2469, on which there will be 4 minutes of debate equally divided, followed by a vote on or in relation to the amendment.

The Senator from California [Mrs. FEINSTEIN], is recognized.

Mr. MOYNIHAN. Mr. President, I respectfully suggest the Senate is not in order.

The PRESIDING OFFICER. Senators will take their conversations off the floor. The Senate will be in order. There will be 4 minutes of debate.

Mr. BYRD. Mr. President, may we have order? We need to know what we are voting on. We cannot hear.

The PRESIDING OFFICER. The Senate will be in order. The Chair advises Senators to take their conversations off the floor. The Senator from California is recognized.

Mr. BYRD. Mr. President, the Senate is still not in order. There are too many discussions going on toward the rear of the Chamber.

The PRESIDING OFFICER. Senators at the rear of the Chamber——

Mr. BYRD. And staff. I thank the Chair.

The PRESIDING OFFICER. The Senator from California.

Mrs. FEINSTEIN. Mr. President, I thank the Senator from West Virginia, because I believe this is a very important amendment.

Let me quickly sum up how my amendment, I believe, improves the underlying bill. In the Dole bill, 31 States have their funding frozen at fiscal year 1994 levels for the next 5 years. Funding is frozen despite very tough mandates to States which require a minimum work participation rate, which CBO says, as late as last night, only 10 to 15 States will be able to meet. Those States that cannot meet the minimum work participation rate will have a penalty of 5 percent with another 5 percent from the State, or a 10-percent cut in funds, and all but 19 States are locked out of the so-called growth formula.

So this is major. What I would like to say to my colleagues who represent the 31 States that are frozen out of the Dole bill is this: Not only will your State be required to meet that mandate, not only will your State receive no additional funding for child care or job training to meet the mandate, and even though your State will almost definitely experience an increase in poor population, your funding is frozen.

This bill, my amendment, takes the language of the House which says that the poor population of the State, as reflected by the census, will be used to determine the growth allocation. And, in fact, 27 States increase their funding under my amendment over the Dole bill.

Those charts have been distributed to you, and I urge, if you are one of those 27 States, that you vote for this amendment. The amendment is fair. It is as the House does it. It simply says the census determines the numbers and the money for growth is accommodated in that way.

I thank the Chair. I yield the floor.

The PRESIDING OFFICER. The Senator's time has expired. Is there further debate? The Senator from Texas [Mrs. HUTCHISON], is recognized.

Mrs. HUTCHISON. Mr. President, I urge my colleagues not to vote for this amendment.

Mr. MOYNIHAN. Mr. President, I must once again respectfully suggest the Senate is not in order. We cannot hear the Senator.

The PRESIDING OFFICER. The Chair asks that Senators withhold conversations. The Senator from Texas.

Mrs. HUTCHISON. Thank you, Mr. President.

Mr. President, it was very difficult to solve the formula issue when we decided we were going to reform welfare. The most fair formula is the underlying bill, the Dole-Hutchison formula. What it does is allow everyone to win at some point. No one loses what they have now. Yet, the low-benefit, high-growth States are not penalized in years 3, 4, and 5.

When we decided to block grant for 5 years, we had to look at the accommodation for the high-growth States where they had low benefits. That is because the high-benefit States get their windfall in the beginning. Whereas, California gets $1,016 per poor person grant. States like Alabama get $148. Mississippi gets $138, as compared to $1,000.

So the goal of our underlying bill is to reach parity slowly, without hurting the New Yorks, the Michigans, and the Californias, but bringing up the States that no longer have to have a State match and are very poor. So it is equitable and it is fair.

I ask my colleagues to look at the overall picture and understand that if we are going to have welfare reform, we must start with the new parameters, which are that the State match is going to be phased out. Yes, New York and California had big State matches and, therefore, got more Federal dollars. They are going to keep those Federal dollars, even as the State's match is phased out. But the low-benefit, high-growth States are going to get their help in the end. That is why this is a balance. That is why this is fair and why the low-benefit States are not going to have to pay in order for California to continue to grow.

We will never reach parity under the Feinstein amendment. There will never be fairness in the system as we go to the Federal dollars, without State matches. The only way that we can go toward the goal of parity and equality in this country is to stay with the underlying bill.

I hope you will vote against the Feinstein amendment and stick with the Dole-Hutchison formula, which is fair to everyone.

Mr. D'AMATO. Mr. President, I rise to oppose the amendment from the Senator from California.

The reason I oppose this amendment is because it does nothing to help us meet our real goal in this debate, which is the fundamental reform of a failed welfare system.

Instead it reopens a funding formula debate that pits State against State, and puts the whole endeavor of welfare reform in dire jeopardy.

Let me be clear that my State is one that would benefit from the adoption of the Feinstein amendment. There are elements of the Senator from California's amendment that I believe have merit, and I believe she has made some important points in the debate on her amendment.

Nevertheless, the practical effect of her amendment will be to reopen a battle that can only stand in the way of the enactment of this important welfare reform bill. I intend to vote against this amendment, and I encourage my colleagues to do the same.

The PRESIDING OFFICER. All time has expired.

Mrs. FEINSTEIN. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays are ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Mississippi [Mr. COCHRAN] is necessarily absent.

The PRESIDING OFFICER (Mr. INHOFE). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 40, nays 59, as follows:

[Rollcall Vote No. 410 Leg.]

YEAS—40

Akaka	Ford	McConnell
Biden	Glenn	Mikulski
Boxer	Gorton	Moseley-Braun
Bradley	Harkin	Moynihan
Bryan	Inouye	Murray
Byrd	Kennedy	Pell
Coats	Kerrey	Reid
Conrad	Kerry	Rockefeller
Daschle	Kohl	Sarbanes
Dodd	Lautenberg	Simon
Dorgan	Leahy	Specter
Exon	Levin	Wellstone
Feingold	Lieberman	
Feinstein	Lugar	

NAYS—59

Abraham	Frist	McCain
Ashcroft	Graham	Murkowski
Baucus	Gramm	Nickles
Bennett	Grams	Nunn
Bingaman	Grassley	Packwood
Bond	Gregg	Pressler
Breaux	Hatch	Pryor
Brown	Hatfield	Robb
Bumpers	Heflin	Roth
Burns	Helms	Santorum
Campbell	Hollings	Shelby
Chafee	Hutchison	Simpson
Cohen	Inhofe	Smith
Coverdell	Jeffords	Snowe
Craig	Johnston	Stevens
D'Amato	Kassebaum	Thomas
DeWine	Kempthorne	Thompson
Dole	Kyl	Thurmond
Domenici	Lott	Warner
Faircloth	Mack	

NOT VOTING—1

Cochran

So the amendment (No. 2469), as modified, was rejected.

Mr. SANTORUM. Mr. President, I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2488

The PRESIDING OFFICER. Under a previous order, the Senate will now resume consideration of the Breaux amendment, No. 2488, with time until 12:30 to be equally divided between the sides, and a vote on or in relation to the amendment to occur at 2:15 p.m.

The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I ask unanimous consent that the time be limited on the Ashcroft and Shelby amendments to 1 hour on each amendment, equally divided between the sides.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BREAUX addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BREAUX. Mr. President, the pending amendment is the so-called Breaux amendment?

The PRESIDING OFFICER. The Senator is correct.

Mr. BREAUX. I ask unanimous consent at this time that Senators JEFFORDS, KOHL, Snowe and BAUCUS be added as original cosponsors to the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BREAUX. Mr. President, what we present today in this amendment is a bipartisan effort, which is the way that welfare reform has to be accomplished in this country. There is no way that we as Democrats can write the bill by ourselves. There is no way the Republicans, by themselves, could write a bill that will become law. This amendment recognizes that, and it is a bipartisan effort.

We have worked with distinguished Members of the other side, Republican colleagues, to craft this amendment to make it fair, to make it one that can receive bipartisan support and reach a majority. It may not be perfect, but I think it reflects the best thoughts of those of us who have been involved in this effort for a long period of time, and I ask that our colleagues give it their favorable consideration.

Let me just preface what my amendment does by mentioning, just for a moment, a little of the history of this effort to try to solve welfare in our country. It has always been a joint effort between the States and the Federal Government.

On average, the States generally contribute about 45 percent of the total welfare funds to welfare programs within their State borders and the Federal Government contributes the other 55 percent, on the other hand, of the welfare dollars going into various States.

It has always been a joint venture, if you will, a partnership, if you will, between the Federal Government and the States. For the first time in the 60-year history of this bill, the other body—our colleagues and friends in the House—has terminated that partnership. They

have said that there is no longer any requirement that the States put up any money if they do not want to help solve this problem. They say they are for block grants, and that in their minds means that the Federal Government sends them all of the money and they have no obligation to put up anything. They say that the Federal Government will continue to give the same amount over the next 5 years even if some of the programs that they have developed in their State reduces the number of people on welfare.

That is right. Under the House proposal, the Federal Government would continue to send the States the same amount of money every year for welfare even though there are fewer people each year in that State that are on welfare. What kind of a partnership is that? That is giving the Federal Government all of the responsibility of raising all of the money, and giving the States the same amount of money each year, no matter what happens within those State borders.

I think the concept of block grants can be made to work sometimes, but it has to be a partnership. We all know that when you are spending somebody else's money, it is much easier to spend it in any way you want to spend it. All of the legislative bodies, if they think the money is coming from Washington, are less responsible, in my opinion, when it comes to spending those funds than if they have to raise it through the tax programs in their respective States.

We have all heard stories about block grant programs that have not worked at this very point in the sense of having States misuse block grants coming from the Federal Government. We heard the story about the Law Enforcement Assistance Administration block grants. Someone in one community was using the Federal money to buy a tank for the police chief. Why not? It is Federal money. They did not have to contribute to it. They thought it was a nice thing to do, and they did it. So the police chief got a tank.

The Wall Street Journal just recently reported how State auditors in one State discovered that the State squandered $8.3 million in Federal child care grants on such things as personal furniture and designer salt and pepper shakers. Robert Rector, of the Heritage Foundation, certainly not a Democratic organization by any stretch of the imagination, recently commented on this phenomenon by saying:

> If there's anything less frugal than a politician spending other people's money, it's one set of politicians with no accountability spending money raised by another set of politicians.

That is the point, Mr. President. That is the reason the Finance Committee considered this proposal, a proposal that said the Federal Government would continue to maintain our effort here in Washington in helping to solve welfare problems, that the State had no obligation to spend any of their money whatsoever. Therefore, I offered an amendment in the Finance Committee which required the States to maintain the same effort the Federal Government was maintaining; that if the States reduced by $5 the amount of money needed for welfare because of fewer welfare people, then the Federal Government would reduce our contribution by the same amount. That is why the amendment that is now before the Senate has been scored by the Congressional Budget Office to save $545 million over 7 years.

This is a bipartisan amendment that the Congressional Budget Office says will save $545 billion over the next 7 years. That is why I think that all of our colleagues who are interested in trying to save money on welfare reform would look with favor and support my amendment.

I want to point out on this first chart how the current system works, and why I think it makes sense. When you have a real partnership, with Federal and State funds both being used and contributed, you see here in the chart that about 9 million children of America get help and assistance under this program. You see, according to the blocks here, that we have five blocks with the representative Federal contribution and four blocks representing the State contribution to help 9 million kids. That is the current partnership. Without any State funds, under the House bill, if you say all right, the State does not have to put up anything, obviously, you are going to lose the blue boxes which represent the State contribution and instead of helping 9 million children get aid and assistance, you are now only helping 5 million.

What we are saying essentially by this amendment is that we want to maintain the partnership, we want to maintain the effort. We think what the House has proposed is absolutely unacceptable because it says that States should not have to contribute anything if they do not want to. That is not what real reform is all about.

The second chart that we have would also show something that I think is important. It shows that if you have the States willing to put up nothing, how it would affect the number of jobs that have been created over the past years. Right now, there are 630,000 job slots. These include work programs, education, training, and child care that are provided for through the Federal and State partnership.

If State spending were to be cut by 10 percent, which would be allowable under both the House and the Senate proposals, if they were cut by only 10 percent, you are talking about a cut down to 290,000 jobs being available, a dramatic reduction. If the States were to cut their contribution by only 20 percent, you would not have any jobs funded at all. We all know that without work, you are not going to have real reform. Welfare reform is about creating jobs. If you allow the States to do less than they have been doing, or nothing at all, you are going to obviously dramatically adversely affect the creation of jobs under the welfare reform bill. Therefore, this amendment is absolutely critical.

The third thing is that my amendment would enable both the Federal Government and the State governments to share the savings of welfare reform. One of the reasons we are trying to enact welfare is to save both the Federal Government and the State governments money. My amendment says that if the State government is going to reduce the amount of money they spend on welfare, so should the Federal Government. The House bill, in comparison, says: Look, if the States are going to spend a lot less because fewer people are on welfare, the Federal Government is still going to continue to give the same amount of money to the States. What kind of nonsense is that? If the State is getting $10 million from the Federal Government and reduces the number of people on welfare, under the House bill they still get the same amount of money from the Federal Government. There is no reduction. That does not make any sense whatsoever in times of tight budgetary restriction. If the State government can save money because of fewer people being on welfare, that is a good thing to happen. But the Federal Government should also say that we should also be able to reduce our contribution if the States have been able, through new inventive programs, to reduce the number of people on welfare.

Also, my amendment, which requires the States to continue to contribute 90 percent of their funding, would discourage the supplementing of existing State resources.

With the budget that we passed in the Congress, we made a clear statement that, "Federal funds should not supplant existing expenditures by other sources, both public and private," and that the "Federal interest in the program should be protected with adequate safeguards such as maintenance of effort provisions." My amendment would ensure that Federal dollars are not used to replace State welfare spending, which could be diverted to other uses like roads and bridges.

Mr. President, simply put, under the House-passed amendment on welfare reform, the States under this provision have no requirement to have any maintenance of effort, no requirement to participate financially in solving the welfare problem. If a State wants to say, "Well, we used to spend X amount of dollars on welfare programs. We want to take half of that, and we are going to use it for roads and bridges, or to buy furniture for State employees, or we are going to use it to pay for State raises for all of the State employees," Mr. President, under this amendment, the Federal Government still continues to contribute the same

amount. The State is left off the hook for any real obligation to help solve the problem.

We are not going to be able to solve the problem just here in Washington. States are going to have to be involved, and they are going to have to be involved financially in order to see that the programs are handled properly, that there is a real interest in the program, and that adequate funding for the program is available. We all know that when you come to lobbying for scarce State funds that people on welfare, and children in particular, who are innocent victims, do not have a very strong lobby. People who build roads and bridges and highways do. So if a State all of a sudden sees the House-passed bill in front of them they are going to say, look at this pot of money. We are going to take all the money that we used to use for welfare, and we are going to build roads and bridges and give State pay raises because that is what gets you reelected.

I think that is wrong. Another thing that they could say is by reducing the amount of money they contribute to welfare programs, by reducing the income of a person, they are entitled to more food stamps because this is 100 percent federally funded. This is another unique way that the Federal Government is going to get stuck with the tab under the proposal in the House—let us just reduce the amount of money we give on welfare, and we know by doing that welfare recipients are going to get more in food stamps and, by golly, food stamps are paid for by the Federal Government 100 percent. Is this not a great way of getting rid of an obligation.

What that is going to do is cost the Federal Government and the taxpayers substantial amounts of money. That is one of the reasons CBO has scored my amendment as saving $545 million over the next 7 years. There is no other amendment pending that is going to produce those types of savings. It is very simple. As a State legislator, I know if I reduce my State's spending on a program for welfare recipients, they are just going to get more money in food stamps that are paid for by the Federal Government 100 percent. Is that not a great way to get out of my obligation and stick it to the Federal Government and stick it to the Federal taxpayers because they are going to have to pick up 100 percent of the tab for the cost of food stamps.

The only way we are going to solve this problem is with a real true partnership. My understanding of what the majority leader on the other side has offered is to say I think you have a point, BREAUX, and this zero contribution by the States is really insufficient. They have devised an amendment I think that says, well, we are going to require the States to pay up to 75 percent of what they have been spending and contribute 75 percent for the next 3 years. But then after that it disappears. If a 75 percent contribution is good for the first 3 years, why is it not good for the life of the program or 5 years? What is magical about having it for 36 months and then, poof, it disappears? If it is good for the first 3 years, it should be good for the years of the program.

The real critical point is this. And I am really trying to speak in a bipartisan fashion. If my colleagues on the Republican side of the aisle really think 75 percent is a reasonable contribution by the States—I think it is too low, but they think it is reasonable—does anyone who has been around here more than 6 weeks think if we go to the conference with the House with the requirement that the States put in 75 percent of what they have been spending and the House has a provision which requires zero, does anybody think we are going to come out with 75 percent? Of course not.

If you have been on a conference before, you know how these things are generally settled. You divide by 2. The difference between 0 and 75 is 37½ percent. And that is what likely is to come back from a conference when the House comes in with a zero requirement and the Senate comes in with a 75 percent requirement.

So I urge my colleagues who may think that my requirement requiring a 90 percent contribution by the States of what they have been spending is too high to recognize that this bill has to go to conference. If we are going to come out with anything near 75 percent, I suggest it is absolutely essential that we come in with a minimum of a 90 percent requirement, knowing that in the conference it is going to be conferenced out and you generally split the difference when you go to conference.

I think we can pass all the laudatory measures and resolutions we want saying that our conferees should stick with 75, and we know they are going to stick with 75, and they will argue for 75. That is good. That is fine. I have been on conferences time and time again, and I have been around here too long to know that is not what happens. The other body feels very strongly that there should be no contribution by the States. I think almost everybody in this body thinks there should be a contribution. If you think 75 percent is a fair amount, it is absolutely essential that we go to conference with a higher amount.

Let me also say, Mr. President, that the amendment I have offered has a great deal of support from people who believe in block grants in particular. I know that Gov. Tommy Thompson from Wisconsin, who has been quoted so often on welfare, has said that "welfare reform requires a cash investment up front. That investment eventually turns into savings."

I agree with that, but I am concerned you are not going to be able to get money out of State legislative bodies for welfare reform without this provision. If States are told they do not have to put up anything, many States will put up nothing. That is simply a fact of life. Therefore, a requirement that they contribute in this maintenance of effort is absolutely essential.

We can argue all we want about what is proper, 75 or 90, but I remind my colleagues when we go to conference we will be going to conference with a group of House Members who will feel very strongly that zero is the proper amount. If we are ever going to come out with something that maintains effort on the States at an appropriate and proper amount, then we absolutely are going to have to come in with an amount that is consistent with what I have in my amendment, and that is a 90 percent requirement. That allows the Federal Government to save substantial amounts of money—$545 million over 7 years as scored by CBO. It requires the States to participate in a partnership arrangement for the solving of this particular problem.

Mr. President, with those comments, I reserve the remainder of my time at this point.

The PRESIDING OFFICER. Who yields time?

Mr. BREAUX. Mr. President, I ask, how much time does the Senator desire?

Ms. SNOWE. Five minutes.

Mr. BREAUX. I will be happy to yield 5 minutes.

The PRESIDING OFFICER. The Senator from Maine is recognized.

Ms. SNOWE. I rise in support of the amendment that has been offered by the Senator from Louisiana [Mr. BREAUX], because I do think it is essential that we ensure a continued Federal-State partnership with respect to welfare programs, and certainly regarding the welfare reform we are attempting to make in the Congress today.

The amendment offered by the Senator from Louisiana underscores a very essential point, and I think it gets to the heart of what welfare reform is all about—that it is in fact a mutual cooperative effort between the Federal Government and the States to get Americans off welfare, so that they can pursue opportunities to self-sufficiency, personal responsibility, and discipline.

Since 1935, when title IV of the Social Security Act was adopted, welfare has always been a Federal-State partnership. And as we attempt to reengineer the welfare system in America today as we know it, I also think we should renew our commitment to that partnership. The bottom line is the States have a tremendous stake in the success and outcome of welfare reform.

At the same time, I think it is also essential that they have a financial commitment and a financial stake in this reform. Many States—and I think we all can understand this—will continue to extend their programs to the neediest, as they do today, but they are also facing the same antitax, antigovernment, antiexcessive spending sentiment that we are in the Senate and in the entire Congress.

These States at the same time also have balanced budget requirements and commitments. In fact, most States do throughout the country. So they will be facing competing demands and interests for money.

Under the legislation that is pending before the Senate with respect to welfare reform, there is no requirement that the States contribute what they have spent in the past with respect to welfare. That is a concern which I have and one I share with the Senator from Louisiana.

In the last 20 years, cash assistance by the States toward welfare has been reduced by 40 percent when you take into account inflation. That is 40 percent. I do not think there is any question, as we pursue welfare reform, that we are going to still make a commitment, probably as great as what we are making today, in order to ensure that those individuals who are on welfare will move toward self-sufficiency in the future.

As the Senator from Louisiana mentioned, Governor Thompson, who has had a very successful welfare reform program in the State of Wisconsin, had to make a commitment of fivefold toward job training and child care in order to make it a success. For every dollar they invested, they got $2 in return from benefits.

Now, the Breaux amendment says that if the States do not wish to make their commitment of 90 percent of their spending at the 1994 level toward welfare, they can reduce it, but at the same time the Federal share will be reduced as well, dollar for dollar. I do not think that is unfair. I think the Federal Government should share in the benefits and the success of the program as well as the savings because this should be a shared partnership. If we are able to save money, the Federal taxpayers should save it as well. We should stand to gain from the successes as well as the savings. So we are asking the States to spend 90 percent of what they spent at the 1994 level over 5 years.

I think it is essential there is a 5-year commitment toward the maintenance of effort. It is not that we are saying that we do not expect States to make a commitment, but there have been some States who made a greater commitment toward welfare in the past than others. It is not saying we do not trust the States. I do not think it is a question of trust. It is a question of shared responsibility and the question of fairness.

Without the requirement for a fiscal commitment by the States to at least spend 90 percent at the 1994 level toward welfare, some States may not keep their end of the deal. Now, welfare reform was not designed to get the States off the hook. We are trusting them immensely through the enormous flexibility that is being granted to them through the block grant program. They stand to gain enormously in terms of how they implement a welfare reform program that is tailored to their particular State and to their constituency.

And we think that they can do a better job than the Federal Government. But we also know that it is going to continue to require a commitment on their part in terms of contributions. And that is, as we were having this debate this week on the issue of child care, we know we are going to need a tremendous commitment toward child care. And that is why I was pleased that Senator DOLE included language that I and others proposed with respect to child care so that those families who have children of 5 years or under who demonstrated a need for child care and were unable to obtain it because of distance or affordability will not be sanctioned. And I think that is an important provision in the legislation.

But I also think that we have to ensure that the States will continue to make their commitment toward child care or job training or health care. And they will have the flexibility under this legislation to transfer from one to the other. But the fact of the matter is, they should make a maintenance of effort toward what they have contributed in the past, and we are asking them to provide 90 percent, which is less than what the Federal share would be, because the Federal Government would be required to pay 100 percent of their share of their contributions to the States at the 1994 funding level.

I think this is a very important principle to adopt, Mr. President, because combined Federal and State spending approximates more than $30 billion. The States contribute about 45 percent of the total amount of money spent in this country on welfare. That is 45 percent. So without the Breaux amendment, we risk having nearly half of what is now spent on welfare siphoned off to other programs. That may mean that we will not have the kind of commitment toward child care or job training or education programs that are absolutely essential and necessary if we are going to make welfare reform work.

We want the States to reduce the rolls, absolutely. But the question is how they reduce those rolls. We want to make sure they do it in a way that we reach the final goal of allowing welfare recipients to become independent and self-sufficient. That is the bottom line. Because that is in the best interest of this country. So I think it is important to have a maintenance-of-effort requirement in this legislation because we know that essentially the States cannot spend much less than what they are spending today on welfare and think that we are going to have a successful welfare reform program. I do not believe it can happen, as you can see, in the State of Wisconsin, when Governor Thompson made a fivefold commitment toward an increase in commitment toward education, job training and child care.

So I think that this is a very important amendment. And as I said——

Mr. BREAUX. Will the Senator yield for a question?

Ms. SNOWE. If States want to reduce their commitment, then the Federal share will be reduced as well. It is not preventing the States from reducing their share, but if they do, then we have a proportionate reduction of the Federal share as well.

I will be glad to yield.

Mr. BREAUX. I commend the Senator for her comments on this legislation. And I prefer calling it the Breaux-Snowe amendment and thank her for her contribution in that regard.

I wanted to—the Senator served in the other body, as I have. And the statement that some have said is that, "Well, you know, we really think that 75 percent is an appropriate amount. That is why we should pass a maintenance-of-effort requirement, and the States will have 75 percent, and then when we go to conference we will come back with 45 percent, and that will become law." And my concern is—and I ask the Senator to comment—the other body has a zero requirement for the States spending anything.

Does the Senator from Maine also have the same concern about what would happen in the conference if we start out and figure it with a substantially lower amount than the body of this amendment?

Ms. SNOWE. Yes, I share the Senator's concern in that regard because there is no maintenance of effort whatsoever.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BREAUX. I yield 2 additional minutes.

Ms. SNOWE. Thank you.

I share that concern because the House does not include any maintenance of effort, no percentage in that regard. So we go in, and we know there is going to be much less than that because of the House's position. So we are at 90 percent. We are going to come out with much less. And I think that is why this amendment is preferable in that regard. I think it is essential to have a 5-year commitment. If we go in with less than 5 years, we know we will probably, at best, probably get maybe 3 years. But I do think it is important that we have both the 90 percent and the 5 years to go with a strong position into the conference.

Mr. BREAUX. I thank the Senator.

Ms. SNOWE. I yield back the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I yield myself such time as I may consume.

The PRESIDING OFFICER. The Senator is recognized.

Mr. SANTORUM. Thank you, Mr. President. I hear great consternation

of what is going to go on when this bill reaches conference. We have to vote for the Breaux amendment because of positioning, and we have to position ourselves at 90 percent so we can get something, because the House is at zero and we are at 90 percent. The Senator from Louisiana suggested we may get up to 45 percent. If we go in with 5 years, the House has nothing, we will get 2½ years.

I do not want to speak for the majority leader, but I think we would be willing to say that we will go with 45 percent and 2½ years, and we will stick to that in conference.

So if the Senator is concerned about what we are going to bargain, I think we are willing to make that commitment right here on the floor of the Senate. And I think the leader could come over and say that we will fight and stand firm on 45 percent and 2½ years. And if that is——

Mr. BREAUX. Will the Senator yield?

Mr. SANTORUM. We are willing to take that tough stand.

Mr. BREAUX. Now the Senator is arguing that 45 percent is the appropriate, proper amount?

Mr. SANTORUM. No. I was responding to what the Senator anticipates happening in conference. And I think we can save ourselves a lot of problems. I think what this shows is that this is not really an area of precision. I mean, we do not have a lot of precision here of what should be the maintenance of effort, whether it is 90, 75, or 50 percent.

It is really a question of philosophy as to whether you want to give the States the flexibility to be able to reap some rewards in managing their own program and whether you trust Governors and State legislatures. I think there is and has traditionally been at the Federal level a mistrust. I think that is unfortunate.

I will have comments later. But I see the Senator from Missouri, who was a Governor of the State of Missouri, and who was elected as Governor and Senator. I would be interested to hear from the Senator from Missouri as to whether those constituencies that elected him to both offices require him to do different things, whether he should feel differently as Governor and not care for the poor as Governor but care for the poor more as a Senator. I would be interested in whether there is that transformation as held in the State office as opposed to holding the Federal office, whether you care more about poor people as a Senator than you did as a Governor.

I would be happy to yield 10 minutes to the Senator from Missouri.

Mr. ASHCROFT addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. ASHCROFT. Thank you, Mr. President. I rise to question the public policy value of trying to lock States into spending 90 percent as much as the Federal Government has on a series of programs, many of which not only have failed, but have locked people into dependency and have locked people into poverty. I think there are very substantial and significant public policy reasons to say that we should allow the States the flexibility to correct the errors of the Federal Government rather than to pass legislation which would require State and local governments to persist in the errors of the Federal Government.

The Breaux amendment would require that there be a 90-percent maintenance of effort. And in my understanding of it, that means that we would require that States spend 90 percent of any block grant just as the Federal Government did, in other words, lock in an amount of spending. This could be a serious problem for States because, in some instances, it could actually require that States build the program to be a much bigger program than it now is. It might require States to go out and get far more people into the program than they now have.

Let me just give you one example that flows out of my experience as Governor, but really persists and has come as a part of the testimony that has been in the debate about welfare from my successor and from the people in his administration. As you know, I did not have the privilege of being succeeded by a Republican. So a Democrat is now Governor of our State. And so, I want you to know that these figures are not Republican figures or Democrat figures. They happen to be Democrat figures. but they came from an administration that followed mine.

Take one of the biggest welfare Programs of all. The most costly welfare program of all is the Medicaid Program. In the Medicaid program in my home State, the Medicaid director has said that if he could just have the money and not have all the Federal red tape, instead of serving 600,000 people with the money, he would be able to serve 900,000 people with that same amount of money, meaning that there are tremendous inefficiencies in the Federal program; that these inefficiencies, as a matter of fact, if they could be wiped out, would be more than a 10-percent benefit to the program. They could provide for a 50-percent increase in the population being served.

If we were to apply the Breaux amendment to that kind of a situation, what would happen? The Breaux amendment would require spending 90 percent of the money, which would mean that you would get 90 percent of the increased number of people that could be served absent the Federal regulations. That would, in a program like the Medicaid program in Missouri, automatically boost the program from a 600,000 population program to an 810,000 population program, because we would mandate that they spent 90 percent as much as they would now be spending, but do it in a context without the Federal regulations, which would allow for greater efficiencies.

Mr. BREAUX. Will the Senator yield for a question?

Mr. ASHCROFT. Yes.

Mr. BREAUX. Does the Senator realize the Republican amendment locks in the Federal contribution at 100 percent for 5 years? Even if the State is successful in reducing the amount of people on welfare, your amendment locks the Federal Government into spending 100 percent for 5 years. If it is improper to lock the State into spending 90 percent, why is it proper to require the Federal Government spend 100 percent, even though you have fewer people on welfare?

Mr. ASHCROFT. We would do so by ending the entitlement, and that provides an incentive to the States to reduce welfare, as opposed to the Breaux amendment which would provide a mandate, in many instances, to increase welfare.

Mr. BREAUX. If the Senator will yield further on that point, just to clarify. It is an important point. Under the Republican amendment, the Federal Government is locked into spending 100 percent no matter what the State does.

Mr. ASHCROFT. The Federal Government is locked into spending 100 percent by an amount determined by its expenditures last year, and then any savings that come out of that should inure to the States. The difference is under the block grant proposal. There would be a massive incentive for the States to save money and to reduce welfare rolls.

Under the Breaux amendment, which would require a 90-percent expenditure, instead of saving the money and devoting it to things that might be more needy, they would be required to spend it in the same way they had previously, which could result in the anomaly of increasing welfare substantially.

Let me just move away from the area of Medicaid, for instance. Food stamps are the second largest of all the welfare programs. The testimony from the Office of Inspector General and from the Food and Nutrition Service and the Department of Agriculture is there is about a 12-percent administrative cost in food stamps. There is about a 12-percent slippage when you consider trafficking in food stamps and fraud and mistakes and those kinds of things, or about 24 percent of the program—24 percent of the program—does not really get to needy folks. If you are to take that kind of a welfare program and send it back to the States with a 90-percent requirement that they keep spending the money for the same program, it is another case where they might have to increase the number of people on welfare.

Mr. President, I think what we have here is a classic situation: Are we here to reform the welfare system? Are we here to reduce welfare or are we here to increase welfare? In my State, the people of Missouri spell "reform" r-e-d-u-c-e. They believe they sent us here in the year 1994, last year, to do something about an epidemic of welfare

which is pulling more and more people into the category of dependence and despair and fewer and fewer people into the category of independence and industry.

I think we have to ask ourselves the question: What is our purpose in reform? I think our purpose in reform ought to be giving States the incentive to move people off welfare and, yes, if there are surplus funds and they have been successful in doing that, let the States devote those funds to the benefit of the entire population.

Let me just raise another issue. The other issue is this: If States do get the number of people down on welfare—and, after all, we should be trying to get fewer people on welfare, not more. The index of a compassionate society, J.C. WATTS said, and he is profoundly correct on this, and the Chair, being from Oklahoma, knows Congressman WATTS well, the compassion of a society should not be how many people you can get on welfare, but a really compassionate society should have few people on welfare.

If you are required to keep spending lots and lots more money on welfare per capita than you have, if you have any inefficiencies now that are expressed in the program, if you have to spend more money per case, what does that do? If you have the case level down to 75 and you still have to spend at 90, you have to make that case much richer, you have to provide more benefit.

As you increase the benefit, what do you do? You attract people back into the system. The pernicious impact of the Breaux amendment would be to attract more people into welfare to the extent the States were able to reduce the welfare caseload and the administrative cost to a level below 90 percent.

We do not want to build a welfare system here; we want to make a welfare system that helps people out of welfare into work. We do not want to make the benefits richer so it makes it harder for people to move from welfare to work; we want this system to be designed to meet the needs of truly needy individuals but without a Federal mandate that might require the State of Missouri, for instance, if it were to be applied to Medicaid, to move from 600,000 people on welfare to 810,000 people on welfare, or, in the area of food stamps, if you could somehow get a good bit of that 24-percent slippage out of the system, that would require an increase in the benefits so that more people would be enticed into the system rather than fewer.

This is a fundamental point that if you are going to reduce the number of people on welfare and you require the amount of money to be maintained at a very high level, you have to make the benefit richer and richer and richer. And if you enrich the benefit while you are decreasing the population, then all of a sudden people will start seeing the benefit being richer again, and you will attract more people into the system.

We do not want to build into welfare reform. We do not want to sow the seeds of its own destruction. We do not want to build a structure and mechanism which will result in welfare being increased and grown.

I said the people of Missouri spell "welfare reform" r-e-d-u-c-e, and they do not want to grow welfare, they want to slow welfare, not because it is so much a question of how much money we are spending, it is a question of how many lives we are losing. We are losing generations of children.

Another point: There seems to be some question—and I am glad the Senator from Pennsylvania raised this with me—as to whether people at State capitals can be sensitive to the needs of the needy. It is as if somehow people can only be heard if they have needs in Washington, DC. I suppose it might be as a result of the history of this whole enterprise of welfare, if we could mislabel welfare as an enterprise. It might be that if we were to discuss the history, we could see why that question comes up, because there was a time in America's history when individuals who were needy were not well represented in politics.

Back in the fifties and sixties, there were laws that related to access to voting which kept a lot of people from voting. The civil rights movement was a response to that. And then the Supreme Court of the United States in the 1960's said, "We can't have rural communities have an improper impact on legislation because they do not have the population anymore." So there was a Supreme Court case called Baker versus Carr that provided for one man, one vote. And there is only one legislative body in the United States of America that does not represent one man, one vote. It is the U.S. Senate.

The PRESIDING OFFICER (Mr. KEMPTHORNE). The Senator's time has expired.

Mr. SANTORUM. I yield the Senator an additional 5 minutes.

Mr. ASHCROFT. Mr. President, this is the only body in America that is not equally represented by the people of this country. Every State capital has a specific, both in their senate and house of representatives, except for Nebraska, of course, which only has one house, every State capital has one man, one vote. People have access to the ballot box like never before. As a matter of fact, the civil rights laws of the third quarter of this century moved to guarantee access and moved to remove legal barriers from voting and political participation. But just this decade, the Congress of the United States moved to remove virtually any kind of barrier. As a matter of fact, there is a special privilege for people on welfare. They are automatically asked to register when they go on welfare.

There can be no argument that people in need are people who are disenfranchised in the United States. The idea that you have come to the Federal Government to be heard or to have an impact as a citizen is a bankrupt argument. It may have had currency at one time, but that currency has been substantially devalued by a change in the law, both the judicial law and the legislative law.

The people of this country are represented and can be heard in their State capitals. I submit that they will be heard there better than in Washington, DC. As a former Governor, I witnessed far more people visiting me in the State capital than visiting me here in Washington, because the only disenfranchisement that comes now is a disenfranchisement of distance. Frankly, I cannot name a single State for which Washington, DC, is a closer destination than their State capital. It is simply not the case. If we give States discretion about how to spend this money so we can have real reform, needy people can go to the State capital. Needy people know that if the State makes a mistake, it is easier to correct and more quickly corrected than it is if the country makes a mistake. Needy people know that if there is a mistake in 1 program out of 50, it is not nearly as bad as if it is a national mistake. Needy people know that to get legislation changed in Washington, DC, you have to fight your way through special interests and all kinds of power groups, politically. They know that at the State level individual voices are heard, and the voices of neighborhoods and communities are heard.

So I rise to oppose this amendment because I think it will hurt the people who are in need in this country. I rise to oppose this amendment because I think it is an amendment which is designed to institutionalize and guarantee the maintenance of the current system. It is incomprehensible to me, after the people spoke in 1994 as loudly as people spoke to me just last month when I was home, just incomprehensible to me that we would not want to really reform this system, that we would want to guarantee that the system is 90 percent the same as it is now. If a State can save enough money to go below that 90 percent, or devote that resource to additional education or additional ways of helping people pick themselves up and carry themselves out of poverty, we say: No dice, no; you have to be at least 90 percent as inefficient as the Federal Government, 90 percent as punitive as the Federal Government; you have to be at least 90 percent as unsuccessful as the Federal Government.

I think we need to turn these States loose. There is very little doubt in my mind that there are just ways that people will solve these problems. Ninety percent, I think, would lock in a spending level. Ninety percent would likely lock in, in some cases, an increase in the number of people on welfare. I cannot think of anything more tragic than the State to sweeten its system, to redesign its program, and as a result of

the redesign of the program, end up sucking more people into a system which has already impoverished many and stolen the future of generations.

In some communities, like Detroit, 79 percent of all the children are born without fathers. We have an epidemic that is aided and abetted by this system, which is counterproductive. We should not institutionalize the status quo, and we must reject the Breaux amendment.

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. SANTORUM. Mr. President, I thank the Senator from Missouri for his insightful comments. I think he really speaks from the kind of experience that we need here in this Chamber, as somebody who served as a Governor and has managed a welfare program, who understands the dynamics in the State capitals and the likelihood of success of the Dole substitute.

I think his words of support and encouragement for the bill, as it is today, and particularly the maintenance of effort provisions, are important, and I want to congratulate him for not only his statement here, but the tremendous amount of work he has done on this legislation, to bring consensus to the Republican side of the aisle and move this matter forward. He has really been a standout on this issue. I thank him for his comments and for his work on this legislation.

The Senator from Vermont is here. I will yield the floor.

Mr. BREAUX. Mr. President, I yield myself 30 seconds just to make the comment that there clearly must be a grave amount of misunderstanding of what the Breaux amendment does.

The Breaux amendment allows the State to spend as much or as little as the State wants to spend. But it says that when a State spends 10 percent less than they are spending now, the Federal Government will also reduce our contribution. We on our side, in a bipartisan spirit, do not want to make the Federal Government spend 100 percent of what we are spending now for the next 5 years. If the State reduces their amount, the Federal Government should have the right to do that, as well. That is what the Breaux amendment is all about.

I yield at this time to the very distinguished Senator from Vermont, who has a long history of outstanding work in welfare reform and looking out for the needy. I yield 10 minutes to the Senator from Vermont.

Mr. JEFFORDS. Mr. President, I rise in support of the Breaux amendment. I listened to the very eloquent and excellent statement of the former Governor of Missouri, and there is no question in my mind that if all the Governors of this Nation were like the former Governor of Missouri, we might not need this amendment.

My memory goes back to the 1960's, when we started the welfare reform. It was because there were many areas of this Nation where the States dropped the ball with their responsibility on welfare, and the Federal Government came in to try to get some uniformity of standards in the ability to take care of the people of this country who were unable to take care of themselves or needed help in getting into a position where they could do so.

I point out that in the Breaux amendment here, we are dollar for dollar, not percentage. So you could eliminate all your State moneys and, in many cases, end up with plenty of Federal funds left, so you are only going down dollar for dollar. I think that is an important concession to those of us who want to see this; that is, not to go over the formula reduction, so if they go down 1 percent, we go down 1 percent. It is a modest proposal in that respect.

Second, the 90 percent is, I think, a reasonable figure to utilize. It does allow some drop in State effort, without losing Federal funds.

I would like to also emphasize how critically important this amendment is to some of us who want to reach a consensus on welfare reform. There are about three areas, to me, which make the difference on whether I will support the bill or not. This is one of them. It is critical in the length of time, as well as percentage. But we cannot reduce the participation of States as an important part of the welfare reform and make it important that they continue to participate in the financing of that.

Without a partnership provision like this, States could reduce their welfare expenditures to zero and use only Federal dollars for the entire costs. But with this amendment, States will have a continuing incentive to use their own resources in conjunction with Federal funds. Without, I foresee a major shift of the entire financial responsibility for welfare onto our already overburdened Federal budget. I see us returning to the problems we had before the advent of the Federal help.

Our efforts to reform the welfare system must not dismantle the current partnership by allowing this cost shift. We simply cannot afford it. Right now, the Federal Government funds only 55 percent of the total national welfare funding, while States contribute the remaining dollars, almost $14 billion in fiscal year 1994.

While the exact State-by-State ratio of State to Federal dollars spent on welfare varies by State, depending on available resources, both overall and individually, States make a major contribution. This should continue to be the case even after welfare reform. Welfare is a joint State/Federal responsibility that will not be there if there is not a monetary commitment.

While it is true that the leadership has incorporated a partial provision, an expectation of 75 percent effort from the States for the first 3 years of the bill, I believe that this provision for 90 percent for the full 5-year term of the bill is essential and critical to this bill being passed. Either we believe States have a responsibility to contribute State funds toward welfare or we do not. I do not think that responsibility somehow evaporates after the first 3 years.

Some may argue States rights against this provision. That States must be allowed to decide how much to spend and on whom to spend it. Some may argue States must be able to innovate in their delivery of benefits to save money.

I agree. I agree that States should be able to set their own funding levels, their own benefits, design their own programs, save money. As we know, perhaps too acutely right now, the appropriations process is a difficult one, requiring painstaking decisions. State budgets around the country are also under stress, some States may well decide that welfare is not a priority for them that it was in 1994, that they want to save money for welfare to use somewhere else in their budget.

I believe that when money is saved, and less is spent on welfare, both the State and Federal taxpayers should share in the savings. If the State share goes down, so should the Federal dollar, on a dollar for dollar basis.

The welfare partnership amendment has been called a maintenance of efforts provision. It is, in that it would encourage States to continue to contribute State dollars toward welfare costs. But it is not the same as many of the maintenance of effort provisions of the past that I think my colleagues are most familiar with.

Under the partnership, we ask that the States maintain a spending level of only 90 percent, not 100 percent, only 90 percent of their 1994 fiscal year expenditures on cash benefits, job education, and training and child care. Most maintenance of effort provisions require 100 percent effort or penalize with a total withdrawal of all Federal funds.

This partnership provision is much more reasonable. If a State chooses to go below the 90 percent of the fiscal year 1994 State funding levels, it will experience a dollar for dollar reduction in the Federal grant. For every dollar the State chooses not to spend, they will receive one less Federal dollar. Of course, the reduction does not even begin to occur until the State funding levels fall below 90 percent of the 1994 levels, and that is important to remember that baseline is there. If you create savings, if you were able to reduce your roles, then that baseline still is there.

In other words, assume that Vermont, through its innovative demonstration program, becomes so adapt at moving people off welfare to work that they save money. They do not need as much as they did in 1994 because the caseload is dramatically reduced.

So the State decides it can afford to spend less overall on welfare. Under this proposal, the first 10 percent of savings goes to the State alone. They we can reduce State spending by 10 percent without affecting their Federal

grant. After that, as the savings grow, the Federal Government share will go dollar for dollar in that spending reduction, once it goes below 90 percent of the 1994 level. If it does not go below the 1994 level they can make the savings without the provision.

Without this provision, we, the Federal Government, will continue to send the same amount to States while they cut back their own expenditures.

However. I think that Vermont, like all other States, should continue in partnership with us for welfare spending. The States will be able to set levels of spending based on need. There is no financial cliff in this provision. No financial cliff as has been indicated by some. If you go one dollar below the 1994 levels you lose all your Federal funds. No, that is not the case. The reduction is gradual and proportionate to what the States set as need.

The States currently have some flexibility in setting their benefit levels. Under this bill, the flexibility will be enhanced and expanded. I believe that many of these State flexibility changes are positive, that State innovation should be encouraged and the Federal requirement should not be overly prescriptive.

The bill will allow States to experiment with benefit levels, benefits delivery and eligibility, and do all they want within the guidelines to be able to bring about savings.

Left to their own devices. States can probably show us here in Washington a thing or two about designing programs. I am sure they can. My own State of Vermont has been involved in a very interesting and successful demonstration project using a combination of sanctions and additional support services with its welfare population.

I also believe that States may well be able to save money as they innovate and become more efficient. As they save money and are able to reduce their State welfare spending by moving people off welfare into work, this amendment would allow the Federal Government to share in those State savings. This provision allows us to share in those provisions. I want to emphasize that.

Without it, States would no longer need to spend their State funds on welfare cash assistance, child care, education, and job training in order to receive Federal dollars. Regardless of State funding commitment, the Federal Government's funding stream will remain constant, frozen at the 1994 level.

Mr. President I want to remind my colleagues that it is those very numbers, the 1994 Federal funding levels, that were set in proportion to the amount spent by the States in 1994. To continue at those same Federal levels without a requirement that States also spend seems very dangerous to me.

Realistically, the entire responsibility for the welfare system would be shifted to the Federal Government. States would no longer have a financial incentive to use State dollars along with their Federal allocations. The incentives for making the system better would go away. If they wanted they could choose to narrow their welfare eligibility and reduce benefits and pay for it all with Federal dollars.

I guess this amendment is about several things. It is about savings for the Federal Government as well as the States after reform. It is about fairness. And it is about continuing shared responsibility for welfare. It is ironic that we talk of the devolution to the States, the importance of governance at the local level, we simultaneously make welfare a solely Federal responsibility.

I hope my colleagues will join me in supporting what I believe is one of the most critical amendments we will have here today. I yield the floor.

Mr. SANTORUM. Mr. President, I ask unanimous consent that prior to the vote on the Breaux amendment scheduled for 2:15 that each side be given 2 minutes to explain their bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SANTORUM. Mr. President, I yield briefly 2 minutes to the Senator from Missouri.

Mr. ASHCROFT. I thank the Senator from Pennsylvania. The suggestion has been made that somehow the incentives for savings persist in this bill. I think it is pretty clear that once you get below 90 percent for every dollar you save, when you would otherwise have gotten $2 for having saved that dollar you only get $1 because the dollar you would save in regard to the Federal Government then is shared back to the Federal Government.

The question is, how much incentive do we want to put in this bill to reform welfare? I believe we want to put a substantial incentive in this bill to reform welfare. We want it reformed significantly.

I do not think the people want us tinkering around the edge with the program, but they want us to give States broad latitude and broad incentives.

My understanding of the Breaux amendment is it would reduce that incentive substantially. To the extent that the incentive for reform is reduced by having the States benefit less financially when there has been reform, I think we will get less reform.

I think the question is, do we want a lot of reform? Do we want major reform? Do we want sweeping reform? Or do we want reform that is incremental, and if there are incentives to additional reform they are diminished substantially.

In my judgment, we want to provide the maximum level of incentives which is what I believe the Dole bill does, and is the appropriate way for us to move in this manner.

Mr. SANTORUM. Mr. President, I want to thank the Senator from Missouri and add to that the Senator from Vermont said that there would be a sharing of the savings on the Federal Government side with the 90 percent maintenance of effort, and I remind the Senator in the Dole modified amendment that if you fall below 75 percent, every dollar you fall below is shared dollar for dollar from the Federal Government.

In other words, if the State drops below 75 percent, every dollar they spend less, the Federal Government has to give $1 less. So there is the same identical provision already in the Dole modified bill as in the Breaux amendment.

There are several points I could make on the Breaux amendment and they go beyond the philosophy that we are discussing here as to whether we should be requiring States to maintain effort.

I think one of the most important things is the drop in caseload that we have experienced in the last year. If you look at the numbers from the Department of Health and Human Services, what they show is that since May 1994 we have seen a drop from 14 million recipients on AFDC, to May 1995 a little under 13.5 million—a drop of over 525,000 recipients in the program.

The principal reason for the reduction is not based on the economy or anything; it is because we have seen States like Michigan and Wisconsin and others institute these work programs and change the welfare laws to reduce caseloads. Michigan has reduced their caseload by 30 percent in the past couple of years. What we are seeing is States that are doing exactly what this bill will facilitate other States to do, are reducing their caseloads. By reducing their caseloads, they are obviously saving money and they are putting more people to work.

However, if we stick those States with a 90-percent maintenance of effort, what you say to Michigan is, "OK, Michigan," or someone like Michigan, who after this bill passes enacts a program similar to Michigan's, "You can reduce your caseload by 30 percent but you cannot reduce your welfare expenditures by 30 percent; you still have to spend 90 percent of what you were spending now, based on 1994, not 1995," where, as I said, we have already seen a reduction. So you are basing it on last year's figure, which was a historically high figure, saying you have to maintain 90 percent of that even though you may drop your caseload under programs that are, today, as much as 30 or more percent reduced. So you are holding States, as the Senator from Missouri said, to spend money on people on welfare even though there may not be those people to spend it on. I think that is unwise.

As the Senator from Missouri said, it is an incentive not to reform. It is an incentive not to reform if you cannot save any money by reforming. One of the reasons you see welfare reform is, obviously, you want to get people to work and off welfare. But also you want to save taxpayers' dollars in the process. So this is a real disincentive.

If we were going to have a figure, 90 is much too high. It does not allow for innovation. It does not take into account innovations that we have seen in States today and the dramatic reductions in caseloads that we have seen in programs that I think are going to be more common after this legislation is passed. I think it is a step very damaging to reform. This is a back-door way of trying to keep the status quo in place, and I think it is a very dangerous addition to this bill.

I also would say, you have an interesting question about what is fair. You say maintain effort at 90 percent. That sounds fair to all States. Every State has to maintain their effort at 90 percent. That would be fair if every State had the same effort in the first place. But they do not. In fact, there are wide disparities as to what States' efforts are today.

For example, I pulled this out of the Wall Street Journal of August 21. It is from the House Ways and Means Committee. It says that if you have a State like Mississippi, that their average monthly AFDC payment per family is $120 per family. A State like Alaska's is $762 per family.

What we are saying in the Breaux amendment is, "Mississippi, you have to maintain 90 percent of $120; Alaska, you have to maintain 90 percent of $762." Is that fair? Is that fair to States like Alaska, which are now being given a block grant and, under the Dole formula, are not going to be growing as much? Why? Because the Hutchison growth formula targets low-benefit States. They will grow. Their maintenance of effort is 90 percent of the low number, but they will grow. States like California, which has a $568 per family contribution and Hawaii which has $653, Vermont, $548, those States with high-dollar contributions now will not participate in the growth fund. So you are locking them in at a high-participation rate and not giving them any more money.

I do not think that is a fair way to do it, and, in fact, it could even get worse because there are many people who are going to vote for the Breaux amendment who are also going to vote for the Graham amendment, the amendment of Senator GRAHAM from Florida, who will be offering his fair share amendment. That will completely eliminate all past relationship of how AFDC was distributed and make it purely on a per-person-in-poverty allocation. So the State match will be irrelevant under the Graham amendment.

So, what would happen, in fact, will happen if we adopt the Breaux amendment, and then, as again many who will vote for the Breaux amendment will vote for the Graham amendment, what will happen is there will be States like New York and Alaska and Hawaii and California that will be required to spend more money than the Federal Government will give them under the new formula. So their maintenance of effort will actually be higher than what they get on the Federal level. How is that fair?

We are saying you have to keep your contribution high and, oh, by the way, we are going to take ours and cut yours substantially from your current level. Those are kinds of games that you get into when you have a block grant and try to keep a maintenance-of-effort provision in a block grant proposal. It does not work.

Mr. BREAUX. Will the Senator yield?

Mr. SANTORUM. Sure, I will be happy to.

Mr. BREAUX. Back to the basic point I think the Senator is making, it is that somehow if the Breaux amendment passes States will not be able to reduce the amount of money they spend on welfare. That is absolutely and clearly incorrect. States are encouraged to spend less through reforms. We just say if they are spending less than 90 percent of what they spent the year before, the Federal Government will also reduce our contribution.

Does the Senator disagree that under the Republican proposal, you lock in the Federal contribution for 5 years? Even if the State has less people on welfare, saves money, the Federal Government is still required to spend 100 percent of what they spent in 1994?

Mr. SANTORUM. Yes. And the reason we lock in—reclaiming my time—the reason we lock in the number is because, as the Senator from Louisiana knows, if we did not block grant this program and did not reform this system and allowed what happened, for example, under the Daschle amendment, to occur, AFDC would continue to grow. In fact, the Federal commitment would be even greater in 5 to 7 years.

So the fact we lock it in now, many would say, because of inflation, is "a cut." We are in fact locking in. In fact, I think one of the biggest criticisms I have heard from the other side of the aisle is that what we are in fact locking in, that is not generous enough. We need to give more. In fact, we had an amendment there today to put in $7 billion more. We had an amendment from the Senator from Connecticut to put in $6 billion more for children. There is a barrage, and I assume it will continue, of amendments from your side of the aisle to say we should be spending more.

We are going to try to strike a balance. We do not want this program to continue to increase. We do not want to cut back the Federal share because we, too, believe in a partnership. But we will say, we will tell you, States, we will commit you to flat funding over the next 5 years. And what we want you to do is to be innovative. We will keep the dollars there to allow you to innovate and allow you to move forward. And the incentive, then, is for you to get more people off the program, to get more people into work, and, yes, save some State dollars.

We think those are powerful incentives, if we keep there the steady hand from the Federal level. So I think it is a fair compromise, in a sense, not to increase funding but to hold the level funding.

Mr. ASHCROFT. Will the Senator yield?

Mr. SANTORUM. I yield to the Senator from Missouri.

Mr. ASHCROFT. Mr. President, I think it is well known that States are paying disproportionate shares of the welfare benefits in their States. Some States pay 25 percent or 28 percent of the welfare benefit. Some States pay as much as 60 percent of the welfare benefit.

In the event that some States are paying 60 percent, if they save——

Mr. SANTORUM. The Senator from New York——

Mr. MOYNIHAN. Fifty.

Mr. ASHCROFT. Mr. President, 50 percent, pardon me. I stand corrected and thank the Senator from New York. Fifty.

Mr. MOYNIHAN. New York is 50.

Mr. ASHCROFT. New York is 50.

A State that pays 25 percent of its benefit is able, by paying that benefit, to attract 3 Federal dollars to the State. And, so, if they were to effect a savings and they only got to save the State's part and they had to give the Federal part back, by saving 25 cents for the State they could curtail the flow of $1 for the State; they would curtail the flow of 3 additional dollars to the State.

What I am trying to say is that a program which provides reductions, of course, savings—if it is just one for one—is a program which does not provide the same amount of incentives as if you get to keep the amount that is left in the block grant.

If it is a one-for-one savings, it is the same for all States. But we want to have States with an incentive to reform the program, and the larger the reward for reforming the program and reducing the roll, the larger the incentive. And it seems to me the incentive is larger under the Dole bill, which provides that you not only get to keep the State's share which you save, but you get to keep a dollar that reflects the State's share for every dollar you save in the Federal Government.

Mr. SANTORUM. Mr. President, I think the Senator from Missouri is right, that the Dole formula is fair. And it is also, I think, structured to create the incentive for States to reform their welfare system. Remember, if we are going to pass the Dole amendment, the States will then have the opportunity—I am confident that every State will take this opportunity because under this bill we block grant money to the States—they will have to at some point convene their legislature and with the Governor will have to develop their own welfare plan. I think it would be incumbent upon them, almost a requirement, that they do so because they would have block grant funds and would have to take some action to spend the dollars. So we would be forcing every legislature in the country to go forward and redesign their program.

What the Dole amendment does is say for the first 3 years you have to maintain 75 percent of effort. There is a lot of argument here about States racing to the bottom. You cannot race to the bottom, particularly if you are a high-dollar State, if you have to maintain 75 percent of your revenue. If we are going to make the State legislatures reform welfare, they are going to do it relatively quickly within the first year or two. So we will have the results.

To suggest that we need to stretch this to 5 years suggests that State legislatures are going to continually every year be reforming and cutting their welfare rolls. As we know, we do not do that. We do not do that here. The State legislatures do not reform welfare every year. They pass a welfare package, and, like this body, see how it works. It takes some time.

So I think a lot of this, whether we have 3 or 5 years, is really just a matter of making yourself feel comfortable in Washington. The real changes in welfare will occur in the first 1 or 2 years. I think that is the important thing to look at.

I want to talk a little bit more following up on the disparity among States. I think this is really an important and significant problem with this 90 percent basis of effort. One of the things that I had suggested—and we are not able to come to closure on this—is that it is not fair for New York and Pennsylvania. Pennsylvania spends per child, based on the State cash aid relating to this block grant, about $1,092 per child. That is ranked 17. Alaska is No. 1 with $3,182, and last is Mississippi with $107. So the disparity is just tremendous. To suggest that we are being fair hereby saying Mississippi has to maintain 90 percent of $107, and Alaska has to maintain 90 percent of $3,182, again does not reflect the reality of a block grant.

Eventually over time what this block grant is hoping to do, as the Senator from Texas, Senator HUTCHISON, suggested with her growth formula is to equalize the Federal contribution per child across this country. So a child in Alaska should not be paid more out of the Federal coffers than a child in Mississippi. I think that is sort of a nonsense thing. I think most of us, if we are going to go to this block grant, would like to see us achieve a program where the Federal payments per child would be the same. I do not see how we get there, in fact, I do not think we can get there, if we require States to maintain this high share of effort.

I am hopeful that we agree to this compromise that was in the Dole modified bill at 75 percent. It is a reasonable compromise. It puts the compromise in place for 3 years, which I think is the most crucial time when these State legislatures are enacting their programs, and it does not penalize a high-dollar State.

The compromise that I had even offered was to suggest that States like New York and Pennsylvania would not have to maintain 75 percent of their effort but they would only have to maintain 75 percent of what the average effort is among States. So, if you took all the States' contributions already and set an average, I think according to the gain per child average of State cash aid here, I would guess would be around—just looking at the numbers, the 25th State is Wyoming at $758. That is the median. I assume the average is somewhere close to that; to suggest that Alaska would have to maintain 75 percent of $758 instead of $3,182 and any State above the average would only have to maintain 75 percent of the average, I think is a fair burden to put on States given the fact that a lot of these States are going to be growing, or are big States and are not going to get any more money.

Any State below the national average, Maine being one, which is 26th, and Louisiana, which is 50th out of the 51 jurisdictions, Louisiana is at $155. I mean, I can understand why the Senator from Louisiana wants a 90 percent maintenance of effort for Louisiana. It is $155 per child in 1994. But I am in Pennsylvania. I have $1,092. You are saying that the State government of Pennsylvania has to maintain $900-plus in Pennsylvania but $130 in Louisiana. How is that fair when we are block granting the funds? We are not over the next 5 years giving Pennsylvania one additional dollar, and I might add Louisiana gets a big chunk of the growth fund because they are a low-dollar State. This is having your cake and eating it, too.

I think that is just too penalizing of larger States that have made substantial contributions to welfare. You are going to stick them with a program that maybe passes the administration. We have a new Governor in Pennsylvania, and the Governor, I know, is very aggressively pursuing a reform of the welfare system. And what we are going to do with Pennsylvania is lock them into high contributions of 1994 forever, that they have to continue if they want to continue to receive their Federal dollars. Remember, you say, "Well, if you reduce the amount of people on welfare, you lose dollar per dollar." Pennsylvania is not going to have any increase in Federal dollars. If Louisiana goes below 75 percent, they are still going to get an increase in Federal dollars because of the growth formula.

Mr. BREAUX. Will the Senator yield?

Mr. SANTORUM. I think it creates a lot of inequity in the system.

I am happy to yield.

Mr. BREAUX. The decision of what the States do is their decision taking into account the cost of living in the respective States. The cost of living in Louisiana is substantially less than in your State or New York. That is a State decision. But with the Senator's own amendment—the alternative does not in fact lock in the Federal Government at 100 percent. If it is inappropriate to lock in the States, why is it appropriate to lock in the Federal Government at 100 percent no matter how much the State reduces their caseload? Under your approach, the Federal Government continues to have to give 100 percent of what they are giving in 1994. If we are going to have savings, why should not the Federal Government share in the savings, which, according to the Congressional Budget Office, saves the Federal Government $545 billion?

Mr. SANTORUM. Because we would like to see some innovation occur at the State level. We believe if you lock in the Federal contribution and give the States the opportunity to actually save dollars, that is the key. When you say, "Well, the States can go ahead and reduce their dollars," but when they reduce their dollars, they lose Federal dollars. So in a sense they are a wash because, sure, they have spent $1 less of their money but they get $1 less. So they are pretty much held harmless.

I think that is not a great incentive to save money if in fact for every dollar you save you lose a dollar.

Mr. BREAUX. Why is it inappropriate? If the States can save a dollar, why should not the Federal Government save a dollar?

Mr. SANTORUM. The point that I am trying to make is that, in effect, when you consider the net amount of money spent by the State, it is not really saving any money because what they are doing is, when they reduce their dollar, they lose a Federal dollar. So they are at zero. So there is no incentive financially for them to go below the 90 percent.

That is why I am saying this is sort of a bad way of supporting high expenditures of welfare dollars. What we are trying to do is say, if you want to innovate, we want you to innovate. We are willing to put up money so we will encourage you to innovate. We will encourage you to do what Michigan has done—as the Senator from New York is fond of saying—under the current law, under the 1988 Family Support Act, to reduce your caseload, get people to work. And by coming up with these innovative solutions and getting people back into the work force, you will in fact benefit financially. Under the Breaux amendment, they will not benefit financially because for every dollar where they go below 90 percent, they will lose a Federal dollar. So they are at a zero position as far as benefits. I think that is a real impediment to the kind of innovation that we want to see on the State level.

Mr. President, I reserve the remainder of my time.

Ms. MIKULSKI. Mr. President, I rise today to speak in support of the amendment offered by the Senator from Louisiana.

This amendment is straight forward. It says to States, all States, if the Federal Government turns over a block of money to do as you please in welfare reform, we ask that you commit your own resources as well. That is a fair deal.

Welfare reform is a partnership. It isn't just a State problem and it isn't just a national problem. It's everybody's problem. Unfortunately not every State has viewed it that way over these past decades. Some States simply don't want to make a commitment. If this legislation passes without a requirement that the States maintain their commitment, I have no doubt some Governors and State governments will quickly cut their funding to real welfare reform at the very same time they are accepting Federal dollars.

Mr. President, what of those States that are sincere about welfare reform? What happens when the next recession hits? Will political pressures force them to fund other programs from current State welfare funding? There will be more people who will need assistance but at the same time many school budgets will be squeezed by that recession and they will be asking for some of these welfare dollars. In the next recession what if the crime rates increase? If the prison system needs more dollars where will these Governors get the money? And what about a race to the bottom? If one State cuts its spending on welfare will the neighboring State be forced to do the same? One State may decide it can attract new jobs and companies from another State by offering a business tax cut funded from State welfare dollars.

In my state of Maryland we have not received an overly generous Federal match when it comes to welfare funding. We are willing to do our part. What we do not want is to be forced into a race with another State that is more concerned about cutting benefits as a substitute for real welfare reform.

If we are serious about welfare reform then it is time we demand that the State governments as well as the Federal Government make a commitment. That commitment demands more than just different ideas, it demands both Federal and State resources and dollars.

Mr. BREAUX addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. BREAUX. Mr. President, I yield to the distinguished ranking member of our Finance Committee, the Senator from New York, 8 minutes.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. MOYNIHAN. I thank the Chair. I thank my friend from Pennsylvania for his very open and candid remarks.

I would like to approach this subject from a slightly different angle, which is to make the case that Federal initiatives have begun to show real results in moving persons from welfare to work. It took a little while for the 1988 legislation to take hold, but it did. What we put at risk at this point is giving up all that social learning, about 20 years really, that built up to the 1988 legislation and has followed on since.

The Senator from Louisiana mentioned it when in the Chamber he gave a clip from a Louisiana paper, in Baton Rouge, "Project Independence Trims Welfare Rolls Across State."

Just a few days ago, last week, we heard Senator HARKIN of Iowa describe the legislation that had been adopted for new pilot projects on welfare around Iowa, passed by Governor Branstad, now having 2 years of experience. "The number of people who work doubled, went up by almost 100 percent and the expenditures per case are also down by about 10 percent." And I point out once again that is the Family Support Act.

Now, in this morning's Washington Post, we have a very able essay by Judith Gueron, who is the head of the Manpower Development Research Corp., "A Way Out of the Welfare Bind." As I have said several times, research at MDRC was the basis of our 1988 legislation. Data we had. She makes a simple point that "Public opinion polls have identified three clear objectives for welfare reform: Putting recipients to work, protecting children from severe poverty, and controlling costs." And she makes the point that this triad involves conflicting goals at first glance. She then goes on to say that we seem to be learning how to resolve those conflicts.

I will read one statement, if I may.

A recent study looked at three such programs in Atlanta, Grand Rapids, Mich., and Riverside, Calif. It found that the programs reduced the number of people on welfare by 16 percent, decreased welfare spending by 22 percent, and increased participants' earnings by 26 percent. Other data on the Riverside program showed that, over time, it saved almost $3 for every $1 it cost to run the program. This means that ultimately it would have cost the Government more—far more—had it not run the program.

Now, Mr. President, it is not at this point any longer politically correct to say that those programs began under the Family Support Act. They are programs under the job opportunities, basic services. I regret that you cannot say this. The Department of Health and Human Services would deny it. Silence is the response to the first success we have ever had with this incredibly defying, mystifying, sudden social problem. If we give up the maintenance of effort, we will give up the resources that made these programs possible.

Senator GRASSLEY has been talking about the wonders in Iowa, Senator HARKIN about the wonders in Iowa, Senator BREAUX about fine programs such as Project Independence in Louisiana. Atlanta, Grand Rapids, Riverside—real results. They are results from a secret program called the Family Support Act, the job opportunities, basic services.

I hope we do not do it, Mr. President. I hope we support the Senator from Louisiana. This is not a moment of which anybody can be particularly proud.

Let me be clear. If we put through time limits, we strip the Federal Government of responsibility, you will cut caseloads 10, 15 percent. There is always on the margin people who really do not—if the alternative was sufficiently unpleasant, they would leave. But you will not change the basic phenomenon of nonmarital births, out-of-wedlock births such that in the city of New Orleans, 47 percent of the children are on welfare at one point or another in the year. That is small compared to the city of Washington, but it is not small compared to the concern of the Senator from Louisiana. He cares about those children. They are his children. They are our children, too. And if we abandon the Federal maintenance, the Federal level of effort, we abandon those children.

Mr. President, I ask unanimous consent that the article in the Washington Post about the secret Government program that has done such wonders in Riverside and Grand Rapids and Atlanta be printed in the RECORD.

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

[From the Washington Post, Sept. 12, 1995]

A WAY OUT OF THE WELFARE BIND

(By Judith M. Gueron)

Much of this year's debate over welfare reform in Washington has focused on two broad issues: which level of government—state or federal—should be responsible for designing welfare programs, and how much money the federal government should be spending.

The debate has strayed from the more critical issue of how to create a welfare system that does what the public wants it to do. Numerous public opinion polls have identified three clear objectives for welfare reform: putting recipients to work, protecting their children from severe poverty and controlling costs.

Unfortunately, these goals are often in conflict—progress toward one or two often pulls us further from the others. And when the dust settles in Washington, real-life welfare administrators and staff in states, counties and cities will still face the fundamental question of how to balance this triad of conflicting public expectations.

Because welfare is such an emotional issue, it is a magnet for easy answers and inflated promises. But the reality is not so simple. Some say we should end welfare. That might indeed force many recipients to find jobs, but it could also cause increased suffering for children, who account for two-thirds of welfare recipients. Some parents on welfare face real obstacles to employment or can find only unstable or part-time jobs.

Others say we should put welfare recipients to work in community service jobs—workfare. This is a popular approach that seems to offer a way to reduce dependency and protect children. But, when done on a large scale, especially with single parents, this would likely cost substantially more than sending out welfare checks every month. To date, we haven't been willing to make the investment.

During the past two decades, reform efforts, shaped by the triad of public goals, have gradually defined a bargain between government and welfare recipients: The government provides income support and a range of services to help recipients prepare for and find jobs. Recipients must participate in these activities or have their checks reduced.

We now know conclusively that, when it is done right, the welfare-to-work approach offers a way out of the bind. Careful evaluations have shown that tough, adequately

funded welfare-to-work programs can be four-fold winners: They can get parents off welfare and into jobs, support children (and, in some cases, make them better off), save money for taxpayers and make welfare more consistent with public values.

A recent study looked at three such programs, in Atlanta, Grand Rapids, Mich., and Riverside, Calif. It found that the programs reduced the number of people on welfare by 16 percent, decreased welfare spending by 22 percent and increased participants' earnings by 26 percent. Other data on the Riverside program showed that, over time, it saved almost $3 for every $1 it cost to run the program. This means that ultimately it would have cost the government more—far more—had it not run the program.

In order to achieve results of this magnitude, it is necessary to dramatically change the tone and message of welfare. When you walk in the door of a high-performance, employment-focused program, it is clear that you are there for one purpose—to get a job. Staff continually announce job openings and convey an upbeat message about the value of work and people's potential to succeed. You—and everyone else subject to the mandate—are required to search for a job, and if you don't find one, to participate in short-term education, training or community work experience.

You cannot just mark time; if you do not make progress in the education program, for example, the staff will insist that you look for a job. Attendance is tightly monitored, and recipients who miss activities without a good reason face swift penalties.

If welfare looked like this everywhere, we probably wouldn't be debating this issue again today.

Are these programs a panacea? No. We could do better. Although the Atlanta, Grand Rapids, and Riverside programs are not the only strong ones, most welfare offices around the country do not look like the one I just described.

In the past, the "bargain"—the mutual obligation of welfare recipients and government—has received broad support, but reformers have succumbed to the temptation to promise more than they have been willing to pay for. Broader change will require a substantial up-front investment of funds and serious, sustained efforts to change local welfare offices. This may seem mundane, but changing a law is only the first step toward changing reality.

It's possible that more radical approaches—such as time limits—will do an even better job. They should be tested. But given the public expectations, we cannot afford to base national policies on hope rather than knowledge. The risk of unintended consequences is too great.

States, in any case, are concluding that time limits do not alleviate the need for effective welfare-to-work programs. In a current study of states that are testing time-limit programs, we have found that state and local administrators are seeking to expand and strengthen activities meant to help recipients prepare for and find jobs before reaching the time limit. Otherwise, too many will "hit the cliff" and either require public jobs, which will cost more than welfare, or face a dramatic loss of income with unknown effects on families and children and, ultimately, public budgets.

Welfare-to-work programs are uniquely suited to meeting the public's demand for policies that promote work, protect children and control costs. But despite the demonstrated effectiveness of this approach, the proposals currently under debate in Washington may make it more difficult for states to build an employment-focused welfare system. Everyone claims to favor "work," but this is only talk unless there's an adequate initial investment and clear incentives for states to transform welfare while continuing to support children.

Many of the current proposals promise easy answers where none exist. In the past, welfare reform has generated much heat but little light. We are now starting to see some light. We should move toward it.

Mr. MOYNIHAN. Thanking the Chair and thanking my friend from Louisiana, I yield the floor.

Mr. BREAUX. Mr. President, I yield 5 minutes to the Senator from West Virginia.

Mr. MOYNIHAN. Mr. President, will the Senator yield for 10 seconds——

Mr. BREAUX. Absolutely.

Mr. MOYNIHAN. While I put on a button from Riverside, CA. It says, "Life Works If You Work." That is the spirit of these programs, and they are working. But we cannot talk about them, evidently.

I thank the Senator. I thank the Senator from West Virginia.

Mr. BREAUX. I yield to the Senator from West Virginia.

The PRESIDING OFFICER. The Senator from West Virginia is recognized for 5 minutes.

Mr. ROCKEFELLER. I thank the Chair.

I wish we could solve all of our problems with a button; it would make it a lot better.

What interests me about this amendment, Mr. President, in a sense, it may be the most important amendment we are making to this bill and yet it has such an awkward title, maintenance of effort, that vast numbers of folks who might be listening or watching do not know what we are talking about.

The Breaux amendment has to pass if welfare reform is going to work. It absolutely has to pass. A welfare reform bill with this name should free up States to do all kinds of things with new flexibility, without micromanagement from the Government. But welfare reform should not encourage States, or in fact even egg them on, to back out of their commitment to poor children. If you look around now at State legislatures, what is it they are discussing? Their woes with Medicaid and the temptation—believe me, if they are not required to participate in welfare reform, a number of them will not. They simply will not.

To me, the Breaux amendment is the answer. It very clearly says to the States, you keep your end of the bargain, and we at the Federal level are going to keep our end of the bargain, just as we have always done on both sides.

Again, speaking as a former Governor, I sincerely doubt that Governors who like the welfare reform bill before us just exactly the way it is without the Breaux amendment, for example, would ever propose that kind of a relationship in some of their dealings with local communities or counties in terms of matching grants.

In fact, that is part of what money is for, is to leverage more out of other people. You say, "Here is a certain amount. You put up some more, and together we can do this. But if you do not participate, we cannot." And it is human nature in State and local government, just as it is at any level.

The majority leader made some modifications to the Republican welfare package just before the recess. And one of them involves the claim that he added a maintenance-of-effort provision. It is not, in fact, that. It is very weak. And we can and must pass the Breaux amendment, in this Senator's judgment, and not accept the majority leader's modification.

In the first place, the majority leader's modification only lasts for 3 years. We are talking about a lot longer period than that before we come back to this subject in a major way. And it asks States to put 75 percent of a portion of their AFDC spending back in 1994 back into their future welfare reform system.

In fact, the Dole provision adds up to only asking all States to invest a grand total of $10 billion a year just for the first 3 years, with no basic matching requirement whatsoever for the last 2 years on this bill. So it is a fraud.

This leaves a gaping hole in the State's share, if compared to the current arrangement across the country. So $30 billion could and possibly will disappear from this country's safety net for families and children.

What is worse to me, almost more cynical, is the clever attempt in how a State's share is calculated under the Dole modification. The Dole bill would allow States to count, so to speak, State spending on a whole variety of programs simply mentioned in this bill but not pertinent.

For example, States would be able to get credit, essentially, for their spending on food stamps, SSI, other programs that help low-income people towards meeting their requirement. That means that money for programs not specifically directed to financing basic welfare for children could easily count towards the so-called maintenance of effort. Again, this is a flatout invitation for States to back out of keeping their basic historical responsibility to children.

And remember, two out of every three people that we are talking about in this country on welfare are children.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. ROCKEFELLER. I hope urgently that colleagues on this side of the aisle, and as many colleagues as possible on the other side of the aisle, will support the very important Breaux amendment.

I thank the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Who yields time to the Senator from Iowa?

Mr. SANTORUM. I would be happy to yield 5 minutes to the Senator from Iowa.

Mr. GRASSLEY. Mr. President, because I do not want to speak on the amendment, I ask unanimous consent to use my 5 minutes to speak as in morning business.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

REINVENTING AMERICORPS

Mr. GRASSLEY. Mr. President, I had an opportunity to read in the New York Times this morning that the President has been making speeches around the country and particularly in response to action yesterday by one of our subcommittees of appropriations, because yesterday the National Service Corps was zeroed out by the subcommittee. And the statement that I do not like is referenced to the fact that we are just playing politics when a program like this is zeroed out. I hope I can stand before this body as a person who has criticized the National Service Corps or AmeriCorps with credibility and say that I can be watchful of how the taxpayers' dollars are spent without being accused of playing politics. Most of my colleagues would remember that during the Reagan and Bush years when we controlled the White House and even controlled this body during part of that period of time I was not afraid to find fault with my own Presidents—Republican Presidents—when this was a waste of taxpayers' dollars when it comes to expenditures for defense.

I think I have a consistent record of pointing out boondoggles, whether it be in defense or anything else. And I have raised the same concerns about AmeriCorps based upon the General Accounting Office saying that each position costs $26,650 and that that is about twice what the administration said that these would cost. And the poor AmeriCorps worker getting $13,000 out of that $26,000 for their remuneration so that much of the money is going to administrative overhead and bureaucratic waste. And I do not see, when we are trying to balance a budget, that we can justify a program that is going to have about 50 percent of its costs not going to the people that are supposed to benefit from that program. And so I have pointed out to the President the General Accounting Office statement. I wrote a letter to the President on August 29 of this year, more or less saying reinvent the program or it is going to be eliminated.

I have not heard a response from my letter to the President yet. I hope he will respond. But I have suggested that he needs to keep the costs of the program within what he said it would cost a couple years ago when it was invented, and that most of the benefits of it should go to the people that are doing the work, not to administrative overhead.

And I suggested reinventing it by doing these things. And I will just read from the letter six headlines of longer paragraphs that I have explaining exactly what I mean.

No. 1, limit the enormous overhead in the Americorps program.

No. 2, ensure that the private sector contributes at least 50 percent to the cost of AmeriCorps. This was an important point that the President was making when the program started, that at least $1 or 50 percent of the total cost would come from the private sector; $1 of taxpayers' money leverages a dollar of private sector investment. I doubt if we would find fault with the program if it were to do that. Then I also suggested limiting rising program costs by not awarding AmeriCorps grants to Federal agencies. They say that they get match on this—if EPA has a program with an AmeriCorps worker, that whatever the EPA puts in is part of the match. Well, that is the taxpayers' match; that is not a private sector match.

I said funds must be targeted to assist young people in paying for college because some of the money is going to volunteers who will either drop out or not use the money to go to college.

Then I said to increase the bang for education bucks by making sure that the money is used for those who are going to go to higher education.

Finally, I suggested that if the President wants to reinvent the program, to tell us where in the VA budget, VA-HUD appropriations bill the money ought to come from because there is a lot of other money used. As Senator BOND said yesterday, the money was taken from AmeriCorps and put in the community development block grant program.

I am suggesting to the President that he needs to take into consideration—could I have 1 more minute, please?

Mr. SANTORUM. One additional minute.

Mr. GRASSLEY. I suggested to the President that he, according to this chart, consider the fact that he has 20,000 volunteers of AmeriCorps; and we have got 3.9 million Americans who volunteer. These are young people, volunteers who do not worry about getting paid anything for volunteerism.

A second thing that the President should consider is that for one AmeriCorps worker we can finance 18 low-income people to go to college with a PELL grant. Those are some alternatives that the President ought to think about as he has a news conference today to expose what he says is playing politics with his program.

When I make a suggestion to the President that he reinvent the program according to his own definition of how that program should be financed and operated, I mean reinvent it. Just do what the President of the United States said the program was going to cost and who it was going to benefit or it will be lost. I speak as a person who wants no playing of politics, but as a person who wants to make sure that the taxpayers' dollars are used well, whether it is in AmeriCorps or whether it is in a defense program.

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER (Mr. ASHCROFT). Who yields time to the Senator from Oklahoma?

Mr. SANTORUM. I yield 7 minutes to the Senator from Oklahoma.

Mr. NICKLES. Mr. President, first I would like to compliment my colleague and friend from Iowa for his work on AmeriCorps. I hope that the American people realize, according to the General Accounting Office, that the cost per beneficiary is $27,000. The Senator from Iowa has been very diligent in trying to awaken America to this enormously expensive program. It is a new program. I understand it is one of President Clinton's favorite programs, but it is enormously expensive—enormously expensive.

So I compliment my colleague from Iowa for bringing it to the attention of this country, and, hopefully, we can stop wasting taxpayers' money and maybe do a better job either through the student loan program or PELL grants and help lots of people go to school and obtain a college education instead of a few select receiving benefits in the $20,000-to-$30,000 category.

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

AMENDMENT NO. 2488

Mr. NICKLES. Mr. President, I rise in opposition to the amendment of my friend and colleague from Louisiana, Senator BREAUX. I think if we adopt the so-called Breaux amendment, we are preserving welfare as we know it. President Clinton said we want to end welfare as we know it, and I happen to agree with that line. But if we maintain or if we adopt this maintenance of effort, as Senator BREAUX has proposed—he has two amendments, one at 100 percent and one at 90 percent—if we adopt either of those amendments, we are basically telling the States: "We don't care if you make significant welfare reductions, you have to keep spending the money anyway."

So, there is no incentive to have any reduction of welfare rolls; certainly, if you had the 100-percent maintenance of efforts. "States, no matter what you do, if you have significant reductions, you spend the money anyway." That is kind of like "in your face, big Government, we know best; Washington, DC is going to micromanage these programs anyway. Oh, yeah, we'll give money to a block grant, but if you have real success, you have to spend the money."

I think that is so counter to what we are trying to do that I just hope that our colleagues will not concur with this amendment. This is a very important amendment.

I just look at the State of Wisconsin. Currently, they are saving $16 million a month in State and Federal spending.

Between January 1987 and December 1994, they experienced a 25-percent reduction in their AFDC caseload. My compliments to them. I wish more States would do more innovative things to reduce their welfare caseload.

This amendment of my colleague, Senator BREAUX, says, "States, even if you do that, if you have phenomenal success, you still have to spend the money. You have to spend as much money as you did," and the year that they picked, using the year of 1994, it was an all-time high for AFDC caseload.

Between May 1994 and May 1995, nationally there was a reduction of 520,000 recipients on AFDC. So, he happens to pick the highest caseload year as the base and then says, "States, you have to maintain a level at either 90 percent or 100 percent of that level. You have to spend the money. You can't enjoy the benefits and allow your constituents to maybe have more money for education, roads or highways, even if you reduce your welfare caseload." In other words, let us make sure we keep rolling out the State money.

I think that is a serious mistake. We will be voting on this, I believe, shortly after the policy luncheons. I urge my colleagues to vote no on the Breaux amendment.

I suggest the absence of a quorum.

The PRESIDING OFFICER. Who yields time?

Mr. SANTORUM. Mr. President, I ask unanimous consent that the time be equally charged to both sides.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BREAUX. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BREAUX. I ask the Chair how much time is remaining for both sides.

The PRESIDING OFFICER. The Senator from Louisiana has 15 minutes; the Senator from Pennsylvania has 9 minutes.

Mr. BREAUX. Mr. President, I yield myself 3 minutes.

Mr. President, I take this time just to try and conclude what we are trying to do with my amendment.

We, in a bipartisan spirit, in joining with our Republican colleagues, offered an amendment that simply says States should be partners in welfare reform with the Federal Government; that the States should be required to help participate and help fund welfare reform; that it is not right, as the other body has done in their bill, to say the States have to put up nothing; that it becomes a 100-percent Federal burden and the Federal Government has to pay for the entire cost of welfare. That is what the bill that passed the other body says. It says there is no maintenance of effort on behalf of the States at all, and that is wrong.

I think that we, in this body, clearly feel that the States should have to participate financially in helping to solve these problems. It is like we said before, if you spend somebody else's money, you can be very careless in how you spend it. Therefore, if the States are required to participate and put up some of their money, I think we will all do a better job in crafting programs that, in fact, are truly welfare reform.

Our legislation says that the States should participate by putting up 90 percent of the money that they put up in 1994. The Federal Government will continue to put up 100 percent. If the States are able to reduce their caseload by welfare reform, we are very pleased with that. That is the goal. The Federal Government should participate in those savings as well as the States participate in those savings.

The Republican bill, on the other hand, says we are going to continue 100 percent Federal funding for 5 years, no matter how much the State government is going to be able to reduce the people on welfare, and that is wrong. If there are savings to be made by fewer people on welfare, then the Federal Government should benefit from those savings, as should the State benefit from those savings.

That is what the bill says. That is why my amendment is scored by the Congressional Budget Office to save $545 million in this program over the next 7 years. That is real savings. If you vote against the BREAUX amendment, you are saying, "I'm not interested in saving $545 million to the Federal Treasury. I do not care. It is not important."

Well, I think it is important. That is why we have tried to craft an amendment that is balanced, that, in effect, saves Federal dollars as well as it saves State dollars.

It is simply not correct to say under my amendment the States would not be able to spend less on welfare. Of course they can. We want them to spend less, but when they spend less, we want to be able to spend less as well. That is a true partnership that has been in existence for 60 years.

It is incredibly wrong, in my opinion, to say for the first time we are going to put all the burden on the Federal Government to pay for the cost of welfare reform. It has to be a partnership if it is going to work.

My amendment maintains that partnership and, at the same time, provides for real economic savings, savings to the Federal taxpayer to the tune of $545 million over 7 years. There is no doubt about that. It has been scored by CBO. We think it makes sense.

With that, I yield back the remainder of the time on the 3 minutes.

The PRESIDING OFFICER. Who yields time? The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, the Senator from Louisiana keeps bringing up the point about the Federal Government contributing 100 percent, not having the benefit of any savings. I just suggest to you that if what we want to accomplish here is savings in the welfare system, the 90-percent maintenance effort will do more to reduce those savings than anything we have seen produced.

. The fact of the matter is, yes, his amendment may be scored as a reduction in Federal outlays. But I suggest, Mr. President, if you went back to the Congressional Budget Office and said, "What would be the increase in State spending as a result of this amendment," you would see that it would be more than offset in the reductions in Federal spending.

What does that mean? That means from the average taxpayer who does not care whether the money is being spent on the Federal level or State level, they are going to pay more for welfare.

That is the bottom line here. It is not how much the Federal Government saves, or how much the State government saves, or how much we spend and they spend, but how much the taxpayers spend on the program.

I think what your amendment will do is net result in higher welfare expenditures. Sure, they will have to pay more State taxes or more money to the State than the Federal if we equal them out dollar for dollar in taxes.

The fact of the matter is your amendment will cause States to spend even more money than what we save on the Federal side. I think that is clear. I think that is your concern.

Do not try to approach this amendment that we are somehow being nice to taxpayers. Taxpayers pay State taxes and Federal taxes. When you tell them they have to pay more on the States, more than we save on Federal, this is not a friendly taxpayers amendment. This will cost more money to the average taxpayers in America, not less.

Just because we save a few dollars, they will be more than made up by required increased expenditures on programs that are being dramatically reduced.

I have a table that shows from just 1993 to 1994, and I say to the Senator from Louisiana that we have even seen more reductions in welfare caseload from 1994 to this year because of other programs being put into effect.

I ask unanimous consent to have printed in the RECORD this table showing the change in the average number of AFDC recipients from 1993 to 1994.

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

TABLE 1. CHANGE IN AVERAGE NUMBER OF AFDC RECIPIENTS: 1993–94

State	Number of people	Percentage change	Increase or decrease
Alabama	−7,685	−5.50	decrease.
Alaska	1,610	4.42	increase.
Arizona	4,270	2.17	increase.
Arkansas	−3,381	−4.65	decrease.
California	176,725	7.18	increase.
Colorado	−4,258	−3.45	decrease.
Connecticut	4,422	2.74	increase.

TABLE 1. CHANGE IN AVERAGE NUMBER OF AFDC RECIPIENTS: 1993–94—Continued

State	Number of people	Percentage change	Increase or decrease
Delaware	−184	−0.66	decrease.
District of Columbia	7,247	10.86	increase.
Florida	−25,116	−3.62	decrease.
Georgia	−4,830	−1.21	decrease.
Guam	1,754	32.24	increase.
Hawaii	6,140	10.99	increase.
Idaho	1,875	8.80	increase.
Illinois	23,431	3.40	increase.
Indiana	5,217	2.47	increase.
Iowa	9,189	9.09	increase.
Kansas	−1,386	−1.57	decrease.
Kentucky	−16,800	−7.47	decrease.
Louisiana	−14,540	−5.53	decrease.
Maine	−3,114	−4.62	decrease.
Maryland	603	0.27	increase.
Massachusetts	−18,349	−5.64	decrease.
Michigan	−22,342	−3.25	decrease.
Minnesota	−4,479	−2.34	decrease.
Mississippi	−13,002	−7.57	decrease.
Missouri	1,989	0.76	increase.
Montana	256	0.74	increase.
Nebraska	−2,970	−6.16	decrease.
Nevada	2,487	7.06	increase.
New Hampshire	862	2.92	increase.
New Jersey	−13,974	−4.00	decrease.
New Mexico	6,856	7.19	increase.
New York	58,150	4.86	increase.
North Carolina	−2,167	−0.65	decrease.
North Dakota	−2,060	−11.12	decrease.
Ohio	−34,182	−4.76	decrease.
Oklahoma	−6,851	−4.96	decrease.
Oregon	−3,654	−3.10	decrease.
Pennsylvania	11,772	1.94	increase.
Puerto Rico	−7,539	−3.97	decrease.
Rhode Island	1,116	1.81	increase.
South Carolina	−6,932	−4.73	decrease.
South Dakota	−999	−4.97	decrease.
Tennessee	−11,186	−3.60	decrease.
Texas	5,882	0.75	increase.
Utah	−2,731	−5.19	decrease.
Vermont	−732	−2.56	decrease.
Virgin Islands	12	0.32	increase.
Virginia	277	0.14	increase.
Washington	3,458	1.20	increase.
West Virginia	−4,681	−3.93	decrease.
Wisconsin	−10,713	−4.52	decrease.
Wyoming	−1,884	−10.33	decrease.

Mr. SANTORUM. Mr. President, what it will show is that we have seen State after State—Alabama, Arkansas, Colorado, Delaware, Florida, Georgia, Kansas, Kentucky, Louisiana, Michigan—many States who have already reduced their caseload or are in the process through welfare of reducing it more, and the amendment of the Senator from Louisiana will make them spend as much money, although they have less on the caseload.

That just is not right. That penalizes States for doing exactly what they want them to do. I think it is a well-intentioned amendment. I understand the concern for the race to the bottom.

But the Dole, as modified, bill provides adequate safeguards to make sure that States are not going to eliminate their welfare expenditures. I think it does so in the context of encouraging welfare reform on the State level.

I reserve the remainder of my time. I suggest the absence of a quorum. I ask unanimous consent that the time be divided equally.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BREAUX. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BREAUX. I yield myself 3 minutes.

We have had a lot of discussion as to the amendment that I propose which requires the State to participate and how it affects the States.

I mentioned a number of Governors who have spent a great deal of time on this effort, including the former chairman of the National Governors' Association, Governor Howard Dean of Vermont. I quote him:

I support the concept of State maintenance of effort as envisioned by Senator BREAUX and other Senators. States should provide adequate levels of support for welfare programs to prevent a "race to the bottom."

The Governor of Colorado, Gov. Roy Romer:

The Federal-State partnership is an essential component in a strategy designed to provide families with temporary assistance to help them achieve or regain their economic self-sufficiency. We are particularly concerned that if States reduce their commitment to these programs, then responsible States will become magnets for displaced welfare clients.

These Governors are recognizing that, yes, States ought to have to be required to participate in solving welfare problems, that we should not engage in a race to the bottom as could happen if we have no requirement that the States actively participate.

Equally as important, Mr. President, is the comment by the chairman of the U.S. Catholic Conference, the domestic policy chair, the Most Reverend John Ricard, auxiliary bishop of Baltimore who said:

We urge you to pass genuine reform which strengthens families, encourages work, promotes responsibility, and protects vulnerable children, born and unborn, insisting that States maintain their current financial commitment in this area.

Catholic Charities President, Fred Kammer, said:

In exchange for Federal dollars and broad flexibility, States should be expected to maintain at least their current level of support for poor children and their families.

Mr. President, I think it is very clear the distinguished Governors and other distinguished social experts in their field have recognized the importance of requiring States to continue to participate.

That is, in fact, what the Breaux amendment does. We do it and at the same time save the Federal Government $545 million over the next 7 years as estimated by the Congressional Budget Office. That partnership is absolutely essential. To say the States would not have a requirement to be able to be participants in this process I think is the wrong message.

I say under our amendment, States clearly would reduce the amount of money they spend, and after it is reduced by more than 10 percent, the Federal Government will be able to reduce our contribution so that there should be joint savings by people who pay Federal taxes, as well as by people who pay State taxes.

It is wrong to maintain 100 percent Federal requirement as the Republican position does even if there are reductions in the amount of people on welfare and any particular State.

Both sides should say the States have the flexibility to cut up to 10 percent under my amendment and still get 100 percent Federal funding. If they cut further than that, if they decide to spend more money on roads and bridges, well, then, the Federal Government ought to have the right to spend less, as well. If they do so because they reduce the number of people on welfare, we should benefit from those savings, as well.

That is what a true partnership is all about. That is what the Breaux amendment tries to accomplish. And I think it is important to know there is a bipartisan effort here. This is not a party difference, it is a question of how we achieve a mutual goal of true welfare reform.

I reserve the remainder of my time.

Mr. COHEN. Will the Senator yield?

Mr. BREAUX. Mr. President, I yield to the Senator from Maine. Does he wish to speak in support? What time does he require?

Mr. COHEN. Not more than 5 minutes.

Mr. BREAUX. I am happy to yield 5 minutes to the Senator.

The PRESIDING OFFICER. The Senator from Maine.

Mr. COHEN. Mr. President, I rise today in support of the Breaux maintenance of effort provision. While I want to let States step up to the plate and implement innovative welfare to work programs with the assistance of Federal Government—not interference—I believe a Federal-State partnership is a key part of successful welfare reform. Therefore, Congress must make a strong statement on the need for State investment in welfare.

We need to encourage States to provide their own funds as a condition of receiving the Federal block grant. Under current law, States have an incentive to spend their own money on AFDC and related programs. That incentive is the Federal match. Fourteen States receive one Federal dollar for each State dollar they invest. The rest of the States receive more than a dollar-for-dollar match.

Under Senator DOLE's maintenance provision, States can satisfy the requirement by spending money on any program which is modified or altered in any way by the Dole bill. This would mean State spending on food stamps, State foster care, Head Start, or even SSI State supplemental benefits would satisfy the requirement in the Dole amendment.

I support the Breaux amendment to require a State match, using a formula of a dollar for dollar to determine the Federal match for each welfare dollar a State spends. If a State reduces its spending below 90 percent of its 1994 spending on AFDC and related child care programs, administrative costs, and job training and education funds—for each dollar the State spends below that threshold, the Federal grant to the State will be reduced by $1.

This amendment is extremely important. It maintains an incentive for a

State to spend its own resources to aid its own people. Understand, however, that the State match does not require a State to spend money. If a State is successful in trimming its caseload or cutting administrative costs, there is no requirement that it maintain its spending. But if a State is going to realize savings in the welfare program, I think the Federal Government should share in the savings, too.

Mr. President, I have listened to the debate with considerable care, and I must say I find myself in agreement with at least the very last point made by the Senator from Louisiana about the need to try to approach welfare reform on a bipartisan basis, because I do not think either Republicans or Democrats necessarily have the right solution. I have read a great deal by sociologists. I have listened to the commentators on television, those who are advocating change. There is a general consensus that we have to change the system, but there is no agreement on what those changes should be, and few are confidently predicting what the ultimate consequences of any reform are likely to be.

It seems to me that welfare recipients generally can be divided into three groups. On the one hand we have people who lose their jobs after working years and years and are temporarily in need of assistance and should have that assistance. There are those at the other end of the spectrum that I think we all recognize that, by virtue of some disability or some other handicap as such, they are unable to work and they deserve our support and not our scorn. Then there are those in the middle category, people whom we feel generally should be expected to work, who have been caught up in a cycle of welfare over decades, if not generations, even though they would seem able to work. We have to reform the system in order to encourage, if not require, these people to break the cycle by entering the workforce long-term.

So I have looked at the various proposals, and I come to the conclusion, after listening to my colleague from Louisiana, that there should be a maintenance of effort undertaken by the States. A couple of reasons lead me to that conclusion. On the one hand, I believe, as my colleague from Maine, Senator SNOWE, and also my colleague from Vermont indicated, there is a partnership between States and the Federal Government. The State is under no requirement to spend $1. The State does not have to spend anything if they do not want to. They can decide they do not want to take care of welfare recipients; that those who are out of work, either voluntarily or involuntarily, that is not their problem. But States that take this view should not expect to continue to receive the same amount of Federal welfare dollars.

Without a maintenance provision, some States may engage in a race to the bottom by setting their benefits low to discourage residents in States providing minimum benefits from moving to States with more generous benefits. This concern has been dismissed by opponents of this amendment but remember: For years, many conservatives have argued that welfare recipients moved from State to State to get generous benefits. In a recent survey done in Wisconsin, 20 percent of newly arrived Wisconsin welfare recipients admitted that they had moved to get a bigger check.

We must also address the vulnerability of the new block grant program to cost-shifting. Increasingly, we have seen States which excel in shifting recipients in the general assistance and AFDC programs into the SSI Program, a program funded entirely by Federal dollars. By shifting their cases to the SSI Program, the States can be big winners: States are able to recoup interim general assistance payments that they provide to the beneficiary, from the date of application for SSI to determination of SSI eligibility. Even more important, States will avoid future costs by shifting populations to a program entirely funded by the Federal Government. One State contracted with a for-profit corporation at a cost of $2.7 million to shift cases from the State's disability rolls to the SSI Program. The State enjoyed net savings of $27 million in 1992 because of this concentrated effort to more people to the SSI Program.

I predict that we will see additional cost-shifting onto the Food Stamp Program. Without a strong maintenance of effort provision, States who retain food stamps as a Federal program can do what other States are already doing—pay lower AFDC benefits. When that happens the Federal Treasury will bear the burden as the food stamp benefit increases because the cash benefit is low.

We must steer away from doing anything to encourage States to make unreasonable cuts in their welfare spending. We do not want Federal programs to become a magnet for new recipients who hope that the Federal Government will absorb reductions by the State. This increases budget costs for the Federal Government. Just as important, the results we hope to attain through reform of welfare have only a small chance of being realized because we have excused the States from shared fiscal responsibility.

For these and other reasons, Mr. President, I wanted to indicate I intend to support the Breaux amendment, and I yield the remainder of my time.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, in the couple of minutes left before concluding our side of this debate, I just suggest this really boils down to whether you really want to see dramatic reform or not and whether you want to see dramatic savings in the welfare system. Because, if you require States to keep 90 percent of maintenance of effort, what you will do is create a disincentive in an approach that was supposed to be the maximum incentive to welfare reform: to get welfare savings for the taxpayer—to do both.

I think it is pretty clear this is sort of a moderating attempt to try to make welfare reform not as dramatic as it could be. I think that is unfortunate. I think what the public has demanded on the issue of welfare is that you cannot go too far in trying new things to get people off welfare, to get people on to work, to reduce the amount of expenditure that we have.

I remind all Senators that, even under the Republican plan as it exists today, welfare spending will go up 70 percent—70 percent—over the next 7 years. It was scheduled to go up 77 percent. We have it go up only 70 percent. That is hardly dramatic, but it is something. It is a start in the right direction, at least, because we believe even though the Federal expenditures on welfare will go up 70 percent, we believe State expenditures will come down and come down dramatically. We are willing to make that tradeoff because we believe ultimately the taxpayer is going to benefit more from this proposal because of lower State expenditures even though the Federal Government is going to maintain a relatively high level of expenditures.

I am hopeful we can look to the goals of this, the Dole substitute, which is dramatic, ingenious, inventive reform, to get people back to work, all at a savings of taxpayers' dollars on the Federal level and even more dramatically on the State level.

If this amendment is adopted, we will see less reform, less innovation, and more money spent overall on welfare. And that is not what the goal of this welfare reform debate should be.

I yield the remainder of my time.

The PRESIDING OFFICER. The Senator from Louisiana has 2 minutes 50 seconds left.

Mr. SANTORUM. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BREAUX. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BREAUX. Mr. President, do I understand we have an agreement that there will be 4 minutes after we return?

The PRESIDING OFFICER. The Senator is correct.

Mr. BREAUX. Mr. President, has the Republican side yielded back their time?

The PRESIDING OFFICER. That is correct.

Mr. BREAUX. What do I have left? Do I have any?

The PRESIDING OFFICER. A minute and a half.

Mr. BREAUX. I would say, Mr. President, when we return after the party

caucuses, we will be, of course, voting on this amendment. I think, from our perspective, this has been a real effort at trying to reach a bipartisan agreement. We have Republican cosponsors and we have Democratic cosponsors of this effort. It is an effort to try to achieve a partnership between the States and the Federal Government.

The States should be required to participate. The Federal Government is required to participate. When savings are achieved, which they will be, both sides should benefit from those savings. When States spend less money because they have fewer people on the welfare rolls, the Federal Government should have to contribute less money, not the same amount. That is why our amendment clearly is scored by the Congressional Budget Office as saving $545 million over the next 7 years. Those are important savings. Without my amendment, they will not be achieved.

I think this amendment continues the participation that we have had, allows the States to be inventive as to different types of programs they come up with, but requires them to participate. The Federal Government should not have to pay 100 percent of the cost of welfare. The States should participate, and jointly, together, we can produce a better result.

With that, Mr. President, I yield the remainder of our time.

RECESS

The PRESIDING OFFICER. Under the previous order, the hour of 12:30 p.m. having arrived, the Senate will stand in recess until the hour of 2:15 p.m.

Thereupon, at 12:30 p.m., the Senate recessed until 2:15 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. COATS).

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

AMENDMENT NO. 2488

The PRESIDING OFFICER. There will now be 4 minutes of debate equally divided on the Breaux amendment No. 2488.

Who yields time?

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I think we had a good debate on the maintenance of effort provision. I think it boils down to simply this. If you want a welfare reform bill to come out of the Senate that is going to be an impetus for change, it is going to say to the States to go out there and be innovative and be able to reduce the welfare caseload, reduce the amount of State expenditures, and have the flexibility you need to do those without artificially holding States to the high level of maintenance of effort. I think the Dole 75 percent provision that is in there right now does that. It prohibits a race to the bottom. It gives States flexibility. It says be innovative. It saves money. And I think that is really what we want to accomplish. It is a prevention of the worst-case scenario which is no welfare spending from the States, and at the same time provides that amount of flexibility that is needed to go forward and do some dramatic changes in the welfare system. I think we have struck a very responsible compromise.

I think this amendment goes too far. This basically says we are going to continue to spend money. The Senator from Louisiana often says we are going to save money at the Federal level. Why should not the Federal Government save money? We may be saving money on the Federal level but we are spending a lot more taxpayers' money at the State level. The taxpayer overall under this amendment will lose even though the Federal Government is going to save a little money. It will spend a lot more in State resources. Again, it is an unfriendly taxpayer amendment and at the same time stifles innovation.

I urge the rejection of the amendment.

Mr. BREAUX. Mr. President, I will conclude my remarks by pointing out that for 6 years we have had a partnership between the Federal Government and the States. The House, when they took up welfare reform, said for the first time the States will have no obligation to do anything. They can spend zero dollars if they want. But the Federal Government has to continue to foot 100 percent of the bill. That is wrong.

My amendment says we are going to require the States to spend 90 percent of what they were spending and the Federal Government will spend 100 percent of what it was spending. But if the States are able to reduce what they spend below 90 percent, we will also reduce the Federal contribution. If they save a dollar, we will save a dollar. That is a true partnership. They can be as inventive as they want. We hope they are. We hope they save money. But when they save money and spend more than 10 percent less than they were spending last year, the Federal Government will also reduce our contribution.

The Congressional Budget Office looked at our amendment and the Congressional Budget Office said that it would save $545 billion over the next 7 years. Without my amendment being adopted, we will not see those savings implemented into law. Mr. President, $545 billion over 7 years is a significant amount of money. It maintains the partnership between the Federal Government and the States. Why should we in Washington send the money to the States if they are not going to participate? If we let the States get off the hook and we continue to send the money, that is not a true partnership and that will be contrary to the reforms that we are trying to reach. Anybody who has ever been to a conference around here knows the House has a zero requirement. If we go in with a 75 percent requirement, in all likelihood we are going to split the difference.

So if all of our Republican colleagues think 75 percent is a reasonable amount to come out of a conference, I would suggest it is absolutely essential that they vote for the Breaux amendment as it currently is drafted.

I yield the time.

Mr. SANTORUM. Mr. President, I move to table the Breaux amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Pennsylvania to lay on the table the amendment of the Senator from Louisiana. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Mississippi [Mr. COCHRAN] is necessarily absent.

The VICE PRESIDENT. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 50, nays 49, as follows:

[Rollcall Vote No. 411 Leg.]

YEAS—50

Abraham	Gorton	McConnell
Ashcroft	Gramm	Murkowski
Bennett	Grams	Nickles
Bond	Grassley	Packwood
Brown	Gregg	Pressler
Burns	Hatch	Roth
Campbell	Hatfield	Santorum
Chafee	Helms	Shelby
Coats	Hutchison	Simpson
Coverdell	Inhofe	Smith
Craig	Kassebaum	Specter
D'Amato	Kempthorne	Stevens
DeWine	Kyl	Thomas
Dole	Lott	Thompson
Domenici	Lugar	Thurmond
Faircloth	Mack	Warner
Frist	McCain	

NAYS—49

Akaka	Feinstein	Lieberman
Baucus	Ford	Mikulski
Biden	Glenn	Moseley-Braun
Bingaman	Graham	Moynihan
Boxer	Harkin	Murray
Bradley	Heflin	Nunn
Breaux	Hollings	Pell
Bryan	Inouye	Pryor
Bumpers	Jeffords	Reid
Byrd	Johnston	Robb
Cohen	Kennedy	Rockefeller
Conrad	Kerrey	Sarbanes
Daschle	Kerry	Simon
Dodd	Kohl	Snowe
Dorgan	Lautenberg	Wellstone
Exon	Leahy	
Feingold	Levin	

NOT VOTING—1

Cochran

So the motion to lay on the table was agreed to.

AMENDMENT NO. 2562

The VICE PRESIDENT. Under the previous order, the Senate will now consider amendment No. 2562, offered by the Senator from Missouri [Mr.

ASHCROFT]. There will be 1 hour for debate equally divided.

The Senator from Missouri is recognized.

(Mr. COATS assumed the chair.)

Mr. ASHCROFT. Thank you, Mr. President. I yield myself 10 minutes, and I ask to be notified when the 10 minutes has expired.

Mr. President, we are debating this week a very important topic, and it is not the future of a series of governmental programs, not the role of the Federal Government in providing for a social safety net. We are not debating how much money we will save. What we are debating this week is nothing less than the lives of millions of American citizens.

The welfare program, as it is currently constituted, has entrapped millions of Americans and has robbed literally generations of their future. What we are debating is whether we will continue to subsidize the current system, which may feed the body, but it numbs the spirit. It is a system which traps people in a web of dependency, places them in a cycle of hopelessness and despair. It is a system which promises a way out, but punishes those who try to find the way out.

Today's welfare system is heartless and cruel; it is unfeeling, it is uncaring. Whatever we do, we must remember those facts, and we must remember the faces that are the portraits of suffering that have been drawn on the canvas of American history by our welfare system as it is now constituted.

Welfare's failure is evident in many programs. Nowhere is it more evident, though, than in the Food Stamp Program. Food stamps, part of the Great Society's war on poverty. Today, food stamps is the country's largest provider of food aid. It is also, arguably, the Nation's most extensive welfare program. Last year, the program tried to help more than one out of every 10 Americans at a cost of nearly $25 billion.

As the chart behind me illustrates, spending on food stamps has increased exponentially since becoming a national program in the early seventies, a quite dramatic and rapid increase. It has not been a function of population growth alone. This expansion is the result of fraud and abuse, compounded by oversight, as well as a variety of other factors.

This stack of papers in front of me on the desk to my left is a stack of the 900 pages of food stamp regulations that States are forced to comply with in trying to help individuals find their way to independence and out of the despair of the welfare trap.

It is important to note that we have tried to reform welfare on previous occasions and tried to reform food stamps, as well, in the process.

The last real attempt at reform was in 1988, and you do not have to have particularly strong analytic skills to see what has happened since 1988 in the food stamp program: The program has skyrocketed.

A 1995 General Accounting Office report, a 1995 GAO report, found through fraud and illegal trafficking in food stamps, the taxpayers lost as much as $2 billion a year. Mr. President, $2 billion a year is a lot of money. That would average out to $40 million per State. That is close to $800,000 a week, per State, all across this country.

Furthermore, despite GAO's conclusions that the resources allocated for monitoring retailers was grossly inadequate, in other words we have not had the kind of enforcement that GAO says might be appropriate, the Food and Consumer Service officials still uncovered 902 retailers involved in food stamp fraud last year alone. That is where food stamps, which are designed to help people with nutritional needs, are used to acquire any number of other things that are not part of the design for food stamps.

In February 1994, the Reader's Digest chronicled fraud and abuse in an article entitled the "Food Stamp Racquet." One example was Kenneth Coats, no relation to the occupant of the chair I am sure, but owner of Coats Market in East St. Louis. It seems Mr. Coats paid as little as 65 cents on the dollar for food stamps and then cashed them in at full value.

During a period of 18 months he redeemed $1.3 million, enabling him to pay for his children's private schooling, with enough left over for $150,000 in stocks, five rental houses and a Mercedes.

If that were not bad enough, Reader's Digest reported that this was not Mr. Coats' first attempt at defrauding the American taxpayers. Ten years earlier his market was disqualified from participating in the Food Stamp Program because of fraud, though he was only disqualified for 6 months. Obviously, he was back in business. And at 65 cents, paying welfare recipients and cashing them in with the Government at obviously the face value, he made quite a bit of money.

Now, there are stories of food stamp fraud and abuse to be found in every State in the Nation. There is a lot to like about the Food Stamp Program but there are many ways in which this so-called ideal transitional benefit has been a problem. They are a stopgap measure. They serve the people. They serve children. They serve the elderly.

But there is a lot to dislike about the program which we have already discussed. It is because we want to change this system to help people and to empower States that I am today introducing this amendment.

Mr. President, we can do better. My amendment would fundamentally change food stamps. Instead of having a system run and administered by bureaucrats in Washington, my amendment would return responsibility for the Food Stamp Program to the States. It would do it with an important qualifier: It would do it still allowing funding for growth at the CBO projected levels for the next 5 years.

Unlike the present system, however, this block grant would give the States an incentive to improve the program's performance and efficiency. It would accomplish this by allowing any and all savings achieved by the States to be applied to help more people who are really in need.

This approach, if adopted, would have enormous advantages. One, it would allow States to spend available resources on the people who need food, rather than on feeding the bureaucracy. It would make it possible to reduce some of the costs. The highest administrative costs in welfare, 12 percent, are in the Food Stamp Program.

Second, it would allow the States to coordinate their efforts in assisting the needy. So much of the problem we have now is when we shift welfare burdens from one quadrant of the welfare equation to another.

The leadership's bill would maintain many of the complicated regulations which have frustrated State efforts to help individuals in need. I think we need to give States the flexibility to administrator need in accordance with the needs of the needy and the State rather than in accordance with the 900 pages of Federal regulations.

Third, a clean block grant to the States will work to end the fraud and abuse which have cost the taxpayers billions. I think this is so because when the State has a block grant and it reduces fraud and abuse, it gets to keep the money which has been involved in the fraud or abuse.

There will be a real incentive for the States to drive down the costs associated with fraud and abuse. It is true that the leadership bill in this measure has some incentives but they are not incentives which would thoroughly match the incentives of a block grant, the structural incentives of providing for savings and allowing the States to recoup the savings in their entirety.

Finally, States can provide individualized assistance. They know their welfare recipients' needs. They can coordinate thoroughly on their own terms their welfare programs.

We have real welfare reform. It is time for us to understand that reforming this, the largest of the welfare programs which touches more people than any others, should be a part of that reform.

We have heard a lot about devolution, that term that means we need to reduce the size and scope of the power of Washington. Well, we need to change the way in which Washington has affected the welfare system by stopping the arrogant assumption that Washington knows best, particularly in such a significant program. Every American has had an experience at some time or another with the abuses that are involved in food stamps. Federalism has one of its hallmarks of trusting Government close to the people. It is time

for us to do that with the Food Stamp Program.

The PRESIDING OFFICER. The Senator from Missouri has spoken for 10 minutes. I believe he wanted to be notified.

Mr. ASHCROFT. I thank the Chair. I yield myself such additional time I may need to conclude my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ASHCROFT. A vote for this amendment is a clear and principled stand for the limits of the Federal power and the need for State control.

A vote against this amendment is also clear. It is a clear statement against the rights of people to control their own destinies, their own lives, in a way that is free from the intermeddling of nearly 1,000 pages of regulation, micromanaging what happens in States, interfering with their ability to meet the needs of their citizens.

We are in the midst of a long and substantial debate. It is a necessary debate on welfare. Passions are high. Rhetoric is high. Progress is slow. It is time for us to make real progress on a major welfare program.

Every so-called welfare reform for the past two generations has had a couple of things in common. They have resulted in more people being trapped in the web of dependency; and second, they have resulted in more bureaucracy. We need not rearrange the deck chairs on the welfare bureaucracy again. We need to make substantial changes. We cannot afford half measures. The poor cannot afford half measures.

We are about to fundamentally change AFDC. We are about to fundamentally change a number of other smaller welfare programs. It seems we are just happy to tinker around the margins with food stamps.

I believe food stamps are welfare. They are the largest—they serve more clients than any other welfare program. They provide an incentive to illegitimacy, just as AFDC does, by providing more payments with more children that are brought into this world while on welfare. They are a part and parcel of the welfare system which seeks to help but actually hurts.

I do not know how it is that block grants can make sense for everything else from AFDC to job training but not for food stamps.

Yet, given all this, the leadership bill makes involvement in the food stamp block grant optional while simultaneously creating a disincentive for individual States to choose to operate under the block grant.

By removing Federal entanglement, it is my hope we can begin to eliminate the fraud, cut down on waste, the high administrative costs, and make it possible for States to take action which helps move people from welfare to work.

If we succeed where others have failed, we must be bold and consistent. I do not think we need to wait 7 years to determine whether a food stamp block grant is desirable. Washington's one-size-fits-all system has not worked. Continuing a system that entraps people in dependency will do nothing more than to sow the seeds of future disaster.

I reserve the remainder of my time.

Mr. LEAHY. Mr. President, will the Senator from Indiana yield?

Mr. LUGAR. I am happy to yield to the distinguished Senator as much time as he requires.

Mr. LEAHY. Mr. President, I thank the distinguished manager and chairman.

I have listened to the speech of my distinguished colleague from Missouri, and if this indeed was simply a question of whether the States could make the decisions or not, it would be one thing, but it is not. In fact, it is quite the opposite. Under the bill of the distinguished Republican leader, the States have the right to make a decision—a decision to choose to take a block grant instead of food stamps, or to participate in the Food Stamp Program. The amendment, No. 2562, by the distinguished Senator from Missouri, removes that right.

I think, also, it removes an option available to many of the elderly and disabled. If somebody has received 24 months of assistance in their lifetime, then food stamps can no longer be made available unless they are working. We see where, if somebody has had assistance years before, worked many, many, many years before becoming disabled, they are told "You got your bite of the apple a long time ago." They lose their food assistance under this amendment. States no longer have the option, under this amendment, of choosing a block grant instead of food stamps, and participating in the Food Stamp Program.

The bill does impose on States, whether they want it or not, an unfair formula for providing funds. If you look at the formula, it penalizes growth States but also penalizes States that face recessions. During the last recession, when millions of people lost their jobs, they turned to food stamps to help feed their children. Under this amendment, when there is a recession, then benefits would be cut. Just when a temporarily out of luck family would need assistance, the amendment says, "Too bad, have a hungry day." For example, if you are an industrial State and large manufacturing plants suddenly close, that is when this could cut in. It seems, when fewer people need food stamps, the benefits increase again.

Let me give an example. In California a couple of years ago, there was a massive earthquake. Mr. President, 40 percent of all the food stamps issued in California were issued in L.A. County for that month. Basically, what we would say under this is we are going to allow the people who lost everything they had in L.A. County because of the earthquake to eat. But all the rest of the State is going to go hungry.

One of the things the Food Stamp Program is supposed to do is to help even out those kinds of peaks and valleys because the earthquake that occurs in California may be the hurricane that occurs in Florida or the recession that occurs in Illinois or the flood that occurs along the Mississippi or Missouri River.

So I think we should not eliminate the choice of whether States should decide to take the block grant. Congress should not impose that on them. There are a lot of decisions that Governors and legislators have to make, so I urge my colleagues to vote against the amendment. It removes the State's right to decide, hurts the elderly and disabled, and hurts some States at the expense of the others.

I like the original Agriculture Committee bill written by Senator LUGAR. It gives the States plenty of flexibility. It does not abandon the Federal-State partnership.

We have worked for years, constantly, to improve aspects of the food stamp program. The bill I talked about before that I introduced, on electronics benefits transfer, will do that. We have tightened and limited eligibility. But in the only major power on Earth that can not only raise enough food to feed 250 million people but have food left over for export and for storage, I question whether we should tamper with the most basic program for feeding hungry people—the elderly, disabled, those temporarily out of a job.

There are those who rip off the system and we can nail them. We have laws to do that. But let us not say you are going to be removed. And let us not say this is something that encourages more babies. What are you going to say, that if we do not feed a hungry baby, if we cut off the food, that baby will suddenly go away? Are we saying do not have the baby, abort the child, or do something else? The fact of the matter is, a hungry child is a hungry child. That child does not make that decision to be hungry. That child does not make that decision to be born. Let us not think that child will go away if we simply cut the food stamps or any other benefits for them.

Mr. President, I thank the distinguished senior Senator from Indiana for his courtesy and I yield the floor.

The PRESIDING OFFICER (Mr. DEWINE). The Senator from Indiana is recognized.

PRIVILEGE OF THE FLOOR

Mr. LUGAR. Mr. President, I ask unanimous consent that an employee of the Congressional Research Service, Joe Richardson, be granted privilege of the floor during consideration of welfare reform legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LUGAR. Mr. President, I thank the distinguished Senator from Vermont for his thoughtful debating comments. He has offered leadership in the

nutrition area throughout the entirety of the 19 years that I have served in this body.

Throughout that period of time, I have been deeply concerned about the Food Stamp Program for several reasons, and the distinguished Senator from Missouri has expanded on many of them. The Food Stamp Program, because it is a national program and an extraordinarily complex one dealing with myriad retail situations, has led to great fraud and abuse. That has been a concern of the Committee on Agriculture really throughout the entirety of the program. It has to be our concern today.

But I have also been deeply concerned about the Food Stamp Program because it is the basic safety net for nutrition for Americans. It is the stopper, in terms of people starving, in this country. We have known that. We have regretted its abuse on occasion, but we have cherished the thought that every American, in a country of abundance, would have a chance to eat. That is fundamental and that we must preserve.

The distinguished Senator from Missouri, the great Governor of his State, has been a fighter for the reinvigoration of federalism, and I share that idealism. As mayor of the city of Indianapolis. I was involved in the first wave of the new federalism with President Nixon. Program after program came to our city. We tried to demonstrate, I think with some success, that mayors and local officials, in addition to Governors and county officials, can handle most of the aspects of the internal workings of government in this United States best at the local level. Clearly, in the welfare reform debate we are now having, we are about to test out the proposition that we should give back to States and local governments authority to handle a great deal of difficult matters.

But in the case of the food stamp and nutrition programs, the House of Representatives and the Senate to date have said that there must be a safety net, basically, for eating, for nutrition—a safety net against starvation in this country. This is not an experimental situation in which, as the Senator from Missouri advocates, like it or not we send it back to the States and say to the Governors: "You are going to have to run it. You may not have asked for it. You may not wish to deal with it at all. But, by golly, you are going to have it and with exactly the same amount of money being spent now with a little bit of inflation rise per year. It does not matter whether the country is in recession or prosperity; it does not matter whether you have more people coming in. That is your tough luck. We are going to send it to you because we are tired of it and we do not want to spend any more money on it and we do not want to take the responsibility for it."

Mr. President, I believe that is an understandable attitude but, I hope, not the attitude the Senate winds up with today. Because, for many thousands of Americans, that is likely to be a disastrous decision and Senators really have to consider and weigh on their consciences today the proposition, which is a very fundamental one, before us.

As the Senator from Vermont pointed out, we are not doing this amendment as a favor to Governors. As a matter of fact, most have not requested this responsibility. Most of the Governors coming into our committee have not wanted the responsibility. To give some impression that Governors all over the country are eager to grasp all of this is totally erroneous.

There are some very able Governors who want to run it, and my judgment is that they will run it very well. But we have had a good number of Governors who have said we are inundated by people. We are inundated by the economic cycle. Yet, here we debate on this floor today the thought that, like it or not, the States will simply have the Food Stamp Program, or, as a matter of fact, they may not have much of a program at all.

The Governors may decide, in fact, to use the money for something else. If you happen to be a citizen of one of those States, you are out of luck. We have said thus far, Mr. President, that if you are an American, if you are here in this country and you are unemployed, you are disabled and you have problems, there is at least a safety net. And we have been proud that has been the case.

Let me just say that the Committee on Agriculture, long before we got into the welfare debate, was involved in reform of food stamp discussions this year. We are also involved in a very serious budget problem. We are going to have a reconciliation bill shortly. By September 22, we must report from our committee $48.4 billion of savings over a 7-year period of time.

Mr. President, we have identified $30 billion of savings in the nutrition programs and most of that in the Food Stamp Program. The Committee on Agriculture has been diligent because we have tried to both reform the program and make certain it was less expensive even while retaining the basic safety net of the program. The House of Representatives has done a similar job.

Mr. President, I will point out that the Republican leadership welfare proposal we are now debating, as does the House bill, does not block grant the Food Stamp Program but makes dramatic changes in its structure. It greatly expands the States' administrative flexibility and ability to implement welfare reform initiatives. By allowing States to operate a State-designed simplified food stamp program for cash welfare recipients and have more control over a host of regular program rules. States are given the option of taking the food stamp assistance as a block grant.

So, Mr. President, if I am in error—and there are a host of Governors out there who have been eager to get this program, they are going to have that option. They may be lined up at the door, but I have not seen the line. All I am saying is they have that option. If they do so, they must spend 80 percent of the money that the Federal Government is spending on food. The rest can be spent on employment and training programs and, up to 6 percent, on administration.

The citizens in their State will have to hope that those Governors and legislators, if they become involved in that decision—that is a very interesting question, Mr. President: What if there was a case in which State legislators allow the Governor alone to make such a decision? Should a decision as grave as this one be vested in a Governor to take an entire State off the Food Stamp Program irrevocably, a one-time decision from which there is no return without the legislature, without any check and balance within that State? Should the Governor, in fact, be prepared to terminate the program if that is his wish or her wish, as the case may be? Where is the democracy in that situation even while we are eager to shed this burden and move down the trail of devolution?

Let me say it is important that Senators know the reforms that were enacted by the Agriculture Committee and have been adopted by the leadership proposal. I cite not all of them but ones that I think are very important that Senators know are a part of this bill but would not be a part necessarily of any regime in any State that decided simply to block grant food stamps.

In this bill, we disqualify any adult who voluntarily quits a job or reduces work effort. We deny food stamps to able-bodied adults 18 to 50 without children who received food stamps for 6 months out of the previous 12 months without working or participating in a work program at least half time. Those are pretty stringent qualifications.

We ensure that food stamp benefits do not increase when a recipient's welfare benefits are reduced for failing to comply with other non-work-related welfare rules, such as the failure to get children immunized. States may also reduce food stamp allotments for up to 25 percent for failure to comply with other welfare programs rules. States may do that.

We allow in this bill States to disqualify an individual from food stamps for the period that they are disqualified from other public assistance programs for failure to perform an action required in the other program. For example, failure to comply with AFDC work requirements must trigger a food stamp disqualification. We establish mandatory minimum disqualification periods for violation of work rules, and States may adopt even longer disqualification periods and may permanently

disqualify a recipient for a third violation of a work rule—permanently disqualify.

We give States control over the Food Stamp Program for households composed entirely of AFDC members as long as Federal costs do not increase. States choose their AFDC rules, food stamp rules, or a combination to develop one standardized set of rules. States may do all of this under this bill.

Mr. President, if this is the case, a Senator might ask, why the objection to simply letting States do it all? Why not make it permissive? Why spell it out in a Federal bill? We do so to preserve a national safety net.

The leadership bill before us now that we are debating is not a bill that is very permissive. This is a bill that saves $30 billion over 7 years. In almost every conceivable way, in the 106 pages which the Agriculture Committee put together, it tries to make certain that food stamp programs stay on the straight and narrow.

Perhaps State legislatures will want to replicate that. Perhaps legislatures want to borrow this intact and pass it as a State law. But if they do not, Mr. President, the Governor of that State is going to have a heck of a time administering food stamps. The provisions in the leadership bill come from a body of knowledge and experience over the years of how fraud and abuse occur, and it occurs in many, many ways, not easily discovered in a transition period of a few weeks during which time the States with or without enthusiasm take over the Food Stamp Program.

Mr. President, the overwhelming case for a rejection of this amendment finally comes back to the fact that none of us can foretell the future in a dynamic economy such as ours. We are a free country. Thank goodness. People can move from State to State, and they do so by the tens of millions every year.

Yet, Mr. President, we are in the process of about to lock in flat amounts to States for the duration of this experiment, an amount of money that will not be changed if that State has a huge number of new people coming into it for whatever reason.

Perhaps States may say, "Well, we will control that. We will simply abandon the Food Stamp Program. There is nothing attractive about our State. Why not let other States that have a food stamp program take care of persons who are disabled or suddenly unemployed, or infants and children or what have you? Why not let those States take care of them?"

Mr. President, people can pick and choose where to live by their migratory patterns in this country. Perhaps the idea of a safety net wherever it is, is not attractive to Senators or citizens. But I have not heard the case made on those grounds very frequently. And I would say furthermore that even if there were no changes in population in the country, clearly there are changes every year in the economic cycle.

In my home State of Indiana in 1982—I was reminded of this as we were discussing another food stamp amendment yesterday—in Kokomo, IN, in Anderson, in Muncie, Indiana where there were large concentrations of auto workers at a time of great recession, the unemployment reached, in each of those cities, 20 percent. I would just say that kind of unemployment is massive, and it is horrible to witness. The Food Stamp Program was very important to those cities, very important to our State. Whoever was Governor of Indiana could not have anticipated in 1979 and 1980 or even 1981 that there would be 20-percent unemployment in those localities. There was no way anyone could have been wise enough to have prophesied that. But the Governor of Indiana was mighty pleased that in fact there was a safety net for nutrition in our country and in the State of Indiana at that point and that he was not responsible at that moment for facing a whole apparatus for administering the Food Stamp Program.

Our Governor did not assert that he was wiser than everybody in the country; that he could do it better. He knew the problems better in Kokomo. Of course, he did. But that would not have made a whit of difference in terms of the nutrition needs of people who were suddenly and massively unemployed in ways that were not going to be remedied very rapidly.

Mr. President, it is simply reckless in a country of great dynamic changes of population and in the economic cycle to throw away the safety net; and that is the issue here.

The Senator from Missouri, in intellectual fairness, has presented very squarely that his amendment is the end of the Federal safety net, the end of the Federal Food Stamp Program, and there are many who will rejoice in that and say good riddance; we should never have started this humanitarian effort to begin with.

I am not one of them, Mr. President. I am hopeful a majority of Senators do not join in that point of view either. Of course, we must reform, and I have listed 6 of possibly 50 very sizable, tough reforms. Of course, we have to downsize and, of course, we have to economize. And we are doing it with a vengeance; $30 billion in 7 years for food stamp recipients, but, of course, we must have a safety net in a vast and complex country such as ours.

Mr. President, I yield and reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. ASHCROFT addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. ASHCROFT. May I inquire as to the remaining time on both sides?

The PRESIDING OFFICER. The Senator from Missouri has 16 minutes and 55 seconds, the Senator from Indiana has 7 minutes and 18 seconds.

Mr. ASHCROFT. Mr. President, I yield so much time as I might consume.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. ASHCROFT. The question we debate today is not whether or not there will be assistance to individuals who are in need. The question we debate today is whether or not that assistance will be delivered by State officials who are proximate to the problem or whether we are going to persist with a one-size-fits-all system in Washington, DC, which is characterized by the highest administrative costs of any welfare program, rampant fraud and abuse, and 900 pages of excessive Federal regulations. I have not proposed ending the ability of States to meet the needs of their people. I am proposing enhancing the ability of States to meet those needs.

The distinguished Senator from Vermont talked about the needs in the event of earthquakes, floods, or other natural disasters. And the distinguished Senator from Indiana, for whom I have great respect, talked about needs in times of recession. I believe those are needs, those are legitimate needs, those are times when people legitimately need assistance, and I believe that assistance can best be rendered if we ask those at the State level to effect those programs they can effect to provide delivery of the services.

I might point out that the proposed amendment does not diminish the funding available for food stamps. We took the CBO numbers, the projections under the Dole bill and said those would be the amount of the block grant.

This is not a debate over the amount of resources that will be available. This is a debate over whether that resource will continue to be delivered through a one-size-fits-all bureaucracy that has failed in Washington, DC, or whether we are going to empower States that have substantial ideas on what they can do to deliver this program.

Let me quote to you what Gerald Miller says, director of social services for Governor Engler in Michigan.

"Under a block grant," he said, "States could deliver services more cheaply and efficiently without cutting benefits." Miller contends that if the food stamp program remains unchanged, it will have to be cut to meet deficit reduction targets. If the food stamp program were to be made into a block grant," he said, "I don't know one Republican Governor who would cut benefits to one client.

The distinguished Senator from Indiana indicated that Republican Governors or Governors in general might not be in favor of these kinds of amendments. I am pleased to just say that I know of one Governor, Gov. Tommy Thompson, who is a leading Republican Governor and one of the leading proponents of welfare reform in the country. I have his letter dated September 11, 1995, which I will submit for the RECORD.

I ask unanimous consent that it be printed in the RECORD.

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

STATE OF WISCONSIN,
September 11, 1995.

Hon. JOHN ASHCROFT,
U.S. Senate, Senate Hart Building, Washington DC.

Hon. RICHARD C. SHELBY,
U.S. Senate, Senate Hart Building, Washington DC.

DEAR SENATORS ASHCROFT AND SHELBY: As I know you both agree, the welfare reform bill currently being considered, S. 1120, is a dramatic improvement over current law. Each of you has submitted amendments to this bill which allow for still greater flexibility in the use of food stamps in the form of block grants. The purpose of this letter is to support your efforts in this regard.

Senator Ashcroft's amendment allows the maximum level of state flexibility while preserving the anticipated level of federal financial support envisioned in the leadership bill. Senator Shelby's amendment would also allow for generous state flexibility while at the same time reducing federal expenditures on food stamps through anticipated improvements in state efficiency in managing the program.

I heartily endorse both of your efforts to increase the level of flexibility allowed in the management of the food stamp program. In addition, the transferability of funds from the food stamp block grant to the AFDC block grant, which is common to both your bills, is of critical importance to states like Wisconsin. We anticipate spending more on work programs and supports to work, such as child care, and less on unrestricted benefits. Therefore, we need this funding flexibility.

We fully support both of your efforts to improve the leadership bill to allow for more effective administration of the food stamp block grant.

Sincerely,

TOMMY G. THOMPSON,
Governor.

Mr. ASHCROFT. It is addressed to the Honorable RICHARD C. SHELBY of this body and to me. It endorses the effort to increase the flexibility for States in the Food Stamp Program and the block grant program.

Now, reference has been made to the safety net for nutrition; that we need to help citizens who are in real need; we need to deliver and meet that need effectively.

Reference has been made to the potential—and I do not understand this—of an irrevocable, one-time decision by Governors to abandon food help to their citizens. I do not know of any Governor that has that kind of authority, and I do not know of any government anywhere in the United States that can make irrevocable decisions to abandon things.

The political process operates. People with needs know their way to the State capital. It is easier to get there than it is to the National Capital. Welfare recipients have the right to vote. This body and the U.S. Congress in the last session provided a special means of registering welfare recipients so that they would be given a right to vote, their voice would be heard, making their voice heard in a place close to them, the State capital, instead of demanding that they come to Washington to have their voice heard, and demanding that they find their way through 900 pages of Federal regulations appears to me to be an important thing.

Let me just additionally say it was indicated no one has the ability to know what the future holds if we were to have a block grant to the States. I can tell you what the future holds if we do not block grant this to the States. The future holds the same kind of problems that we have had in the past with entitlement spending that continues to build the program. When the Federal program is an entitlement program, it is in the interest of the State to build the program. States administering the program without a financial stake in the program keep shifting people into the program; it brings money to the State automatically. It is part of the pernicious impact of this Federal system of welfare which has resulted in a growing portion of our population being dependent on Government rather than a shrinking portion of our population being dependent on Government.

It is a simple question. Do we want more welfare and less independence or do we want more independence and less welfare? The structure of the way we deliver benefits should not be designed to increase welfare as it is now. It should be designed to increase independence.

I believe the opportunity made available to the States of this country through a block grant so that States can formulate their own rules and they know they are operating within a limited amount of resources is exactly what we need. An entitlement system simply is absent the kind of incentive for reduction in the problem.

We need to reform welfare, not to grow it. People in my State, when they spell reform, spell it r-e-d-u-c-e, reduce. It is time for us to reduce welfare.

So with all due respect for my distinguished colleagues from Vermont and from Indiana, who have indicated that it is important to have an entitlement program that is open ended, I think it has the wrong structural incentives.

One last point that I would make. My respected and distinguished colleague from Vermont, Senator LEAHY, mentioned we could not consider this program to be an incentive for illegitimacy. I do not think it was designed to be an incentive for illegitimacy. But the fact of the matter is that the more children you have in the family, the bigger the benefits are. And in the context of a benefit that can be changed into cash with unfortunate and inappropriate ease, I think it is undeniable that we have simply exacerbated the problem.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. LUGAR addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. LUGAR. Mr. President, let me just indicate again that the welfare reform bill in front of the Senate is not one that is permissive. It talks about reform and reduction, as the distinguished Senator from Missouri has pointed out. All of the requirements that I mentioned in the reform of food stamps are clearly not permissive. They do not permit a program that is open-ended. Quite to the contrary, they demand a program that reduces expenses by $30 billion in 7 years of time, a program that is thoroughly conversant with fraud and abuse, as has been observed and will be discovered by States that attempt to run these complex programs. But, Mr. President, I have no quarrel with a Governor or a State that wishes to take over the Food Stamp Program. As a matter of fact, the bill in front of us permits that explicitly.

What I do think is inadvisable is for the Congress—or the Senate more particularly today—to simply say, whether you want the program or not, it is yours and you are going to have to deal with it, all of the regulations, all of the stipulations. And even if you are well motivated to serve those who are hungry, you are going to have to figure out from scratch how to do that and on a limited amount of money that will not increase whether the economic times change or the population changes. That I think, Mr. President, is ill-advised, and so do many others.

I ask unanimous consent to have printed in the RECORD, Mr. President, letters from the Food Marketing Institute, from the National-American Wholesale Grocers' Association, the National Cattlemen's Association, and the National Peanut Council, Inc., that back the current proposals in the welfare bill that is before us and would oppose block-granting food stamp programs.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

FOOD MARKETING INSTITUTE,
Washington, DC, July 11, 1995.

Hon. RICHARD G. LUGAR,
U.S. Senate, Washington, DC.

DEAR SENATOR LUGAR: The retail food industry full supports the efforts of this Congress to produce meaningful welfare reform that is simpler, more efficient and less costly than the current system. The food stamp program is one aspect of welfare reform that is of particular concern to our industry. We have been participating in this program for over twenty-five years and have long supported food stamps as an effective and efficient way of reducing hunger.

FMI supports the food stamp reforms approved by the Senate Agriculture Committee. The supermarket industry believes the Agriculture Committee bill allows state and local flexibility to create innovative programs while maintaining a system that guarantees allocated funding will be used for food assistance. Research has demonstrated that removing the link between program benefits and the actual purchase of food results in the deterioration of nutritional diets, especially for our children. Food assistance programs are different from other welfare programs—they are the basic safety

net for those who cannot afford adequate diets. We are concerned that converting the federal nutrition program into a cash program would inadvertently result in eliminating the current food stamp program and the long-term effects would be disastrous.

As the most effective way to curb fraud and abuse, FMI supports the conversion of paper food stamps to a nationally uniform EBT system. Without a uniform national delivery system, there is potential for different sets of standards and operational procedures all of which would make it impossible to set up an effective central monitoring system to detect fraud and abuse. Continued access for recipients in rural communities and urban centers is critically important as we move to implement a nationwide EBT system. We support modifications to the Agriculture Committee bill to assure that all EBT systems are compatible and available to the smallest, local community stores. This will allow recipients to retain the freedom to shop at stores of their choice without overly restricting state flexibility. A uniform delivery system is the best way to reduce cost and make this important domestic feeding program even better and more efficient. Current law also prohibits the government from shifting EBT program cost to retailers who are licensed to accept food stamps which would in effect eliminate many from participating in the program. We would oppose any efforts to eliminate that protection.

FMI pledges to work with you to achieve meaningful welfare reform. However, we must not lose sight of the fact that cashing out the food stamp program would be a disaster for needy families and their communities all across America. This is why we support the approach taken by the Senate Agriculture Committee.

The Food Marketing Institute (FMI) is a nonprofit association conducting programs in research, education, industry relations and public affairs on behalf of its 1,500 members including their subsidiaries—food retailers and wholesalers and their customers in the United States and around the world. FMI's domestic member companies operate approximately 21,000 retail food stores with a combined annual sales volume of $220 billion—more than half of all grocery store sales in the United States. FMI's retail membership is composed of large multi-store chains, small regional firms and independent supermarkets. Its international membership includes 200 members from 60 countries.

Sincerely,

TIM HAMMONDS,
President and CEO.

THE FOOD DISTRIBUTORS ASSOCIATION,
September 12, 1995.

Hon. RICHARD LUGAR,
Chairman, Senate Committee on Agriculture, Nutrition, and Forestry, U.S. Senate, Washington, DC.

DEAR CHAIRMAN LUGAR: The National-American Wholesale Grocers' Association and the International Foodservice Distributors Association (NAWGA/IFDA) supports the reform of our welfare system, including the significant reforms your Committee has recommended for the Food Stamp Program. However, we do not believe "cashing-out" the Food Stamp Program falls under the rubric of reform. NAWGA/IFDA is an international trade association comprised of food distribution companies which primarily supply and service independent grocers and foodservice operations throughout the U.S. and Canada.

We understand that several amendments may be offered in the coming days which would effectively cash-out the Food Stamp Program. NAWGA/IFDA respectfully urges the rejection of these amendments.

There is no conclusive evidence that cashing-out the Food Stamp Program would improve the delivery of welfare benefits. In fact, cash-out demonstration projects conducted by the Department of Agriculture have shown a five to eighteen percent decline in food expenditures. Although attractive because of its administrative simplicity, we do not believe that such a system could effectively serve food stamp recipients.

Sincerely,

KEVIN BURKE,
Vice President, Government Affairs.

NATIONAL CATTLEMEN'S ASSOCIATION,
Washington, DC, February 14, 1995.

Hon. BILL EMERSON,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: I am writing to convey the National Cattlemen's Association's recent grassroots policy decisions on Welfare Reform and specifically block granting federal food-assistance funds (H.R. 4). The National Cattlemen's Association, which is the national spokesperson for all segments of the U.S. beef cattle industry representing 230,000 cattle producers throughout the country, supports welfare reform by providing increased control to local government. Cattle producers have long supported the Commodity Distribution Program and other food assistance programs, as a means of providing nutritious foods to those in need in a cost effective manner. We believe it is time however, to review these programs and make appropriate changes to increase their efficiency and effectiveness.

In addition to overall themes of increasing state flexibility balancing the budget, the National Cattlemen's Association supports the following provisions in any welfare reform legislation:

Money designated for food stamp recipients must be spent on food only.

A commodity purchase group should continue within USDA to assist states in increasing their volume purchasing power, thus saving states money.

A means must be established to purchase non-price supported commodities when an over-supply situation occurs.

Third party verification to assure contractual performance.

Adequate nutritional standards for school lunch programs.

The National Cattlemen's Association supports efforts to control federal spending and decrease the size of the federal government. We would very much like to work with you to make these goals a reality. For further information, please contact Beth Johnson or Chandler Keys in our Washington office (202) 347-0228.

Sincerely,

SHERI SPADER,
Chairman, Food Policy Committee.

NATIONAL PEANUT COUNCIL, INC.,
Alexandria, VA, December 9, 1994.

Hon. RICHARD G. LUGAR,
U.S. Senate, Washington, DC.

DEAR SENATOR LUGAR: We write to urge you in the strongest possible terms to oppose proposals, such as those included in the Pension Responsibility Act (PRA), to replace current federal food assistance programs with block grant funding. We oppose both the concept of block grant funding and the sharply reduced funding levels that have been proposed.

We oppose these proposals for the following reasons:

(1) The block grant approach fails to assure that federal dollars will go for their intended purposes. Under the PRA, large portions of federal funding for food assistance could be provided in cash. Specifically, the PRA would allow benefits previously provided as food stamp and WIC coupons to instead be provided as cash. Thus, states would be free to provide assistance that could be devoted to other non-food needs. This approach could not only have a serious deleterious effect on low-income children and families but also could effect adversely the entire food and agriculture economy. In addition, the block grant converts nutrition programs from entitlements into discretionary programs subject to annual appropriations. Thus, there is no guarantee that any federal dollars will be available for food assistance.

(2) The block grant approach is inherently insensitive to the poor when their needs are greatest. There is no mechanism in block grants to assure assistance will expand during a recession or when need arises (such as a natural disaster). At the very time that needs go up in one state and potentially down in another, the funding will be inflexible and thus inefficiently applied to those states.

(3) The PRA would likely end the school lunch program as we know it. By proscribing assistance paid for meals served to "middle income" children, the likely result of the PRA is that millions of school children and thousands of schools will abandon the current system that guarantees free and reduced price meals to low-income children. Far smaller cutbacks in this subsidy in 1981 resulted in a loss of about 2,000 schools and two million children (750,000 low-income) from the program.

(4) The block grant approach removes from food assistance any tie to nutritional standards. Once states are free to design any program they want, there will be no assurance that the federal dollars are being spent consistent with fundamental standards on diet and health.

The block grant approach, especially with reduced funding levels, will result in more children in this country going hungry. Most of the programs affected are child nutrition programs, and half of all the participants of the largest nutrition program affected (food stamps) are children.

The resulting tremendous increase in need cannot be met by private charities. These institutions have repeatedly documented that they cannot meet the demand currently placed upon them. Furthermore, we strenuously object to any policy that could have the effect of an exponential increase in the number of Americans who must feed their families through soup kitchen and bread lines. This is no way for the greatest nation in the world to care for its needy residents.

Finally, we suggest that a return to block grants ignores the history of why federal food assistance programs were established. The federal government stepped in because states were either unable or unwilling to meet the needs of our people.

The federal nutrition programs are an enormous success story, built with bipartisan support from Congress over many years. Study after study has documented the effectiveness of the very programs that proposals like the PRA would turn back to the states. These programs have been proven to enhance the health and education of our children, some saving money in the long run. They also can serve as effective organizing tools for crime prevention.

Initial estimates indicate the PRA could reduce food assistance funding by about ten percent ($4 to $5 billion a year) from the projected $40 billion FY 1996 food assistance funding level. Even this inadequate level would not be guaranteed since each year's funding would be subject to appropriations. There may be a need for the federal government to save money, but not feeding hungry

children and their families is a poor place to start.

Sincerely,

DR. A. WAYNE LORD,
National Peanut Council Chairman,
Southco Commodities.

AMENDMENT NO. 2562

Ms. MIKULSKI. Mr. President, I rise today to speak in opposition to the Ashcroft amendment on food stamps.

For the second straight day we are being asked to launch an attack on the Food Stamp Program. Once again I want to restate that Democrats support real reform of food stamps, not an effort to take food away from people. This amendment block-grants food stamps and in the process denies a safety net for kids. Once we turn this program into a block grant we end our commitment to feed all those children who fall victim to the next recession.

I am serious about reforming this program. I am pleased that Maryland has lead the country in introducing ways to cut down on fraud by going to an electronic system. Democrats have included reform of food stamps in our welfare reform bill. We included increased civil and criminal forfeiture for grocers who violate the Food Stamp Act. We tell stores that they must reapply for the Food Stamp Program so that we make sure that fraud is not happening. Retailers who have already been disqualified from the WIC Program are disqualified from food stamps. We encourage States to enact their own reforms including the use of an electronic card and a picture ID. Democrats don't stop there. We are willing to require able-bodied people to work.

Mr. President, the fight here is over food, not fraud. This amendment would take the current system and throw it out. After we eliminate the current system we then turn it over to State governments. There are no guarantees in this amendment that States will not create their own bureaucratic wasteland. No guarantees that money going for food won't be diverted to nonnutrition needs. If we block-grant food stamps, what guarantees U.S. taxpayers that the dollars going for food stamps won't be converted to fund other programs in the next recession? What guarantees do we have that these nutrition funds won't become a bailout fund for some politically vulnerable Governor?

Mr. President, I repeat, I am for welfare reform—all Democrats are. That is why we worked hard at a real reform bill. That bill includes reforms to the Food Stamp Program. This amendment replaces reform with regression. Regression back to a time when we did not commit our Nation to a goal of feeding hungry people. It is time we focused our attention back on reform. We can do that by voting down this amendment.

Mr. LUGAR. Mr. President, I reserve the remainder of my time, and I ask once again for clarification of how much time remains to the two sides.

The PRESIDING OFFICER. The Senator from Indiana has 5 minutes; the Senator from Missouri has 8 minutes 15 seconds.

Mr. LUGAR. I thank the Chair.

The PRESIDING OFFICER. Who yields time?

If no one yields time, the time will be deducted equally from both sides.

Mr. LUGAR addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. LUGAR. I yield myself as much time as I may require for a concluding statement. I see no other Senators wishing to speak on this subject on our side.

Mr. President, let me just state the case for retaining the welfare bill in front of us, the leadership bill, which permits block granting to States but does not demand it.

First of all, the mandatory block grant would subject poor children, families, and elderly people to serious risks during economic downturns.

Second, the formula for distributing funds would be inequitable and would penalize large numbers of States, especially those with expanding population.

Third, the Agriculture Committee, which I chair, would have to make deeper cuts in farm programs or the school lunch or other child nutrition programs because the amounts in the Ashcroft amendment are not as great a cut as the ones that we have already made. There is a discrepancy of over $3 billion as we calculate it.

Fourth, the amendment would likely lead to sharp reductions in food purchases and nutritional well-being and would injure the food and agricultural sectors of our economy.

Fifth, the bill denies food stamps to indigent, elderly, and disabled people who do not meet the work requirements.

Sixth, the amendment allows States to withdraw all State funds used to administer the Food Stamp Program and substitute Federal funds for them.

Seventh, the amendment would widen disparity among States and intensify a race to the bottom.

Eighth, Mr. President, it would weaken the safety net for children throughout the country.

And, finally, the amendment could increase fraud even though the desire, obviously, of the proponents is to limit fraud. There is no guarantee that States, starting from scratch in a complex program, would enjoy a situation of a greater fight against fraud than we experience in the Federal Government. Really, I think the evidence is to the contrary.

Mr. President, for all of these reasons, plus the obvious one, and that is a safety net of nutrition for Americans is vital and it should not be cast away in this amendment, I call for the defeat of the Ashcroft amendment and the retention of the safety net that we have currently.

I thank the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. ASHCROFT. May I inquire of the Chair the time remaining?

The PRESIDING OFFICER. The Senator from Missouri has 7 minutes remaining. The Senator from Indiana has 1 minute 45 seconds.

Mr. ASHCROFT. I thank the Chair.

Mr. President, I am pleased to ask the Members of this body to vote in favor of endowing the States with the opportunity to substantially reform the welfare system, the single largest component of the welfare system, which touches almost 1 in every 10 Americans, and to do so by providing the resources to the States so that their legislatures and their Governors can make the resources available to truly needy individuals in a way that is far more efficient, is far less likely to consume additional resources. This is an idea which is welcomed by the States. Let me read from Governor Thompson's letter sent to my office.

Senator Ashcroft's amendment allows the maximum level of state flexibility while preserving the anticipated level of federal financial support envisioned in the leadership bill. In addition, the transferability of funds from the food stamp block grant to the AFDC block grant, which is common, is of critical importance to States like Wisconsin.

Wisconsin, as you know, has been a leading State in welfare reform. One of the reasons it is important that we have the kind of transferability and that we put AFDC and food stamps both into block grants is that, if you leave one Federal program as an entitlement without any limit as to the spending involved and you put another Federal program into a block grant, States can shift people from one area to another, pushing people into one area and elevating the Federal responsibility in order to curtail the responsibility of the State.

This would distort the allocation of resources. It simply would not be appropriate. We need to have the discipline and the management tools necessary for these programs to be administered appropriately and honestly. You could understand that if the AFDC Program, which is a shared program between the State and the Federal Government were to be block granted, and you maintained an entitlement in food stamps, that it would lead States to shift people from the limited area of State assistance to the unlimited area of the entitlement.

The distinguished Senator from Indiana has indicated that they hope to have savings of a substantial amount as a result of reforms that have been added to the program. Of course, we have seen these reforms year after year and time after time. We had major food stamp legislation in 1981 and then in 1988 and several times it has been adjusted in this decade. We have also seen what the chart shows: That food stamp consumption goes up and up.

It is anticipated that food stamps will rise. Under the Dole bill, food stamp consumption is supposed to go up. SSI is supposed to go up. It is anticipated that AFDC will remain low.

Surprise, surprise. The Dole bill, the leadership bill, provides that AFDC would be a block grant where the incentives would exist to keep the program down. And the anticipated rises here, frankly, by CBO are not rises that project any cost shifting, sending people from this category into these categories. That is not the reason for the rise, that is just another projection.

But if we make this a block grant program and it is limited and we say that these continue to be unlimited in entitlement programs, the natural tendency will be for States to start shifting clients from this client base over into these categories. As I suggested, these categories are likely to be increasing even further.

I believe that the people of this country have called upon us to reform welfare. To ignore the largest single welfare program in terms of people that it touches in this country and to say that it is off the table, and to call it some kind of a safety net, and to say we cannot trust local officials or State officials to be compassionate in the administration of these funds, and to say that we prefer the Federal bureaucracy, and that somehow there is greater compassion in this body and the Congress than there would be at State capitals, I think is to miss the point. The point should be that we should be focused on reforming the welfare system. We will not get great reform if we say to States, "Well, you can opt into a block grant but, on the other hand, if you do not opt into a block grant, we will let you continue in an entitlement program." "In an entitlement program" means you can continue to get money for all the people you can possibly find to qualify.

The incentives for cost reduction in that environment, the incentives for caseload are substantially lower than they would be in the setting of a block grant.

Not only would the incentives be substantially lower, but compliance costs, for complying with these 900 pages of regulations, still exist. You still find yourself in a system with about 24 percent friction in the system—the fraud, the abuse, the high administrative costs. It has been estimated that perhaps the leadership bill would take 90 pages out of the 900 pages of regulations. Some suggestion has been made, well, the States would not know how to come up to speed on this. After all, they could not do this in a couple weeks, they could not make this transition.

The truth of the matter is that States have had to administer this program covered over with the redtape of the Federal bureaucracy for years for the last quarter century. They know this program better than the Federal officials do. There are not that many food stamp employees in the country that are not State and local governmental employees, but they know what they are working under and they know how it is burdening the system and they know the additional costs. It is that additional cost that has caused them to say, if we could have this program as a block grant, we could serve people far more carefully and far better.

So I believe that our responsibility is a responsibility to really reform welfare. Our responsibility is a responsibility to avoid cost shifting. Our responsibility is a responsibility to recognize that we have been working with a failed system.

The PRESIDING OFFICER. The Chair advises the Senator his time has expired.

Mr. ASHCROFT. I urge the Members of this body to include, in real reform for welfare, reform of the biggest of the welfare programs, the Food Stamp Program.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. LUGAR. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Does the Senator yield back all time?

Mr. LUGAR. Yes.

The PRESIDING OFFICER. All time is yielded back.

Mr. ASHCROFT. I ask unanimous consent that Senator GRAMM of Texas be added as a cosponsor of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Indiana.

Mr. LUGAR. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

The PRESIDING OFFICER (Mr. ASHCROFT). ARE THERE ANY OTHER SENATORS IN THE CHAMBER DESIRING TO VOTE?

The result was announced—yeas 36, nays 64, as follows:

[Rollcall Vote No. 412 Leg.]

YEAS—36

Abraham	Grams	Murkowski
Ashcroft	Grassley	Nickles
Bennett	Gregg	Packwood
Brown	Hatch	Roth
Coats	Helms	Santorum
Coverdell	Inhofe	Shelby
Craig	Kempthorne	Simpson
DeWine	Kyl	Smith
Dole	Lott	Stevens
Faircloth	Mack	Thomas
Frist	McCain	Thompson
Gramm	McConnell	Thurmond

NAYS—64

Akaka	Bumpers	Daschle
Baucus	Burns	Dodd
Biden	Byrd	Domenici
Bingaman	Campbell	Dorgan
Bond	Chafee	Exon
Boxer	Cochran	Feingold
Bradley	Cohen	Feinstein
Breaux	Conrad	Ford
Bryan	D'Amato	Glenn
Gorton	Kerry	Pressler
Graham	Kohl	Pryor
Harkin	Lautenberg	Reid
Hatfield	Leahy	Robb
Heflin	Levin	Rockefeller
Hollings	Lieberman	Sarbanes
Hutchison	Lugar	Simon
Inouye	Mikulski	Snowe
Jeffords	Moseley-Braun	Specter
Johnston	Moynihan	Warner
Kassebaum	Murray	Wellstone
Kennedy	Nunn	
Kerrey	Pell	

So the amendment (No. 2562) was rejected.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote.

Mr. FORD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2527

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of the Shelby amendment, No. 2527.

Who yields time on the amendment?

If neither side yields time, time will be subtracted equally from both sides.

Mr. MOYNIHAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, we must have order. This is a matter of consequence.

The PRESIDING OFFICER. The Senate will be in order.

Who yields time? The Senator from Alabama.

Mr. SHELBY. Mr. President, under a unanimous-consent agreement, I was slated to offer an amendment dealing with food stamps. I will not offer that amendment at this time. I ask unanimous consent I be allowed to withdraw the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment is withdrawn.

The amendment (No. 2527) was withdrawn.

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of three Moseley-Braun amendments, Nos. 2471, 2472, and 2473, on which there shall be a total of 2 hours of debate.

Who yields time?

Mr. MOYNIHAN. Mr. President, may I inquire of my friend from Illinois, has one of the amendments been accepted?

Ms. MOSELEY-BRAUN. No. There are three amendments. I would like a moment to consult with the Senator from New York. Therefore, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Ms. MOSELEY-BRAUN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2471

Ms. MOSELEY-BRAUN. Mr. President, I send an amendment to the desk which I now would like to have a vote on and discussion.

Essentially, this is the bottom-line child-protection amendment. It establishes a requirement that there be a voucher program for children, minor children, whose families would otherwise be eligible for assistance except for the time limit or other penalties, and where the parent has not complied with whatever the State rules are, the payment for that child's assistance could be made if necessary to a third party.

Mr. President, I ask my colleagues to take a good look at this amendment and to support it because, quite frankly, this amendment is one that can be supported by those who favor block grants and by those who oppose block grants. It also warrants support by those who favor State flexibility and by those who oppose State flexibility. This amendment speaks to maintaining a safety net for poor children.

This amendment essentially provides a floor below which no child in this United States will fall. Essentially, what it says is that children will not be penalized for the behavior of their parents. We have already had a lot of discussion in this forum about welfare reform, and the extent to which it affects the children. Quite frankly, the numbers make it very clear that out of the 14 million people in the United States who are currently receiving AFDC, 9 million of those people are children.

So essentially, if we penalize the majority, the children, for the behavior of their parents, I think we will have committed a great harm. It seems to me that our efforts to reform the welfare system should at a minimum do no harm to the children.

Mr. President, the United States, our country, has a child poverty rate of some 22 percent. That is one in five children who is poor. Our child poverty rate exceeds those of all the other industrialized nations. As we address the whole issue of poverty in the United States, and particularly child poverty, it seems to me that we ought to provide a minimum below which no child will fall, a minimum safety net that still allows the States to construct their own rules and requirements. A State can set up whatever kind of plan it wants to, at least within the parameters of the underlying legislation. A State will have the flexibility through the block grants to do as they will in terms of time limits, in terms of other requirements. But at a minimum, I think we should have consensus in this body that children caught in that situation will not be penalized for the failure of their parent to comply with the rule, whatever that State rule is, pertaining to welfare.

Mr. President, this amendment would ensure at a very minimum that every State will provide essential support through a voucher for poor children whose parents and families no longer qualify for assistance. The amendment would allow the use of block grant funds for this purpose. So in that regard, it will allow for the maintenance of the flexibility that is in the underlying legislation again for the protection of children.

Mr. President, I ask for my colleagues' support of this legislation. I am prepared of course to entertain any questions regarding this.

Specifically, Mr. President, I would like to point to the notion that, with regard to the underlying legislation, there is a 5-year time limitation in terms of public assistance. It is unlikely, quite frankly, but there is the possibility—hopefully, it will not happen all that often, but there is at least a prospect—that we will have 6-year-old children walking around with no subsistence, with no support, with no help at all.

If, indeed, their parents fail to comply with the time limit in this bill or any other limitation that may be proposed by this legislation or the State in developing their plan, again I think we have to be mindful and cognizant of the fact that as Americans we have an obligation to all the children and that we would want to ensure that, at a minimum, there be an opportunity for those children who are left out to be fed, to be housed, and to receive adequate care.

The child-voucher approach will allow payment to a third party for essential services provided to minor children.

Mr. President, that, in substance, is the child-voucher amendment. I have on previous occasions discussed this issue in depth, regarding the operation of the welfare program with regard to children and the operation of the underlying legislation.

There is little question but that there ought to be some minimal standard. I believe the child-voucher amendment allows that, and so again I would entertain any questions about this legislation and ask for its favorable consideration.

I would also point out, Mr. President, this amendment has been analyzed and the CBO analysis is, "The amendment would not alter block grant levels and therefore would have no direct impact on Federal spending."

The PRESIDING OFFICER. Who yields time?

Mr. LOTT. Mr. President, I observe the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LOTT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. Mr. President, could I inquire about how the time is being divided at this moment?

The PRESIDING OFFICER. The Senator from Illinois has 48 minutes and 10 seconds remaining, and the opposition has 58 minutes and 52 seconds remaining.

Mr. LOTT. Mr. President, for the sake of time being treated fairly, if we do go back into a quorum, I ask unanimous consent that the time be equally divided on both sides.

Ms. MOSELEY-BRAUN. I think I am going to object to that.

I would say to my colleague, I am prepared to talk about this further.

Mr. LOTT. Fine.

Ms. MOSELEY-BRAUN. My own view was that I thought the opposition, if there is opposition—I hope there will not be opposition; it seems to me on this amendment we should reach consensus about it. But in the event there is opposition, I hope that the opposition would express itself in this period and would actually engage in dialogue about the importance of having again this child-voucher approach or some bottom-line protection for children. It seems to me to be an important enough subject to talk about it as opposed to just going into a quorum call.

Mr. LOTT. Mr. President, if the distinguished Senator from Illinois will yield, that would be fine, if the Senator is prepared to speak further. And I am sure we will have some comment in opposition or some further discussion. But I just did not want us to be in quorum call with the time being counted just against this side. If the Senator would like to speak, that will resolve the problem, and then I am sure we will begin to ask questions and have dialogue.

Ms. MOSELEY-BRAUN. All right, I will continue then.

The PRESIDING OFFICER. The Senator from Illinois.

Ms. MOSELEY-BRAUN. I thank the Chair.

Mr. President, a lot of what I have to say about this particular amendment is in reiteration of what I said the other day. And, again, I would call my colleagues' attention to the significance of having a bottom-line protection for children. If anything, this amendment says that we will do no harm by the children; that in order to get the conduct of the 4.6 million adults who are receiving public assistance, we will not hurt the 9 million children who may be caught up and not understand all the rules.

The children are not responsible for their parents not going to work. The children are not responsible for their parents not complying with the family cap. The children are not responsible for their parents not abiding by the rules. The children have no way of fighting back or even challenging a State's decision to construct a program in one way or the other.

In light of the fact that what we are doing with this reform effort is setting up 50 different assistance systems—that is essentially what is going on—by devolving from the national program

under the Social Security Act for public assistance, we are allowing the States to craft their own programs, and so a child living in one State or another may well wind up really the victim, if you will, of an accident of geography.

It seems to me that at a minimum we ought to be able to say, as part of our national commitment as Americans, we are not going to allow a child to go homeless; we are not going to allow a child to go hungry; we are not going to allow a child in any State to be subject to the vicissitudes of misfortune, or, alternatively, to an accident of geography, and that we will provide a minimal safety net under which children can be cared for.

This issue is actually one of the more troubling aspects of this whole debate—the question of what about the children, what do we do about the children in the final analysis.

Earlier in the debate about welfare reform, the question was raised by some: Well, what happens if the parents do not comply with the rules? Then what do you do with the children? The suggestion was even made by some that you put them in orphanages.

We do not yet have the orphanages. We do not yet have any alternatives for these babies who may well be left homeless and hungry, with no subsistence at all if their parents get cut off of welfare.

I raised the issue with my colleagues the other day about the notion that while it is being touted as a new approach to public assistance, really this is an old approach; what we are doing here has happened before in this country.

I put into the RECORD this article from the Chicago History magazine called "Friendless Foundlings and Homeless Half Orphans," and it talked about the situation in our country before we had a national safety net for children, what happened there.

What we found was that, depending on the State of residence, depending on where the child lived, the different States responded to the issue of dependent children in different ways. And, in many instances, the children were left to their own devices—sleeping in the streets, in some instances, a parent—and that is where the term "homeless half orphan," which I never heard before I read this article, came from. The women in some instances could not support them and would take to the doors of a church or orphanage and just leave them there for the winter so as to provide their babies with some way to live when times were really hard.

I do not think we want to go back to that in this country. As a matter of fact, I am certain of it. And I do not sense frankly that even the architects of this bill want to go move this country backward. The architects of this legislation, however, have often said, well, we are just going to take our chances because the States are going to do no harm to the children. States will not leave the children homeless and hungry, and the States will not make decisions, the Governors will not make decisions that will hurt the children any more than we in the Senate would want to hurt the children.

And I am prepared reluctantly to take the gamble that we all will take with the passage of this legislation, that that is the case. But I have to raise the question whether or not, as a national community, we are willing to take that gamble on the backs of the children, whether or not we are willing to take that gamble without regard at all to any protection for them, any bottom line for them.

Would it not be in our own interests as a national community, all of us, because we are all residents of various States, residents of the State that sent us here in the first instance, we are residents of local governments as well, but would not it make sense for us to have some bottom level below which no child—no child—will be jeopardized? That is the only question. Are we prepared to take a loser-risk-all kind of gamble, or are we willing to say with regard to the basics of subsistence issues for children—food, clothing, care, shelter—with regard to health, with regard to those very basic things, we are going to provide some level of support?

That is what this child voucher amendment does. It says to the States, you are free to do what you want to do in terms of constructing the parameters and the operation and the system for your program. You are absolutely free to do that. But at a minimum, you have got to provide that if a child winds up with nothing because that child's parent does not comply with the rules or does not fit into the program, that that child in the final analysis will be entitled to a voucher, the voucher is not for any adults, it is for that child, that 6-year-old, that 7-year-old, that 4-year-old even, that that child will be entitled to a voucher. Vouchers would go to a third party and it might well be an orphanage or might be somebody in the community or it might be some other system that the State establishes. We are not telling the States how to do this.

We are just telling them that there has to be this bottom-line protection and that they have an obligation to try to work out some system so that children will not fall below the level of care and subsistence that as a national community we believe is appropriate. We do not want to get to the point—and I do have the picture; I do not know if it is still here—that was demonstrated graphically in the article that talked about what we had in this country before we had a national safety net, a national commitment to safety for the children. We do not want to wind up with children sleeping in the streets and fending for themselves. This is actually a picture. This picture is not made up. And this is in the United States of America, let me point out. This is not some foreign country, although we do, frankly, have pictures of foreign countries that do not have a child safety net and the situation of their children is dire in 1995. But this particular picture here which I would call the Chair's attention to, this is a fascinating article.

And if the Chair gets an opportunity, because I know, Mr. President, that you have a great interest in this subject, this article was written regarding turn-of-the-century America and the situation regarding child welfare in this country. This picture here was taken in Illinois, I say, in my own State, circa 1889. This is 1889.

Until the reform efforts of the late 19th century, the public largely ignored the plight of destitute children. Barefoot children wandering about the streets, boys selling newspapers, and "street arabs" sleeping on top of each other for warmth, were among the realities that forced charities to undertake measures to protect orphaned and abandoned children.

Again, I cannot imagine anybody in this Chamber wanting to go back to this type of child poverty. I do not think anybody wants to get to this again. But the only way we can keep this from happening this happening in this country is to provide for a basic safety net. And that is exactly what the child voucher amendment does.

Mr. President, one of the other issues in terms of the analysis of S. 1120, the underlying legislation, that I thought ought to command and compel our attention are the issues of the number of children that might be kicked off, if you will, because their families did not comply with the rules, either the time limit or the family cap or whatever.

The estimates are that if the bill—I will quote—if the bill were fully implemented, the States would not be able to use Federal funds to support some 3.9 million children because those children are in families that have received AFDC for longer than 5 years. This analysis takes into account that 15 percent of the entire caseload will be exempt from the 5-year limit. If the States were to impose a 24-month time limit instead of a 60-month time limit, 9 million children would be denied assistance.

Now, Mr. President, those are not my numbers. Those are the numbers from HHS. And I think those are numbers that all of the authors of S. 1120, the authors of this plan, recognize to be true. This is not made up. And so the question becomes for all of us—do we really want to take the chance that some 3.9 million children will be left to be street urchins and left to their own devices because of the time limit operation in the bill? Or more to the point, if we change the time limit and impose some other requirements—or worse yet, the States could impose a time after 24 months—if that were to happen, as many as 9 million children would be denied assistance altogether? I, for one, do not believe that is a chance that any of the Members of this body want to take.

Certainly we have some philosophical disagreements about this legislation. There are disagreements about the many constituent parts of it. But on this, Mr. President, I believe there can be no disagreement that the children are deserving of our absolute commitment, and the children are deserving of some protection, and, in passing this legislation, we will provide a minimal level of protection. And I have proposed that the way we do that is to state for the record that the States should be required to establish a child voucher program so that those children would be eligible for assistance such as food, care, and shelter.

Mr. President, I yield the floor.

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I yield myself such time as I may consume. I would like to say that this amendment, which is similar in nature to what Senator DASCHLE had offered in his substitute, really does violate the whole principle of ending welfare as we know it. What this amendment does is continue the entitlement to welfare benefits albeit in a different form. It is not cash, it is vouchers, still an entitlement, Federal dollars to families on welfare in perpetuity. There is no time limit. So this will, in effect, end the time limit.

Now, if we are serious—I would say that the President when he offered his bill a year ago in June, although he had some loopholes, he did have a time limit. And he did, after 5 years, under some circumstances, not many, unfortunately, but some circumstances actually end welfare in the sense that the cash assistance, voucher—no further entitlement under AFDC would be continued. And to suggest that if we provide in an entitlement just for children and not for the mother that somehow the children are going to get this money and the mother or father, whoever the custodial parent, is not going to get this—I do not know many 3-years-olds who fend for themselves. The money is going to go to the parents and it is going to be a support.

Now, I would say, under the Dole modified bill, we do continue to support that family with Medicaid, with food stamps, with housing if the family qualified for housing. About 25 percent of families on AFDC qualify for Federal housing assistance, whether it is section 8 or public housing. So all of those benefits continue. And all we are doing is saying, after 5 years, after we have given you intensive training under this bill—we believe there will be intensive worker training or retraining if necessary, 3 years of work opportunity—at some point the Federal contract with the family who is in need ends. And what we are going to say is we will continue to provide food and medical care and other things if you chose not to go to work.

But at some point we are going to say we are not going to continue to provide assistance in the form of cash, or in the case of the Senator from Illinois's amendment, a voucher, which is the equivalent of cash to provide for other services that cash would be used for.

So to me this is just a backdoor attempt to continue the welfare entitlement in perpetuity. And if you understand the whole motivation, the reason the President in such dramatic fashion in 1992 stood squarely behind the idea of ending welfare as we know it, that whole concept of ending welfare as we know it was based on a time limit, a 5-year time limit on welfare. You cannot end welfare if you continue welfare, and this continues welfare. If we adopt this amendment, anyone who stands here and says, "We are ending welfare as we know it" is not telling the truth, because you continue the entitlement. It is very important that this amendment, although I understand and respect the Senator from Illinois and her desire to protect children, I suggest that you can go to cities across this country and find pictures of children in, unfortunately, the same situation today. Usually, they may not even be out on the street, because in many of these neighborhoods, they certainly would not be safe out on the street because of the violence and the degradation that we have seen in the communities that they live in.

We go back to the whole point that we are here today, and the whole point we are here today is the current system is failing the very children it is attempting to help. To suggest we are going to help children by continuing dependency, by continuing the welfare system, in a sense, with this entitlement stretching on in perpetuity, I think, just belies the fact that the system is failing.

I appreciate her concern for children, and I think everyone here who stands behind the Dole bill has that same concern for children. We honestly believe, and I think rightfully believe, that ending the entitlement to welfare, requiring work, moving people off a system which says, "We are going to maintain you in poverty," to a system that says, "We are going to move you out of poverty," that is a dynamic, time-certain system, is the way to really change the dynamics for the poor in America today and for the children in America today.

It is a philosophical difference. Many times I go back home and I have town meetings. People at my town meetings say, "Why don't you folks just work it out? You are always playing politics down here. Why don't you folks come together?"

I say to the Senator from Illinois, we did come together on one of her amendments. She was to offer three. One of the amendments we accepted. We accepted her amendment on a demonstration project, called JOLI, $25 million. We understand that that system is experiencing some success, so we agreed to accept one of her three amendments.

The other two we have very different policy differences. This is not politics. They are fundamental differences of opinion as to whether welfare is working with a system of endless entitlement, or whether we need, as the President has stated, to put some certainty of time, some commitment to the individual that welfare will be there to help for a discrete period of time to intensively try to turn someone's life around with the expectation and requirement that at some point you will move off and the social contract between the Government, whether it is the State or whether the State, hopefully under the Ashcroft provision of the Dole amendment, moves it to the private sector and has a private entity more involved in provision of welfare, whatever the case may be, we believe that that dynamic process is so possible under this amendment, that is so different than what we have seen in the past, that I am hopeful that we can defeat this amendment, keep that time-limit provision in place and move forward with this bill.

Ms. MOSELEY-BRAUN addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Ms. MOSELEY-BRAUN. Mr. President, first, I want to thank the Senator from Pennsylvania. He is correct, the job training demonstration amendment has been accepted, and I am delighted to have been able to work with him in a bipartisan fashion.

Second, I say to him that this is not a back door around the time limit. If anything—and I want to make this point because I think it is very important to our colleagues' analysis of the child voucher amendment—if anything, this amendment is no more and no less than an insurance policy for the children.

We know there is going to be a time limit. That is written in the legislation. We know there are going to be work requirements. There may well be a family cap. We know all these things are happening, but there are so many uncertainties in this legislation, not the least of which is whether or not the parents will be able to find jobs after 5 years.

The Congressional Budget Office estimated that only 10 to 15 States could potentially meet the fiscal year 2000 work participation requirements in this legislation. They go on to say that because the bill provides States with significant flexibility to set policies that may affect caseloads, the estimate contains a high degree of uncertainty.

To the extent that there is uncertainty here, are we really prepared to say we are going to make 6-, 7-, and 8-year-olds pay for any failure of our analysis? Are we going to make them pay for the sins of their parents? Are we going to make them pay for our failure to adequately put together a system that addresses the issues that go to poverty?

The Senator from Pennsylvania, when he starts talking about this

issue, starts talking about crime and violence in the communities. There are a lot of issues involved in this whole question of welfare. But I say to my colleagues once again, welfare does not stand alone in a vacuum. It is only a response to a larger issue, which is poverty, child poverty.

Our Nation has tried different approaches to the issue of dealing with child poverty and destitute children, and now we are about to try another one. We are about to try the "ending of welfare as we know it." Well, Mr. President, it is just like anything else. We all know, for example, that we are going to die, but most of us have the sense to go ahead and get an insurance policy anyway.

The fact of the matter is that this is going to change. Will we have an insurance policy for children? I submit that we should. I hope that my colleagues will agree with me, and I urge your support for the child voucher amendment.

I ask for the yeas and nays.

Mr. President, before I do, Senator LIEBERMAN has requested to be added as a cosponsor on the child voucher amendment. I ask unanimous consent that he be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

Ms. MOSELEY-BRAUN addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Ms. MOSELEY-BRAUN. Also, Mr. President, I ask unanimous consent that Senators MURRAY and MIKULSKI be added as cosponsors to the child voucher amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Ms. MOSELEY-BRAUN. And I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have been ordered on the child voucher amendment.

Ms. MOSELEY-BRAUN. Mr. President, I understand we will stack the votes on these amendments; therefore, I want to move on to the second amendment in this series and get that resolved as well.

Mr. DOLE. Mr. President, I ask unanimous consent to speak out of order.

The PRESIDING OFFICER. Without objection, it is so ordered.

The majority leader.

THE WAR ON DRUGS

Mr. DOLE. Mr. President, earlier today, the Department of Health and Human Services released the results of its 1994 National Household Survey on Drug Abuse. According to the survey, marijuana use among teenagers has nearly doubled since 1992, after 13 straight years of decline.

This troubling fact confirms what we already know: Today, our children are smoking more dope, smoking and snorting more cocaine, and smoking and shooting up more heroin than at any time in recent memory.

Unfortunately, while drug use has gone up during the past 2½ years, the Clinton administration has sat on the sidelines, transforming the war on drugs into a full-scale retreat.

The President has abandoned the moral bully pulpit, cut the staff at the drug Czar's office by nearly 80 percent, and appointed a surgeon general who believes the best way to fight illegal drugs is to legalize them. He has presided over an administration that has de-emphasized the interdiction effort, allowed the number of Federal drug prosecutions to decline, and overseen a source-country effort that the General Accounting Office describes as badly managed and poorly coordinated.

Mr. President, illegal drug use declined throughout the 1980's and early 1990's, so we know how to turn this dangerous problem around. It means sending a clear and unmistakable cultural message that drug use is wrong, stupid, and life-threatening. It means beefing up our interdiction and drug enforcement efforts. It means strengthening our work in the source countries by making clear that good relations with the United States require serious efforts to stop drug exports.

And, yes, it means leadership at the top, starting with the President of the United States.

Today's survey is yet another warning for America. We must renew our commitment to the war on drugs, with or without President Clinton as an ally.

I yield the floor.

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

AMENDMENT NO. 2472

The PRESIDING OFFICER. Amendment 2472 is now pending.

Ms. MOSELEY-BRAUN. Mr. President, this is kind of an interesting place to pick up, following the child voucher amendment. This, again, is separate and distinct from that. If anything, the child voucher amendment really is the most important in terms of the children.

This next amendment goes to the adults. What do we do about the parents? In that regard, as we know the underlying legislation calls for States to provide work experience, assistance in finding employment and other work preparation activities, section 402(A)(2) of the bill.

One of the uncertainties in the legislation, uncertainties that CBO spoke to, that many of the speakers on this issue have noted, is that the States have not yet geared up to do this. Only a few will be ready to move forward.

We have the example of Wisconsin. I understand in a couple of counties there they have already moved to a work assistance kind of program, an initiative. Other States have tried it. Under the Family Support Act, those kinds of work-training experiments and initiatives are encouraged.

The point is that a lot of States have not yet moved to that. The question is whether or not the States will actually do so, whether they will actually move to employment training, work preparation, work experience, assistance in finding employment for individuals. Again, the CBO estimates that there is not enough funding in the bill to do that.

This legislation says that the State should not just kick somebody off of assistance—this is as to the adults, not the children, as to the adults—the States should not kick the adults off unless they have provided work assistance.

Now, HHS has estimated that under the leadership plan, some 2.9 million people would be required to participate in a work plan under the plan. That is fine. The point is that in terms of the number of dollars to meet that participation rate there is not enough, it is also estimated we need 161 percent more dollars than presently provided in the legislation.

Clearly, there is a dissonance, a gap in the interesting goal and our intent to provide work and job training assistance and our dollars that will flow to do so. We do not know how that will come out. It creates a great uncertainty.

It seems to me that, again, as a bottom line—as to the adults—we ought to make it clear that States should not just kick people off without providing them with some assistance.

I encourage my colleagues to take a good look at this. Again, we have the numbers from CBO regarding whether or not their respective States will be able to meet the work requirements and not have a penalty. Most of the States will not. It is estimated only 10 to 15 States already are geared up sufficiently to provide the kind of work assistance that the bill, the underlying legislation, calls for.

All this amendment says is that States must provide those services in terms of job assistance and the like if they are going to cut people off at a time certain, whether it is 5 years, 2 years, 1 year, 6 months, or whatever the time limit is.

Again, this State responsibility amendment, if anything, goes to providing the parents with some comfort level that in the event there are no jobs in their area, in the event the State has not been able to get them into some kind of gainful employment, that they will not thereby lose their ability to feed themselves and to provide for their children.

I point out, Mr. President, also that this amendment only requires that the States deliver the services to those recipients that the State decides need to have those services. That is not to say they have to provide everybody with

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job training. The State can make decisions as to who has to go into job training or receive education.

We are not fooling with States' flexibility with this amendment. What we are saying in those instances, and there are instances where either there are no jobs or the State has not been able to figure out a way to get people transported to where the jobs are located, or, alternatively, the individual has been trained for a job but the job does not exist any longer, in the event that happens, they will not be denied assistance.

I think Mr. President, given the fact we have huge dissonances in our economy, again, this is a response to poverty this amendment is needed. It is not the answer to it but it is a start.

The answer to poverty, which is where the Senator from Pennsylvania and I are most in agreement, the answer to resolving poverty is to look at the underlying economic issues and to create an environment in which jobs get created, that people can go to and earn a sufficient living to support their families. That ought to be our objective, and I think that will be our objective as we take up these issues.

As we talk about what is our interim response to poverty, if welfare is that response, we ought to make certain that we do not wind up just throwing people over the edge of the Earth because we have failed to actually address the fundamental issue of economic dislocations.

Mr. President, I do not know if you were in committee—I know the Senator from Pennsylvania was there—the other day when we were talking about this. In my own State, there are areas of my State where there is 1 percent private employment. One percent private employment.

Mr. President, that is not a recession or depression. That is economic meltdown. If an individual lives in an area where there is 1 percent private employment, then the question becomes where, pray tell, are they going to work?

This chart shows areas of high unemployment in the city of Chicago specifically, but I was in southern Illinois just this weekend and the single biggest complaint and cry I heard there was about the huge unemployment and dislocations caused by closing of the coal mines. We had not gotten to the point of economic development there, to provide people with alternatives to working in the mines. In areas of the city of Chicago, there is a community with 72.3 percent poverty rate. Unemployment is 43.4 percent. Given the way we count unemployment numbers, that is only counting the people that have been in the job search for the last 6 months, so a lot of the people in this category have given up looking, so the numbers are even higher.

These numbers, Mr. President, again, these numbers in certain segments are even higher. Again, I point to what I thought was the most stunning, stunning example, and that was the area that had 1 percent private employment.

Until we figure out how to get capital into those communities, until we figure out how to get jobs created in those communities, we will have to do something. I dare say the States will have to come up with transportation initiatives to move people out of their neighborhoods to neighborhoods where the jobs are or figure out some public service; they will have to work through these plans.

That is the whole import of this devolution of welfare, sending it to the States, is tell them, "You go figure this out."

As we do that, the question becomes, what about these individuals that get caught up and for whom there are no options? I dare say, Mr. President, we have an obligation to see to it that these individuals—and, again, every State has them, I have numbers even for the Presiding Officer's State—but as we go through this experiment, I do not think we have the luxury of being generous with the suffering of others, and that we want to really, really put ourselves in a position where people who want to work but cannot find work wind up with absolutely nothing and with no help from their State in helping them to do better and to do for themselves and to provide for themselves and their families.

With that, Mr. President, I ask for the yeas and nays on the second State responsibility amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. HATCH. Mr. President, the Senator from Illinois knows how much I appreciate her efforts and how much she tries to do good here on the floor. Certainly, what she is talking about here is something that is very alluring and very tempting, if you do not care where the moneys are coming from, if you do not really care about trying to reach a position whereby we live within our means.

Under the Moseley-Braun amendment that is currently being debated, it prohibits the States from imposing a time limit if the States fail to provide job-related services, that is work experience, work preparation activities. So, if the State fails to do that, then the State cannot impose a time limit on how long a person has to get to work.

The things that can be said for this amendment, it seems to me, are that a State should not be able to cut recipients off without providing them training to become self-sufficient. And the second point would be the States will not be willing to spend money on recipients that need extensive services. At least that is the argument.

But when you look at the other side of the argument, that is, when you have to stop and think is this the right thing to do if we want to get spending under control, if we want to have a true welfare reform, if we want everybody on a equal level, if we want a level playing field and everybody understands the rules and lives within them, then you have to look at the fact that this, some believe, and I am one of them, is a back-door attempt at continuing the entitlement.

Let us be honest about it. Entitlement programs have been eating the budget alive. They go on and on, up and up, without any controls, no ceilings, no lids, no nothing. Gradually, demand always outstrips supply when you make something free. That is just the way it is. It is human nature. People take advantage. And this would really allow an entitlement program to continue.

Second, it would create a new entitlement which requires States to provide services. One of the reasons we are doing this welfare reform bill is to try to end these escalating entitlement programs, to get spending under control, face our problems, but face them within an authorization process that says this is the limit to where we are going, we are not going to go beyond that. We are going to be fair, we are going to try to take care of people—we do not want anybody to be without a work life experience, we do not want to have people without appropriate training—but this is what we are going to spend this year. If we find that does not cut it, does not make it, we can always increase the authorization and appropriation to take care of it. But we do not need to create new entitlement programs which are programs that go on regardless of what Congress says. They keep going up and up and up as people take advantage of them.

The third point is this opens the States up to lawsuits from recipients who claim they do not get the type of training they want, rather than the type of training the State thinks they need. So any time a recipient or potential recipient feels he or she is not getting what they want, even though the State is providing job training and other forms of training and education, they can turn around and sue the State and say, "I am not getting what I want," and the State finds itself embroiled in litigation.

Ms. MOSELEY-BRAUN. Will the Senator yield?

Mr. HATCH. That is not the way it should work.

Ms. MOSELEY-BRAUN. Will the Senator from Utah yield?

Mr. HATCH. I will be happy to yield.

Ms. MOSELEY-BRAUN. This section of the bill, 402 of the legislation, refers to the State and the definition of the eligible State. It would be my understanding of the operation of law that here, this would not confer standing upon an individual to sue. This section of the bill relates to the State's obligations vis-a-vis its development of its plan. So this is not calling on the States to do anything but abide by its own plan. It would not, however, confer standing on an individual to sue with regard to enforcement of that plan.

Mr. HATCH. As I read it, it does; it is the failure of the State to provide work-related activity. The amendment reads:

> The limitation described in paragraph (1) shall not apply to a family receiving assistance under this part if the State fails to provide the work experience, assistance in finding employment, and other work preparation activities and support services described in [this] section.

I contend that does give a right to sue to recipients.

Ms. MOSELEY-BRAUN. Again, this section amends lines 13 through 18 on page 25 of the bill which relates to State planning. Again, without debating——

Mr. HATCH. No, according to this amendment, it amends page 40 between lines 16 and 17.

Ms. MOSELEY-BRAUN. I am sorry, that is correct.

Mr. HATCH. If I go to page 40, amending section requirements and limitations and put this in between lines 16 and 17, the Senator provides for an entitlement. It seems to me the Senator provides for a means whereby people can bring litigation if they do not get their way. That just is not the way we can run the business here.

We have to presume that when we provide these funds, the States are going to utilize them properly and they are going to provide job training or work-related programs that work. What you do is make it another entitlement, which is what is eating our country alive.

Ms. MOSELEY-BRAUN. No, sir—will the Senator yield?

Mr. HATCH. Sure.

Ms. MOSELEY-BRAUN. Again, on page 43, lines 16 to 17, those sections refer to the development of the State plan, and the amendment says the limitation described in paragraph (1) shall not apply to a family if the State fails to provide work experience, assistance in finding employment, and other work preparation activities, support services described in section 402(a)(1)(A)(ii).

Again, the issue of standing is a different one. Whether we argue—we can debate the issue on the entitlement, whether or not this creates an entitlement. But on the issue of standing, I think for the record it is really important to make clear this is not allowing and it is not the intent of this sponsor to allow an individual cause of action, right of action under this section. It only goes to the development of the State's plan and administration of the plan.

Mr. HATCH. If you look at the way it is written, it certainly does. Frankly, that is one of the reasons—only one of the reasons—I think the amendment is inadvisable, even though I have to acknowledge I appreciate what the distinguished Senator is trying to do. But we just plain—I think the big argument is, this is another entitlement that continues to go on and on and escalate on and on, and to which there is no lid, there is no cap. It is a never-ending type thing that just puts us into even more of a budgetary difficulty than we have been in before.

All of us want to help people who do not have the training. We know the way to get people off welfare is to get them trained; give them job training, give them the education, the vocational education and other things that will help them to become self-supporting, self-sufficient citizens.

But we want to get away from the entitlement approach, which just allows people to make ingenious arguments that they should have something that really the State has not provided or does not think it is advisable to provide. I do believe, if you read this carefully, it is subject to litigation.

But be that as it may, the fourth reason I would give as to why we really should not support this amendment is that this is similar to the Daschle bill, in that it says there is a time limit, but there are so many exemptions that there is not really a time limit.

The major exemption is this. It creates a loophole. Those who are deemed by the State as work ready can insist on going through job training and other services in order to avoid work in the private sector. That is one of the things that this amendment will do. And there are people who take advantage after advantage after advantage of the job training and other services, rather than having to go get a job in the private sector and work every day and do what they should do, support themselves and/or their families if they have a family.

Again, I have to say that I know what the distinguished Senator is doing. I know her heart is right. I know she is trying to do what is right. But it is a difference in philosophy.

We have had 60 years now of entitlement programs that have been eating the American public, the taxpayers, alive and not doing the job. They are not doing the job. In fact, they are doing a lousy job, and they are eating us alive, they are ruining the country. And now we are going to add another entitlement to this when we write a bill that literally will get job training and other related services to the people as they need it. And we have the States develop and administer these programs. The States are in a better position to do it than the Federal Government.

Just look at what entitlements have meant. We are talking about just AFDC spending. They are not all entitlements. From 1947 to 1995, in current dollars, we have gone since 1947 in AFDC spending from $106 million—that is current dollars—to $18 billion. And we are worse off today than we were then. That is a 17,000-percent increase, a lot of which is driven by the entitlement nature of a number of these programs.

If you use constant dollars, constant 1995 dollars, it would go from $697 million in 1947 to $18 billion. That is a 2,500-percent increase.

So, if you take current dollars, it is a 17,000-percent increase; constant dollars, based on 1995, would be a 2,500-percent increase.

Of course, the source of this is the Congressional Research Service of June 1995. It shows how these programs tend to run away if we do not write language in that requires the States to live within their means. In this particular case, this language would not require the States to live within their means. As a matter of fact, it allows the States and it allows the individuals to continue to run wild as we have in the past without any sense or protection to the taxpayers.

Everybody knows that in my whole career, 19 years here, I have worked hard for on-the-job training, the Job Corps, the whole bit. We now have over 150 job training programs in this country. Every time we turn around, we create another one. A lot of them are entitlements.

This welfare bill should try to consolidate some of these to reduce the entitlement nature of our legislative process and reduce the burden on the taxpayers. Frankly, we are a lot better off facing the music every year and having the States have to face the music within certain caps, albeit sometimes entitlement caps but nevertheless caps, and go on from there.

I encourage our fellow Senators to not vote for this amendment because I think it just continues business as usual. I have to admit it is well-intentioned but naturally it is bad. I commend my friend for her good intentions. But it still undermines the basic thrust of what we are trying to do here, getting spending under control while being compassionate, reasonable, and decent for people who need to get off welfare rolls and get on to the work rolls.

We think the exemption and the back-door loophole here really undermines what we are trying to do.

So I encourage folks to vote against this amendment as much as I appreciate and respect my friend from Illinois.

Can I just say one other thing about it? This amendment does not amend the State plan provisions. The State plan provisions are found in section 402. This amends section 405 following the minor child exemption and the hardship exemption.

So, as such, it is an entitlement, and, as such, it gives the right of litigation that would not otherwise be, that I talked about that lets the individuals second-guess the State. I know in some of the States there are lawsuits by recipients that do not get the type of training that they want rather than what the State thinks they should have. I think those are important points.

It is for the totality of those reasons why we should vote this amendment down.

I yield the floor.

The PRESIDING OFFICER (Mr. ABRAHAM). Who yields time?

Ms. MOSELEY-BRAUN. Mr. President, it is pretty clear certainly that it is a very difficult thing to argue with the chairman of the Judiciary Committee, a man for whom I have the highest regard and affection. And, quite frankly, I do not know if I would want to, but at this point I am going to have to respectfully disagree with my senior colleague, the chairman of the Judiciary Committee. As a lawyer I am reading the same language also.

Again, to the Senator from Utah, just on this point, I will make it and move on because there are other larger points to be made about this amendment.

Section 405 of the legislation referred to the State requirement, the State plan, and the time limitation. All that this amendment does is to call on the States to do what it says it is going to do in the plans. It does not create a private right of action. We could argue that until the cows come home and probably put everybody else to sleep who may be listening to this debate. But rather than do that, I would like to go on. But I did want to make the point that it is this Senator's intention and this Senator's reading of the law that it does not create a private right of action.

To move on, I think it is interesting to note that a lot of the debate and a lot of the argument against this amendment that I am hearing has to do with the word "entitlement" and what is an entitlement and what is not. I find a very curious kind of logic underlying the opposition which says we have failed to address and resolve the issue of poverty and employability of people. Therefore, we are going to give up. We are going to say we are out of the business. We are going to give it to the States, cap the amount of money they can spend on this stuff, and it is their problem. That, it seems to me, really kind of begs the question in terms of what are we going to do.

Assuming for a moment that the State plan has a job and work requirement, I do not think anybody here would argue that people who can work should work, that people who have the ability to go to work ought to do that, and that States ought to require them to do that. I do not think there is much argument there.

But assuming for a moment the State plan calls for work assistance and the State does not give that work assistance and then after whatever the time limit is—right now it is 5 years in the bill, and it may, not too long before this legislative process is over, change—but assuming for a moment that the time limit is met and the individual has gotten nothing, the State has not done what it is supposed to do under its own plan, that person then is not only denied subsistence but, more to the point, that individual's children are denied subsistence.

I mean let us talk about who the object is here. We have 5 million adults. Paint a picture of the people on welfare in poverty in this country. Again, we have the numbers here regarding poverty in the United States. It is a number about which none of us should be proud. But in any event, we have some 14 million recipients, people on the welfare program, and 14.2 million give or take. Of that 14.2 million people, 9.6 million are children.

So we are going to construct all of this stuff to get to the parents, that the parents have to go to work, which, again, we are not arguing about that. But we are not going to give them any help.

The State plan says they should go to work and the States are going to help them. We just might not do that, and it would risk these 9 million children. You talk about putting the cart before the horse. You are hurting potentially—we do not know this to be the case. I hope, frankly, the most optimistic projection turns out to be true. I hope that every State plan works, and I hope that every State is able to find people jobs, and I hope that parents who are right now drug addicted, irresponsible, and ripping off the taxpayers turn around, straighten up, and fly right, do the right thing, and take care of their own children. That is what we all hope for.

But the question is, are we really going to allow for all those 10 million babies to be jeopardized, to be left with the potential of no subsistence at all because of the sense of the parents, or, worse yet, for the sense of the State in not helping the States, which the State says it wants to do?

That is what these two amendments are about. I mean, these are different amendments. That is kind of where it is.

Are we going to jeopardize the children? I think the bottom line is that we could have a consensus that children will not be hurt.

I point out that in fiscal year 1992—I think this is an important point—42 percent of the youngest children in these welfare families were under the age of 3.

So I would say to my colleague, if you are not going to support enforcing work training for their parents, at a minimum support an insurance policy for the kids; an insurance policy for children so that, worse come to worse, if all else fails, the State does not provide assistance for the work training or the family cap gets violated, the mother keeps having babies, whatever situation happens, at a minimum we have a safety net for children.

Now, is that an entitlement? Well, you may want to call it that, but it seems to me that one of the issues for our time is whether or not as a national community we have an obligation to provide for destitute children. We do not have the orphanages for them. We do not have the private sector options for them. We really do not have any mechanisms in place. It seems to me that we have an obligation at a very minimum to provide those children with some options and, on the other hand, with regard to their parents, to provide the parents with some job training.

I submit to my colleagues, let us separate out—as we try to get at the 5 million parents, let us not jeopardize the 10 million kids.

And with that, I again yield to the Senator from Utah.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. HATCH. I yield to myself such time as I need.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, again, the major issue here is this is another entitlement program. I do not think the American people realize how many entitlement programs we have in the Federal Government as we exist right now. I am going to talk generally, and I think these figures are pretty accurate.

Today, in the Federal Government, there are approximately 410 entitlement programs—410. The bottom 400 will total about $50 billion in spending. They are relatively small programs. Most of them are under $10 billion each, although to me that is a fairly substantial program. But the bottom 400 are costing us $50 billion and going up every year.

The top four entitlement programs currently in our country today—these are programs that automatically go up no matter what the Congress does. Year after year after year, this Congress basically has not been able to restrain the growth of spending. The top four entitlement programs are as of fiscal year 1994, to make that clear, No. 1, Social Security. Social Security in 1994 cost us around $333 billion, and it is going up and everybody knows it. It is going up dramatically, and everybody knows it.

No. 2 is Medicare. When we first enacted it, those who argued for Medicare said it would be a relatively small cost. If I recall correctly, it was somewhere between $10 and $20 billion a year. It is now up to $177 billion a year as of 1994. Of course, it is more this year, in fiscal year 1995.

So Social Security is $333 billion. Medicare in 1994 was $177 billion. Medicaid, which also was supposed to be a relatively low figure, to take care of people who really need help, who were low-income people, low-income seniors as well, and some who are persons with disabilities, now costs us, in 1994, $96 billion.

Other retirement programs are entitlement programs costing us $65 billion as of 1994. These big four, plus interest, will be about $900 billion in 1995.

The point I am making is that about 400 programs cost us about $50 billion. These four will cost us $900 billion. And as you all know, they are going up.

Take Medicare. Medicare, at $177 billion last year, if we keep going the way we are going, will be off the charts by

the year 2002. We are trying to restrain the growth, not cut Medicare, but restrain the growth from its current 10.4 percent approximately a year down to about 6.4 percent—above the rate of inflation, by the way. And already, because we have announced we are trying to restrain the growth of that entitlement program, some of the hospitals and others are trying to find ways of restraining the growth, just because we are saying it has to be done. Can you imagine if we pass legislation that says it has to be done? They are going to have to live within the 6.4, which is about 2½ percent above the inflation rate.

Some of our colleagues on the other side want the 10.4 to keep going on, which will eat this country alive. And I am going to make that point. And it is true of all of these big four entitlement programs. Let me just make the point. The big four entitlements, plus interest, were——

Ms. MOSELEY-BRAUN. Will the Senator yield?

Mr. HATCH. They were and they will be if we do not pass the balanced budget——

Ms. MOSELEY-BRAUN. Will the Senator yield just for 1 second?

Mr. HATCH. Sure.

Ms. MOSELEY-BRAUN. Is it not the case AFDC is not one of the top, one of big four entitlements?

Mr. HATCH. It is not. Neither will the Senator's amendment be, but it still is an entitlement program, and we need to stop doing entitlements. Let me make my point.

Ms. MOSELEY-BRAUN. Will the Senator yield? The Senator is including Social Security and Medicare and Medicaid.

Mr. HATCH. Including all entitlement programs to make this point, because it makes the point that we have to face the music someday. We cannot just keep entitling our runaway budget.

Now, we are going to continue Social Security the way it is. I do not think anybody here is going to change it. We are trying to make some changes in Medicare, maybe Medicaid. And I do not know of any changes in the retirement programs. But there is an effort to try to restrain the growth of runaway spending.

One of the reasons it has run away is an entitlement program—now, true, this would be one of the less than $10 billion programs, although it would rapidly escalate as an entitlement program. I just make this one point. I am just trying to make this point on how entitlements are eating us alive and why as a principle we want to stop making things legislative entitlements.

The big four entitlement programs, plus interest, were 25 percent of total spending back in 1965—25 percent of total Federal spending. By 1975, they were 36 percent of total Federal spending. By fiscal year 1985, they were 47 percent of total Federal spending, going up every year. By fiscal year 1995—this is just the big four, just the big four—Social Security, Medicaid, Medicare, and retirement—they will be almost 60 percent of the total Federal budget. And by fiscal year 2005, these entitlement programs will be almost 70 percent, not counting the 400 smaller entitlement programs that automatically will be going up themselves unless we put a lid on it and say we are not going to go the entitlement route anymore.

We know that Social Security is going to keep going up the way it is. We know that Medicare is going to go up dramatically even if we are successful in restraining the growth from 10.4 percent down to about 6.2, 6.4 percent—above inflation, by the way, is that figure. We know Medicaid is going to keep going up, and we know other retirement programs are going to keep going up. In fact, the 400 programs will keep going up unless we put some restraint of growth and unless we stop the entitlement nature of these programs and face the authorization and appropriations process every year as good legislators should.

I wanted to make that point because as sincere as the distinguished Senator from Illinois is, and I know she is, and as compassionate as she is—and I feel the same way—I think the bill has better language to take care of these problems with less problems than will arise if we enact her amendment. And the principle of stopping these entitlement programs to the extent we can ought to be observed.

That is why I suggest we have just got to bite the bullet around here and we have to do what is right. I have also made the point that there are other reasons why the amendment is one that should not be supported. The main reason is it is another entitlement program.

I understand we differ on whether it entitles recipients to bring litigation. But be that as it may, there is no time limit, no real time limit in this amendment because those who are deemed by the State as work ready will be able to insist on going to job training rather than taking a job. Then they can avoid working in the private sector, something we want to stop. We want people who are ready and able to work; to work. And that is what this bill is going to try to get done. I think it makes a valiant and very intelligent attempt to do so. And it should not be changed into another entitlement program.

I yield the floor.

Ms. MOSELEY-BRAUN addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Ms. MOSELEY-BRAUN. Thank you, Mr. President.

The Senator from Utah and I find ourselves singing from the same choir book sometimes and other times singing on different pages. But certainly with regard to our need to balance our budget and get our fiscal house in order, he and I could not be more in agreement.

We were on this floor together during the debate on the balanced budget amendment, both of us supporting moving in the direction of a balanced budget. But how one gets to a balanced budget, gets on a glidepath to some fiscal integrity—and fiscal integrity is as important as getting there. So the question becomes, what are our priorities and how will we approach the difficult issues as we are trying to get our fiscal house in order? How are we going to approach that task?

Let me suggest that we not do it on the backs of children and that we not target and single out poor people for our exercise in newfound frugality and our exercise in fiscal right thinking. The fact of the matter is—and let us talk about the numbers for a minute because it is very important. In the first instance, AFDC is not one of the big four entitlements. Those big four entitlements will be the topic of many upcoming floor discussions. I served as a member of the bipartisan commission on taxes and on entitlement and tax reform, and, yes, we have some serious and thorny issues to deal with. But AFDC is not one of those big four entitlements.

Indeed, in 1969, Aid to Families With Dependent Children took up some 3.1 percent of our Federal budget. In 1994 it had declined. I know this is counterintuitive. This does not comport with what the talk shows will tell you. But the reality is that the numbers showed it had declined to 1.1 percent of the budget. The fact of the matter is that over time the amount of AFDC payments have not kept up with inflation and have declined some 47 percent in the last 25 years.

And let me give you another fact that may sound counterintuitive. In 1993, the total cost-benefits, plus administration, Federal and State—Federal and State; this is everybody—the total cost was $25.24 billion, which is an amount equivalent to 1.8 percent of Federal Government outlays. That is total, State and Federal. The Federal Government's share of AFDC costs came to $13.79 billion in 1993, or 0.98 percent of total Federal outlays.

So what we are talking about is less than 1 percent of total Federal outlays that can have a devastating, devastating effect on the almost 10 million children in this country who receive assistance.

Again, my colleagues have argued that our efforts so far have not worked. And indeed, if anything, one of the more distressing and depressing charts—and I do not think I have a large version of this, Mr. President—but this one talks about the percentage of low-income children lifted out of poverty. It has got Sweden, 79.7 percent; Germany, 66.7 percent; the Netherlands, 73 percent; France 78.2 percent;

the United Kingdom 73.5 percent; Australia, 45.1 percent; Canada 40.8 percent; United States, 8.5 percent, under 10 percent.

We have done less with our wealth and the efforts that have been started to try to fix this situation and to address poverty and have barely gotten underway before we got into the debate about "getting rid of welfare as we know it." Here we are in a situation of saying, well, we have not come up with a magic potion or the silver bullet to deal with the issue of poverty, and so we are going to junk our commitment altogether.

All these amendments say—it does not say we are going to spend more money. In fact, the legislation has a ceiling on the amount of money that will be spent in this area. It does not say that anybody is entitled to stay on forever. In fact, if anything—again, the issue here—the legislation is time limited, may well have family caps, and it may have other kinds of limitation that the States will develop. All these amendments say is that when all is said and done, no child in these United States will be allowed to go without food, without shelter, without subsistence.

And it also then says, that is after the 10 million people, almost 10 million children, on assistance, receiving assistance, as to their 5 million parents, it says no parent will be kicked off for failing to meet a work requirement if the State has not lived by its own words in terms of supporting work.

I yield to the distinguished Senator from New York, Senator MOYNIHAN.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. I rise with the most emphatic support of the amendment of the distinguished, learned Senator from Illinois, who brings to us the central subject of this legislation, which is children and what will happen to them under the provisions we are discussing.

I have two charts which I would like to suggest involves the central issue of the number of families that would be affected by a 5-year time limit. This is the work of the Urban Institute, established almost 30 years ago when it was thought we would address these issues at a time when they were—Franklin Roosevelt might have said it—"a cloud no bigger than a man's hand," that would come into the situation we are today of the number of families who would lose their benefits, who would see a 5-year time limit reach them.

In the year 2001, a total of 1.4 million families; make it almost 2 million, 2.5 million children. In 2002, 1.65; make that 3 million children.

This is the Urban Institute, Mr. President. This is not a political document. It is not one that is even touched by the necessary differences and tensions between the executive branch and the legislative branch. This is the Urban Institute, under William Gorham, with whom I worked on the task force that produced the Economic Opportunity Act of 1965. Bill Gorham and I worked together. He never stopped working at this. He has created an institute of impeccable standards. No one will ever say that we have got the most perfect measuring systems, but we have peer review, we have measures of degrees of confidence in data. And the numbers are overwhelming.

In the year 2003, 1.8 million families; 2004, 1.9 million; 2005, 1.96 million—call it 2 million families, and call that 5 million children. The 2 million is an estimate; the 1.96 is exact. I am making a round number. Five million children with no provision for their support, with their support in some sense illegal—certainly not contemplated, certainly not desired by this legislation. Are we to believe that my friend from Utah, who is as compassionate and understanding a man, a member of our congregation 19 years ago on this subject—this is what has happened. And this is why it would happen and where it would happen. The numbers are startling.

The proportion of children receiving AFDC—I would like to bring this around so my friend can see it. My friend from Illinois has seen it in the past. This is what we are dealing with. Thirty years ago when the OEO legislation was adopted, when the Urban Institute was established, we were talking about numbers so small that you could say let them be done by church, let them be done by localities, let them be done by municipalities.

In Baltimore, MD, in the course of a year, 56 percent of all children receive AFDC. At any given moment, 43 percent are receiving it.

In Detroit, MI, in the course of a year, 67 percent, numbers that we have not contemplated. This is a time of continued economic prosperity, in the aftermath of a half-century in which we basically have managed the business cycle. We have had pockets of unemployment, but unemployment ranged at very comfortable levels. The level of employment is high.

In Los Angeles, 38 percent, Los Angeles, the setting of all those grand houses, remarkable neighborhoods, 38 percent.

Philadelphia, I do wish my friend from Pennsylvania were here so I could say to him, in Philadelphia, 57 percent of the children are on AFDC at some point during the course of a year.

In my own city of New York, 39 percent; New Orleans, 47 percent; Milwaukee, 53 percent; Memphis, 45 percent; Cleveland, 66 percent. These numbers overwhelm a social system. It cannot handle it.

Should we have ever gotten to this point? I do not say we should have. Should we have done more? Yes, we should have. Have we done some things? Yes, we have. We have certainly committed the Federal Government to this issue.

I was reading this morning the statement in the Washington Post by Judith Gueron, president of Manpower Development Research Corp., as the Senator from Illinois well knows. She was saying, "Look, we are learning to do these things." She talked about Riverside, talked about Atlanta, talked about Grand Rapids, Family Support Act, jobs programs, working, getting hold, finally getting it.

The Senator will remember the director from Riverside, CA, where President Bush visited 3 years ago. There was a button: "Life works if you work," getting the sense that welfare offices should be employment offices. If only people had been a little more gracious to Frances Perkins, and if only Frances Perkins had been a little less willing to accommodate whatever President Roosevelt seemed to need at the time, the AFDC Program would be in the Department of Labor. The Social Security Act, with its retirement benefits, unemployment insurance, dependent children was to be in the Department of Labor, but there was the suspicion of labor, and such, and the underestimate of Mrs. Perkins' enormous ability. She said, "All right, we will have an independent agency." Had it not been, right now, when you walk into a welfare office, you would be in a U.S. Employment Service office, but it did not happen. But it is happening again.

The Daschle bill contemplated the first thing you do when you arrive at the welfare office is, how are we going to get you a job? But right now, not to see the enormity of this problem, the dimension of this problem, to think we can turn it back, cut it back and turn it back without huge costs to children is baffling to me.

I thank God the Senator from Illinois is here. I hope she will be heard, and if she is not, pray God for the children.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. HATCH. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Ms. MOSELEY-BRAUN. Mr. President, I ask unanimous consent that the order for the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Ms. MOSELEY-BRAUN. Mr. President, since we have additional time left over, I would like to engage the Senator from New York, who is a world renowned expert in this area. He has spoken to the fundamental issues of, again, how we respond to poverty and, how it is necessary to take this conversation away from the hot buttons and the catchwords and talk a little bit about the demographic data that really underlie the reality of what we are doing here.

There is a social issue and an issue of policy and an issue, really, of the kind of country we are going to have.

So I raise with my colleague, who has studied these data, this issue, just this graph. I know he has seen this before.

Mr. MOYNIHAN. Yes.

Ms. MOSELEY-BRAUN. Percentage of low-income children lifted out of poverty. Our country, America, does so much worse, less well than others.

The PRESIDING OFFICER. Time has expired.

Ms. MOSELEY-BRAUN. Mr. President, I ask unanimous consent for 5 minutes and that Senator MOYNIHAN might respond to the question.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Ms. MOSELEY-BRAUN. Mr. President, in the Senator's view, will the pending legislation resolve the disparity between the United States response to poverty vis-a-vis the other industrialized nations in the world?

Mr. MOYNIHAN. Mr. President, to respond to my friend from Illinois, I can only offer a judgment of a better part of a lifetime dealing with these matters, that it would make it hugely worse. We would be off that chart. We would be an anomaly among the developed nations of the world. We would be an object of disdain and disbelief. I can say no more.

I yield the floor.

Ms. MOSELEY-BRAUN. I thank the Senator very much. I will say a little more in response to that. We have an opportunity to provide a bottom line below which no child in America will be allowed to fall. I, therefore, ask my colleagues' support for the pending child voucher amendment, as well as the worker responsibility amendment.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, I have listened to my friend from New York. I do not think there is anybody on this floor who has a greater background and knowledge in this area. So, naturally, I am very concerned about the statistics and facts that he has brought forward.

So I appreciate the efforts made by the distinguished Senator from Illinois. I would never ignore her remarks or those of my friend from New York, who, like I say, has as much knowledge and background in this area. We have to strengthen our budget and move toward a balanced budget, or no amount of money is going to be worth anything, because we will monetize the debt and, in the end, the dollar will go to zero. That is where we are headed if we do not do some intelligent things now.

These are tough choices. I believe that the approach Senator DOLE is taking is about as good a one as we can take at this time. I wish we could do more. The fact is that we have to find the dollars and be able to do more. We cannot lose sight of the fact that we are working toward a balanced budget.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Ms. MOSELEY-BRAUN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Ms. MOSELEY-BRAUN. I ask unanimous consent that the pending amendment be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2473

Ms. MOSELEY-BRAUN. I ask unanimous consent that we proceed to the consideration of amendment No. 2473.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Ms. MOSELEY-BRAUN. Mr. President, I understand that this amendment has been accepted by the other side.

I urge its adoption.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

So the amendment (No. 2473) was agreed to.

Ms. MOSELEY-BRAUN. I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that on the table.

The motion to lay on the table was agreed to.

Ms. MOSELEY-BRAUN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GRAHAM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. GRAMS). Without objection, it is so ordered.

Mr. GRAHAM. Mr. President, what is the current parliamentary status of the Senate?

The PRESIDING OFFICER. Amendments numbered 2471 and 2472 are currently pending, and all time for debate on those amendments has expired.

Mr. GRAHAM. Mr. President, is there unanimous consent for time for disposition of subsequent amendments?

The PRESIDING OFFICER. Under regular order, time has expired on these two amendments. The next amendment is the Graham-Bumpers amendment, and there is no time limit on that amendment.

Mr. GRAHAM. Thank you, Mr. President.

Mr. President, I ask unanimous consent that the two pending amendments be set aside for the purposes of considering amendment No. 2565.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAHAM. Thank you, Mr. President.

AMENDMENT NO. 2565

Mr. GRAHAM. Mr. President, amendment No. 2565 has been sent to the desk pursuant to the filing requirement of last week.

Mr. President, this evening with my colleague Senator BUMPERS, we rise to offer an amendment to the pending amendment of Senator DOLE which would dramatically affect the fairness of the funding allocations to the States under this legislation. We describe our amendment as the children's fair share amendment.

Our approach is simple. We believe that the funding to the individual States, and therefore to their children, should be needs based. As a result of our formula, States would receive funding based on the number of poor children within that State in the particular year in which they received funding.

There are two modifications to that basic principle: that funds should be allocated where poor children are in the year of distribution. Recognizing the fact that this legislation imposes some very serious mandates on States, particularly in areas of preparing persons for work, and to be able to meet specific numerical goals for the percentage of welfare beneficiaries who are employed, we believe that there is a minimum amount of funds required for any State in order to meet those obligations. Therefore, we provide that no State will receive less than either 0.6 percent of the national allocation, or twice the actual amount of that State's 1994 expenditure level, whichever is less. That will assure that all States will have a basic amount of funds in order to discharge their responsibility.

The second principal modification from the pure principle of allocating funds where poor children are located is that all States, except those covered by the small State allocation, will be subject to a transitional period by which their increases in funding in any year would be limited to no more than 50-percent of what they had received in fiscal year 1994 for fiscal year 1996, or no more than a 50-percent increase in fiscal year 1997 over what they received in 1996 and so forth. The purpose of this is to provide for a 4-year transition period in order to get to the goal of parity for all poor children in America.

The savings from this allocation of increased ceiling would exceed that for the small State minimum allocation. The net effect of these adjustments would be reallocated among the States which receive less than their 1994 actual expenditure.

Any formula allocation should be guided by some underlying principles and policy justifications. One fundamental principle of the Federal Government allocating money to its citizens through the States should be fairness—fairness to America's children, fairness to the States, and fairness to the Nation.

There is another principle which should be applicable in this legislation; that is, will the distribution of funds allow the fundamental objective of the legislation to be attained? The objective of this legislation is to facilitate

the movement of welfare beneficiaries from dependency to independence through work. Will the funds as allocated to the 50 States, and available to them in order to meet that objective, be equitable? If we are going to a block grant, welfare we must be very careful that these principles, particularly the principle of fairness, fairness to children, is met.

The General Accounting Office noted in its report of February 1995 entitled "Block Grants: Characteristics, Experience, and Lessons Learned," that "because initial funding allocations used in current block grants were based on prior categorical grants, they were not necessarily equitable."

Senator BUMPERS and I propose a funding formula that would clearly meet the following principles: block grant funding should reflect need or the number of persons in the individual States who require assistance. The principle No. 1 of a block grant program should be to reflect need or the number of persons in the individual States requiring assistance.

A second principle of block grants should be that a State's access to Federal funding should increase if the number of persons in need of assistance increases and decrease if the number of persons requiring assistance declines.

Third, States should not be permanently disadvantaged based upon policy choices and circumstances which were prevalent in years prior to the block grant.

And fourth, if requirements and penalties and public ridicule are to be imposed upon States, as I envisage will be the case with the bill of Senator DOLE, then fairness dictates that all States have an equitable and reasonable chance of reaching those goals.

If I might comment about public ridicule, one of the provisions in the original version of this legislation—and I believe that it is retained in the modified version—is that there will be periodic evaluations of how the 50 States are conducting their business under a reformed welfare.

States will be ranked assumedly from 1 to 50 as to how well they are doing in terms of achieving the objectives of moving people from dependence to independence. Yet, we are going to be saying to some States you start this process, as with Mississippi, with $331 per year per poor child in your State, another State will start this process with $3,248 per poor child per year. And yet we are going to publish a report analogous to an Associated Press rating of football teams how well each State did in meeting the directives, the mandates, the goals of this legislation. It would be as if one State was able to field a fully professional team and another State had to find a group of junior high school beginners to play this game. Yet, they are both going to be subject to the same evaluation. That is the public ridicule I suggest is going to be a consequence of this inequitable funding formula.

The test by which States should be evaluated would seem reasonable. In sharp contrast, the amendment as offered by Senator DOLE fails to meet any and every test of fairness of a block grant. In fact, the formula used in the Dole amendment would perpetuate the inequities of the status quo.

What are some of the problems with the amendment that is before us as offered by Senator DOLE? The authors of the leadership proposal have failed to learn the lessons cited by the General Accounting Office and other experts who have examined block grants. They have chosen to distribute welfare funds to States well into the future based on fiscal year 1994 allocations.

Ironically, in the name of change and in the name of reform, we are locking in past inequities in distribution of Federal funds. We are repackaging them as block grants. We are punting welfare to the States and failing to take into account future population or economic changes among the States and failing to give the States an opportunity within a reasonable period of time to achieve parity and equity in the treatment of the poor children within those States.

By allocating future spending on the basis of 1994 allocation, the Dole bill fails to distribute money based on any measure of current or future need. It fails to account for population growth and economic changes. It would permanently disadvantage States well into the future based on choices and circumstances made in the past. And it would unfairly impose penalties on States. The Dole allocation is essentially based on the status quo.

How was the status quo arrived at? How did we end up with a system in which one State gets $3,248 per year per poor child and another State gets $331?

The answer is that we had a system which had as one of its principal objectives to encourage those States that were able, capable and willing to invest substantial amounts of funds in their cash assistance to welfare beneficiary programs. Since we are in a nation which, unfortunately, has huge disparities in capability as well as in political will from State to State, we have ended up with huge disparities in terms of Federal funds for poor children. The basic formula has been that for every dollar a State would put up, there would be a Federal match.

For the most affluent States, the matching rate is 50-50—a dollar from the State draws down a dollar from the Federal Government. For States that are less affluent, they have a somewhat richer matching rate, going all the way up to the poorest State being able to get 83 Federal dollars for every 17 State dollars. And based on that formula we have ended up with a situation as it was in 1994 and as it is almost proposed to be continued into the indefinite future.

One other modification has been made to that, however, Mr. President, and that is that a group of some 19 States which had the characteristics of either growing at a rate faster than the Nation as a whole—and there are some 17 States that met that standard—or States which were more than 35 percent below the average of the Nation in terms of funds per poor individual received a bonus and that bonus is 2.5 percent growth beginning in the third year of this 5-year plan.

So beginning in the third year, if you have been receiving $100 million, you got $102.5 million, and a similar 2.5-percent adjustment in the fourth and the fifth year. That adjustment distributes approximately $800 to $900 million over the 5-year period, concentrated in the third, fourth and fifth year of the 5-year period.

The status quo plan, the plan that is based on funds as they were distributed in 1994, will distribute approximately $85 billion over that same 5-year period. So the amount of funds that are intended to represent poverty and growth are a pittance compared to the enormous amount of money that is going to be invested in continuing the status quo as it was in 1994.

The consequence of this allocation is this map that is called "Children's Fair Share Allocations." The States in red on this map benefit by using a formula based on status quo and the modest adjustment which I have indicated. The States in yellow are the loser States in that allocation and, conversely, would benefit if the funds were distributed on the basis of where poor children in America live.

Mr. President, the current proposal before us, the formula of Senator DOLE, would result in extreme disparity between States in Federal funding for poor children. For example, Mississippi would receive $331 per child in 1996 compared to an affluent northeastern State's $2,036 per poor child.

Let me repeat that. Mississippi, $331; an affluent Northeast State, $2,036; an affluent far Northwestern State, $3,248.

In effect, those affluent States would receive six times or more funding per poor child than the poor State of Mississippi. Even under the formula of Senator DOLE, Massachusetts—another affluent Northeastern State—would receive $2,177 per poor child. If you combine the per child total from five other States—you combine the amount that a poor child in Alabama, in Arkansas, in Louisiana, in South Carolina, and in Texas, if you combine what those children would receive in a year—that total would not equal what a poor child, a single poor child in Massachusetts would get in a single year.

To state it another way, the Federal Government effectively values poor children of that affluent State five times more than it does the children of Alabama, Arkansas, Louisiana, South Carolina, and Texas. There is no justification for poor children to be treated with less or more value by the Federal Government depending on the State in which they happen to live.

The proponents of the Dole formula will argue that some States will qualify for the 2.5 percent adjustment in the bill to address these disparities. However, a sizable number of States that are not treated fairly under the current system would receive zero remedy from the limited, inadequate 2.5 percent adjustment feature. Those States which would get zero remedy from the 2.5 percent adjustment include Kentucky, Oklahoma, Indiana, Illinois, Missouri, Nebraska, West Virginia, Kansas, and North Dakota. All of those States are well below average Federal funding per poor child, yet would get no benefit from the proposed remedy.

Moreover, even for those who do qualify, the adjustment is marginal and may fail to treat all poor children equally. Let me use as an example again Mississippi. How long will it take under the 2.5 percent formula for Mississippi to come up to the average of the country in terms of funds available per poor child? Will it take 10 years, will it take 20 years, 30 years, 40 years, 50 years, 60 years, 70, 80, 90? No. It will take 100 years for Mississippi to go from its current $331 per poor child to reach the average of the Nation at 2.5 percent a year.

How long will it take for Mississippi to reach the level of an affluent Northeastern State? It happens to come out historically and somewhat ironically that it will take 206 years for Mississippi to reach the same level as the affluent Northeastern State. That happens, Mr. President, to be the same number of years looking backward to the signing of the U.S. Constitution. So Mississippi could look forward to all of the generations and all of the historical changes that have occurred since this great Nation was established. All of that would have to elapse again before Mississippi, under this formula, would reach the parity of an affluent Northeastern State.

In contrast, the amendment as offered by Senator BUMPERS and myself would eliminate these disparities in less than 4 years. Mr. President, if we are going to have a serious debate, let us have a debate over how many years should we allow ourselves to eliminate this unfairness. Is 4 years too hurried a time for equality? Is 100 years adequate time to achieve the equality? I believe that we ought to have as a principle that all poor children in America have equal value and that we should move as expeditiously as possible to put that principle into our law.

These disparities in State-to-State funding have real consequences on the lives of children. These are not just accounting or statistical issues. These 5 and 6 and more to 1 disparities have in the past and will continue to have real human consequences. The State of Washington, for example, received $2,340 per poor child in 1994, $2,340 compared to $393 per poor child in South Carolina, almost a 600 percent difference.

Should we be surprised that there are tremendous outcome differences? The State of Washington's children rank seventh and sixth in rankings of infant mortality and percentage of children in poverty. The State of Washington's children ranked 12th overall in the children's well-being index as established by the Casey Foundation. Meanwhile, South Carolina with one-sixth the funding per poor child ranks 48th among the States in infant mortality, 45th in the percentage of children in poverty, and ranks 46th in the children's well-being index.

It will be the height of irony, if not hypocrisy, to change our welfare system and not address this cruel disparity. When people ask, is the welfare system broken? the answer is almost universally, yes. And what is one of the key elements of a broken system? It is the fact that we have tolerated for too long a system that has resulted in these extreme disparities in the treatment of children and the consequence on the children in their ability to grow up healthy, strong, educable, and productive citizens.

But these are not the end of the list of adverse consequences of the amendment as offered by Senator DOLE in terms of how to allocate funds. Locking in historical spending will also lock into place inefficiencies of the status quo, the very status quo that we are supposedly reforming in this legislation. In 1994, the national average monthly administrative expense per welfare case was $53.42—$53.42. New York and New Jersey, however, had administrative costs exceeding $100 per welfare case, almost twice the national average, eight times the average of West Virginia, which administered its program for $13.24 per welfare case. Those States with higher administrative costs in fiscal year 1994 would receive block grant amounts reflecting their higher fiscal year 1994 costs for the next 5 years, whether or not those costs are justified.

This formula fails to take into account demographic and economic accounts. Initial disparities locked in by the Dole approach would actually intensify as a result of the different rates of anticipated population growth through the end of the decade. Between 1995 and the year 2000, 10 States are projected by the U.S. Census Bureau to grow by at least 8 percent. Eight States are projected to grow less than 1 percent or experience a population decline. Among the fastest growing 25 States, the top half, 17 of those growth States would receive initial welfare allocations below the national per poor child average. Seventeen of the twenty-five fastest growing States start this process at below the national average.

Thirty Senators, including the Senators from Texas and both Senators from my State, raised this issue in a May 23 letter to the Finance Committee chairman, in which we stated: "Block grant funding would be locked in, in spite of rapidly changing patterns of need. This disconnect between need and funding would produce devastating results over a 5-year period."

Proponents of the Dole formula would argue that some States will qualify for the 2.5 percent annual adjustments beginning in the third year to address population growth. However, six growing States—Washington, Alaska, Hawaii, Oregon, California, and Delaware—all fail to qualify for the adjustment despite projected above-average population growth.

Moreover, even with the 2.5 percent adjustment, Texas would only receive $445 per poor child in the year 2000, and 27 percent of the $1,600 per poor child in Connecticut, which that State would receive despite the fact that its population is projected to decline between 1995 and the year 2000.

So a State whose population is going up, a State which entered this process as one of the lowest in terms of funds for poor children, would be even further disadvantaged, while a State which entered the process at a relatively high level with a declining population of poor children would be further advantaged.

Another difficulty with the legislation before us, Mr. President, is that under the proposal, States that receive less than their fair share of funding per poor child are most likely to be penalized with a 5-percent reduction in their funding for failure to meet the bill's work requirement. To meet the work standards in the bill, States would be mandated to spend large chunks of their Federal funds for job training and for child care.

According to estimates by the Department of Health and Human Services, the additional cost of the work program and the associated child care needs would absorb more than $8 out of $10 of Federal allocations to Mississippi, Louisiana, Tennessee, and Texas; that over 80 percent of the Federal funds from those States would go to meet the new Federal mandates in work requirements and child care.

But, again, we see wide disparities. In California, New York, Oregon, and Wisconsin, less than 4 out of 10 Federal welfare dollars would be subject to the Federal mandates under this bill; that is, those States would be able to meet the same mandates by using less than 40 percent of their Federal money, while the poor States would have to use over 80 percent of their Federal funds in order to come into compliance.

Washington would tell the States that they have to spend block grants on job training and child care or face 5-percent penalties for failure to meet the work requirements. For States facing sanctions, the States would receive vastly different amounts of support to reach a common goal. That, Mr. President, is patently unfair.

I might add that some of the States that are treated the most unfairly under this bill are represented by Senators on both sides of the aisle who

joined in that letter to the chairman of the Finance Committee.

If I could just put this in the context of my State and in the context of what it is going to mean in the lives of real children, in my State, a family on aid to families with dependent children, which is typically composed of a single female and two children, receives $303 per month; $303 is their current allocation. Fifty-five percent of that comes from the Federal Government; 45 percent, State funds. That means that Federal funds represent approximately $168 or $169 of the $303 that is being required.

Under the proposal, 63 percent of the Federal money in my State of Florida would be required to meet the mandates of job training and child care; 63 percent would be required, which means, Mr. President, that less than 40 percent of that $168 is going to continue to be available to meet the economic needs of children.

It is that 40 percent, plus the $135 that comes from the State, that buys the clothing, that pays the light bill, that pays the rent, that provides whatever transportation costs, that meets their health care needs that are not covered by Medicaid. Think in your own life experiences of meeting all of those needs on $303 a month. You would also qualify for $304 a month in food stamps to cover your food budget. But think of what it would mean to live at that level and then to see your $303 monthly stipend reduced to $198, which is what is going to happen with the mandates on child care and on work training, and that assumes that the State will continue to maintain its current level of effort.

Just a few hours ago, we defeated an amendment that would have required a maintenance-of-State effort. So that is speculative as to whether, in the case of my State or any other State, there will be a continued maintenance of effort, which would keep the level of monthly support at the $198 level, not the $303 level which is currently available.

Another factor, Mr. President, is that a wrong decision made today is not a decision likely to be reversed. The history is that once a funding formula is adopted, there will be great difficulty, if not impossibility, of future change. Example after example can be cited of block grants which are being allocated today because of funding decisions in the past, often decisions which are historic and irrelevant to needs today.

The General Accounting Office notes that, for instance, under the maternal child health block grant, funds continue to be distributed primarily on the basis of funds received in the fiscal year 1981 under the previous categorical program. A program in 1995 is distributing funds based on a preexistent categorical program of 1981.

I am concerned that our successors would be looking back from the perspective of the year 2015 wondering why we are distributing a significant amount of Federal funds for block grants to States to meet the needs of poor children based on a categorical program of 1981.

The General Accounting Office proceeds by saying:

> Only when the funding exceeds the amounts appropriated in fiscal year 1983 are additional funds allocated in proportion to the number of persons under the age 18 that are in poverty. We found that economic and demographic changes are not adequately reflected in the current allocation resulting in problems of equity.

As Ronald Reagan might have said: Deja vu, there we go again.

Mr. President, I want to conclude with two final comments. One looks forward and one looks back. The debate that we are having today foreshadows a much larger debate that we are likely to have on Medicaid. More than $4 of every $10 that Washington sends State governments are Medicaid dollars. This is the program that provides medical assistance to the poor, elderly, disabled, and poor children and their families. Medicaid is nearly five times larger in terms of its Federal role than welfare; $81 billion were distributed last year as opposed to $17 billion distributed in welfare reform.

We are already hearing that if the policy is adopted of using essentially the status quo as the basis of distributing welfare funds, that that will establish the precedent for how we should distribute Medicaid funds; that by locking in past spending patterns and inequities in this program, we are setting the precedent for the much larger Medicaid Program.

Again, remember my previous point: Block grants, once established, have proven to be highly resistant to subsequent change.

Finally, Mr. President, to look back. I say this with sadness but also with candor. This Congress has been faced over the past several years with a number of major challenges.

Examples: In the early eighties, we were faced with the challenge of reforming our financial institutions. A number of pieces of legislation were adopted with that as their intention. Unfortunately, less than a decade later, we were back passing further legislation to deal with it with the calamity of our financial institutions which have largely been occasioned by our earlier actions.

In 1986, we passed what was supposed to be major tax reform, intended to simplify the Internal Revenue Code. Today, there is so much public dismay at the complexity of the Internal Revenue Code that we are talking about a complete repeal of the income tax and the substitution of a consumption tax, or a flat tax, or some other basic new approach to domestic revenue procurement.

In the mid-1980's, we passed a catastrophic health care bill that was intended to deal with some of the inadequacies in Medicare. Within less than 2 years, we repealed the bill that we passed, and now we are back looking at Medicare reform again, but no longer looking at legislation to fill the gaps of the program, but rather to add new gaping holes to Medicare and new expense to the beneficiaries.

Mr. President, I suggest that all of those past precedents have something in common; that is, we allowed the theory of how things were going to work to get ahead of common sense and practicality as to how things would work. We, I fear, are about to make the same mistake again.

I will state, with no doubt of the correctness of history in this statement, that a plan which is as fundamentally unfair in the distribution of funds as this which is before us today—a plan which so fundamentally mistreats two-thirds of the States of this Nation, in terms of their ability to achieve the goal of facilitating the movement of welfare-dependent individuals to the independence of work, that a plan that has those kinds of imperfections embedded in its basic allocation of funds to achieve its purpose, will fail. And we will be subjected to more public animosity toward this institution for failure to have carried out our task in a craftsmanlike manner.

The public will continue to be outraged at what it sees as the abuse of people who are living on a public system without contributing to the betterment of the public. We will continue to see poor children start their lives with the extreme disparities that exist today. We will see this institution held in even more public disrespect because of our inability to deal intelligently, thoughtfully, rationally, with an important national chapter. We are dealing here with fundamental fairness. The proposal before us fails to meet that standard.

Senator BUMPERS and I, joined by our other colleague, the Senator from Nevada, have provided to the Senate an alternative which will meet the goal of treating poor children in America as they should be treated—each with equal worth and dignity.

I urge the adoption of the children's fair share amendment.

Thank you, Mr. President.

Mr. MOYNIHAN. Mr. President, it was our informal understanding—we have no time agreement—that we would alternate from one side of the aisle to the other.

Mr. BUMPERS. I have no problem with that. I think the Senator from Texas wishes to speak.

Mrs. HUTCHISON. Mr. President, I would be happy to let Senator BUMPERS proceed. I do not mind waiting. I am going to be here anyway.

Mr. BUMPERS. Does the Senator from New York wish to speak at this time?

Mr. MOYNIHAN. No. The Senator from New York is awaiting with great expectation the remarks of the Senator from Arkansas.

Mr. BUMPERS. I am immensely flattered, Mr. President.

Mr. President, when I first came to the Senate we had some great people here: Hubert Humphrey, Abe Ribicoff, Jacob Javits, John Pastore, Scoop Jackson, Ed Muskie—truly great men, great Senators who believed in the theory of enlightened self-interest, who believed in governing.

Hubert Humphrey used to make a great speech, and he said, "This will never be a great place for any of us to live until it is a good place for all of us to live." I agree totally with that statement. As I think of those words and the author, I cannot help but wonder what Hubert Humphrey would think about a bill that said, "If you are rich and affluent, we will make you more affluent; and if you are poor, we will punish you and make sure those in poverty stay in poverty."

Well, even the people in the U.S. Senate would take strong exception to that if they believed that was our philosophy or that was what we were about to do.

Mr. President, that is exactly what this bill does. Senator GRAHAM has covered just about everything that needs to be covered. As Mo Udall used to say, "Everything that needs to be said has been said, but everybody has not said it." So while I know that much of what I have to say will be repetitious of what my good friend, and the real author of this amendment, the Senator from Florida, has said, it bears repeating to make sure that the all Senators understand what they are voting on.

In 1994, the AFDC formula allowed the following: If the States want to add more money to their AFDC program, the Federal Government will match it dollar for dollar. So what is the result? The result is the same as it has been for years under this formula. The "haves," the affluent States, put more money into AFDC, so they get more money. If they add $100 per child per year, the Federal Government gives them another $100. That whole concept is flawed, totally, fatally flawed, because what it says is, "If you are wealthy, we will make you wealthier, and if you are poor, we will make you poorer."

(Ms. SNOWE assumed the Chair.)

Mr. BUMPERS. Madam President, everybody knows that this amendment is a fair proposition. What Senator GRAHAM and I are suggesting is that we divide all the money in the pot by the number of poor children in the country and we allocate it to the States based on the number of poor children each State has. For example, if we had 10 million poor children in the country, we would divide the total pot of money by 10 million and that amount would be paid to each State for every poor child in that State.

Madam President, the problem Senator GRAHAM and I are trying to solve is a result of the formula we've used for the AFDC Program since its inception. Under that formula, the more affluent States have, over a period of years, received the lion's share of the Federal money because they were able to put more State money in the program, and we were matching it.

On the face of it, we should applaud States that have tried to improve and do better for themselves. But we should not penalize those who are not affluent and who could not put more money in.

Think about this for a moment. I want Members to think about this. I have good friends in this body from States who make off like bandits under the Dole bill.

Just take the State of Rhode Island. We have two fine Senators, my dear friends from Rhode Island, but I do not believe either Senator from Rhode Island would say they believe that a poor child in Rhode Island is worth $2,244 a year, but a poor child in my home State of Arkansas is worth only $394. What in the name of all that is good and holy are we thinking about here?

All my life I have had to say I come from a poor State. I hate to say that. But I have always believed that being upfront and candid about your own plight is good for the soul and good for understanding.

I cannot believe that we are about to pass a bill that allows New York, for example, to get $2,036 for every single poor child on AFDC, and my State $394. They get five times more than my State. If this were State money I would not squawk. But it is not. It is Federal money out of the U.S. Treasury, and we are saying that if you come from an affluent State which has been able to put more and more into the program, and we have matched it more and more as you put more in, you will benefit permanently. We are looking at a gross inequity and we are ratifying it. We are institutionalizing it for all time to come. States like New York, the home of my very good friend and ranking member on the Finance Committee, will always do very well under the Dole formula.

The Dole formula claims to correct these inequities over time. For example, if my home State of Arkansas goes below 35 percent of the national average for concentration of poverty, the Dole formula provides a little honey pot from which the State can get a 2.5-percent bonus. How that warms the cockles of my heart.

If my State gets that 2.5-percent bonus it will only take us 84 years to reach the national average. And it will only take us 177 years to catch up to New York. If I thought I would live to see that, I might favor it. Unhappily, I will not be around.

Sometimes as I get steamed up making these speeches on the floor I get to thinking, am I living in a loony bin? Is this actually going on? Is it happening? And often the answer is yes.

If you want to take all this Federal money and give it to every poor child in America on an equal basis under the proposition that a poor child in Mississippi, Alabama, Texas, North Dakota is worth as much as a poor child anywhere, count me in. And then if the State wants to enrich that, let them.

They have a right to do that, even though, Madam President, school districts all over America are being ordered by the Federal courts to equalize their school expenditures among the poor districts as well to bring them up to par with the more affluent districts.

If you come from an affluent school district in my State you get voice, glee club, debate. You get field trips, you get everything, because the people in that district are more affluent and the more affluent they are, the more advantages and opportunities they want their children to have. So they vote for higher taxes to support those programs.

Then you take some poor school in the Mississippi Delta. I do not care how hard they try. I do not care how much they stretch out. I do not care how much they sacrifice. They can never, never reach the affluence of the more prosperous school districts. So the courts are saying nowadays, you cannot do that anymore, you have to equalize these State funds.

This bill says that in the very first year, a State has to get 25 percent of the people on the rolls into the work force. I am going to say women, rather than people, because the adults in this program are almost exclusively single mothers with children. I do not say this to be sexist. I say it because that is the way it is.

This bill says to each State, New York and Arkansas alike, that during the first year, 25 percent of these women must enter the work force, and, if they do not, we are going to penalize them by reducing the amount of their block grant. By how much? Up to 5 percent.

I want you to think about the lunacy of that provision. They say: Get these women into the work force. But there is not enough money in the bill for child care, even if there were jobs available and women wanting to take them. There is not enough money in this bill to provide the kind of child care you would have to have to even come close to getting 25 percent of these women into the work force.

I do not want to stray too far afield, but the Senator from New York was quoted in the paper the other day with a magnificent statement. Ten years from now, more and more thousands of children are going to be sleeping on the grates in this country. This bill is a veritable assault on the children of this country. I wonder where some of these people who purport to have these great family values and Christian beliefs are when we are debating things like this? Why do they not sense the inequities of this? Why do they not understand that millions of children who have little chance now are going to have much less chance in the future when this bill becomes law?

You think about West Virginia, with an administrative cost of $13.34 per caseload per year. I am sorry the senior Senator or junior Senator from West Virginia are not here to hear me laud

and commend their State for their very low administrative costs in the present AFDC Program. I did not get a chance to check it in my State, but I know our average is in that vicinity. The national average is $56, and in some States it is as high as $106. Under this bill we are rewarding those States with high administrative costs. We are rewarding States that have a $106 administrative expense and punishing the State of West Virginia for being good stewards over the administration of their funds.

Madam President, every year for 5 years—you have to get 25 percent of the women off the rolls the first year, the next year you have to have 5 percent more, the next year 5 percent more, until, in 5 years, 50 percent of these people are off the rolls. On a point that is not relevant to this amendment, I submit to you that 20 percent of the people on AFDC today are incapable of either finding or holding a job. What happens to them?

One morning one of my sons came home. I have to tell you, all my children are pretty liberal when it comes to poor people. They have good values. I am immensely proud of every one of them. My son, who practices law downtown in Washington, DC, said, "Dad, I wish you would go with me in the morning. Our firm is in charge of feeding the homeless people in the morning."

"Where?"

"A project called SOME, So Others May Eat. I think it will be good for your soul."

It was nearing Christmas. My daughter, who was in school in New York, was home for Christmas. We all went. The temperature was 28 degrees, and 400 men and 2 women were standing outside waiting for the dining room to open. So I flipped pancakes for 3 hours—the best day's work I ever did. Then I went around, just like I would at a political rally, talking to these men. "Where do you come from?"

I found that one-third of them had jobs. About a third of them had a drug habit. And a third of them were essentially dysfunctional, they could not hold a job. And being dysfunctional is not peculiar to men, it is also true of women, and a lot of women on AFDC today cannot and will never take, or be able to hold, a job. What happens to them? If the goal is to get everybody off the rolls, how on Earth are you going to do it?

Senator GRAHAM made a very salient point a moment ago about some States trying to meet their mandates. They have nothing left after they meet the mandates. I think he said in Florida, 63 percent of the funds that Florida will get will go to meet the mandates and what is left will go out in AFDC grants. In my State it is almost 80 percent, which means when we meet the mandates of this bill, we will have $40 a year per child to hand out.

The most cruel among us may say, "Well, you have food stamps on top of that." Food stamps will not pay the electric bill. Food stamps will not pay for a child's medical care, for housing, or for his clothing. I cannot believe how callous and indifferent we are to the least among us.

I started off mentioning de Tocqueville. I never tire of talking about him. He talked about enlightened self-interest. That is a very simple proposition that has governed my entire life. The principles I learned in Sunday school in the Methodist Church and the principle of enlightened self-interest that I learned from reading "Democracy In America" have governed my life, and that is where my values come from.

And what does it mean? It means that when some poor soul is reaching for the first rung on the ladder and you are on the top rung, you do not step on his hands. You reach down and take his hand and you pull him up. You pull him up because it makes him a better citizen, it makes the country a better country, and it makes me a better person.

How could anybody quarrel with those three principles, all of which are unassailable? So that is what is wrong with this bill. We are reaching out and giving a hand to some and we are stepping on the hands of millions who did not have a dog's chance to begin with and will have even less.

Madam President, I could not vote for this bill. I will never vote for a bill that includes so many things I deplore in this country. I might also say I would hate to have to go home and explain to my folks why I voted for a bill that uses their tax dollars and sends back to them only $394 for each poor child at the same time it sends the State of California $1,716. You can use all the sophistry in the world. You can use every kind of convoluted argument in the world to try to defend this. It is indefensible.

So, Madam President, I am honored to join my good friends and colleagues, Senator GRAHAM and Senator BRYAN, in trying to bring some sense and sanity to this bill. There are a lot of things about this bill I do not like. I would have a very difficult time voting for this bill even if this amendment was agreed to. I am not terribly worried about that.

But, for the life of me, when you look at that map and you see the States that are helped and the States that are hurt under this amendment—which simply says divide the pot of money by the number of poor children in this country and send it out to them on a per capita basis—you cannot improve on that. So I am hoping when the rollcall is up on this amendment, people will look at that chart and realize we are not talking about State money; we are talking about Federal taxpayers' money. We are distributing it in the most unkind, most unfair way I can imagine.

I yield the floor.

ORDERS FOR WEDNESDAY, SEPTEMBER 12, 1995

Mrs. HUTCHISON. Madam President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 9 a.m. on Wednesday, September 13, 1995.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. HUTCHISON. I further ask unanimous consent that at 9 a.m. the Senate resume consideration of H.R. 4, the welfare bill, and there be 10 minutes for debate on the Moseley-Braun amendment No. 2471, to be followed by a vote on or in relation to the Moseley-Braun amendment No. 2471.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. HUTCHISON. I further ask unanimous consent that following the disposition of the Moseley-Braun amendment, the Senate proceed to 4 minutes for debate, equally divided in the usual form, on the second amendment, No. 2472, to be followed by a vote on or in relation to that amendment, with that rollcall vote limited to 10 minutes in length.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. HUTCHISON. I further ask unanimous consent that following the disposition of the second Moseley-Braun amendment, there be 20 minutes for debate, equally divided in the usual form, on the Graham amendment No. 2565, to be followed by a vote on or in relation to that amendment, with that rollcall vote limited to 10 minutes in length.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. HUTCHISON. I further ask unanimous consent that following the disposition of the Graham amendment, there be 10 minutes for debate, to be equally divided between Senators DOMENICI and GRAMM on the Domenici amendment No. 2575, to be followed by a vote on or in relation to that amendment, and the rollcall vote be limited to 10 minutes in length.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. HUTCHISON. I further ask unanimous consent that the same parameters as outlined regarding the Domenici amendment apply with respect to debate time in the usual form, voting option, and length of rollcall votes to the following additional amendments: Daschle, No. 2672; Daschle, No. 2671; DeWine, No. 2518; Mikulski, No. 2668; Faircloth, No. 2608; and Boxer, No. 2592.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. HUTCHISON. Madam President, no further votes will be held tonight because of these unanimous consents, and Members are reminded there will be 10 rollcall votes beginning at 9:10 a.m. with a few minutes in between each vote.

The PRESIDING OFFICER. Without objection, it is so ordered.

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

The PRESIDING OFFICER. The Senator from Texas.

AMENDMENT NO. 2565

Mrs. HUTCHISON. Madam President, I want to talk about the underlying formula, the Dole-Hutchison formula that is in this bill. The key to our formula is balance. When we looked at the monumental problem of welfare reform, the main goal we had was to keep the reform in the bill but not penalize any State too much. So what we did was take the high-payment States, the high-welfare States, and we froze them. That is a big gain in the beginning for those States because we felt that we could not go to a State like New York or California and say next year you are getting a cut. So we freeze them for 5 years.

When you are talking about a 5-year block grant, you have to be very careful. You have to be careful about year 1, but years 3, 4 and 5 are just as important, especially if you are a growth State. And, if you are a low-benefit growth State, you do not have the margin of error that would allow you to absorb growth with a very low benefit in the outyears.

So we took this problem, and we said how can we do a 5-year block grant so we can plan for the budget, so that we can balance our budget responsibly without hurting any State too much? That is what the Dole-Hutchison formula does. It leaves the high benefit States whole. They never lose anything that they had in 1994 and beyond. No State loses anything they had from 1994 on. But we took $887 million and we allocated that for low-benefit high-growth States so that in the outyears, 3, 4, and 5, we knew what the budget would be but we allowed them a modest growth. It is modest. It is 2.5 percent per year for a low-benefit high-growth State.

So our goal is to slowly reach parity. It is slower than many of us would like to see because many States start very low like the Senator from Arkansas who was just speaking. He is one of the States that is going to grow slowly. But, if you put food stamp and AFDC together—and they do go together—most States will eventually reach parity. But they will do it gradually. They will do it without hurting any other States.

What is wrong with the Graham amendment? We have heard Senator GRAHAM and Senator BUMPERS talk about the merits of their formula. If I were the dictator, I would say sure, let us start next year, and let us say everybody is going to be equal in America. What is the problem with that? The problem is this is the United States of America. We have 50 States that have to come together to make collegial decisions. We have to do it in a responsible way so that one State is not such a big loser that it could put that State in severe financial straits from which they really could not recover. That is what is wrong with the Graham-Bumpers amendment.

It is totally fair. There is no question about it. But if you do totally fair on paper and do not take into account that someone has to pay for this, then it is just what you have—something on paper because it will never be a collegial decision that is fair enough that all of us could feel in good conscience that we could adopt it.

Mr. SANTORUM. Mr. President, will the Senator yield for a question?

Mrs. HUTCHISON. Yes.

Mr. SANTORUM. The Senator is saying this is totally fair. I think she is right given this abstract when you say start all over. But as you know, in the bill, I think what we propose is a modification by the leader to the substitute. There is going to be an 80-percent maintenance of effort provision in all 5 years of this bill which means that these States, like New York and Califomia that have high maintenance efforts, are going to require that they continue to contribute 80 percent of the 1994 funding level. If we are going to require 80-percent maintenance of effort, how could there conceivably be a situation where New York, for example, where we are going to require New York with their maintenance of effort provision to actually contribute more on the State level than the Federal Government will under the Graham formula? Could that be a result?

Mrs. HUTCHISON. That is correct. That could be a result. That is exactly correct. You see, there is another point here. When we are talking about the underlying bill, we are talking about redistributing $887 million over a 5-year period. So we are holding everyone harmless. Every State is held harmless. And the low-benefit, high-growth States that need that extra help are going to divide the $887 million. But the Graham-Bumpers amendment does not redistribute $887 million. It redistributes $17 billion. It takes the entire pot of $17 billion, and it says, OK, we are going to put it on a 5-year plan, and at the end of 5 years every person in America is going to have the same amount. When you do that, someone has to pay.

Let us look at what happens. New York loses $4.6 billion. In a $17 billion redistribution, one State loses $4.6 billion to pay for the redistribution to the other States. California is the biggest loser. California would lose $5.4 billion.

So really you are talking about almost half of the entire amount—actually more than half the amount of the entire amount—which is going to come out of two States.

Madam President, we are a country. There is no State that can stand to lose that kind of money and make it.

So that is why it is very important that we look at realism. What do you think is going to happen if this amendment passes? If this amendment passes, there is no welfare reform. The bill comes down. It is over.

So I ask my colleagues as they are looking at this amendment, which I would love to vote for, and 35 States come out better. But the price when the pound of flesh comes straight out of the heart is too high. And I think if we are not serious about welfare reform that we can go blithely along and say, "Oh, sure. Let California sink into the Pacific. Let New York go into the Hudson River. And, sure. We will have welfare reform that everybody can live with." Well, everybody except New York and California, and anyone who has a conscience. It is like the child who is going after the big bubbles. When the child gets the bubbles the child finds that there is only air in its place.

So the difference between the two bills is really the difference in whether we have welfare reform or not.

Let me say that I sympathize with Florida, and I sympathize with Arkansas. The biggest winner in the Graham amendment is Texas. The biggest single winner of any State in the entire Union is my home State of Texas. We gain over $1 billion. But I did not come here to get a big windfall for Texas when I know that if I went for that beautiful bubble what would happen is we would go back to welfare as we know it, which no one in good conscience can say is right for this country.

We must persevere to have welfare reform. All of us must give a little. And the underlying Hutchison-Dole formula does give Florida growth. We worked very hard to make sure that the 19 States that have—actually, it is 20 States—that have low benefits and high growth do not suffer to such a great extent that they would be in jeopardy. And I do sympathize with Florida. Florida is like Texas. We have illegal immigration that costs our States dearly. There is no question about it.

However, the GRAHAM-BUMPERS amendment is not the answer if we care about welfare reform. If we care about welfare reform, we will all give a little so that there is a fairness in the system, and we will all win a lot because the people of America will have welfare reform that is going to allow States to have time limits for able-bodied recipients to have welfare, that is going to provide for child care and job training. But it is going to require work for welfare for able-bodied recipients, and it is going to have caps on spending in welfare so that the hard-working American family will know that someone is not staying on welfare generation after generation having things that the hard-working family is not able to buy for its own children. No longer is that going to be tolerated in this country.

That is what welfare reform does, if we are all willing to give a little for everyone to win. That is why the underlying formula is balanced. It is why no one is completely happy with it and why it is easily subject to attack. But

I worked very hard with many other Senators who were concerned about the original Finance Committee bill to try to come up with something that was fair to everyone—not everyone's total liking but fair so that no one would go home saying they did not get something. They either get welfare reform that is good for every taxpaying family in this country, and they get either a benefit in the beginning if they are a big welfare State, or a benefit toward the end if they are a low-benefit, high-growth State.

I think we have accommodated the needs of every State in a reasonable manner, and that is the bottom line. It is balance. It is fairness. It, above all, is keeping the goal of welfare reform so that everyone knows that it is not going to be welfare as we know it. It is not going to be business as usual. It is going to be better for every American if we can persevere and do the right thing.

I thank the Chair. I yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. I note that the Senator from Texas has to be elsewhere in a moment, but if she could stay just for a moment I would like to suggest that something exceptional has happened tonight. It may be something that Benjamin Disraeli wrote turns out to be wrong, and this is a new thought to me. But I was going to read a passage from Coningsby published in 1870 when the young Coningsby is having breakfast with the old duke, and the old duke says:

> In a couple of years or so you will enter the world; it is a different thing to what you read about. It is a masquerade; a motley, sparkling multitude in which you may mark all forms and colours, and listen to all sentiments and opinions; but where all you see and hear has only one object, plunder.

Now, I think that the Senator from Texas, having said it is clearly the case that she is going to oppose a proposal in which the chief beneficiary in the first instance and on a superficial level perhaps would be the State of Texas, leads me to raise the question: Did Disraeli get it right or was it invariably a rule, or is there a Hutchison exception?

In any event, I thank her for her remarks and do observe if this measure would cost the State of California $5.4 billion and the State of New York $4.6 billion, it hardly would be a promising addition to the legislation, the underlying bill before us.

I would like to talk just a little bit about this subject, Madam President. We are talking about Federalism here. We are talking about some of the complexities, some of which have grown too complex over time. But the first point I would like to make is this: The disparities in AFDC benefits and Federal contributions, sharing contributions, how do they arise? The Senator from Texas happens to be right about them. They arise primarily for one reason which is very little understood and possibly never will be understood, that AFDC is not an entitlement to individuals; it is an entitlement to State governments for a Federal matching share of what the State governments choose to spend on the program.

This goes back to the 1935 Social Security Act. It has been varied somewhat from time to time. But the essential fact is that the States are left to design their own programs or have no program.

It would surprise many today to know that you do not have to have an unemployment insurance program. You do not have to have aid to dependent children or, as it later was, Aid to Families with Dependent Children. If you do, you are guaranteed a Federal match. States may choose to set generous eligibility thresholds and benefit levels, or they may choose not to. If they opt for a larger social safety net, they pay for it. But they also qualify for more matching Federal funds. The incentive is optional but intentional.

Now, that Federal match from the beginning—the beginnings are in the Great Depression—was heavily skewed toward States in the South and West. It is only beginning to be better understood that it was part of a policy of the New Deal, although it comes from New York: a President from New York State, a Secretary of Labor from New York State.

The object of the New Deal was to move resources away from cities such as New York, Wall Street as it would be termed, to the South and West, the Tennessee Valley, for the great water projects to reclaim the arid West. In this particular program, the formula, the matching rate, is borrowed from the Hill-Burton formula which came into effect just after World War II—Lister Hill of Alabama. The formula was used to allocate funding for a great hospital construction program. Our esteemed former colleague, Senator Russell Long of Louisiana, informed me that the Hill-Burton formula is the South's revenge for losing the Civil War.

What it does, Madam President, it writes algebra into our statutes. The States receive a Federal match that is determined by the square of their per capita incomes so that the relative difference in those incomes becomes exaggerated. And so it is such that until very recently some States in the South received an 83 percent match from the Federal Government, other States such as New York, California, and I do believe Maine—we will check that in a moment—get 50 percent; 50 percent is the minimum. Actually, Maine's current Federal match rate is about 63 percent.

It now goes from 50 percent to 79 percent. One of the first proposals I made when I came to the Senate 19 years ago when this was just beginning to be so patently inequitable, simply because costs of living were so different, I said, if we were going to have algebra in our statutes, instead of the square of the difference, why not the square root?

Well, I did not get much support for the idea. But one did begin to study the differences in tax capacity, the differences in costs of living. It makes astounding differences. If you just take that fixed poverty level, you will find you underestimate the true cost-of-living equivalent of the poverty level in a State such as mine by about 30 percent.

A word, if I may about per capita income. In virtually every debate we have on this floor or in committee about the States' relative fiscal capacity, we use per capita income as the proxy. Per capita income is a proxy, but not the only one. States such as Texas, for instance, that are endowed with natural resources may impose a severance tax when those minerals and natural gas and crude oil are severed from the ground. A severance tax is a wonderful way to raise revenue because the end user, usually out of State, ultimately pays it. I would note that Texas does not have a personal income tax. Perhaps one is not needed. After all, the State can export much of its tax burden out of State.

The Advisory Commission on Intergovernmental Relations [ACIR] has looked into this. This is the ACIR established under President Eisenhower in 1959, a nonpartisan, professional group. In 1982, the Advisory Council on Intergovernmental Relations with its long history of research, adopted the following resolution.

It said:

> The Commission finds that the use of a single index, resident per capita income, to measure fiscal capacity seriously misrepresents the actual ability of many governments to raise revenue. Because states tax a wide range of economic activities other than the income of their residents, the per capita income measure fails to account for sources of revenue to which income is only related in part. This misrepresentation results in the systematic over and understatement of the ability of many states to raise revenue. In addition, the recent evidence suggests that per capita income has deteriorated as a measure of capacity.
>
> Therefore, the Commission recommends that the federal government utilize a fiscal capacity index, such as the Representative Tax System measure, which more fully reflects the wide diversity of revenue sources which states currently use. * * *

Another problem with viewing income as a proxy for wealth is that it fails to consider differences in the cost of living which, as I said a moment ago, can be quite large. Residents of New York and Connecticut make more than do their neighbors in Mississippi and Alabama. But they need to spend more, too.

The other side of the equation is poverty. We have a national poverty threshold adjusted only by family size and composition. I think we would all agree if you just looked at the simple numbers, the richest people on Earth live in Alaska. Well, no, they do not. They have to pay so much more for

what they consume as against the persons in the lower 48, they are probably, relatively speaking, not as well off.

The point about the problem we are dealing with right now is that, for example, a family of four just above the poverty threshold living in New York City is demonstrably worse off than a family of four just below the threshold in rural Mississippi.

Each year for the last 19 years I put out a compilation of the flow of funds between the Federal Government and the 50 States entitled "The Federal Budget and the States." Here, I will display the report for you for the purposes of the Senate.

More recently, the Taubman Center for State and Local Government at the John F. Kennedy School at Harvard has begun computing the actual numbers. I write an introduction. They have come up with an index to subnational poverty statistics. That is, Professor Herman B. Leonard, who is academic dean of the teaching programs, and Baker Professor of Public Finance, and Monica Friar, who is his associate in this matter.

And we just look at the "Friar/Leonard State cost-of-living index," as it is known, we find that—again I use my own State because I have been working at it—New York's poverty rate jumps from the 18th highest in the Nation to the sixth highest. It is no longer the case of the Mississippi Delta. It is no longer the case that poverty is more prevalent in the high plains. It is no longer the case that it is Appalachia. The sixth highest poverty rate in the Nation is in New York State once you adjust for the cost of living, which is obviously what poverty is all about. What does it get you with what you have?

Earlier this year, a National Academy of Sciences [NAS] panel of experts released a congressionally commissioned study on redefining poverty. The study, edited by Constance F. Citro and Robert T. Michael, is entitled "Measuring Poverty: A New Approach." According to a Congressional Research Service review of the NAS report:

> The NAS panel (one member among the 12 member panel dissented with the majority recommendations) makes several recommendations which, if fully adopted, could dramatically alter the way poverty in the U.S. is measured, how Federal funds are allotted to States, and how eligibility for many Federal programs is determined. The recommended poverty measure would be based on more items in the family budget, would take major noncash benefits and taxes into account, and would be adjusted for regional differences in living costs.
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> * * * Under the current measure the share of the poor population living in each region in 1992 was: Northeast: 16.9 percent, Midwest: 21.7 percent, South: 40.0 percent, and West: 21.4 percent. Under the proposed new measure, the estimated share in each region would be: Northeast: 18.9 percent, Midwest: 20.2 percent, South: 36.4 percent, and West: 24.5 percent.

But getting back to Hill-Burton, the fact is that this benefit formula, called the Federal Medical Assistance Percentage, has always been designed to bring more Federal funds to Southern States than to Northern ones. And again, when we talk about these matters, we cannot seem to get past talk about per capita income as a measure of a State's relative capacity.

It is not, Madam President, as I showed just a moment ago. Per capita income disguises the large effects of cost of living.

Madam President, the point here is that we have a set of Federal outlays which have corresponded to two things. First, they have helped compensate States with low per capita income way in the back; 83 percent to Mississippi, but only 50 percent to California, the Federal match. But also, the outlays reflect State spending. And the States that would be injured in this matter are just those States who of their own choice have chosen to provide a higher level of provision for dependent mothers and children.

Per capita disparities exist in the block grant allocations because States are different—vastly different—in their willingness to spend their own money on their own poor people.

Now, if at the moment we end the Federal entitlement, turn this matter back to the States, where it had been indeed as a widow's pension in the early years, in the 1930's, going back to the Depression era, what we shall have done is penalize everything we would have thought to be admirable in American public life. And by admirable we would think of provision for children in a world in which they are so extraordinarily exposed to the dissolution of family and the onset of enormous levels of dependency such as were never seen in the 1930's and we now find ourselves baffled by and troubled by in the 1990's.

Let us take the analysis a bit further. ACIR does marvelous work and issues clearly written reports that too few of us in this Chamber read. Over the years, ACIR has developed and refined a really important index. They now have a measure of State revenue capacity and tax effort, without wishing to make any complaints of one kind or another. Here we go back to 1975, and we bring ourselves back up to 1991. And we look at New York. New York is the black dots. Its tax capacity goes down. And it goes up a bit, then comes down a bit. Just about average for the Nation. It was below average and now at 103. The State of Florida has stayed about average all along, and right now, 1991, its tax capacity is 103 too. The two States—New York and Florida—they are identical. They have the same per capita tax capacity.

But New York, with an older tradition, has a tax effort of 156 as against the national norm of 100. And Florida has a tax effort, rising a bit of late, nothing dramatic, just as we decline a bit, of 86. New York has twice the tax effort of Florida. It is a public choice. Some States will value public goods more than private goods and others private goods more than public goods. Some have higher capacity. Some have less. But the disparities are nothing such as they were thought to be in years past. But if the Senator from Florida wants to know why there are State-by-State funding disparities under the block grant, he need look no further than this chart.

Now, under the logic of the amendment offered by the senior Senator from Florida, we will reward his State's behavior by giving it an additional $1.7 billion over the next three years while we punish New York by taking away $2.7 billion of its block grant; $4.6 billion over the life of the bill.

The practical effect of the Graham amendment is to reallocate money from high tax effort States—States that are willing to spend their own resources on their own poor people—to low tax effort States—States that, for whatever reason, are not willing to make those investments. Even though most of the less generous States benefit from the Hill-Burton formula and States like New York do not. This certainly does not comport with my notion of Federalism.

I suppose the response is that we are talking about Federal funds. Well, why limit ourselves to a discussion of Federal welfare funds? Why not consider all other Federal funds? Perhaps we should block grant NASA spending and allocate the dollars to each State on a per capita basis. Perhaps we should block grant farm price supports. Perhaps, even, defense spending. Why not? Given the prevailing opinion regarding the competence of Washington, maybe New York would be better off if it were to receive block-granted defense funds allocated on a per capita basis. After all, I am sure that New Yorkers are more aware than distant DoD bureaucrats which points along our boundary with Canada are most susceptible to invasion.

Mr. President, I suggest that, in keeping with the spirit of the Graham amendment, we extend it to cover all Federal spending. Let us smooth out the disparities that exist in the per capita allocation of all Federal dollars. Now, if we consider all Federal spending, we discover that it amounts to $5,095 per person in Florida. In New York, the total is a less munificent $4,973. Perhaps the senior Senator from Florida would be amenable to an effort to reallocate some of the Federal funds that flow to his State so that the disadvantage New York suffers can be ameliorated.

Let us extend the analysis and consider not just spending received, but taxes paid, as well. Between fiscal years 1981 and 1994, on a cumulative basis, if New York's percentage share of allocable Federal spending had been equal to its share of taxes paid, the State would have received an additional $142.3 billion. Florida, on the other hand, would have received $38.5

billion less. I think notions of fairness and equity have been turned on their head here.

The same may be said for regions. In the Northeast you find a big imbalance, a shortfall in the balance of payments with the Federal Government. In the South you find a big surplus. In the Midwest, an even bigger shortfall than the Northeast. The greatest—Illinois now ranks 49th in its balance of payments with the Federal Government. The real concentration of balance of payments deficits is in that old Midwest industrial area. And the West is a benefactor, always has been, for a variety of reasons of which defense outlays are probably the most important. This is a zero-sum situation. Combining the regions, we find that the Northeast-Midwest balance of payments deficit totals $690 billion. And that is the exact windfall the South and West have enjoyed over the past 14 years.

Mr. President, the senior Senator from Texas often refers to "people who pull the wagon" and "people who ride in the wagon." Well, we have States that pull the wagon and States that go along for the ride. Make no mistake. I am no fan of the block grant. But I must strenuously resist any attempt to raid my State of $4.6 billion, to decrease an allocation derived in large measure from New York's willingness to "put its money where its mouth is," particularly when the "raiders" represent States that are unwilling to spend their own resources on their own poor people.

Mr. President, in June 1990, during consideration of the housing bill, the senior Senator from Texas—then the junior Senator—offered an amendment to reallocate community development block grants [CDBG's] on the basis of population. I said during the course of that debate, we put at risk the principle of federalism if we ever begin to insist on this floor that any activity which has a disproportionate impact on one State or region as against another cannot be accepted. This floor saw the terrible divisions on regionalism that led to the most awful trauma of our national existence, which we still have not overcome, still not put behind us—the Civil War.

There is a desk on this floor where a man was clubbed insensible, beaten insensible, over regional issues.

All our intelligence says: Respond to need and be thoughtful and be accommodating and try to see that there is some rough balance. I spoke earlier of our having documented the imbalance and that we live with it. So might my colleagues from Sunbelt States.

Mr. President, I was not sure this bill could get any worse. But after the votes on the Feinstein and Breaux amendments earlier today, it has. The race is on. We have dismantled the entitlement status of the AFDC program. States no longer have an incentive to spend their own money on their own poor. Now, we have no real requirement that they spend their own money, either.

The race to which I refer is the race to the bottom. An article in last Wednesday's Washington Post sums up nicely the brave new world we are about to enter. The article, by Barbara Vobejda, is entitled States Worry Generosity May Be Magnet for Welfare Migrants. Taxpayers and State legislators and Governors are determined to prevent their States from becoming welfare magnets. Set your benefits as low as possible to encourage current welfare recipients to move out and discourage welfare migrants from moving in.

The article reports that many welfare recipients now receive one-way bus tickets from their caseworkers out of the States in which they reside. Perhaps, under the proposed block grant, that will become the biggest welfare expenditure: one-way bus tickets out.

Mr. President, I find it interesting and revealing that those Members whose States spend the least on their own poor people clamor the loudest for a more "equitable" distribution of the Federal block grant and resist most vociferously any attempt to impose a serious State maintenance of effort.

In 1981, George Will wrote a column about the anti-Washington sentiment pervasive in public-land States in the West. He pointed out that residents of these States were the beneficiaries of considerable Federal largesse, particularly in the form of water and power subsidies. But these beneficiaries were budget cutters—somebody else's budget, that is—through and through. Borrowing a line from that eminent American historian Bernard DeVoto, he entitled his column Get Out and Give Us More Money. Does that line not wonderfully capture the mentality that has crossed the hundredth meridian heading East and has percolated up from the South? Get out and give us more money. That is the wretched state of debate on this wretched bill.

The Senator from Nevada is here, and the Senator from New York is on the other side. We have been alternating one side of the aisle to the other, although the different sides do not represent different views on this amendment. Mr. President, I yield to the Senator from Nevada.

I wonder if my friend from New York—I believe the Senator from Nevada has been here for an hour and a half and has a rather brief statement and then the Senator from New York, my distinguished friend, will follow.

Mr. D'AMATO. Sure.

Mr. BRYAN addressed the Chair.

The PRESIDING OFFICER (Mr. ASHCROFT). The Senator from Nevada.

Mr. BRYAN. Mr. President, let me preface my comments by thanking the ranking member for his courtesy in acknowledging that the Senator from Nevada has been on the floor and to acknowledge the courtesy of his colleague and our friend, the junior Senator from New York.

Mr. President, I ask unanimous consent that Senators Bob KERREY and HOLLINGS be added as cosponsors to the Graham amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BRYAN. Mr. President, I would like to preface my comments by commending my colleague and friend, the senior Senator from Florida, on what was truly a very thoughtful and very enlightening presentation, in terms of his efforts in developing the formula, the rationale and the cause for which he speaks, and that is to provide some sense of equity and fairness predicated on the basic proposition that children everywhere, irrespective of the States from which they come, are entitled to receive a fair and equitable allocation of Federal tax dollars providing for their benefit.

I enjoy, as I know all of my colleagues do, the erudition that is continually demonstrated on the floor by the senior Senator from New York in explaining the theoretical underpinning and the origin of this very complicated formula that we presently work with.

I say with great respect and deference to him that whatever the merit in its origin that formula may have had certainly can have no continuing validity when the very basis upon which we are changing the law converts an entitlement program to a block grant program that has a cap attached to it with a very, very minimal margin to accommodate the growth of States such as my own and others, whose Senators I am sure will speak in behalf of this amendment, of 2.5 percent a year.

So I come to the floor this evening to strongly endorse and to support the Graham amendment, the children's fair share allocation proposal. This amendment will, in my judgment, ensure a more equitable Federal funding formula based on the number of children in poverty in each State with a small State minimum. The bill before us severely penalizes high-growth States by relying on 1994 funding levels for fiscal year 1996 and into future years.

I make it clear at the outset, Mr. President, that there is no defender of the current welfare system. It serves neither the taxpayer nor the recipient. I want to identify myself as an advocate for change. The welfare system in America has failed and we ought to change it in rather substantial ways.

But in doing so, we should ensure that there is equity in allocating Federal funds to States—Nevada and others—that will have serious welfare problems compounded by the enactment of this piece of legislation.

The Republican welfare proposal uses a block grant approach as a replacement for the current system. As a former Governor, I very much understand the attraction of block grants for Governors in their States. Quite often, block grants can be a better approach. I, for one, as a former Governor, recognize that there are circumstances in which increased flexibility would have

been immensely helpful in dealing with the problems of my State, which may very well have differed from the problems of the State of the distinguished occupant of the chair and of the prime sponsor of this amendment, all of whom have served as chief executives of their respective States.

But the notion that somehow block grants are a utopian answer to every problem we have with the current welfare system is, in my opinion, disingenuous, and this is particularly true when high-growth States, such as my own, will be left with much, much less resources to deal with the problem of an expanding population.

If States are deprived of the funding necessary to do the job, all of the block grant flexibility in the world will not matter a single whit because States will not be able to do the job, let alone do it better.

Earlier this year, I joined with nearly 30 of my colleagues on both sides of the aisle in writing to the majority leader to request his support for a bipartisan effort to address the funding formula in an equitable way. Although the Dole bill includes Senator HUTCHISON's Federal funding formula proposal, it is still, in my judgment, a grossly inadequate approach which penalizes high-growth States.

The Republican leader's proposal hurts high-growth States like Nevada by capping Federal funding at the fiscal year 1994 level. High-growth States like Nevada will receive less funding at the very time that their population is exploding. Nevada is one of 19 States under the Dole-Hutchison Federal funding formula proposal which would be eligible to receive a very modest 2.5 percent annual adjustment to Federal funding in the second and subsequent years of the block grant authorization.

But, Mr. President, this adjustment does not come even remotely close to offsetting the damage caused to my State by reason of the fiscal year 1994 funding cap. Nevada is the fastest growing State in America. I invite my colleagues' attention to this chart. It is dramatic. Beyond the comprehension of those of us who have lived in Nevada, as I have, for more than a half a century, if you look at the preceding decade, 1984 to 1994, Nevada's population has grown by 59.1 percent.

If you look at the next fastest State in percentage of growth, that of Arizona, 33.7 percent. When I talk about the horrendous impact and consequences of this formula, I am not speaking in the abstract, I am speaking in the specific, and it will be devastating.

Nevada's population is projected to increase from 1995 to the year 2000 by nearly another 15 percent from approximately 1.47 million to approximately 1.69 million. Again, Nevada leads the Nation in projected population growth for the remaining years of this decade.

Nevada's AFDC caseload increased 8 percent from fiscal year 1993 to fiscal year 1994, the sixth highest increase in the country. The national average was only a 1.4 percent increase. And from fiscal year 1992 to 1994, Nevada's welfare expenditures increased by nearly 22 percent, the fourth highest increase in the country, compared to the national average of only 4 percent.

In the 5 years from 1989 to 1994, Nevada experienced a 35.7 percent increase in the number of children under the age of 18 years, the highest increase of any State in the country. Again, by comparison, the national average is 6.1 percent.

Under the Republican welfare proposal, fast growing States like Nevada will suffer a devastating impact. We cannot expect yesterday's funding levels are going to come anywhere near meeting the needs of Nevada citizens in the years ahead.

Under the Dole-Hutchison formula, Nevada would receive $36 million in fiscal year 1996. Nevada is already in the year of its implementation behind its projected needs. For Nevada, a 2.5 percent growth increase over the preceding year's block grant does not come close to meeting its welfare assistance needs.

As a consequence, Nevada's State treasury and its taxpayers are placed at risk of having to increase the difference occasioned by the cap imposed in this formula.

The children's fair share plan funding formula takes into consideration the substantial population growth projections. It does this by allocating Federal funds to States, based very simply on the number of children who are in poverty in each State.

Mr. President, what could be more fair than to base the allocation on the number of children in poverty in each of the respective States?

Basing welfare allocations on the number of poor children served puts the emphasis on where the priorities should be in this welfare debate, and that is on vulnerable, impoverished children throughout this Nation, irrespective of where they may live.

Traditionally, the main goal of welfare cash assistance programs like AFDC has been to children who are impoverished, have a minimum standard of living. The need to meet that goal continues.

The National Center for Children in Poverty reports that children under the age of 6 living in poverty in America has increased in the 5-year period from 1987 to 1992 by 1 million—from 5 million to 6 million. In the 20-year period from 1972 to 1992, the number of our children living in poverty nearly doubled. This, Mr. President, is a most disturbing trend and one that shows little chance of abeyance.

None of us want poor children in this country to be unable to count on having a meal to eat and a place to sleep. If we cannot continue the current entitlement status for the cash assistance program, we must provide States sufficient funding on an equitable basis.

Nevada, each month, draws thousands of people from surrounding States who come hoping to find jobs. In my own hometown of Las Vegas, 6,000 to 7,000 people each month move into the greater metropolitan area of Las Vegas. This population influx also brings a rapidly increasing number of children. Tragically and unfortunately, many of those children are children in poverty.

The 1995 Kids Count Data Book found that in 1992, Nevada had 6.4 percent of its children in extreme poverty, that they lived in families whose income was below 50 percent of the national poverty level. Additionally, 25 percent of Nevada's children lived in poor and near-poor families.

Rapid growth States, like Nevada, have always been hurt in receiving their appropriate share of Federal funds. Population increases and increases in Federal funds have rarely gone hand-in-hand because of many reasons. Maybe because the Federal Government was not efficient enough to make the sufficient adjustments.

But it is particularly unfair to hold a rapidly growing State, like Nevada, to its 1994 Federal funding level as a baseline for future welfare assistance funding. But this will happen, unless the Graham amendment is adopted.

Think about the absurdity, for a moment, of using population figures from 1994 as the baseline for all future welfare assistance funding increases. From day one, under the Dole bill, Nevada's children in poverty are punished. Under the Dole proposal, Nevada would receive $36 million each year from 1996 through 1998. Under the children's fair share plan, Nevada could receive up to $72 million a year. But understand that the basic overall amount spent on welfare is not the issue here. In my opinion, it is the formula used to allocate that amount.

States like New York and California do better under the Dole bill. Fast-growing States like Nevada are seriously damaged.

The Hutchison "dynamic growth" proposal serves Nevada children no better. Once again, Nevada would be held, in 1996, to its 1994 level of $36 million. In 1997, Nevada would get $1 million more for a total of $37 million. In 1998, Nevada would get an additional $1 million more, again for a total of $38 million. Yes, it is a funding increase. No, it is not based on meeting Nevada's population growth nor its needs.

I genuinely want to achieve a fair and bipartisan solution to this critical issue. The children's fair share proposal, in my judgment, provides that solution. If your State has a high number of children in poverty, your State receives a higher amount of Federal funding. If your State has fewer children in poverty, your State receives a lesser amount of Federal funding. The Federal funding follows the need. What could be fairer than that?

Again, I urge my colleagues to think about the impoverished children in

America. Let us work together to ensure that those children, regardless of where they are living, are going to be provided adequate care on an equal basis. They depend upon us to care for them. We must not let them down.

Mr. President, I yield the floor.

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, we have had an excellent debate. I know my colleague from New York wishes to address this amendment, as well.

I wish to compliment the parties on both sides of this debate. I think it has been an excellent debate. I note that my friend and colleague from New Mexico is here. He has an amendment. The majority leader has indicated to us that he would like to dispose of that tonight. My guess is that it is a very important amendment dealing with family caps. We will have some good debate on that, as well.

I urge my colleagues to try and conclude debate on the Graham-Bumpers amendment as soon as possible so we can go on to debate the Domenici amendment.

Mr. D'AMATO addressed the Chair.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. D'AMATO. Mr. President, I rise to oppose this amendment. I rise to oppose it on a number of grounds and bases.

First of all, Mr. President, I support welfare reform. We need welfare reform. We need sweeping reform. We need workfare. But reform cannot come solely at the expense of New York, or New York and California, or at the expense of New York, California, and Pennsylvania, or at the expense of any of those to whom this amendment does grievous harm. We are not just talking about States; we are talking about harm to the families, to the children that this amendment will devastate.

This amendment is not about reform. It is not about welfare formulas that make sense. It is about taking money from poor children in certain States. In many cases, these are the States that have done the most to help poor people. And now to penalize them as a result of that and to shift those dollars, without regard to the level of resources the States are willing to commit on their own, but simply to say that we are going to grab more money, we are going to enrich certain States. That's wrong and unacceptable. I am going to point out specifically some of those areas that cause concern.

We have tried to be fair in accommodating the concerns of the Senator from Florida. This bill contains an $877 million supplemental growth formula that will benefit Florida and 18 other States anticipating population growth over the life of this bill. And that is fair and that is reasonable. They are going to have additional growth. Let us take care of that.

Under the Dole-Hutchison formula, the State of Florida will receive $150 million more, over the next 5 years, than they would have received under the Finance Committee's initial proposal. But let me tell you, the amendment that is before us now, the amendment of the Senator from Florida, is fundamentally unfair. Let me tell you what the real impact of this amendment would be.

No. 1, the amendment would reallocate more than $2 billion from 14 States; 14 States would lose $2 billion, causing a half-million families to lose welfare benefits. That is not welfare reform. If we want to kill any chance of welfare reform, then adopt this amendment. Indeed maybe that is the basis and the genesis of this amendment—to kill reform. New York would lose $749 million in fiscal year 1996 alone. Let me tell you what it would be over 5 years, Mr. President: $4.5 billion.

That is just simply wrong. It is mean spirited, and we have not even accounted for the State of California. They have people. They have children. They have needs. They have been meeting those needs.

The loss there would be well over $5 billion. Those two States alone, 20 million people in New York and 30 million in California—50 million people—would account for three-quarters of the funds that were redistributed.

That is not what welfare reform should be about. Fairness, yes. But not this kind of attempt to enrich oneself at the expense of others. That is not what this country is about.

When there is a disaster, we all pitch in. We do not say, "What is the population of your State?" We are there. If there is an earthquake, a fire, floods, devastation, we are there.

If it costs $6 billion, $8 billion, $9 billion to help the State of California, we do it. If it cost $4 billion or $5 billion to help a State, and the State was Florida, we were there. The Senators from New York did not say, "Well we did not get that portion. We did not get that kind of disaster relief."

That is what Federalism is about. I did not think it was about looking at how we can enrich certain states, and then throwing in a bunch of additional States so that we can get votes. That is what this bill is about. There are more than a dozen States, 15 I believe, that are rewarded arbitrarily—nothing to do with need per se; just worked into the formula so we can get more money to get more votes. Supposedly this way we will get 30 votes because we have given each of these 15 States more money.

Is that the way we will run this country? Is that what this legislative body has become?

By the way, I have seen these kinds of amendments in the past. They are wrong. I do not care whether they come from the Republican side or the Democratic side.

Today, there was an amendment offered by one of my colleagues. It could have given New York more money. I voted against it. It would have disadvantaged other States.

This is not about trying to be one up on somebody else. That may not be what is intended, but that is what this amendment is. It is one-upmanship.

We can play that role. It does not take a great genius to figure out a formula, and we could come up with such a formula, that would enrich maybe 33 States and disadvantage some others. I do not think that is what we want to be about—arbitrarily rewarding some States.

Let me just make several points, and I am not going to take a great deal more time, but I am going to say if one were to look at this chart which comes from the incredible work of the Northeast-Midwest Coalition, under the stewardship of the senior Senator from New York, Senator MOYNIHAN, who for years and years and years has been a leader in talking about inequities affecting our region. Want to see some inequities? I will show you an inequity. If we want to look at what tax efforts are and take a look at the Northeast and Midwest from 1981 to 1994 over a 14-year period of time, you will see there is a $690 billion inequity relating to Federal allocable dollars spent in our region.

If we want to change things around, if we want to get into who gets more money, then look at the tax efforts, look at the taxes paid by our respective citizens and our respective States and the amount of money that we get back. We would be pretty well enriched.

Let me tell you again, in this work, Senator MOYNIHAN has been a pioneer in this effort. He has talked about this issue over the years, but it bears repetition right here.

If we are going to get into the business of crafting formulas to enrich our particular State, fine. But it is a nasty business, and it destroys what Federalism is about.

Why, then, we think we have an argument. Between fiscal year 1981 and 1994 on a cumulative basis, if New York's percentage of fair, allocable Federal spending is equal to the Federal share of taxes paid, the State of New York would have received an additional $142 billion. Where is our money? We want $142 billion.

I did not know we were going to get into this business of saying, "Oh, no, we sent $142 billion down, more than what we got back." That is what this kind of amendment is doing. It is mischief-making.

Take a look at the State of Florida. On the other hand, if we had said, "You get as much as you put in," the State of Florida would have received $38.5 billion less. In other words, it has done better. It got $38.5 billion more than it sent down to Washington.

Not bad. But now we are going to find a way to get more money for the State of Florida. Where do we take it from? We take it from New York, its taxpayers and, more importantly, the poor kids, the poor children, the poor families. That is absolutely wrong. It is not acceptable.

Now, as I have said, we want meaningful welfare reform. And, by the way, reasonable people can disagree on the basis of reform. My distinguished colleague and I agree that there has to be welfare reform. We may not agree on every part of this, but I tell you one thing: We all recognize when formulas or propositions—whether they come from the Republican side or the Democratic side—are basically not fair.

You do not just enrich States so that you can get Senators from those States, so you can say, "Look, under my formula I will get the $20 million a year more with no rational basis."

By the way, that is another concern, and I will speak to that when I get 2 minutes tomorrow morning, whereby if you have an 80 percent maintenance of effort, and if the Graham amendment were enacted, New York would be forced to contribute $500 million in welfare spending than would get in its grant from the Federal Government. Incredible.

We had better protect our citizens. If there are areas where the formulas are inequitable and we can make them work better, we should attempt to do that, and we have attempted to do that. But we should not get into the business of advancing one's own interest for one's own State at the expense of another. I do not think that is what we should be about. I do not think that is what this debate should be about.

I have to say there is a tremendous imbalance here, $690 billion over 14 years, if we look at how much our region paid and how much it got back.

I want to thank my senior colleague and Senator, the distinguished Senator from New York, Senator MOYNIHAN, who has made possible the gathering of so much of this information that we could present tonight.

Mr. DOMENICI. Would the Senator from New York yield for a clarification.

Mr. D'AMATO. Certainly.

Mr. DOMENICI. You mentioned under the 80 percent maintenance of effort, New York would lose $500 million.

I think what you meant, Senator, was if this amendment passes.

Mr. D'AMATO. Exactly. I thank my colleague.

Under this amendment, if this amendment were adopted—the irony would be that it would wind up that we would have to spend $1.84 billion and we would only be getting $1.32 billion from the Federal side. In other words, New York would have to contribute roughly $500 million more it would receive from the Federal Government if Senator GRAHAM's amendment were to pass.

It would be devastating. We are not talking about devastating to a State, or to some organization, some institution. We are talking about over 300,000 families that would be impacted—people, live human beings, who, in most cases, would have tremendous problems.

We are trying to find out how to mainstream them. Mainstreaming is one thing. Workfare is one thing, and I support it wholeheartedly. But to impose a radical reallocation of dollars that will deny shelter or a meal to people in my state is not what welfare reform should be about.

Again, I want to thank Senator DOMENICI for pointing out what this impact of this amendment would be, and I certainly want to add my support to the efforts of Senator MOYNIHAN, my distinguished colleague, the senior Senator from New York, in his opposition, to this amendment.

I yield the floor.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, may I simply thank my distinguished friend and colleague for the forcefulness with which he has made an unmistakably accurate point.

I thank him for his generous personal references.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I thank both our colleagues from New York for their statements. I note the Senator from Florida, Senator GRAHAM, wishes to make a statement. I will just mention to my colleague, Senator DOMENICI, has an important amendment he is prepared to discuss. And we have several other amendments we are supposed to, basically, debate tonight and hopefully have for consideration and vote tomorrow.

So it is my hope we can conclude Senator GRAHAM's debate with this amendment, take up Senator DOMENICI's amendment, and then I know Senator DASCHLE has two amendments, Senator DEWINE has an amendment, Senator MIKULSKI, Senator FAIRCLOTH, and Senator BOXER, that we would also like discuss this evening and have ready for a vote tomorrow.

We still have a lot of work to do tonight and it is my hope maybe we can move forward with this debate as expeditiously as possible.

The PRESIDING OFFICER. The Senator from Florida.

Mr. GRAHAM. Mr. President, if no one seeks recognition to speak on the amendment, I would like to make a few comments in closing, recognizing that there is some time reserved tomorrow morning for final comments on this matter.

My comments this evening will be, first, to express my appreciation to all of the Senators who have participated in the debate on this amendment on both sides of the aisle and on both sides of this issue. I recognize that, whenever you are attempting to allocate not only a zero sum, a fixed amount of money, but what actually is a declining amount of money because of the decision to freeze 1994 allocations in place until the year 2000 with no adjustment for inflation, no adjustment for demographic changes, no adjustment for economic changes, you are dealing with, effectively, a declining amount of dollars to attempt to allocate. That makes the issues of fairness even more difficult, but I suggest even more urgent.

I would like to respond to some of the comments that were made. Before doing so, Mr. President, I send to the desk a series of tables and other materials which were referenced in my comments, or comments of Senator BUMPERS or Senator BRYAN, in behalf of this amendment. I ask unanimous consent they be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. GRAHAM. Mr. President, the junior Senator from New York, Senator D'AMATO, said he opposed this amendment because it had no relationship to need, that it was arbitrary and capricious. That is exactly the point. What is more related to need than to allocate funds for poor children based on where poor children are in the year you are going to distribute the money?

What this amendment states is that the fundamental basis for allocating funds will be where poor children are in the year of distribution. If the State of Missouri represents 3 percent of the poor children in America in 1996, it will get 3 percent of the money. If it represents 2.9 percent of the poor children in 1997, it will get 2.9 percent of the money. That, to me, is a principle which is fundamentally as fair and straightforward as the reputation is of Missouri for a State that wants you to "show me" why you are proposing to do what you are proposing to do.

There has been a theme through some of the comments that have been made that we are holding the world constant, and therefore we can continue to hold constant the way in which we have distributed money in the past for the support of poor children. The fact is, we are engaged in reform—some people would say in revolution—of the welfare system. Could it be more paradoxical that we are fundamentally changing the objectives of the system, the structure and administration of the system, the relationship of the States, the Federal Government, and the individuals affected, yet we are going to continue to distribute the Federal money, 99 percent of it, based on the old allocation formula? I think that belies our real commitment to reform.

What are some of the changes in this revolution in welfare? Those changes include massive new mandates to the States to undertake job training and preparation, including placement services where necessary, transportation services, and child care services for those persons who are trying to collect up the necessary personal capabilities to become independent, employed persons in our society.

Those mandates have very serious implications to the States. The State of Texas is going to have to spend 84 percent of the Federal money that it will receive under this program in

order to meet those mandates. Yet we are going to continue to distribute money to the State of Texas as if those mandates did not exist because, in fact, those mandates did not exist when this basis of allocation of funds was developed.

We are going to distribute, over the next 5 years, $85 billion of Federal money—this is not State money, this is not money to which any locality has a particular claim, this is money that belonged to all the people of the United States and is paid by all the people of the United States—we are going to distribute $85 billion to a status quo program, how things were in 1994. We are going to distribute a shade less than $900 million based on a formula which will commence 3 years from now, that will provide an increase to a handful of States based on growth and extreme poverty in terms of how far they fall below the national average in their support for poor children.

It has been suggested that there is an unfairness in this adjustment, that we are overly imposing on some States. Let me just look at this chart. The garnet bar represents what is in the amendment that is the basis of this legislation, the Dole proposal. The gold bar represents the modification in funding if the Graham-Bumpers amendment were adopted. Let us just look at New York and Arkansas. Under the Dole bill, New York will receive over $2,000 per poor child in 1996—over $2,000. Arkansas will receive less than $400 per poor child.

If this amendment, that has been described as overreaching and unfair, is adopted, what will happen? What will happen is that in 1996, New York will have approximately $1,400 for every poor child, and Arkansas, that egregious, greedy State of Arkansas, will jump up to approximately $550 per poor child. That is what happens when greed takes over the system and Arkansas begins to move somewhat toward parity.

It will take another 3 years before Arkansas finally reaches New York in parity. Under the proposal that is in the current bill, it will take Arkansas 177 years—177 years before Arkansas would be in parity with New York, under the bill as proposed by the majority leader. Yet we are being accused of being overreaching.

It has been suggested that our amendment is inappropriate because of the maintenance of effort provision that was in this bill. When we wrote this amendment there was zero maintenance of effort in this bill. The maintenance of effort—that is what will be required of States in order to be eligible to participate—has been a work-in-progress over the last several weeks.

We submit this, what we think is the fundamentally appropriate manner in which to allocate $85 billion of Federal funds over the next 5 years for poor children, which is the radical idea. Let us put the money where the poor children are. When the Senate in its wisdom adopts this amendment, then we will come back and look at the issue of what that says in terms of appropriate modifications to a maintenance-of-effort provision.

It has been suggested that there is some Machiavellian plot here, that we are trying to defeat welfare reform. I want to state in the strongest possible terms that I am a strong supporter of welfare reform. My State has two of the most successful welfare work projects in the country.

I spent a day recently working at the project in Pensacola which has put almost 600 people into productive work, which will have half of the welfare population of Pensacola involved in a transition program in the next few months, which already has approximately 25 to 30 percent involved, is serious about the business, and has learned what it is going to take in order to be successful.

So I take second place to no one in my commitment to seeing that there is real welfare reform. But I would suggest that, first, in terms of what is in the interest of the vast number of States in America as seen on this map where all of the States in yellow will be better equipped to meet their responsibilities when the money is distributed based on where poor children are, that we have a better chance of achieving real welfare reform under that allocation of funds than under one which continues to impoverish a large number of States in America.

I believe that on this Senate floor it is going to be difficult—it must be difficult for many Senators who are here tonight; they can read the charts; they know what the implications of this are to their State—to vote for a bill, even one which has many provisions that they support which contains at its heart, at its core, such a cancerous unfairness in terms of how the Federal money will be distributed in terms of where the poor children, the poor children in their State, the poor children in America, live.

Finally, in terms of, is this a plot to sink welfare reform? In my judgment, this is not the plot. The plot is there, Mr. President. It is there in the bill as authored by the majority leader. And it is there because there are not the resources available in that formula, in that bill, in order to meet the objective of having 25 percent of the welfare beneficiaries in meaningful employment in 1996 and 50 percent in meaningful employment in the year 2000.

That is not Senator GRAHAM's assessment. That is, among others, the assessment of the Congressional Budget Office, which has estimated that upwards of 40-plus States will not be able to meet the work requirements in the legislation offered by the majority leader, in large part because they do not have the resources to pay for those things that will be necessary to prepare people for work, including the appropriate child care for their dependent children while they are preparing themselves to work and during those initial weeks of employment.

So there may be a plot here to sink welfare reform and to show that, in fact, it is unattainable, but that plot is contained in the legislation which is the underlying proposal of the majority leader, not in this proposal, which in fact would give all States an equal opportunity to use their creativity, imagination, and unleash what the presiding officer as a former Governor and I as a former Governor know to be the energy of States to meet a very serious national problem at the local level.

So, Mr. President, I urge the close attention of all of my colleagues to the implication of this amendment and urge tomorrow, when this is before us for a vote, their favorable consideration.

Thank you, Mr. President.

STATE-BY-STATE WELFARE ALLOCATIONS

Senate Finance Committee Compared with Dole Work Opportunity Act and Graham/Bumpers Children's Fair Share (fiscal years in millions of dollars)

State	Senate Finance—1996–1998	Dole Work Opportunity Act			Graham/Bumpers children's fair share		
		1996	1997	1998	1996	1997	1998
Alabama	107	107	110	112	160	240	258
Alaska	66	66	66	66	100	100	100
Arizona	230	230	236	242	256	256	256
Arkansas	60	60	61	63	90	135	150
California	3,686	3,686	3,686	3,686	2,881	2,565	2,495
Colorado	131	131	134	137	149	149	149
Connecticut	247	247	247	247	200	179	174
Delaware	30	30	30	30	60	60	60
District of Columbia	96	96	96	96	100	100	100
Florida	582	582	596	611	873	997	997
Georgia	359	359	368	377	450	450	450
Hawaii	95	95	95	95	100	100	100
Idaho	34	34	34	35	67	69	69
Illinois	583	583	583	583	780	780	780
Indiana	227	227	227	227	316	316	316
Iowa	134	134	134	134	121	110	107
Kansas	112	112	112	112	132	132	132
Kentucky	188	188	188	188	283	294	294

STATE-BY-STATE WELFARE ALLOCATIONS—Continued

Senate Finance Committee Compared with Dole Work Opportunity Act and Graham/Bumpers Children's Fair Share (fiscal years in millions of dollars)

State	Senate Finance—1996–1998	Dole Work Opportunity Act			Graham/Bumpers children's fair share		
		1996	1997	1998	1996	1997	1998
Louisiana	164	164	168	172	246	369	403
Maine	76	76	76	76	100	100	100
Maryland	247	247	247	247	218	198	193
Massachusetts	487	487	487	487	311	269	260
Michigan	807	807	807	807	739	669	654
Minnesota	287	287	287	287	265	240	235
Mississippi	87	87	89	91	131	196	224
Missouri	233	233	233	233	309	309	309
Montana	45	45	46	47	90	90	90
Nebraska	60	60	60	60	100	100	100
Nevada	36	36	37	38	72	72	72
New Hampshire	43	43	43	43	85	85	85
New Jersey	417	417	417	417	404	368	360
New Mexico	130	130	133	136	143	143	143
New York	2,308	2,308	2,308	2,308	1,559	1,361	1,317
North Carolina	348	348	357	365	394	394	394
North Dakota	26	26	26	26	52	52	52
Ohio	769	769	769	769	738	672	657
Oklahoma	166	166	166	166	246	246	246
Oregon	183	183	183	183	168	152	149
Pennsylvania	658	658	658	658	652	595	583
Rhode Island	93	93	93	93	100	100	100
South Carolina	103	103	106	109	155	232	253
South Dakota	23	23	24	24	46	46	46
Tennessee	206	206	211	216	309	348	348
Texas	507	507	520	533	761	1,141	1,232
Utah	84	86	88	88	105	105	105
Vermont	49	49	49	49	99	99	99
Virginia	175	175	180	184	242	242	242
Washington	432	432	432	432	260	223	215
West Virginia	119	119	119	119	150	150	150
Wisconsin	335	335	335	335	280	251	245
Wyoming	23	23	24	24	47	47	47
United States	16,696	16,696	16,781	16,869	16,696	16,696	16,696

STATE WELFARE ALLOCATION PER CHILD IN POVERTY

Senate Finance Committee Compared with Dole Work Opportunity Act and Graham/Bumpers Children's Fair Share (dollars per child in poverty per fiscal year)

State	Senate finance 1996–1998	Dole work opportunity act			Graham/Bumpers children's fair share		
		1996	1997	1998	1996	1997	1998
Alabama	408	408	418	429	612	919	988
Alaska	3,248	3,248	3,248	3,248	4,903	4,903	4,903
Arizona	1,045	1,045	1,072	1,098	1,162	1,162	1,162
Arkansas	375	375	384	394	563	844	934
California	1,716	1,716	1,716	1,716	1,341	1,194	1,162
Colorado	1,019	1,019	1,045	1,071	1,162	1,162	1,162
Connecticut	1,650	1,650	1,650	1,650	1,335	1,192	1,162
Delaware	590	590	590	590	1,181	1,181	1,181
District of Columbia	4,222	4,222	4,222	4,222	4,411	4,411	4,411
Florida	678	678	695	713	1,017	1,162	1,162
Georgia	927	927	950	973	1,162	1,162	1,162
Hawaii	2,135	2,135	2,135	2,135	2,252	2,252	2,252
Idaho	564	564	578	592	1,128	1,154	1,154
Illinois	869	869	869	869	1,162	1,162	1,162
Indiana	834	834	834	834	1,162	1,162	1,162
Iowa	1,459	1,459	1,459	1,459	1,314	1,189	1,162
Kansas	981	981	981	981	1,162	1,162	1,162
Kentucky	745	745	745	745	1,117	1,162	1,162
Louisiana	390	390	400	410	586	878	959
Maine	1,193	1,193	1,193	1,193	1,566	1,566	1,566
Maryland	1,490	1,490	1,490	1,490	1,318	1,189	1,162
Massachusetts	2,177	2,177	2,177	2,177	1,390	1,202	1,162
Michigan	1,432	1,432	1,432	1,432	1,312	1,188	1,162
Minnesota	1,419	1,419	1,419	1,419	1,310	1,188	1,162
Mississippi	331	331	340	348	497	746	852
Missouri	873	873	873	873	1,162	1,162	1,162
Montana	1,015	1,015	1,040	1,066	2,030	2,030	2,030
Nebraska	895	895	895	895	1,485	1,485	1,485
Nevada	671	671	688	705	1,342	1,342	1,342
New Hampshire	1,430	1,430	1,430	1,430	2,860	2,860	2,860
New Jersey	1,345	1,345	1,345	1,345	1,303	1,187	1,162
New Mexico	1,053	1,053	1,079	1,106	1,162	1,162	1,162
New York	2,036	2,036	2,036	2,036	1,375	1,200	1,162
North Carolina	1,026	1,026	1,052	1,078	1,162	1,162	1,162
North Dakota	1,027	1,027	1,027	1,027	2,054	2,054	2,054
Ohio	1,360	1,360	1,360	1,360	1,304	1,187	1,162
Oklahoma	785	785	785	785	1,162	1,162	1,162
Oregon	1,428	1,428	1,428	1,428	1,311	1,188	1,162
Pennsylvania	1,312	1,312	1,312	1,312	1,299	1,186	1,162
Rhode Island	2,244	2,244	2,244	2,244	2,427	2,427	2,427
South Carolina	393	393	403	413	590	885	964
South Dakota	691	691	708	726	1,381	1,381	1,381
Tennessee	688	688	705	723	1,032	1,162	1,162
Texas	405	405	415	425	607	911	982
Utah	924	924	947	971	1,162	1,162	1,162
Vermont	2,275	2,275	2,275	2,275	4,550	4,550	4,550
Virginia	840	840	861	883	1,162	1,162	1,162
Washington	2,340	2,340	2,340	2,340	1,407	1,205	1,162
West Virginia	920	920	920	920	1,162	1,162	1,162
Wisconsin	1,589	1,589	1,589	1,589	1,328	1,191	1,162
Wyoming	1,261	1,261	1,292	1,325	2,522	2,522	2,522
United States	1,162	1,162	1,168	1,173	1,162	1,162	1,162

SENATE FINANCE COMMITTEE PROPOSAL WITH DYNAMIC GROWTH FORMULA ANALYSIS OF HOW LONG IT WILL TAKE FOR PARITY

State	Years it would take to reach national average at 2.5% per year	Years it would take for State to get to New York's level of funding at 2.5% per year	Years it would take for State to get to Pennsylvania's level of funding at 2.5% per year
Alabama	74	159	89
Arizona	4	38	10
Arkansas	84	177	100
Colorado	6	40	11
Delaware	39	98	49
Florida	29	80	37
Georgia	10	48	17
Idaho	42	104	53
Illinois	13	54	20
Indiana	16	58	23

SENATE FINANCE COMMITTEE PROPOSAL WITH DYNAMIC GROWTH FORMULA ANALYSIS OF HOW LONG IT WILL TAKE FOR PARITY—Continued

State	Years it would take to reach national average at 2.5% per year	Years it would take for State to get to New York's level of funding at 2.5% per year	Years it would take for State to get to Pennsylvania's level of funding at 2.5% per year
Kansas	7	43	14
Kentucky	22	69	30
Louisiana	79	169	94
Mississippi	100	206	118
Missouri	13	53	20
Montana	6	40	12
Nebraska	12	51	19
Nevada	29	81	38
New Mexico	4	37	10
North Carolina	5	39	11

SENATE FINANCE COMMITTEE PROPOSAL WITH DYNAMIC GROWTH FORMULA ANALYSIS OF HOW LONG IT WILL TAKE FOR PARITY—Continued

State	Years it would take to reach national average at 2.5% per year	Years it would take for State to get to New York's level of funding at 2.5% per year	Years it would take for State to get to Pennsylvania's level of funding at 2.5% per year
North Dakota	5	39	11
Oklahoma	19	64	27
South Carolina	78	167	93
South Dakota	27	78	36
Tennessee	28	78	36
Texas	75	161	90
Utah	10	48	17
Virginia	15	57	22
West Virginia	11	49	17

TABLE 2.—THE ADDITIONAL COST OF THE WORK PROGRAM AND ASSOCIATED CHILD CARE UNDER THE AMENDED SENATE REPUBLICAN LEADERSHIP PLAN (ASSUMING THE NATIONAL AVERAGE COST PER WORK PARTICIPANT AND ASSOCIATED CHILD CARE SLOT IN FISCAL YEAR 2000)

[In millions of dollars]

	Estimated additional operating cost of the work program to meet FY 2000 participation rate required in the Senate Republican leadership plan	Estimated additional cost for related child care in the FY 2000 Senate Republican leadership plan	Estimated additional operating cost of the work program plus related child care in the FY 2000 Senate Republican leadership plan	Estimated total operating cost of the work program and related child care in the FY 2000 as a percent of the block grant	Estimated additional operating cost of the work program plus related child care FY 1996–2002 Senate Republican leadership plan
Alabama	$16	$27	$43	59	$140
Alaska	5	9	15	36	47
Arizona	26	46	72	46	231
Arkansas	9	15	24	59	78
California	328	566	894	39	2,827
Colorado	16	28	45	50	144
Connecticut	24	42	66	43	213
Delaware	4	7	11	58	35
District of Columbia	10	18	29	48	90
Florida	92	159	252	63	816
Georgia	53	92	145	59	467
Hawaii	9	15	24	40	75
Idaho	3	6	9	41	29
Illinois	96	167	263	73	843
Indiana	29	51	80	57	257
Iowa	16	27	43	52	138
Kansas	12	21	33	48	105
Kentucky	30	52	82	70	266
Louisiana	31	54	85	82	276
Maine	10	17	27	57	87
Maryland	32	55	86	56	276
Massachusetts	45	77	122	40	395
Michigan	94	162	255	51	823
Minnesota	26	45	71	40	230
Missippi	19	33	53	88	173
Missouri	37	64	101	70	323
Montana	5	9	14	45	44
Nebraska	5	9	15	39	48
Nevada	5	8	13	54	43
New Hampshire	5	8	13	48	41
New Jersey	48	82	130	50	417
New Mexico	13	23	36	40	115
New York	182	315	497	35	1,590
North Carolina	49	84	133	56	428
North Dakota	3	4	7	43	22
Ohio	96	165	261	55	845
Oklahoma	19	32	51	50	164
Oregon	16	27	43	38	140
Pennsylvania	86	148	234	57	750
Rhode Island	9	16	26	45	82
South Carolina	17	29	46	65	150
South Dakota	3	4	7	46	22
Tennessee	42	73	115	82	370
Texas	107	184	291	84	930
Utah	7	12	19	33	62
Vermont	4	7	11	37	37
Virginia	27	47	74	62	237
Washington	41	70	111	41	355
West Virginia	16	28	45	61	143
Wisconsin	29	51	80	39	260
Wyoming	2	4	6	40	21
Total	1,911	3,300	5,211	49	16,700

HHS/ASPE analysis. State work and child care costs are based on national averages. This analysis assumes that there will be no operating cost in the work program for those combining work and welfare, those sanctioned and those leaving welfare for work. Likewise, the analysis assumes no cost of related child care for those leaving welfare for work and those sanctioned.

GRAHAM-BUMPERS CHILDREN'S FAIR SHARE AMENDMENT

Principles: A formula based on fairness should be guided by the following principles:

(1) Block grant funding should reflect need or the number of persons in the individual states who need assistance;

(2) A state's access to federal funding should increase if the number of people in need of assistance increases;

(3) States should not be permanently disadvantaged based upon their policy choices and circumstances in 1994; and

(4) If requirements and penalties are to be imposed on states, fairness dictates that all states have an equitable and reasonable chance of reaching those goals.

S. 1120 fails to meet each and every test of fairness.

GRAHAM-BUMPERS CHILDREN'S FAIR SHARE PROPOSAL

The Graham-Bumpers Children's Fair Share proposal allocates funding based on the number of poor children in each state. In sharp contrast to S. 1120, the Graham-Bumpers amendment meets all the principles of an improved and much more equitable formula allocation.

The amendments is needs-based, adjusts for population and demographic changes, treats all poor children equitably, does not permanently disadvantage states based on previous year's spending in a system that is being dismantled, and allows all states a more equitable chance at achieving the work requirements in S. 1120. The Graham-Bumpers Children's Fair Share measure would establish a fair, equitable and level playing field for poor children in America, regardless of where they live.

Disparities in funding would be narrowed in the short-run and eliminated over time—in sharp contrast to S. 1120.

Children's Fair Share Allocation Formula: The Children's Fair Share formula would allocate funding based on a three-year average of the number of children in poverty. This information would come from the Bureau of the Census in its annual estimate through sampling data. With the latest data available, the Secretary would determine the state-by-state allocations and publish the data in the Federal Register on January 15 of every year.

Small State Minimum Allocation: For any State whose allocation was less than 0.6%, the minimum allocation would be set at the lesser of 0.6% of the total allocation or twice the actual FY 1994 expenditure level.

Allocation Increase Ceiling: For all states except those covered by the small state minimum allocation, the amount of the allocation would be restricted to increase not more than 50% over FY 1994 expenditure levels in the first year and to 50% increases for every subsequent year.

Final Adjustment to Minimize Adverse Impact: The savings from the "allocation increase ceiling" would exceed that for "small state minimum allocation". The net effect of these adjustments would be reallocated among the states who receive less than their FY 1994 actual expenditures.

Implications for the Medicaid Debate: The importance of a fair funding formula to states cannot be overstated.

With similar proposals to change the Medicaid program expected later this year, how these block grants are allocated among the states is absolutely critical. More than four out of every 10 dollars that Washington sends to state governments are Medicaid dollars. Medicaid is nearly five times bigger than the federal role in welfare: $81 billion a year versus $17 billion. If Congress "reforms" welfare by locking in past spending patterns and inequities, that would set a dangerous precedent for Medicaid.

THE UNFAIRNESS AND INEQUITY CAUSED BY THE S. 1120 FORMULA

Under S. 1120, most states will receive a block grant amount frozen at fiscal year 1994 levels through fiscal year 2000. Past inequities would be locked into place and future demographic or economic changes would not be adjusted for by S. 1120's funding formula.

A small number of states would qualify for an extremely limited 2.5% annual adjustment in the second and subsequent years of the block grant authorization. To qualify, states must meet either of two tests:

Federal spending per poor person in the state must be below the national average and population growth in the state is above the national average; or,

Federal spending per poor person in the state in fiscal year 1994 is below 35% of the national average.

S. 1120 Exacerbates and Makes Permanent Enormous Disparities: A formula based largely on shares of 1994 federal spending would result in large disparities between states in federal funding per poor child. For example, under S. 1120, Mississippi would receive $331 per poor child per year while New York would receive $2,036 or over six times more per poor child than Mississippi. Massachusetts would receive $2,177 or at least five times more per poor child than the states of Alabama, Arkansas, Louisiana, South Carolina and Texas. There is no justification for poor children to be treated with less or more value by the federal government.

Proponents of the bill will argue that some states will qualify for 2.5% annual adjustments to address this disparity. However, the bill fails to provide aid to nine states (Kentucky, Oklahoma, Indiana, Illinois, Missouri, Nebraska, West Virginia, Kansas and North Dakota) with below average federal funding per poor child.

Moreover, even for those who do qualify, the adjustment is glacial and may fail to ever achieve parity. For example, it is estimated that it will take Mississippi over 50 years to reach parity.

No Policy Justification: There is no justification for allocating future federal funds based on 1994 state spending. The needs of states in the future, both in terms of demographic and economic changes, will have no bearing on spending in 1994. States should not be permanently disadvantaged based upon their policy choices and circumstances in 1994.

Penalizes Efficiency: Basing all future funding on 1994 spending locks in historical inequities and inefficiencies. In 1994, the national average monthly administrative expense per case was $53.42, but New York and New Jersey had costs, respectively, of $106.68 and $105.26, almost eight times as high as West Virginia's cost of $13.34. Those states with higher administrative costs in fiscal year 1994 would receive block grant amounts reflecting their higher fiscal year 1994 costs for the next five years.

Fails to Account for Population Growth: Initial disparities would be further exacerbated by different rates of population growth. Between 1995-2000, ten states are projected to grow at least 8% while eight are projected to grow less than 1% or experience a population decline. Among the 25 states projected to have higher population growth, 17 would receive initial allocations below the national average.

The initial disparities locked in by the Dole approach would actually intensify as a result of these different rates of anticipated population growth through the end of the decade.

Proponents of the bill will argue that some states will qualify for 2.5% annual adjustments to address this disparity. However, the bill fails to provide six states (Washington, Alaska, Hawaii, Oregon, California and Delaware) with projected above-average population growth with aid.

Loser States Double Disadvantaged: States that receive less than their fair share of funding per poor child are the least likely to meet the work requirements under S. 1120, which leads to further funding sanctions. The additional cost of the work program and associated child care in S. 1120 would take up virtually all of the funding for those receiving less than the national average funding per poor child.

The additional costs to Mississippi, Louisiana, Tennessee and Texas are estimated to exceed 80% of federal funding to those states in the year 2000 compared to less than 40% of the cost in states such as California and New York, Oregon and Wisconsin. Ironically, those states receiving less than their fair share of funding will most likely fail to meet the work requirements, and thus, be subject to the 5% penalty in S. 1120.

Growth States Often Double Disadvantaged: Most growth states will be double disadvantaged. While population growth will fail to be adequately accounted for in the federal funding formula, growth states will have rapidly increasing numbers of people needed to meet the participation requirements. States such as Arizona, Arkansas, Florida, Hawaii, Oklahoma, Tennessee and Texas will need to have three or four times the number of people participating in work program by 2000 than they do in 1994, despite no or very little increasing in funding over the period.

Block Grant Formula Are "Forever": If the Dole formula is adopted, we are creating something that will be difficult, if not impossible, to change for a very long time. Example after example can be cited of block grants that are being allocated today based on funding levels to states over a decade ago.

No Lesson Learned: The General Accounting Office in a report issued in February 1995 report entitled "Block Grants Characteristics, Experience and Lessons Learned" wrote, ". . .because initial funding allocations [used in current block grants] were based on prior categorical grants, they were not necessarily equitable." The Dole approach would once again fail to address these concerns.

WESTERN GOVERNORS' ASSOCIATION: RESOLUTION 95-001, PASSED UNANIMOUSLY ON JUNE 25, 1995

In formulating the block grant proposals for welfare and Medicaid the Western Governors' Association strongly urges Congress to account for [these] realities in order to implement block grant funding in an equitable fashion:

(1) State population levels are growing at different rates, and differences must be recognized in any block grant formula.

(2) States have different benefit levels for both welfare and Medicaid and the block grant should not reward states that have been operating less efficiently and penalize states that have been operating more efficiently.

(3) The need for welfare and Medicaid are related to the business cycle, and the federal government should offer assistance to states during down cycles that is timely and responsive.

After selecting a block grant approach, the next logical question is, "How should the block grant be divided among the states?" The compromise reached by your committee was to prorate funds based on historical patterns. In a static world, that would be a perfect solution. However, as you know, Texas has been and will likely continue to be a high growth state. In the interest of fairness, I would urge you to add a significant growth factor to the block grant that is tied to population needs.—Gov. George W. Bush of Texas, April 25, 1995.

This debate is about fairness and real change versus the status quo . . . . Incredibly, the "new and improved" formulas approved by the U.S. House do nothing to address the migration of people within the United States and, in fact, simply set arbitrary spending patterns in stone for the foreseeable future.—Comptroller John Sharp of Texas, April 25, 1995.

It seems to me any welfare proposal should have a basic principle to treat all poor children equitably, and not favor any state's children at the expense of another's. . . . If Congress is going to radically redesign its welfare laws and block grant the money to the states, it needs to allocate that money fairly. States shouldn't be penalized in 1996, or rewarded for that matter, for spending practices of previous years in a system being discarded. That borders on the absurd and it contradicts the very intent of Congress doing away with the system and all of its inherent flaws.—Gov. Lawton Chiles of Florida, May 1, 1995.

If it's done strictly on prevous year's experience, that is going to disproportionately punish the Southern States. . . . Distributing the funds based on the percentage of population in poverty, with some consideration of the state's tax base would be much more equitable.—Gwen Williams, Medicaid Commissioner for Alabama (quoted on May 22, 1995).

A poor child in Michigan would get twice as much as a child in my state. That's not right. It's not fair. . . . Let's make equal

protection of children the foundation for reform.—Gov. Lawton Chiles of Florida, May 11, 1995.

When a lump sum distribution is made to the states, what fraction of the total should each state receive? The best approach is to base each state's share on the proportion of that nation's poor who reside in the state. A much less desirable approach is currently favored by the Republican leadership in Congress and is reflected in the House bill. This approach would block-grant funds based on current federal spending, rewarding the states that currently spend the most, instead of assisting those with the greatest need.—Dr. John C. Goodman (Goldwater Institute, paper dated July 1995).

If federal block grants to the states are based on current federal outlays, the effect will be to permanently entrench failed welfare policies in some states. . . . Equally important, the philosophically inclined among us. . . . should wonder why the Congress would enact a block grant system which rewards and continues profligate spending at the expense of states which have done far better at keeping costs down.—Gov. Fife Symington of Arizona, April 26, 1995.

Block grant funding would be locked in, in spite of rapidly changing patterns of need. This dissonance between need and funding would produce devastating results over a five year period.—Sen. Kay Bailey Hutchison and 39 other senators (in a letter to Sens. Robert Packwood and Daniel Patrick Moynihan on May 23, 1995).

Under the [Maternal Child Health Block Grant], funds continue to be distributed primarily on the basis of funds received in fiscal year 1981 under the previous categorical programs. . . . We found that economic and demographic changes are not adequately reflected in the current allocation, resulting in problems of equity.—General Accounting Office, February 1995.

Mr. PRYOR. Mr. President, I wish to add my voice to the debate over the amendment to redistribute the limited funds in this block grant based on the number of poor children in each State.

First let me say that I am pleased by the bipartisan nature of this amendment. There are many areas in the debate where both Democrats and Republicans can agree. We all agree that the current system does not work. It does not put people to work. It does not give States enough flexibility to craft a system that will keep them working. We can agree on what is wrong with the current system. What is much more difficult is finding some common ground on the best way to fix it.

President Clinton called on Congress to end welfare as we know it. Yet here we are building a new system on the rotting foundations of a system that we all agree has failed.

Mr. President, welfare reform should be about protecting children and putting their parents to work. This bill is a step in the right direction, but it uses a formula to distribute block grant funds that fails to give States the resources they need to accomplish these goals. The children's fair share amendment gives States with high populations of poor children the resources they need to serve those children. It bases the funds a State receives on the number of needy people the State will be asked to serve. It is fair.

In Arkansas, 25 percent of children live in poverty. One in every four children in my State lives below the poverty line.

Under the formula in this bill, Arkansas would get $375 per poor child, while the national average is over $1,000 and some States receive over $2,000 per poor child. This block grant is to be used for cash benefits, but it also pays for work programs and for child care so parents who find work can afford to keep working. It pays for administrative costs. Arkansas needs to pay a program director and to buy pens and paper just like every other state. Why should the Federal Government pay over $2,000 for each poor child in New York and Massachusetts and less than $400 per child in Arkansas and South Carolina?

I support this amendment, but I recognize that it still leaves large disparities in spending per poor child between States. Under this amendment, spending in Arkansas per poor child will rise from $375 to $563. In Massachusetts it will fall from $1,761 to $1,341. In New York, it will fall from $2,036 to $1,375. States that are getting more money per poor child now will still get more money per poor child should this amendment pass. This formula doesn't call for complete equity, but it does move us a little closer to a distribution of Federal funds that is fair.

This debate is not about benefit levels. We should not lock States into the policy decisions they made in years past. I applaud States that can afford to spend more money on welfare. But, the Federal Government has a responsibility to treat children equally, regardless of where they live.

This formula is based on what is really at the heart of the debate on welfare reform—poor children. And I urge my colleagues to join me in supporting it.

Mr. NICKLES. Mr. President, I thank the Senator from Florida as well as the Senator from Arkansas for their eloquent debate and the Senator from New York for giving the counter view. I think we have had excellent debate on this amendment. I know my friend and colleague from New Mexico, Senator DOMENICI, has an amendment that he wishes to discuss.

If no one else wishes to speak on the Graham amendment, Mr. President, I hope that we will have debate on the Domenici amendment, and I ask my other colleagues who have requested time to discuss their amendments tonight. Senator DOMENICI has mentioned that he will not be on the floor too long on this amendment. Other Senators that have amendments listed in the unanimous-consent order, if they wish to debate those tonight, I hope they will come to the floor in the near future.

Mr. MOYNIHAN. Mr. President, might I add that, if they think they wish not to do so, they would let us know.

Several Senators addressed the Chair.

Mr. BUMPERS. Mr. President, I wonder if the distinguished floor manager would yield for a question. We are going to vote tomorrow, as I understand it. We are going to stack the votes on these amendments. I just wondered if there had been any kind of consent agreement about allowing the proponents and opponents 2 or 3 minutes before each vote to sort of recapitulate the amendment.

Mr. NICKLES. Mr. President, to respond to our colleague from Arkansas, part of the unanimous-consent agreement would allow 10 minutes of debate to be equally divided between the Senators on this amendment, and actually on the Graham amendment there will be 20 minutes equally divided.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER (Mr. Smith). The Senator from New Mexico is recognized.

AMENDMENT NO. 2575

Mr. DOMENICI. Mr. President, I call up my printed amendment No. 2575 and ask for its consideration.

The PRESIDING OFFICER. Without objection, that will be the pending question.

Mr. DOMENICI. Mr. President, I ask unanimous consent that Senators MOYNIHAN, NUNN, BREAUX, and KASSEBAUM be added as original cosponsors of the Domenici amendment on a family cap.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, this is a very serious issue. I do not think we are going to take a lot of time tonight because I think the issue has been thoroughly discussed in various meetings, in conferences, and in caucuses, and clearly among various groups in our country, pro-life groups, pro-choice groups, proabortion groups, welfare reform groups, and so on.

So I am probably only going to take 15 or 20 minutes at the most. I do not want anyone to think that brevity has anything to do with the seriousness of this issue.

I want to talk a little bit about what I am trying to do and give the Senate my best perception of why I think it is the best thing we can do in a welfare reform bill that is attempting to experiment, innovate, and send a program that has failed back to the States so that they might consider handling it differently and tailoring it to the needs of their States within the amount of money that is going to be allowed in whatever formula we end up adopting.

So, as currently amended, the bill in front of us contains a provision requiring States to impose a so-called family cap. This provision says that, if a mother has a child while on welfare, the State cannot increase cash benefits to that mother for that child.

I want to stress that what we are saying to the States is, even if you consider it to be the best thing to do, and even if you have some evidence that, working within a proposal that provides additional cash benefits, you might prevent more teenagers from having children or welfare mothers from having children, you cannot do it

because, while we are busy here saying let us send these programs to the States, we are busy in this bill saying, but we know best, the U.S. Congress knows best.

The Governors came to us and said, let us run the programs. We have now said, Governors, you have to run it with State legislators. We voted that in recently.

So out in the country Republicans have been acknowledging that we want to send programs closer to home where those who are close to the people can carry out the laws as they see them best for their people.

Why do we decide then, with all of that excellent rhetoric about sending programs closer to home, to Governors and legislators, why do we think we are so wise that we say with reference to one of the most serious problems around—teenage pregnancies and welfare mothers that have children—we know the way to fix that is to say if you are a welfare mother and have a child, the State cannot give you any cash assistance? Mr. President, I am not wise enough to know whether they should or whether they should not.

So my amendment is a very simple amendment. In fact, I think I could call it after one of the most distinguished Republican Governors around, for I could call it the Engler amendment. It happens that he is not a Senator, so we are going to call it the Domenici-Moynihan amendment. It could be the Engler amendment, Governor Engler, because he said without any question, testifying before the Budget Committee, which I happen to chair, that "conservative strings are no better than liberal strings." Got it? He said, "Conservative strings are no better than liberal strings."

For what was he arguing? He was arguing for his State to have the authority to determine whether there should be a family cap or not and that they ought to be able to put a plan together on a yearly basis. They do not even have to get that plan on for 5 years. We are sending them a 5-year State entitlement, I say to my friend from New York. Each year they are going to get for 5 years a State entitlement.

What Governor Engler was saying is, let us every year decide on a plan to use that money in the best interests of those who need welfare assistance. And, mind you, everyone should know that the Senator from New Mexico is here arguing about this aspect of a growing disagreement in the Senate, but I want welfare reform. And I want it to be a 5-year program, not a program that people can have forever. And we are on the road to doing that. It should not have been a lifestyle. It should have been a stopover point to get some assistance and training and get on with trying to do for yourself.

So make no bones about that. That is what I want. And I believe the States are apt to do a better job than we have done. Why? Because I think they can experiment and innovate, and, frankly, I cannot understand, since that is the basis of all of this, why in the world we would say that to them, but when it comes to one of the most serious problems with reference to society today—unwed mothers and teenage pregnancies—we know best. We know best. And we think in our wisdom that if we say no cash benefits, I say to the distinguished Senator from New Hampshire in the chair, that somehow or another it will reduce the number of children born to teenagers or mothers who happen to be on welfare. And there is no empirical evidence that that is true.

Mr. MOYNIHAN. None.

Mr. DOMENICI. None. There is a bit, a smattering of evidence that came out of the State of New Jersey because they tried this, and that smattering of evidence was soon refuted by an in-depth study by Rutgers University which ended up suggesting that probably it had no effect at all with reference to the numbers of pregnancies. As a matter of fact, I do not know why it took so long and two studies, one they did at the State level and one by Rutgers.

Can we really believe, with the problems teenagers are having and the societal mixup that they find themselves in, that cash benefits are going to keep them from getting pregnant? I cannot believe it. Frankly, there is no evidence of that.

Let me tell you, there is a smattering of evidence—not a lot, I say to my friend from New York, but a little bit—that abortions have increased, that abortions have increased.

Frankly, that is not too illogical either. If one is going to stand up and argue that by denying $284 or $320, just that notion out there will keep them from getting pregnant and having babies out of wedlock or as welfare mothers, why would it not be logical to assume that if they are pregnant somebody would say, "You are not going to get any help. Why don't you have an abortion."

If one might work, the other might work. I do not want the second one. I do not want to be for a welfare program that I have to vote for and have on my conscience that I was part of a program to do some good and at the same time said to teenagers, "Maybe you ought to get an abortion." I do not want to vote for that.

So some people ask me: Why do you offer this amendment? After all, the bill before us says there can be some noncash—there can be; it is permissive—some noncash benefits that can be provided. Well, I want them to be able to provide noncash benefits, but I want them to be able to provide cash benefits, not mandatory but that they can.

Now, Mr. President, from what I can tell, clearly we do not know what we are talking about in terms of impact when we say, tell the States what to do and tell them not to give one penny to a welfare mother, teenager or otherwise, who has another child, when we stand up and say, we do not want any more teenage pregnancies, we do not want any more welfare mothers who have another child, and then to say, and if we just do not give them any money, it will all stop.

Frankly, that is the state of the debate we are in, as I see it. I would almost think that we would have been within our rights to say they have to continue to support them. But I do not choose to do that.

My amendment is very simple and very neutral. If Governor Engler, who has designed one of the best welfare programs in America—and, incidentally, one of the best Medicaid block grant programs on waivers and otherwise—if he chooses to say I have a program and I want some cash benefits to the second child of one of these situations that we really pray to God would not be around, but if he says I would like to try that for 2 or 3 years, why should we say no? Why should we say no? Under the guise of what authority, what wisdom, what prerogative other than we know best and it might sound good? It might sound good to say we are not going to let them have any cash. That may really resonate out there very well. But I am not sure in the end that we would not be better off, since we are trying a program for 5 years and giving an entitlement, to decide that conservative strings are no better than liberal strings, to quote the distinguished Governor, Governor Engler, from the State of Michigan.

I know my friend—and he is my friend. I just saw him arrive in the Chamber. The first time he started sitting at committee hearings I sat right by him in Banking, and I have great respect for him—and I just happen on this one to disagree. I think we are going to have to vote on it, and then obviously the House has different opinions yet from what we have.

I wish to just once again say that in New Jersey, the State that pioneered the family cap, originally claimed through officials that there was a reduction in out-of-wedlock births. Subsequent studies from Rutgers University indicates that that cap had no significant effect on birth rates among welfare mothers. More ominously, in May, New Jersey's welfare officials announced that the abortion rate actually increased 3.6 percent in 8 months after the New Jersey statutes barred additional payments to women on welfare.

Now, I am not vouching for these statistics. That is a small percentage and a short period of time. But it surely points up, Mr. President and fellow Senators, that we really do not know. If we really do not know, it would seem to me we ought to err on the side of giving the Governors and legislatures who have to otherwise put the program together this option.

If they want to put the family caps on, let them vote it in. If they do not want to, let them have a plan that provides otherwise. And it would seem to

me that we will end up having done a far better job under the circumstances for the poor people in this country, poor in many ways, not only poor financially but poor of spirit, clearly, though many of them do not like the situation they are in.

We ought to continue pushing for job training and employment opportunities and employment because that will build a better society for them and that spirit that is so down might be lifted up and they might have a chance.

Now, I urge that my colleagues resist putting strings back into this block grant. And, finally, I point out there is no budgetary impact, no budgetary savings attributed to the family cap provision. So I am not here arguing for more money. I am merely arguing that with whatever money the States get, let them be able to pass judgment on this aspect of their program, which is very, very difficult for us to comprehend in terms of the human aspects of it.

And I hope I am not, by doing this, causing this bill any harm, this welfare bill, because anybody that listened to me here tonight knows I want to try this welfare reform. And I think there is room for the Domenici-Moynihan amendment as a part of this program as we send it back to the States to see if we cannot do better than the last 2 or 3 years.

I yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. I could not have stated this case more emphatically, with more clarity and more charity than the Senator from New Mexico. We are talking about children who do not have any control over when they come into the world or in what circumstances.

I would want to make one point. It need not be made in the Senate Chamber, but just for the record. There is a notion that somehow welfare families are large. They are not. They are smaller than the average, husband-and-wife family. The average number of children is 1.9. They begin too early. They begin without the arrangements that need to accompany, ought to accompany, the beginning of a family, a stable husband-wife relationship. Children born to these single women in poverty do poorly the rest of their lives, by and large. We know so little about why all this has happened.

There are efforts abroad to change this culture of dependency, to get the mothers on welfare off the rolls and into work. We have heard one Senator after another describing the programs in place in their States—Iowa, California, Georgia, Michigan—under the Family Support Act, in which States do what they think best and experiment.

But do not put the lives of children at risk in this way. Or at least do not do it because the Federal Government says you have to. That would be unpardonable. I fear that we are making a grave mistake by prohibiting benefits to children born into welfare families, but if it is to be done, far better that the Federal Government not impose the requirement upon States which do not desire it. Therefore I very much hope that this amendment is approved tomorrow. I have every confidence that it will be. Ask any of us—any of us—ask what if one of our children was in this situation? That could happen. We know what we would say. These other children are our children, too.

I hope that the Senator's amendment will be adopted when it is debated tomorrow morning. And, again, I note that there will be 10 minutes equally divided at that time. I thank the Chair.

I see the Senator from North Carolina is on the floor. He has an amendment, as I believe.

Mr. FAIRCLOTH addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. FAIRCLOTH. I do rise in opposition to the amendment offered by my friend and colleague from New Mexico. I do strongly disagree with the approach we have taken on welfare. And I strongly believe that it has been a total failure and it is time we do something about it.

We have to do something firm and strong. I have been saying, ever since Congress began to debate the issue of welfare reform, that unless we address illegitimacy, which is the root cause of welfare dependency, we will not truly reform welfare. Only by taking away the perverse cash incentive to have children out of wedlock can we hope to slow the increase in out-of-wedlock births and ultimately end welfare dependency.

I am pleased that the bill before us today has been strict, since it was reported out of the Finance Committee, by the inclusion of a family cap provision. This prohibits the use of Federal funds to give higher welfare benefits to women who have more children while already receiving welfare. This is a sensible, commonsense step towards encouraging personal responsibility on the part of welfare recipients. And it is time that they accept personal responsibility. It would establish the principle that it is irresponsible for unmarried women, already on welfare, to have additional children and to expect the taxpayers to pay for them.

Middle-class American families who want to have children plan, prepare, and save money because they understand the serious responsibility involved in bringing children into this world. I think it is grossly unfair to ask these same people to send their hard-earned tax dollars—and tax dollars are earned—to support the reckless, irresponsible behavior of a woman who has children out of wedlock, continues to have them, and is expecting the American taxpayers to pay for them. It is time they become responsible.

The State of New Jersey is the only State in the Nation which has instituted a family cap policy denying an increase in cash welfare benefits to mothers who have additional children while already receiving welfare benefits. The evidence now available from New Jersey, I say to the Senator from New Mexico, as of this morning, shows that the family cap resulted in a decline in births to women on aid to families with dependent children by a 10-percent drop, but did not result in any significant increase—0.2 percent maybe—in the abortion rate.

Information presented yesterday in Washington by Rudy Meyers of the New Jersey Department of Human Services indicates that in the 16 months after the cap was initiated, there was a 10-percent decrease in the rate of out-of-wedlock births. Clearly, the family cap was responsible for this significant decline.

Critics claim that the policy has not caused a reduction in the number of illegitimate births. They claim that there is merely a delay in welfare mothers reporting births to the welfare office. This is not the case. Under the family cap, AFDC mothers still have a strong financial incentive to notify the welfare bureaucracy of any additional births. The family cap limits only AFDC benefits. They still receive increased food stamps and Medicaid benefits for each additional child born. So AFDC mothers still have a monetary incentive to notify the welfare bureaucracy of an additional child.

There has been concern that the family cap would reduce out-of-wedlock births by increasing abortions. However, the current data from New Jersey indicates that it did not result in any significant increase in the rate of abortions among these women, but did result in fewer children being conceived.

The New Jersey family cap was based on the principle that the welfare system should reward responsible rather than irresponsible behavior. Few expected the modest limits on benefits to result in a significant drop in births to welfare mothers.

The fact that New Jersey's limited experiment has surprisingly caused a drop in illegitimate births and hence in welfare dependency, merely enhances the case for the policy that is now in this welfare bill.

Nevertheless, it is clear that this country must begin to address the crisis of illegitimacy. Today, over one-third of all American children are born out of wedlock.

According to Senator MOYNIHAN, the illegitimate birth rate will reach 50 percent by 2003, if not much sooner. The rise of illegitimacy and the collapse of marriage has a devastating effect on children and society. Even President Clinton has declared that the collapse of the family is a major factor driving up America's crime rate.

Halting the rapid rise of illegitimacy must be the paramount goal of welfare reform. It is essential that any welfare

reform legislation enacted by Congress send out a loud and very clear message that society does not condone the growth of out-of-wedlock childbearing and that taxpayers will not continue to open-endedly fund subsidies for illegitimacy which has characterized welfare in the past. The New Jersey family cap policy shows that welfare mothers will respond to this message.

I support such a policy at the Federal level, and I strongly urge my colleagues to vote against the pending amendment.

Mr. President, I yield the floor.

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, with some reluctance, I rise in opposition to the amendment of my friend and colleague, Senator DOMENICI. First, let me make sure everyone is clear in what we have in the Dole amendment. The Dole language does not tie the hands of Governors to spend their own dollars. They can give cash benefits using their own money. If the states want to give additional cash assistance to welfare recipients who have additional children while on welfare, they could do so. In addition, the state can even use Federal dollars to provide vouchers or noncash assistance. So I think maybe there might have been some understanding as to what is actually in the proposal before us.

The Dole amendment says that there will be no additional Federal cash benefits given to welfare mothers if they have additional children. In other words, we want to take the financial cash incentive away from welfare mothers for having additional children.

Senator FAIRCLOTH mentioned, I think, the only real experiment we have had on the family cap is in New Jersey. Let us just look at the New Jersey experiment. I am not an expert on this case, but there has been significant homework done on New Jersey in a recent report by the Heritage Foundation: "The Impact of New Jersey's Family Cap on Out-of-Wedlock Births and Abortions."

First, let me mention, I compliment my friend and colleague from North Carolina, Senator FAIRCLOTH, because he has mentioned repeatedly that illegitimacy and out-of-wedlock births are a big part of our welfare problem, and he is right.

I want to compliment my friend and colleague from New Mexico, because he also decried the facts of family breakup and the fact that so many kids are born out of wedlock. I happen to agree with him. It is a staggering statistic when you find out that over one-third of America's babies today are born in a single-parent home. They do not have the luxury of having a father and a mother. Those kids, those newborn babies are starting life at a significant disadvantage. The probability that they end up in welfare, the probability that they end up in crime or some other environment is much, much greater than those babies who are fortunate enough to be born into a family with both a father and a mother.

So we need to reduce the incidence of children born out of wedlock. I do not think there is any doubt and I do not think anyone would contest that fact. If one looks at the crime statistics clearly that is true.

Would we make a difference if we say under this legislation we are going to take away the cash incentive for welfare mothers who have additional children? New Jersey tried it. What have been the results? I will read from the Heritage Foundation's report. It is dated September 6, 1995:

> New Jersey is the only State in the Nation that instituted a family cap policy: denying an increase in cash welfare benefits to mothers having additional children while already receiving welfare. The evidence currently available from New Jersey indicates that the family cap has resulted in a decline in births to women on AFDC but not an increase in the abortion rate.

I will highlight a couple of other points that are in the report. It says:

> The cap appears to have caused an average decrease of 134 births per month, or 10 percent.

So it has reduced the number of children born to welfare mothers.

Has that caused a corresponding increase in abortion? I happen to agree with my colleague from New Mexico, I do not want that to happen. I think that would be a terrible result if it does.

I will read from the report:

> There has been a concern that family cap in national welfare reform legislation would reduce out-of-wedlock births by increasing abortions. However, the data currently available from New Jersey indicate that while the establishment of the family cap was followed by a clear and significant decrease in the number of births to welfare mothers, it did not result in any significant increase in the rate of abortions among these women.

I will just read one additional line:

> The difference between pre- and post-cap abortion rate is extremely small and not statistically significant. Overall, the available data indicate the family cap did not cause an increase in either the abortion rate or the number of abortions.

Again, I am not an expert in that. I do have confidence in the Heritage Foundation. I think they are a very reputable group. I read portions of this study into the RECORD for my colleagues' information.

Again, let me repeat what we have in the underlying Dole bill. It says that no Federal cash benefits would be given to welfare mothers if they have additional children. It does not prohibit States from giving additional cash if they want to do so with their own money. The States can do so if they want to do it.

States are given a block grant. With that Federal money, they can use some of that money to provide noncash benefits. Maybe those benefits would be in the form of food supplements, maybe in the form of additional medical care, maybe in the form of day care assistance, whatever. The State would have the option to do what they want with the vouchers but not cash; in other words, trying to take the additional cash incentive out of welfare.

I think the Dole compromise is a good one. Again, I want to compliment my friend and colleague from North Carolina and also Senator DOLE for this provision and compliment as well my friend and colleague from New Mexico, because I understand his sincerity, I understand his conviction about not wanting to increase the number of abortions, and I appreciate that. But I hope, in the final analysis, that his amendment will not be agreed to.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. Mr. President, might I ask Senator NICKLES, who I assume is managing the bill, does he know whether the other amendments that people were going to offer are ready?

Mr. NICKLES. Mr. President, I will just respond to my colleague, I know Senator DEWINE wishes to discuss his amendment. He also wishes to discuss the amendment of the Senator from New Mexico briefly. I am not sure if Senator FAIRCLOTH wanted to discuss his amendment tonight.

Mr. FAIRCLOTH. Yes, I do.

Mr. NICKLES. And I think Senator DASCHLE has two amendments, and he may wish to discuss his briefly as well.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I yield myself 4 minutes. I do not want to exceed that.

The PRESIDING OFFICER. Time is not controlled.

Mr. DOMENICI. I understand, but will the Chair advise me of that so I will not waste too much time?

The PRESIDING OFFICER. The Chair will do so.

Mr. DOMENICI. Mr. President, just so we make it clear, the Senator from New Mexico is not telling anybody, any State, any program or putting together a State program, any legislator, individually or collectively anywhere in America that they have to continue cash benefits to a mother who is on welfare who has another child.

All I am suggesting is that while we are busy structuring a new program, we ought to take advice from people like Governor Engler, who has led the way in terms of Medicaid reform at the local level, and welfare reform, when he suggests that we ought to leave this up to the States.

So all I am doing is adding to the voucher system—substituting for that voucher system a permissive payment of cash benefits by the States, if they choose that as part of their plan, and if they think that is better in the overall prevention and assistance to welfare mothers who have another child.

I believe the argument is on the side of prudence, on the side of using some rationale. Let us give the program a chance to work, and let us not dictate

up here, as we are prone to do when we do not know the results.

I have great confidence in the Heritage Foundation. But I have in my hands the summary of a study done by Rutgers University. I believe it is right, and I believe it is the official study on the State of New Jersey. It was a controlled case study, Mr. President, whereby for a period from August of 1993 through July of 1994, 2,999 AFDC mothers that were subject to the family cap were evaluated, and the percentage of birth rate was 6.9 percent. And the AFDC mothers not subject to a family cap was 1,429, and the difference was two-tenths of 1 percent, which is not sufficient for any conclusion to be drawn.

Frankly, I am not surprised at that. But I think it clearly points out that there is some serious doubt about its efficacy with reference to this aspect of the results of the program. I am merely saying, once again, why not give the States a chance? I would assume that New Jersey tried this and some other States want to try it—that is, putting the family cap on. I would assume that if it is so right, and so right for our country, and for the taxpayers, that most States would try it. I just would like to give them the option to do otherwise, if they choose.

I also want to point out that this amendment is supported by the National Council of Bishops, the National Conference of State Legislators, the U.S. Catholic Conference, the National Governors Association, the Women's Defense League Fund, and many others, conservative and liberal. I believe this is not a conservative or liberal issue. This is an issue of how are we going to be most wise and prudent as we deliver up for use this block grant money in an area that is strewn with heartache and problems and misery and waste. I believe this is a better way.

I yield the floor.

Mr. DEWINE addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. DEWINE. Mr. President, I rise in strong support of Senator DOMENICI's amendment. I think, as we debate welfare reform tonight and as we debate the amendment of my friend from New Mexico, we need to step back a little bit from this whole welfare debate. We are a number of days into this now. It is rather late in the evening. But I think we need to look at this from the big picture.

Mr. President, one of the main reasons that we are on the floor tonight debating meaningful, true welfare reform is because our current welfare system simply does not work. We have decades of experience. We have decades of experience and examples of what does not work. Quite frankly, what we do not know is what does work. We are just now, in the last several years, beginning to see more experimentation at the State level. And while some of the early returns are in, frankly, it is still very difficult to see what works and what does not work.

I support this bill because I believe that all wisdom does not reside in this Capitol Building, in this U.S. Senate, in the House of Representatives. And I am convinced that the only way we are going to genuinely reform welfare is to allow the States to truly be the laboratories of democracy, and to allow them to experiment, and to make it so that no longer will they have to come, hat in hand, on bended knee, to a bureaucrat in Washington, DC, to see whether they can get a waiver or an exemption, or if they can try something different—something that might even work, Mr. President. That is the background by which I approach this amendment.

Both sides of this particular debate on this amendment, I think, would agree—and do agree—about the tremendous problem, the tragedy that we have in this country today with the growing rate of illegitimacy. Senator MOYNIHAN, who was on the floor a few minutes ago speaking in favor of the Domenici amendment, is probably the foremost experiment in the country on this issue. He forecasted, long before anyone else understood, the importance and significance of what the trend lines really meant.

The tragedy today, Mr. President, is that in some of our major cities, two out of every three births are, in fact, illegitimate. On the national average, we are approaching one out of three. None of us know what the long-term consequences of this will be. But neither do we know what to do about it. We have heard already, just in the short amount of time we have debated this tonight, several different studies that have been cited. I will cite one in a moment. But the fact is that we do not have enough years of experience in New Jersey, or in any other State, to know what effect this family cap has. Does it increase abortions? Does it, in fact, cut down on the illegitimacy rate, without increasing abortions? We have two studies, with contradictory results. The jury—as we used to say when I was a county prosecutor in Greene County—is still out, deliberating. We do not know.

What kind of arrogance is it for this Congress and this Senate—I use the word "arrogance"—how arrogant would we be—when we do not know what works and what does not work, when we really do not know how to get at the issue of illegitimacy, certainly not from the Government's point of view, if the Government can do anything about it—to then turn around and tell every State in the Union that this is what you have to do; we now know best. And to put it on maybe a partisan point of view, now that this side of the aisle is in control, we do not like your mandates, but we like our mandates. Arrogance.

I have been on this floor before talking about things where I thought there should be Federal mandates and where I thought there should be uniformity. But I did so only when I felt, at least, the evidence was overwhelming that we knew what worked and what did not work and the statistics just did not lie. In this case, we do not know what the statistics show. We just do not know.

So this is one U.S. Senator who is not going to take a chance that this action by this body of telling every single State of the Union what they have to do—I am not going to take the chance that it might just increase abortions, or it might not work at all. It might not have any impact. So I am voting with my friend and colleague from New Mexico, and I think it is proper, as he has very well stated, to restate what his amendment does.

It does not tell any of the States what to do. A State can impose a cap. A State can impose a very tough cap if they want to. They can impose a cap as New Jersey has.

However, under Senator DOMENICI's amendment, we would simply say we are not going to tell you that you have to do that.

Mr. President, I ask unanimous consent to be added as a cosponsor to the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DEWINE. Let me close by reading from an article of the Sunday, July 2, 1995, Baltimore Sun. This references the Rutgers study that my friend from New Mexico has already mentioned.

Let me directly quote from the article. "A recent Rutgers University study indicates that New Jersey's family cap has had no impact on welfare mothers."

Later on in the story, this quote appears, again reading from the same article: "However, the 4 percent increase in the abortion rate occurred over a relatively short period of time."

So the article points out you still cannot tell what the statistics really mean.

I think we should err on the side of States. I think we should err on the side of caution. I think we should err on the side of allowing the States to truly be the laboratories of democracy.

I am convinced that this is the only way that we are going to in any way begin to deal with our welfare problem. Nobody knows all the answers. We have suspicions about what we think might work.

In this bill, Mr. President, we should encourage more creativity, more diversity, more taking of chances. Quite frankly, trying to run welfare from this body and the other body and the bureaucrats in Washington, DC, has not worked. We ought to try something else, and support for the Domenici amendment really, when you strip everything else away, is a statement that we want to turn this responsibility and the creativity, opportunities, back to the individual States.

I thank the Chair. I yield the floor.

Mr. DOMENICI. Mr. President, might I thank my good friend for his eloquent statement and for his support of the amendment. I yield the floor.

AMENDMENT NO. 2672

Mr. DASCHLE. Mr. President, I ask unanimous consent to call up amendment No. 2672.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DASCHLE. Mr. President, I know that other Senators are waiting to offer amendments and so I will not take a long period of time, but I want to talk about two amendments on which I hope we could find some resolution prior to the time of final passage.

The first has to do with the need for a State contingency fund. As I have talked to our Governors, Republican and Democratic alike, the concern they have expressed to me with unanimity is the issue of what happens when circumstances beyond their control affect their own situation within the State.

Perhaps the most illustrative example of their concern occurred earlier this decade during the recession that began in the late 1980's and went into the early 1990's. During that time, the AFDC caseload grew by 1 million families. That represented, Mr. President, a 26 percent increase in the level of AFDC cases with which States had to contend.

The level of monthly benefits increased by $337 million. That was a 22 percent increase. The cumulative increase in the total benefit payments was $7.1 billion during the 36-month period between 1990 and 1992.

Unfortunately, under the pending legislation, the Dole bill, there is no opportunity for States to deal with circumstances like that. The Dole bill does provide a loan fund of $1.7 billion from which States can borrow to deal with contingencies of this kind. But if the level of monthly benefits rose $337 million, as it did in the early 90's, that would amount to only 5 months of benefits. In a 36 month recession like the one in the early 90's, you would have 31 months of recession for which States would have absolutely no resources at all.

Unfortunately, many Members are very concerned about the consequences of a situation like that. States could be facing economic downturns, dramatically increased unemployment levels, natural disasters, plant closings—that is why there has to be a realization that States themselves cannot be required to shoulder this entire burden. We have to ensure that families in similar circumstances, regardless of where they may be, will receive some assistance.

What I am offering tonight with this amendment is a couple of things. First of all, we would change the amendment from a loan to a grant. We simply recognize that in cases like this, a loan may not provide States with the help they truly need.

So the grant, something I understand Governors on both sides of the aisle feel they need, is much more prudent and much more practical in responding to the circumstances we know will be faced by States at some point in the future.

The difference between this amendment and what is currently found in the Dole bill is that in our amendment, we recognize that States cannot be held 100 percent accountable for circumstances beyond their control, not only circumstances like natural disasters but the circumstances that come once they borrow the money.

What happens if States are unable to repay a loan within the 3-year-period of time? Certainly in many recessions circumstances would not allow a State with very limited resources—that would be especially true in a State like South Dakota, where resources are not available—to repay the loan with interest in the period of time required.

So this recognizes, Mr. President, that there has to be a partnership. We recognize that because of recessions, huge natural disasters, or other unanticipated circumstances, no matter what level of funding we provide to States for welfare in the future, there are going to be times when that level of funding simply is not going to be enough to cope with the extraordinary circumstances that these States may have to deal with.

We require that States maintain at least a minimal effort—the level they spent in 1994—if they are going to be eligible for the contingency fund. In other words, they have to make a good-faith effort to deal with their own set of circumstances.

So, in essence, this is simply attempting to deal with the problem in a much more meaningful way. We recognize the need for a partnership. We recognize the responsibility of the Federal Government and States to work together to ensure that we do not exacerbate the problem when we get into an unforeseen situation of some kind. We recognize that, in many cases, smaller States in particular simply are not going to have the means by which to borrow the money and pay it back with interest in a very short timeframe.

So this assists States in a much more meaningful way. I hope our colleagues recognize the need and recognize that, as Governors and State legislators have talked to us about their biggest concern regarding the transition that we will be undertaking as a result of the passage of this legislation, should it pass—the biggest concern they have is how they are going to cope with unforeseen circumstances, and how they are going to deal with all of the financial and economic ramifications of this plan when, in cases of dire need such as a recession, they do not have the resources or the ability to deal with them.

So, this is a realistic approach to trying to deal with the problem in a better way, and I hope our colleagues see fit to support it tomorrow. I will have a lot more to say about it prior to the time we vote. I will return to this issue tomorrow morning.

Mr. President, on the other amendment, I now ask unanimous consent that amendment No. 2672 be set aside and we call up amendment No. 2671. I am reading the top of my note here.

The PRESIDING OFFICER. The Chair advises the Senator that amendment No. 2672 is the pending question.

Mr. DASCHLE. I ask that be laid aside and we call up amendment No. 2671.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2671

Mr. DASCHLE. Mr. President, with regard to this amendment, let me simply say there is a realization, I think on both sides of the aisle, that we have a special relationship with our tribal governments, and that special relationship requires a special arrangement as situations like this are addressed. It is very important that we recognize the issue of tribal sovereignty, and also the need for tribes to take responsibility for addressing the serious problems that they face, both socially and economically.

The Dole bill would require that funding be provided to tribes out of the allocation given to each State. This amendment simply says we are going to set aside 3 percent of the resources allocated nationally before the money is given to the States. The allotment formula for distributing money from the set-aside would be determined by the Secretary, but it would be based on the need for services and on data common to all tribes, to the extent that is possible.

We also allow tribes to borrow from the contingency loan fund. Tribes would be able to borrow up to 10 percent of their grant allocation, and the Secretary may waive the interest requirement or extend the time repayment period at times when circumstances would warrant.

I do not know that there is any place in the country more deserving and more in need of special attention than reservations. The poverty rate for Indian children on reservations is three times the national average, 60.3 percent. Per capita U.S. income is about $14,420. Per capita income on the reservations is a mere $4,478. Mr. President, 36 percent of Indian children under 6 live in homes today without even a telephone. In South Dakota, over half of all Indian children live in poverty. Mr. President, 63.8 percent of all children on AFDC in South Dakota are Native American.

Shannon County, the location of Pine Ridge Reservation, is the poorest county in the country. Todd County, the location of the Rosebud Reservation, is the fourth poorest county in the country.

Unemployment on reservations is four to seven times the national average. In South Dakota, unemployment rates on the reservations range from 29 percent to 89 percent. There are a lot of reasons for that, no different in South Dakota, perhaps, than other States. But the barriers to work are there. Serious problems that we have to address, problems having to do with the lack of

skills, the lack of education—these are problems that I hope we can begin to resolve much more effectively with meaningful welfare reform.

States have been running these programs for many years; tribes have not. In many places tribes have attempted to work with States to create an infrastructure for running these programs. Frankly, in many places it does not exist yet. This is something in which tribes will need to invest. Tribal programs run on a smaller level and, this will take some overhead. Additionally, we have not always had a proportionate level of assistance from the private sector. Less than one-tenth of 1 percent of Combined Federal Campaign contributions go to Indian programs. Less than two-tenths of 1 percent of foundation grant money goes to support tribal human services.

So, Mr. President, we need to ensure that we get an adequate level of assistance from States and the Federal Government. And I am not talking necessarily about only resources. We are talking about an infrastructure. We are talking about ways with which to make the money that we already spend work better, providing job skills and providing good education, providing help, providing a workfare opportunity. Certainly there is a need for that.

There is ample precedent in current law for earmarking funds for native Americans. I believe a set-aside under this legislation is appropriate.

We need to set this money aside for tribal governments. The Federal Government has a trust responsibility to assure appropriate funding. I believe this amendment will do it.

I yield the floor.

Mr. NICKLES. Mr. President, I appreciate my friend and colleague, Senator DASCHLE, for sending his two amendments. I know Senator DEWINE has an amendment. Let me make a couple of brief comments concerning both Daschle amendments.

One concerning the 3-percent set aside for Indian tribes—I might mention that for Indian welfare programs under the Dole bill we have a provision but it would be allocated strictly on the ratio of AFDC numbers. I am not sure exactly what the number is. I think it is something like not 3 percent but more like 1.7 percent. I will have that figure more accurately in the morning. So we are talking about a lot of money.

I will certainly concur with the gist of my colleague's amendment, that we have a lot of Indian welfare programs that are not working. I am not sure that money is necessarily the answer. My State happens to have more Indian population than any State in the Nation. I have seen a lot of Indian welfare programs that have not worked, again not necessarily because of a lack of money. But I will try to have those facts and statistics for tomorrow for debate.

Also, I would like to make a brief comment concerning the first amendment. That is the amendment calling for setting aside and appropriating money for contingency funds, that contingency fund being in the form of a grant, not in the form of a loan. Under the Dole provision, we have over $1 billion set aside for loans that the States could borrow from but they would have to pay it back within 3 years. Under the Daschle amendment it would appropriate $5 billion over 7 years for a contingency fund that says to States, if you have a higher unemployment rate than you did in 1994, you could qualify, and, if you have more children receiving food stamps than you did in 1994, you could qualify, and, if you are spending at least as much money as you are spending in 1994. In other words, a 100-percent maintenance of effort. Then you could qualify.

So it is kind of an idea that here is more money for more welfare. I do not see that as reform. I understand the States might have some problem.

It was also said that there would be distributed in the same formula that we do with Medicaid, match their rates; therefore, for every dollar they spent the State would spend three. They would have an additional dollar grant from the Federal Government, almost an incentive for the State to spend more money on welfare. I am afraid that might increase our dependency on welfare, and maintain welfare as a life cycle, not reverse it. Many of us are trying to reverse that. We are trying to break the welfare cycle, and reduce welfare dependency.

Mr. President, I know my friend and colleague from Ohio is supposed to preside over the floor, and I also know that he has an amendment that he wishes to discuss briefly. Looking at the list, I also see that Senator FAIRCLOTH is on the floor and he has an amendment. I believe Senator BOXER has an amendment; all of which we are trying to have discussed this evening so we can have them voted on tomorrow.

So I will yield the floor in anticipation of the Senator from Ohio who will bring up his amendment.

Mr. DEWINE addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. DEWINE. Mr. President, I inquire of the Chair what the pending business is.

The PRESIDING OFFICER. When the Senator from Ohio calls his amendment up, it will be the pending business.

Mr. DEWINE. Thank you, Mr. President.

AMENDMENT NO. 2518

Mr. DEWINE. Mr. President, I call up my amendment No. 2518, the caseload diversion amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report the amendment.

The bill clerk read as follows:

The Senator from Ohio [Mr. DEWINE] proposes an amendment numbered 2518.

Mr. DEWINE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in the Friday, September 8, 1995, edition of the RECORD.)

Mr. DEWINE. Mr. President, I ask unanimous consent to add the name of Senator KOHL as a cosponsor of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DEWINE. Mr. President, the purpose of our amendment was to make sure the States tackle the underlying problem of the welfare system. Too often, welfare ends up being quicksand for people—quicksand instead of a ladder of opportunity. The underlying legislation before us will help change this by creating a real work requirement that will help boost welfare clients into the economic mainstream of work and opportunity.

Mr. President, we need to help people get off of welfare. One very important way we can do this is by helping them avoid getting on welfare in the first place. That brings me to the specific proposal contained in my amendment.

This amendment will give States credit for making real reductions in their welfare caseload—not illusory reductions based on ordinary regular turnover, nor, for that matter, reductions based on changes in the eligibility requirements. No. What we are talking about is real reduction in caseload.

Let me cite a statistic, Mr. President. Since 1988, over 14 million Americans have left the AFDC rolls. That is the good news. Now for the bad news. Over the same period there has not been a reduction in the welfare caseload. In fact, there has been a 30 percent increase in the net welfare caseload. More people are coming on welfare every day than are getting off.

So it is clear that our problem is not just a problem of getting people off welfare. We also have to slow the rate of those going on welfare.

We have to make sure, Mr. President, that we keep our eye on the ball, and the ball in this case is keeping people out of the culture of welfare dependency and off welfare.

Under the bill, States will have to meet a very specific work requirement, and that is good. But I think this policy will have an unintended side effect—a side effect that none of us will want. It is a side effect I believe my amendment will cure.

Mr. President, if there is a work requirement, States obviously have an incentive to meet that requirement. If States face the threat of losing Federal funding for failing to meet the work requirement, they could easily fall into the trap of judging their welfare policies solely by the criterion of whether or not they help meet the specific work requirement.

What we have to remember is that the work requirement is not an end in

and of itself. Our goal rather is to break the cycle of welfare dependency. We have found that helping people before they ever get on AFDC—through job training, job search assistance, rent subsidies, transportation assistance, and other similar measures—all of these things are cheaper to do. There are cheaper ways of doing this than simply waiting for the person to fall off the economic cliff and become a full-fledged welfare client.

One positive measure, Mr. President, some States have taken, a measure that we should encourage, is remedial action, early intervention to help people before they go on the welfare rolls. In the health care field we call this prevention. In welfare, as in health care, it is both cost effective and the right thing to do.

Mr. President, the last thing we want to do in welfare reform is to discourage this kind of prevention program. Just the contrary. We in this Congress through this bill should try to encourage the States to do this. But under the current bill, as currently written, States are given no incentive to make these efforts to help people. If anything, there is a disincentive.

If a State makes an active, aggressive, successful effort to help people stay off welfare, then the really tough welfare cases will make up an increasing larger and larger portion of the remaining welfare caseload. That will in turn make the work requirement every year tougher and tougher to meet.

Under the bill, as currently written, without my amendment, there is an incentive to wait to help people—to wait until they are on welfare. Then the States can take action, get them off welfare, and get credit for getting people off welfare.

Mr. President, if the States divert people from the welfare system, keep them off, stop them from ever going on by helping them, the people who stay on welfare will tend to be more hard-to-reach welfare clients. And that will make it more difficult for the States to meet the work requirement.

That really is exactly the opposite, Mr. President, of what we should be trying to do. My amendment would eliminate this purely perverse incentive.

My amendment would give States credit, credit toward meeting the work requirement if they take steps to help before they go on welfare—and, in doing so, keep those people from falling into the welfare trap.

Helping citizens stay off welfare is just as important as making welfare clients work, and just as important as getting people off welfare. Indeed, the reason we want to make welfare clients work, of course, in the first place is to help them off of welfare. But—there is a very important provision in my amendment—we cannot allow this new incentive for caseload reduction to become an incentive for the States to ignore poverty, and to ignore the problem.

Under my amendment, a State will not—let me repeat—will not get credit toward fulfilling the work requirement if that State reduces the caseload by changing the eligibility standard. They get no credit for that. A State will get credit toward a work requirement by reducing caseloads through prevention and early intervention programs that help people stay off welfare in the first place.

Ignoring the problem of poverty will not make it go away. Arbitrarily kicking people off of relief is not a solution to welfare dependency. States should not—let me repeat—not get credit under the work requirement of this bill for changing their eligibility requirements.

Welfare reform block grants are designed to give States the flexibility they need to meet their responsibilities. They must not become an opportunity for the States to ignore their responsibilities. States need to be rewarded for solving problems. Giving States credit for real reductions in caseload will provide this reward.

I believe my amendment will yield another benefit. It will enable the States to target their resources on the most difficult welfare cases, the at-risk people who need very intensive training and counseling if they are ever, ever going to get off welfare.

It will not do us any good as a society to pat ourselves on the back because people are leaving AFDC if at the very same time an even greater number of people are getting on the welfare rolls and if the ones getting on are an even tougher group to help than the ones who are getting off.

The American people demand a much more fundamental and far-reaching solution. They demand real reductions in the number of people who need welfare. Two States, Mr. President, Wisconsin and Utah, have really led the way with the kind of prevention programs that I have been talking about. Other States, including my home State of Ohio, are starting to implement this type of program, a prevention program, to help people before they literally drop off the cliff and go down into the abyss of welfare, some of them never ever to climb out. As part of this welfare reform legislation, I believe we have to encourage States to take this type of remedial action, to take this type of action that will in fact make a difference in people's lives.

Reducing the number of people who need welfare in this country is going to be a very tough task, but it is absolutely necessary that we do it. The issue must be faced. I believe it will be faced with all the creativity at the disposal of the 50 States, the 50 laboratories of democracy.

How are States going to do it? There are probably as many ways of doing it as there are States. There is no single best answer. That is the key reason why we need to give the States flexibility to experiment.

In Wisconsin, for example, the Work First Program, with its tough work requirement, has reduced applications to the welfare system. That is a promising approach, reducing the number of out-of-wedlock births and getting rid of the disincentives to marriage.

The bottom line is simply this: We have to solve the problem and not ignore it. States should be encouraged to take action and to take action early to keep people off welfare, to help them before they drop down into that welfare pit.

This is the compassionate thing to do. It is also the cost-effective thing to do. That is why I am urging the adoption of this amendment.

I thank the Chair.

The PRESIDING OFFICER. Who seeks recognition?

Mr. NICKLES. Mr. President, I believe the Senator from North Carolina will be next in line according to the unanimous-consent agreement.

AMENDMENT NO. 2608

Mr. FAIRCLOTH addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina is recognized.

Mr. FAIRCLOTH. I call up my amendment 2608.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from North Carolina [Mr. FAIRCLOTH] proposes an amendment numbered 2608.

Mr. FAIRCLOTH. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in the Friday, September 8, 1995, edition of the RECORD.)

Mr. FAIRCLOTH. I thank the Chair.

I rise to offer an amendment to provide funding for abstinence education.

It is a sad fact that our society is being destroyed by soaring out-of-wedlock birth rates. As Senator MOYNIHAN has pointed out, in areas of some cities, illegitimacy rates are approaching 80 percent. President Clinton has warned us of the close link between family collapse and crime, and he has warned us of the link between welfare and illegitimacy.

What we need is a policy which promotes responsible parenthood, a policy which says to our children: Do not have a child until you are married; do not have a child until you and your husband have enough education, work experience, and will be able to support that child yourself and not expect the taxpayers and the Federal Government to do so; do not have a child until you are old enough and mature enough to be the best parent you are capable of being.

What my amendment would do is take a tiny portion of the enormous amount of money that this bill spends on job training programs and put it toward a program which would actively and deliberately educate children to abstain from premarital sex.

Most liberal welfare programs funded by the Congress through the years have

tried to pick up the pieces after the child has already been born, and they have failed miserably. Does it not make common sense to prevent out-of-wedlock births from occurring in the first place, those that taxpayers are expected to support?

The fact is abstinence education programs work. This is a proven fact. Imagine if we saw nationwide the success we have seen in Atlanta with abstinence education—a real miracle. In Atlanta, abstinence education has reduced sexual activity among young teenagers by over 75 percent. The program in Atlanta is called Preventing Sexual Involvement, and it is specifically targeted to inner-city children. The results have been a reason for optimism and a new belief in what we can do to change this whole sad subject of illegitimacy and social decay in our inner cities.

The bottom line is that only 1 percent of the inner-city girls who participated in the program became sexually active compared to 15 percent of the same girls, the same communities not involved in the program. This kind of result, multiplied nationwide, literally could turn the country around, and that is not an exaggeration. It does work.

Senator after Senator has come to the floor and talked about the shame and failure of our welfare programs. Time and time again we hear everyone agree that welfare is broken. This is an opportunity and a chance to literally turn the issue around and vote to discourage the activities which have caused the problem.

As currently written, the Dole bill will spend over $35 billion in the next 5 years on job training and vocational education, but not one single penny to promote abstinence education. We will spend a fortune trying to reduce welfare dependency, but not one penny trying to prevent the out-of-wedlock births that cause welfare dependency in the first place.

Again, the amendment that I have is simple. It provides $200 million per year for abstinence education. That amounts to about 3 cents out of every dollar that this bill will spend on job training and vocational education. We take that 3 cents and spend it on abstinence.

We have all talked about the crisis of illegitimacy and the collapse of the family. Here is an opportunity to do something about it with this small amount of money that could make a difference, that could turn the problem around.

Mr. President, I ask for the yeas and nays on my amendment in accordance with the previous order.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I appreciate the Senator from North Carolina for his amendment and also for his bringing it at this late hour, as well as the Presiding Officer of the Senate for his offering his amendment. I congratulate both Senators for the work they are doing and compliment them for their initiatives.

I believe that the last amendment that will be discussed tonight in the Senate is the amendment to be offered by the Senator from California, Senator BOXER.

Mrs. BOXER addressed the Chair.

The PRESIDING OFFICER (Mr. DEWINE). The Senator from California.

AMENDMENT NO. 2592

Mrs. BOXER. Mr. President, I ask unanimous consent that the pending amendment be laid aside and we take up amendment No. 2592.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. BOXER. Thank you very much, Mr. President.

I hope we will have bipartisan support for this amendment. Right now in the Dole bill we keep a separate federally means-tested program for abused, neglected and abandoned children. The title IV-E foster care system provides a refuge for children in abusive families, and the Dole bill continues this Federal policy. And I strongly agree with that. I am glad we do not put that into a block grant and leave these kids to fend for themselves because. Mr. President, I know how much you care about kids. If we have to get a child out of an abusive home situation, we want to give a little assistance to the foster family or the adopting parents.

Now, there is one group of children left out in the cold in the current Dole bill. And that is legal immigrant children who have been brought into this country completely in accordance with all the laws. Unfortunately, the way that the bill is now drawn, they would be ineligible for Federal foster care and adoption assistance. Now, we know that the Dole bill restricts benefits to legal immigrants, and there are certain exemptions to that. Such things as immunizations, emergency medical care, and emergency disaster relief are exempted. I believe we should exempt foster care and adoption assistance.

Now, Mr. President, we know that children are placed into foster care because a judge determines that there is a serious risk of the child being hurt in the current home. So I know that my colleagues on both sides of the aisle do not want to single out legal immigrant children and say that we are going to walk away from them. Under the current bill—and I hope it is just an oversight, Mr. President—legal immigrant children would be made ineligible for title IV-E foster care or adoption assistance due to the fact that there is no exemption for it.

We know that title IV-E foster care and adoption assistance helps at-risk children get placed in the homes where they will be safe from abuse and neglect. The adoption assistance is used to help families pay for special needs that the children have. The payments assist adopting families meet the cost incurred due to their new child's physical or emotional disability. Often, the child's disability is a direct result of abuse. Title IV--E foster care assistance helps pay for a child's room and board whether it is in a group home or a family.

So, to sum up the point of my amendment, what we are saying is, those of us who support my amendment, we are very pleased that the Dole bill does keep a separate program for foster care and adoption assistance but we need to make sure it goes to these legal immigrant children.

Mr. President, in the interest of time, let me say this to you. Just because we do not have the money available for these legal immigrant children who are abused and neglected and sometimes abandoned does not mean the problem will go away. I think you and I know what will happen. We both come from local government. And the local people who are compassionate, the local governments, will move in. And that could be a very large unfunded mandate. For example, in Los Angeles, Los Angeles County there are an estimated 1,500 legal immigrant children currently in their system. And if they had to pick up the tab for all of those children, it would be very, very difficult. And you would find that, I am sure in your cities as well. So, again, I hope there will be strong bipartisan support to correct what I hope was a legislative oversight.

I feel very strongly the Senate should show its support for protecting abused and neglected children by supporting this amendment. And I think we ought to think about it. A lot of our parents were legal immigrants. And a lot of the people we know today are legal immigrants who waited in line, were very patient, and came to this country. It seems to me since Senator DOLE did find in his heart his other exemptions such as the ones I have mentioned—emergency medical services, emergency disaster relief, school lunch, and child nutrition—I hope this was just an oversight. And that these young children would be able to go into a foster home, be adopted by a loving family and that those families could get the benefit of the program that all other families get when they adopt children or take children into foster homes.

I do not know, Mr. President, if it is necessary to ask for the yeas and nays now.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

Mrs. BOXER. Thank you very much, Mr. President.

In the interest of time, I will see you in the morning and have another 5 minutes to explain this amendment.

I yield floor.

AMENDMENT NO. 2542

Mr. MCCAIN. Mr. President, the welfare reform bill imposes upon the States a 6-month time limitation for any individual to participate in a food stamp work supplementation program. This amendment would replace the 6-month limit with a 1-year limit. It would continue to allow an extension of this time limitation at the discretion of the Secretary.

Arizona's current cash-out of food stamps under its EMPOWER welfare program allows individuals to participate in subsidized employment for 9-months with an option for a 3-month extension. There is no reason that the State should have to make another special request to the Secretary in order to maintain this policy. This amendment would allow States with such policies to continue their programs without disruption.

Ideally, I would prefer that the States be able to plan their work supplementation programs without being constrained by requirements imposed by the Federal Government. The States know best how to structure their programs to help their citizens become employable. Thus, my preference would be to eliminate the time limitation altogether.

However, I recognize that many of my colleagues are insisting upon a time limitation for individuals under the program, and I am pleased that we were able to come to an agreement that meets the needs of Arizona and other States that wish to pursue similar policies. In the future, I plan to revisit this issue to allow States maximum flexibility to plan their work supplementation programs.

Mr. President, a primary objective of this bill is to encourage the States to innovate. The best way to achieve this is to get out of their way. We should not impose requirements limiting the States' flexibility unless there is a compelling reason to do so. This amendment will give States additional leeway to innovate in their work supplementation programs and will thereby help them achieve their employment objectives.

Mrs. HUTCHISON addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

AMENDMENTS NOS. 2511, 2674, 2675, 2574, 2585, 2555, 2570, 2480

Mrs. HUTCHISON. I ask unanimous consent to call up and adopt the following amendments, en bloc. These amendments have been cleared by both the majority and the Democratic managers of the bill.

I further ask consent that any statements accompanying these amendments be inserted at the appropriate place as if read. Those amendments are as follows: Abraham amendment No. 2511; McConnell amendments Nos. 2674 and 2675; Domenici amendment No. 2574; Stevens amendment No. 2585; Bryan amendment No. 2555; Leahy amendment No. 2570; and Feingold amendment No. 2480.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

So, the amendments Nos. 2511, 2674, 2675, 2574, 2585, 2555, 2570, and 2480, en bloc, were agreed to.

Mrs. HUTCHISON. I move to reconsider the vote by which the amendments were agreed to, en bloc, and I move to lay that motion on the table.

So, the motion to lay on the table was agreed to.

AMENDMENT NO. 2511

Mr. ABRAHAM. Mr. President, I rise today to offer a sense-of-the-Senate resolution, amendment No. 2511. This resolution would state our commitment to passing enterprise zone legislation in this session of Congress. I believe this commitment is crucial because, as we debate welfare reform, we also must find ways to create the jobs necessary to rescue people from the welfare trap.

Enterprise zones are a crucial part of our effort to help poor people in this country. Too many Americans far too long have been trapped in lives of desperation. They have been left without the support of their communities, without meaningful lives and without hope of good jobs and economic advancement.

Many of our urban centers in particular are saddled with high levels of poverty, high rates of welfare dependency, high crime rates, poor schools and joblessness. Indeed, Mr. President, half of the people who reside in our distressed urban areas live below the poverty line.

All of these factors add to the sense of hopelessness in distressed areas. All of them have been made worse by ill-conceived Federal policies, including taxes that discourage investment, regulations that punish innovation and a welfare system that punishes work and fosters dependency.

One step toward restoring hope to our distressed areas, Mr. President, is the welfare reform measure we are debating today. But, as we work to end welfare as we know it, we must give careful thought to what we want to have replace it. We must institute policies that will further our fundamental goal of providing Americans with the opportunity to get off of welfare and into decent jobs.

This requires pro-growth policies that will spawn greater economic activity and job creation. This requires enterprise zones.

The concept of enterprise zones has been with us for some time. Former Congressman Jack Kemp introduced legislation on the subject in 1978. The Senate has endorsed and enacted the concept in one form or another over the years.

We have endorsed the concept because it is clear that enterprise zones will spur investment, entrepreneurship, public spirit and the development of skills necessary for participation in our market economy.

To give credit where it is due, President Clinton has instituted an enterprise zone program in an attempt to help distressed areas.

The Clinton plan sets up nine empowerment zones in which businesses quality for an employment tax credit and an increase in expending, and 95 enterprise communities that quality for $280 million social services block grants.

But the plan in my judgment provides for no significant tax incentives to spur investment entrepreneurship and job creation. And its social services block grants are based on the failed notion that Government can help create jobs and prosperity in America's inner cities.

We have spent over $5 trillion on social services, and our distressed areas have only grown worse. Why? Because Government cannot create wealth. The best it can do is unleash our citizens' drive and initiative to succeed in the market economy.

The last time we freed up capital and the entrepreneurial spirit minority business—and the American economy—greatly benefitted. Under Ronald Reagan's progrowth policies, from 1982 to 1987 the number of black-owned firms increased by nearly 38 percent to a total of 425,000. During the same period Hispanic-owned firms surged by 83 percent, according to the Wall Street Journal. Economically distressed areas contain disproportionate numbers of minorities. Thus these figures show an undeniable increase in economic opportunity in those areas.

Unfortunately, in 1986 the capital gains tax rate was increased by 65 percent. And that huge increase brought us 4 straight years in which Americans started fewer businesses each year than the year before. The result, of course, was less job creation and less economic opportunity, particularly among minorities in our distressed areas.

To reverse this dynamic, Senator LIEBERMAN and I have coauthored the Enhanced Enterprise Zone Act of 1995. This act contains provisions, called for in the sense-of-the-Senate resolution, designed to help distressed areas.

It provides Federal tax incentives that expand access to capital, increase the formation and expansion of small businesses and promote commercial revitalization.

It includes regulatory reforms that allow localities to petition Federal agencies for waivers or modifications of regulations to improve job creation, community development and economic revitalization.

It includes home ownership incentives and grants to encourage resident management and ownership of public housing.

Finally, it includes a school reform pilot project to provide low income parents with options for improved elementary and secondary schooling in the designated zones.

The bill recognizes that private enterprise, not Government, is the source of economic and social development.

We know the program will work because 35 States and the District of Columbia already have enterprise zones that have produced over 663,000 new jobs and $40 billion in capital investment. And the concept has been endorsed by the National Governors' Association, the Conference of Black Mayors, the Council of Black State Legislators and the U.S. Conference of Mayors.

Taken together, these incentives for investment, entrepreneurship, home ownership and skill development will bring the economies in distressed areas back to life. They will encourage full participation in our market economy and public interest in the local neighborhood. The result will be economic growth and, more important, new jobs.

It is my hope that a positive vote on this resolution will put this Senate on record in favor of creating jobs and opportunity. The sense-of-the-Senate resolution I, with Senator LIEBERMAN, am proposing will in my view spur us to enact legislation to strengthen enterprise zones. In this way it will increase the chances for people in distressed areas to get off of welfare and into decent jobs. Strengthened enterprise zones will add to the hopes of our people, the vitality of our cities and the proper functioning of our economy.

I urge your support for this resolution.

Mr. President, I ask unanimous consent that an excellent article on the Abraham-Lieberman enterprise zone bill by Mr. Stuart Anderson of the Alexis de Tacqueville Institution appear in the RECORD following my remarks.

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

[From the Connecticut Post, Sept. 10, 1995]

LIEBERMAN BILL TAKES RIGHT APPROACH TO HELPING OUR CITIES

(By Stuart Anderson)

"Poverty is the open-mouthed, relentless hell which yawns beneath civilized society." Henry George wrote these words in 1879 and they remain true today. Unfortunately, many of the techniques we have tried to alleviate suffering and break the cycle of poverty have fallen far short of their goals. These programs—the core of the Great Society—not only have failed to revitalize cities, they have likely made the situation worse.

A new, more comprehensive approach is needed to renew the blighted portions of America's cities. Past programs have relied on cash payments to the poor, government job training, and even government-provided jobs. The key, however, is to create wealth in the inner city, and to understand that wealth cannot be created by government but only by the private sector.

This understanding of wealth creation is at the core of a promising new bill introduced by Connecticut U.S. Sen. Joseph I. Lieberman and Sen. Spencer Abraham, R-Mich. The Enhanced Enterprise Zone Act of 1995 would establish a host of incentives and reforms that would be added to those Congress approved in the nine Empowerment Zones and 95 Enterprise Communities in 1993. That legislation got bogged down in details and without reform cannot achieve the goals that so many of us have for improving life in the inner cities.

The reforms in Abraham and Lieberman's bill fall into three categories: tax incentives, regulatory reform and educational initiatives.

First, on tax incentives, the bill would establish a zero capital gains rate on the sale of any qualified investment held five years or longer in the zone. It would allow additional income deductions to purchase qualified stock in companies located in an enterprise zone. The bill would double what small business owners in these zones could expense and would provide a limited tax credit for renovations of low-income properties. These are the types of incentives to encourage entrepreneurs to plant roots for the long haul.

Second, the senators realize that regulations, not just high tax burdens, inhibit job creation in the inner city. The bill would allow local governments to request waivers and modifications of environmental and other regulations that a mayor finds to be counterproductive and hindering job growth. Federal agencies could disapprove requests at their discretion but powerful political pressure could be brought to bear on the bureaucracy that might create fascinating experiments at the local level. Another reform of federal regulations, based upon Jack Kemp from his stay at the federal Department of Housing and Urban Development, would provide both incentives and grants for homeownership and resident management of public housing, vacant and foreclosed properties, and financially-distressed properties.

Third, the bill recognizes that lack of educational opportunity can subject children to a life without a real economic future. The legislation therefore would create in the nine Empowerment Zones, two supplemental empowerment zones, and in Washington, D.C., a pilot school choice program. This would allow parents with a low income to send their children to public or private schools of their choosing. Such parents would receive a certificate that could be used to pay a portion of tuition and transportation costs for elementary and high school children.

Already the debate over affirmative action has grown divisive, especially because many African-Americans believe that what few opportunities are available in the inner cities will be snatched away from them by changed federal policies or new court rulings. But as the Democratic Leadership Council's Progressive Policy Institute report on affirmative action notes, "For blacks trapped at the bottom of the economic pyramid, the main obstacle is not vestigial discrimination but the breakdown of critical social and public institutions, chiefly family and schools. Can anyone doubt that dramatically lifting their academic and occupational skills would have a greater impact on their life prospects than maintaining preferences that mostly benefit middle-class blacks, Hispanics, and women?

Let's get beyond the divisiveness of affirmative action, which courts are already ruling to be unconstitutional. Instead, we should look toward constructive solutions that are more appropriately premised on a commitment to limited government, personal responsibility, and a free market economy. The tax incentives, regulatory reform, and school choice initiatives in the Abraham-Lieberman bill will help unleash the power of countless individuals. And while in the past we have ignored this truism at our peril, it should be remembered that only individuals and businesses, not governments, can create the wealth that will lift people out of poverty.

Mr. LIEBERMAN. Mr. President, I am pleased to join with the Senator from Michigan in proposing this important statement of Senate support for an enhanced enterprise zone effort.

From the time I came to the Senate in 1989, I have been proud to work with people like Jack Kemp in advocating enterprise zones for America's troubled neighborhoods. He has been a true visionary, not only on the subject of enterprise zones, but on the whole question of what America must do to redeem the promise of economic opportunity for all Americans.

We made progress on the road toward empowering poor Americans and revitalizing impoverished communities in 1993 when we passed legislation creating empowerment zones and enterprise communities in more than 100 neighborhoods across this country. While a handful of empowerment zones received fairly substantial incentives through the 1993 legislation the enterprise zones received very little in the way of incentives. Still, when all is said and done, enactment of this legislation was a fundamental change in urban policy. It was a recognition that Government did not have all the answers to the ills of poverty in this country. It recognized that American businesses can and must play a role in revitalizing poor neighborhoods. Indeed, American business involvement is essential if we are to break the cycle of poverty, drug abuse, illiteracy, and unemployment.

The 1993 breakthrough was a good start but it did not go far enough. That is why I have joined with the Senator from Michigan in announcing an Enhanced Enterprise Zone Act of 1995. The sense-of-the-Senate we are considering today recognizes the need for this Senate to consider an enhanced enterprise zone package.

I urge my colleagues to support this amendment.

MORNING BUSINESS

Mrs. HUTCHISON. I ask unanimous consent that there now be a period for the transaction of morning business with Senators permitted to speak for up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

TREATMENT OF MUNICIPAL BONDS UNDER S. 722, THE UNLIMITED SAVINGS ALLOWANCE TAX ACT

Mr. DOMENICI. Mr. President, I have noted in recent weeks commentary from some analysts and in some publications that the proposals for treatment of municipal bond interest in the USA tax plan which I have coauthored with Senator NUNN would possibly, severely penalize participants in the municipal bond market. As I have explicitly stated before, it is not, repeat not, the intention of this Senator that participants in the municipal bond markets—whether investors, issuers, or other people—be penalized by the USA tax concept.

This is the second straight year that the Rebels have finished in the top five. They were the champions of various regional conferences and tournaments as well.

Individual players also received special awards for their performances on the field. Five of the women were voted All-Americans, and others were selected for special recognition teams. Individual players were recognized by the Big West Conference for their athletic talent in their respective positions.

Off the field, the players also achieved academically; six of the women were named Scholar-Athletes by UNLV, and four were given the same honor by the Big West Conference. The women's softball coach, Shan McDonald, was selected Big West Conference Coach of the Year; she is assisted by Carol Spanks and Jenny Conden.

The team will be honored at a tea hosted by UNLV President Carol Harter on Sunday, September 17 at 2 p.m. in the Tam Alumni Center. I am pleased to congratulate the women's softball team for their outstanding accomplishments in the 1995 season.●

PBS' "THE AMERICAN PROMISE" AND THE WOMEN SELF-EMPLOYMENT PROJECT

● Ms. MOSELEY-BRAUN. Mr. President, I call on all my colleagues to congratulate the producers of the new PBS documentary, "The American Promise."

"The American Promise" chronicles the fact that grassroots democracy is still alive and well in this country.

I am particularly pleased that the producers have chosen to highlight the Chicago Women Self-Employment Project [WSEP] which acts as a lending circle for microenterprises. This highly successful program helps women through rotating access to capital.

Specifically designed to provide access to capital for low and moderate income women in America's cities, WSEP has helped thousands. In addition to its revolving loan fund, responsible for short-term loans of $100 to $25,000, WSEP provides entrepreneurial training and technical assistance. The training has proven indispensable as many participants come to WSEP with little or no formal business background.

WSEP participates as an intermediary in the Small Business Administration's [SBA] Microloan Program. By doing so, it receives loan funds to be re-lent to micro-businesses. In addition, it receives SBA grants to provide technical assistance to its borrowers.

The results have been impressive. WSEP has helped start over 500 businesses. Of these, over 85 percent are still operating. Time and time again WSEP has proven that access to capital and access to training is a formula for success.

More important than the numbers, however, is the impact WSEP has had on women's lives. In one case, a woman who used to live on oatmeal and barter for her rent now designs and sells upscale jewelry in Chicago, New York and St. Louis.

Everyday WSEP makes a difference in the lives of its participants. But that's only part of the story. Because WSEP stimulates private investment in America's cities, local economies benefit. As program participants succeed, they give back to the program, and back to the community. Often, this comes in the form of new jobs. As many as 20 percent of WSEP businesses report hiring additional paid employees. This, at a time when some urban neighborhoods have less than 1 percent private sector employment.

The United States Senate is currently poised to make widespread changes in our welfare system. As we examine reform and what does and does not work, I think we could all benefit by studying the WSEP example. It is a program that gets results. The project has been so successful, I invited organizers to serve on my welfare reform advisory panel and authored an amendment which made permanent the Job Opportunities for Low Income individuals [JOLI] program. JOLI helps create job opportunities for welfare recipients and low income individuals by giving federal grants to private non-profit corporations to make investments in local business enterprises that will result in the creation of new jobs. SEP is positive proof that JOLI works.

The Women Self-Employment Project's approach is distinctly grassroots success story. There is an old saying, give a man a fish, and he can eat for a day, teach a man to fish and he can eat for a lifetime. WSEP provides the fishing pole and the training. It makes success and self sufficiency possible.

The American Promise reminds us that positive efforts are not only possible, but successful. In so doing, it provides a beacon of hope for us all.●

APPOINTMENT OF VARIOUS CHAIRMEN FOR THE 104TH CONGRESS

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Senate Resolution 170, submitted earlier today by the majority leader, Senator DOLE.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A resolution (S. Res. 170) to appoint various chairmen for the 104th Congress.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the resolution be considered and agreed to; that the motion to reconsider be laid upon the table; and that any statements relating to the resolution appear at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

So the resolution (S. Res. 170) was agreed to, as follows:

S. RES. 170

Resolved, That the following Senators are named Chairmen of the following committees for the 104th Congress, or until their successors are appointed: William Roth, of Delaware, Finance Committee; Ted Stevens, of Alaska, Government Affairs Committee; and John Warner, of Virginia, Rules and Administration Committee.

ORDERS FOR WEDNESDAY, SEPTEMBER 13, 1995

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 9 a.m. on Wednesday, September 13, 1995; that following the prayer, the Journal of proceedings be deemed approved to date, the time for the two leaders be reserved for their use later in the day, and the Senate then immediately resume consideration of H.R. 4, the welfare reform bill, as under the previous order.

I further ask unanimous consent that an additional 10 minutes of debate be allotted tomorrow on the Domenici amendment No. 2575, with that time equally divided between Senator DOLE and Senator DASCHLE, or their designees.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mrs. HUTCHISON. Mr. President, for the information of all Senators, the Senate will resume consideration of the welfare reform bill tomorrow morning. Under a previous consent agreement, there will be a rollcall vote at 9:10 a.m. on or in relation to the Moseley-Braun amendment No. 2471. Following that vote, there will be a lengthy series of rollcall votes on amendments with a minimal amount of debate time between each vote. All Members, therefore, can expect a large number of rollcall votes during Wednesday's session of the Senate beginning at 9:10 a.m.

RECESS UNTIL 9 A.M. TOMORROW

Mrs. HUTCHISON. Mr. President, if there is no further business to come before the Senate, I now ask unanimous consent that the Senate stand in recess under the previous order.

There being no objection, the Senate, at 10:21 p.m., recessed until Wednesday, September 13, 1995, at 9 a.m.

United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 104th CONGRESS, FIRST SESSION

Vol. 141 WASHINGTON, WEDNESDAY, SEPTEMBER 13, 1995 No. 142

Senate

(Legislative day of Tuesday, September 5, 1995)

FAMILY SELF-SUFFICIENCY ACT

The PRESIDENT pro tempore. The clerk will report the pending bill.

The assistant legislative clerk read as follows:

A bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence.

The Senate resumed consideration of the bill.

Pending:

Dole modified amendment No. 2280, of a perfecting nature.

Moseley-Braun amendment No. 2471 (to amendment No. 2280), to require States to establish a voucher program for providing assistance to minor children in families that are eligible for but do not receive assistance.

Moseley-Braun amendment No. 2472 (to amendment No. 2280), to prohibit a State from imposing a time limit for assistance if the State has failed to provide work activity-related services to an adult individual in a family receiving assistance under the State program.

Graham/Bumpers amendment No. 2565 (to amendment No. 2280), to provide a formula for allocating funds that more accurately reflects the needs of States with children below the poverty line.

Domenici modified amendment No. 2575 (to amendment No. 2280), to strike the mandatory family cap.

Daschle amendment No. 2672 (to amendment No. 2280), to provide for the establishment of a Contingency Fund for State Welfare Programs.

Daschle amendment No. 2671 (to amendment No. 2280), to provide a 3-percent set aside for the funding of family assistance grants for Indians.

DeWine amendment No. 2518 (to amendment No. 2280), to modify the method for calculating participation rates to more accurately reflect the total case load of families receiving assistance in the State.

Faircloth amendment No. 2608 (to amendment No. 2280), to provide for an abstinence education program.

Boxer amendment No. 2592 (to amendment No. 2280), to provide that State authority to restrict benefits to noncitizens does not apply to foster care or adoption assistance programs.

Ms. MOSELEY-BRAUN addressed the Chair.

The PRESIDENT pro tempore. The Senator from Illinois is recognized.

AMENDMENT NO. 2471

Ms. MOSELEY-BRAUN. Mr. President under the previous order, there is to be a final 10 minutes of debate on two pending amendments which I offered. The vote is to occur at 9:10 this morning. Therefore, in light of the fact that we have about 7 minutes left, I will be very brief and succinct in describing the two amendments.

At the outset, I would like to submit for the RECORD an article in the Washington Post yesterday by Judith Gueron, which talks about the way out of the welfare bind. There is one line in particular that I call to the attention of my colleagues, and the Senator from Pennsylvania, who is on the floor and working this legislation. She talks about time limits and she concludes that they should be tested. Then she goes on to say:

But given the public expectations, we cannot afford to base national policies on hope rather than knowledge. The risk of unintended consequences is too great.

Now, the point of these amendments is to at least provide us with some security against unintended consequences. I believe the two amendments pending will go to the heart of the debate about welfare reform. Are we, as a national community, going to maintain a national commitment to poor children, or are we going to gamble with the future of millions of children?

I remind my colleagues, in the discussion that we have had that there are

some 14 million AFDC welfare recipients; 5 million of those people are adults, but 9.6 million—almost 10 million of them—are children. Work is important and certainly we all support work for adults. But it is the children who have been forgotten, I think, in this debate and who are the unintended targets of this debate and who will suffer if there are any unintended consequences of our policymaking.

Some 60 percent of the children of the AFDC recipients are children under the age of 6. So the first amendment suggests, or asserts, really, that these 9 million children, 60 percent of whom are under the age of 6, are too precious to take a gamble that the States will construct programs that will, in fact, work, and that we, therefore, make a national commitment by allowing for the child vouchers. We can make a commitment that we will not allow children to go hungry or to become homeless; nor will we allow a child to become subject to the vicissitudes of misfortune or accidents of geography. As a nation with a $7 trillion economy and $1.5 trillion Federal budget, I believe that we can provide a minimum safety net for poor children.

This amendment provides for that safety net by requiring the States to provide vouchers for poor children who live in families that may be ineligible or kicked off, or somehow or another not eligible for assistance because of rental circumstances.

This amendment seeks to hold the child harmless, to protect the child even from the behavior of their parents. If anything, Mr. President, it seems to me that we ought to provide some basic level of protection for these children for whom all of our decisionmaking will have grave and dramatic impact.

The second amendment goes to the parents. Essentially, it says that of those 5 million parents who are being called on to work in this welfare reform, as to those individuals—parenthetically, all of us agree that anybody who can work should work—but the State, in the legislation, is required to set forth a work plan for those individuals that they deem needed. But if the State does not live up to its part of the bargain, that State does not provide jobs assistance, job training, does not follow its own plan—not a plan we are imposing from Washington, but if the State does not do what it needs to do with regard to job training and placement of the adult, then this amendment says that the State should not eliminate assistance for those individuals who they have themselves failed.

Again, I want to bring to the attention the second part of the article called "A Way Out of the Welfare Bind." She says:

States, in any case, are concluding that time limits do not alleviate the need for effective welfare-to-work programs. In a current study of states that are testing time-limit programs, we have found that state and local administrators are seeking to expand and strengthen activities meant to help recipients prepare for and find jobs before reaching the time limit. Otherwise, too many will "hit the cliff" and either require public jobs, which will cost more than welfare, or face dramatic loss of income with unknown effects on families and children and, ultimately, public budgets.

That goes to the heart of the debate here, that in the event there are unintended consequences of our decisionmaking, we should assure that the unintended consequences do not impact the children—again, 60 percent of whom are under the age of 6, or alternatively, that people are not penalized for circumstances beyond their control.

I ask unanimous consent that the Washington Post article be printed in the RECORD.

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

A WAY OUT OF THE WELFARE BIND

(By Judith M. Gueron)

Much of this year's debate over welfare reform in Washington has focused on two broad issues: which level of government—state or federal—should be responsible for designing welfare programs, and how much money the federal government should be spending.

The debate has strayed from the more critical issue of how to create a welfare system that does what the public wants it to do. Numerous public opinion polls have identified three clear objectives for welfare reform: putting recipients to work, protecting their children from severe poverty and controlling costs.

Unfortunately, these goals are often in conflict—progress toward one or two often pulls us further from the others. And when the dust settles in Washington, real-life welfare administrators and staff in states, counties and cities will still face the fundamental question of how to balance this triad of conflicting public expectations.

Because welfare is such an emotional issue, it is a magnet for easy answers and inflated promises. But the reality is not so simple. Some say we should end welfare. That might indeed force many recipients to find jobs, but it could also cause increased suffering for children, who account for two-thirds of welfare recipients. Some parents on welfare face real obstacles to employment or can find only unstable or part-time jobs.

Others say we should put welfare recipients to work in community service jobs—workfare. This is a popular approach that seems to offer a way to reduce dependency and protect children. But, when done on a large scale, especially with single parents, this would likely cost substantially more than sending out welfare checks every month. To date, we haven't been willing to make the investment.

During the past two decades, reform efforts, shaped by the triad of public goals, have gradually defined a bargain between government and welfare recipients: The government provides income support and a range of services to help recipients prepare for and find jobs. Recipients must participate in these activities or have their checks reduced.

We now know conclusively that, when it is done right, the welfare-to-work approach offers a way out of the bind. Careful evaluations have shown that tough, adequately funded welfare-to-work programs can be four-fold winners: They can get parents off welfare and into jobs, support children (and, in some cases, make them better off), save money for taxpayers and make welfare more consistent with public values.

A recent study looked at three such programs in Atlanta, Grand Rapids, Mich., and Riverside, Calif. It found that the programs reduced the number of people on welfare by 16 percent, decreased welfare spending by 22 percent and increased participants' earnings by 26 percent. Other data on the Riverside program showed that, over time, it saved almost $3 for every $1 it cost to run the program. This means that ultimately it would have cost the government more—far more—had it not run the program.

In order to achieve results of this magnitude, it is necessary to dramatically change the tone and message of welfare. When you walk in the door of a high-performance, employment-focused program, it is clear that you are there for one purpose—to get a job. Staff continually announce job openings and convey an upbeat message about the value of work and people's potential to succeed. You—and everybody else subject to the mandate—are required to search for a job, and if you don't find one, to participate in short-term education, training or community work experience.

You cannot just mark time; if you do not make progress in the education program, for example, the staff will insist that you look for a job. Attendance is tightly monitored, and recipients who miss activities without a good reason face swift penalties.

If welfare looked like this everywhere, we probably wouldn't be debating this issue again today.

Are these programs a panacea? No. We could do better. Although the Atlanta, Grand Rapids, and Riverside programs are not the only strong ones, most welfare offices around the country do not look like the one I just described.

In the past, the "bargain"—the mutual obligation of welfare recipients and government—has received broad support, but reformers have succumbed to the temptation to promise more than they have been willing to pay for. Broader change will require a substantial up-front investment of funds and serious, sustained efforts to change local welfare offices. This may seem mundane, but changing a law is only the first step toward changing reality.

It's possible that more radical approaches—such as time limits—will do an even better job. They should be tested. But given the public expectations, we cannot afford to base national policies on hope rather than knowledge. The risk of unintended consequences is too great.

States, in any case, are concluding that time limits do not alleviate the need for effective welfare-to-work programs. In a current study of states that are testing time-limit programs, we have found that state and local administrators are seeking to expand and strengthen activities meant to help recipients prepare for and find jobs before reaching the time limit. Otherwise, too many will "hit the cliff" and either require public jobs, which will cost more than welfare, or face a dramatic loss of income with unknown effects on families and children and, ultimately, public budgets.

Welfare-to-work programs are uniquely suited to meeting the public's demand for policies that promote work, protect children and control costs. But despite the demonstrated effectiveness of this approach, the proposals currently under debate in Washington may make it more difficult for states to build an employment-focused welfare system. Everyone claims to favor "work," but this is only talk unless there's an adequate initial investment and clear incentives for states to transform welfare while continuing to support children.

Many of the current proposals promise easy answers where none exist. In the past, welfare reform has generated much heat but little light. We are now starting to see some light. We should move toward it.

Ms. MOSELEY-BRAUN. I see my time has expired. I yield the floor.

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER (Mrs. HUTCHISON). The Senator from Pennsylvania.

Mr. SANTORUM. Madam President, I think the Senator from Illinois hit the nail right on the head in talking about the issue of unintended consequences. How can we risk to do this, to put a time limit on people on welfare? I wish we would have had that same discussion back when we instituted all these welfare programs in the sixties, because when we did that we had absolutely no idea what was going to happen. We had no idea of the unintended consequences. We had no idea that the harm that has been caused by all of these programs, the dependency that exists in this country because of these programs, had we thought about these unintended consequences, we may have not have done that, but we did it anyway, without any proof that what we were passing was going to be beneficial to the American citizens. We had no proof at all. In fact, in the thirties when these were initially realized they were replacements for private charity systems that were networks of charities that are all over the country.

We said, no, the Government will take more responsibility. Franklin Roosevelt warned us about the subtle narcotic being delivered to the masses on welfare. We ignored a lot of the naysayers out there at the time, saying big Government programs and unlimited welfare were going to be a real problem for this country, were going to be a disintegration of community, family, and the support that we have seen in communities. We ignored all that and just plowed ahead.

Now we are saying, "Oh my goodness, we cannot change that because we do not know what will happen." Well, we changed it in the 1930's and the 1960's without knowing what would happen. We found out what has happened, and it is a big problem.

To suggest now we cannot find some moderation, we are not talking about pulling the Government out of welfare, we are talking about putting a limit on the amount of assistance that we are going to give people, and changing the system from one of a maintenance and dependency system to one that is a dynamic transitional system.

I think that is a good middle ground that we have established with this piece of legislation.

What the amendment of the Senator from Illinois will do is perpetuate a system of dependency, of maintenance of poverty. I think it hopefully will be rejected by the Senate.

I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to amendment numbered 2471. The yeas and nays have been ordered.

The clerk will call the roll.

The assistant legislative clerk called the roll.

The PRESIDING OFFICER (Mr. THOMPSON). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 42, nays 58, as follows:

[Rollcall Vote No. 413 Leg.]

YEAS—42

Akaka	Feingold	Lieberman
Biden	Feinstein	Mikulski
Bingaman	Ford	Moseley-Braun
Boxer	Glenn	Moynihan
Bradley	Heflin	Murray
Breaux	Hollings	Pell
Bryan	Inouye	Pryor
Bumpers	Johnston	Reid
Byrd	Kennedy	Robb
Conrad	Kerrey	Rockefeller
Daschle	Kerry	Sarbanes
Dodd	Lautenberg	Simon
Dorgan	Leahy	Specter
Exon	Levin	Wellstone

NAYS—58

Abraham	Gorton	McCain
Ashcroft	Graham	McConnell
Baucus	Gramm	Murkowski
Bennett	Grams	Nickles
Bond	Grassley	Nunn
Brown	Gregg	Packwood
Burns	Harkin	Pressler
Campbell	Hatch	Roth
Chafee	Hatfield	Santorum
Coats	Helms	Shelby
Cochran	Hutchison	Simpson
Cohen	Inhofe	Smith
Coverdell	Jeffords	Snowe
Craig	Kassebaum	Stevens
D'Amato	Kempthorne	Thomas
DeWine	Kohl	Thompson
Dole	Kyl	Thurmond
Domenici	Lott	Warner
Faircloth	Lugar	
Frist	Mack	

So the amendment (No. 2471) was rejected.

Mr. MOYNIHAN. Mr. President, 42 votes. A good vote. I move to reconsider.

Mr. NICKLES. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2472

The PRESIDING OFFICER. Under the previous order, there will now be 4 minutes debate equally divided on the second Moseley-Braun amendment numbered 2472, to be followed by a vote on or in relation to the amendment.

Who yields time?

Mr. MOYNIHAN. Mr. President, I believe the time has been agreed to, 4 minutes.

The PRESIDING OFFICER. The Senator from Illinois.

Ms. MOSELEY-BRAUN. Mr. President, the second amendment has been explained at length.

Mr. BYRD. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order.

Mr. BYRD. Mr. President, I would like to be able to vote intelligently on this amendment. I hope the Senate will give its attention to Members who are attempting to explain briefly these amendments. I hope the Chair will insist on order in the Senate, and I for one will applaud the Chair for the effort.

The PRESIDING OFFICER. The Senate will be in order.

Mr. MOYNIHAN. The Chair can name names if that becomes necessary.

The PRESIDING OFFICER. Will Senators take their conversations off the floor.

The Senator from Illinois.

Ms. MOSELEY-BRAUN. I thank the Chair very much. I will be brief.

Essentially, the second amendment also deals with unintended consequences. But unlike the amendment that applied, or was directed at almost 10 million children who are presently on welfare, this one applies, or is directed, to the approximately 5 million adults who are recipients under the various programs in the States.

Essentially, what it says is that the State will do what it says it is going to do. It is intended to address the issue of unintended consequences where a State has not provided job assistance, where the economy in the State has pockets of high unemployment, where a recession occurs or plants leave and individuals cannot work because there are no jobs. Then the State will not in that situation throw an individual off of welfare who wants to work, who needs to work, who wants to support their family and has no other way of providing for their children.

I had introduced earlier an article out of the Washington Post regarding welfare-to-work programs. Certainly, we all agree that anybody who can work should work. There is no debate, I think, about that. But in the event there are no jobs, in the event there is high unemployment, in the event there is some economic downturn over which an individual has no control, the question is, are we prepared to accept the consequences, the unintended consequences of an able-bodied person who wants to work, who is unable to work, being unable to provide anything for their children.

Many States are such as my own. In Illinois, 64 percent of the caseload resides in one county. In that instance, it seems to me that a State should be called on to do what the State says it is going to do. This is not imposing anything on the States other than the States have imposed on themselves. This, it seems to me, is a reasonable moderation of our approach in turning this issue over to the States, letting the States create their plan. It simply says the State will do what the State says it will do in regard to job assistance.

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

Mr. NICKLES. Mr. President, I rise in opposition to this amendment. In my opinion, this amendment really is a back-door effort to have a continued entitlement. This creates a new entitlement which requires the States to provide services. It tries to get around the idea of having a time limit, a limitation on welfare.

I remember President Clinton's statement that we want to end welfare

as we know it. This amendment basically is an effort to exempt the 5-year time limit to keep an open-ended entitlement. This opens up States also to lawsuits from recipients who do not get the type of training they want rather than what the State thinks they need.

I might mention we had a similar type provision that was earlier defeated.

Mr. President, I hope that my colleagues would vote "no" on this amendment. I yield back the remainder of our time.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

The PRESIDING OFFICER (Mr. CAMPBELL). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 40, nays 60, as follows:

[Rollcall Vote No. 414 Leg.]

YEAS—40

Akaka	Ford	Lieberman
Bingaman	Glenn	Mikulski
Boxer	Graham	Moseley-Braun
Bradley	Harkin	Moynihan
Breaux	Heflin	Murray
Bryan	Hollings	Pell
Bumpers	Inouye	Pryor
Conrad	Johnston	Robb
Daschle	Kennedy	Rockefeller
Dodd	Kerrey	Sarbanes
Dorgan	Kerry	Simon
Exon	Lautenberg	Wellstone
Feingold	Leahy	
Feinstein	Levin	

NAYS—60

Abraham	Faircloth	McCain
Ashcroft	Frist	McConnell
Baucus	Gorton	Murkowski
Bennett	Gramm	Nickles
Biden	Grams	Nunn
Bond	Grassley	Packwood
Brown	Gregg	Pressler
Burns	Hatch	Reid
Byrd	Hatfield	Roth
Campbell	Helms	Santorum
Chafee	Hutchison	Shelby
Coats	Inhofe	Simpson
Cochran	Jeffords	Smith
Cohen	Kassebaum	Snowe
Coverdell	Kempthorne	Specter
Craig	Kohl	Stevens
D'Amato	Kyl	Thomas
DeWine	Lott	Thompson
Dole	Lugar	Thurmond
Domenici	Mack	Warner

So the amendment (No. 2472) was rejected.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. SANTORUM. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2565

The PRESIDING OFFICER. Under the previous order, there will now be 20 minutes for debate equally divided on the Graham amendment No. 2565, to be followed by a vote on or in relation to the amendment.

Mr. GRAHAM. Mr. President, I yield 2 minutes to the Senator from Nebraska, Senator KERREY.

The PRESIDING OFFICER. The Senator from Nebraska [Mr. KERREY] is recognized for 2 minutes.

Mr. KERREY. Mr. President, under the Dole bill, we are fundamentally changing the covenants of welfare. It seems to me and other supporters of this amendment that we should be fundamentally changing the way we design our formulas. Instead, under the Dole bill, we continue to use a formula that is based upon an older system.

Instead, what the Graham-Bumpers amendment does is provides a formula that is based on fairness and guided by three principles: First, that the block grant should be based on need; second, the funding level should respond to changes in the poverty level; and third, the States should not be permanently disadvantaged based upon their policy choices and circumstances made in 1994.

Mr. President, the Graham-Bumpers children's fair share proposal meets the test that I have just described by allocating funding based upon the number of poor children in each State, a formula just for changes in the population of children in poverty, so it does not lock States into an outdated funding level.

I point out to my colleagues something I suspect they already know, and that is, child poverty has enormous economic costs. It has huge human costs as well. Low-income children are twice as likely to suffer from stunted growth, twice as likely as other children to die from birth defects, and three times more likely to die from all causes combined.

It has been estimated that there are $36 to $177 billion in lower productivity coming from the American economy as a consequence of child poverty. It has enormous future costs as well. There is a University of Michigan study that those children under age 5 who experience at least 1 year of poverty have significantly lower IQ scores. If we are going to change our welfare system to a block grant, we need to change our funding formula to address child poverty. I cannot imagine—except for States that lose money, and some will under this formula. Unless your States lose money, I do not know how you can do anything other than to support this amendment.

The PRESIDING OFFICER. Does the Senator yield back his time?

Mr. KERREY. I yield back my time.

The PRESIDING OFFICER. Who yields time? The Senator from Texas [Mrs. HUTCHISON] is recognized.

Mrs. HUTCHISON. Mr. President, I yield 4 minutes from our 10 minutes to the Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania [Mr. SANTORUM] is recognized for 4 minutes.

Mr. SANTORUM. Mr. President, I thank the Senator from Texas. I find it interesting that the Senator from Nebraska is standing up here arguing for this amendment. It is very magnanimous of him. I know originally his State gains. I am not too sure he is aware that after 5 years, the State of Nebraska goes from $100 million down to $23 million, which is actually less money than they are getting now under the current formula. They will get less money.

The Senator from Nevada spoke on this amendment yesterday. They will get less money under this formula. There is no hold harmless here.

You should look at the formula not just in the first year, but over 5 years. Your numbers come down. Nevada is one. Actually, your maintenance of effort in Nebraska and Nevada, under the 80 percent maintenance-of-effort provision, will be required to pay more than what the Federal share will be, because you will be required to maintain 80 percent, but your number is going to come down below that.

Look at the numbers over the 5 years and you will see States like California, Connecticut, Hawaii, Maryland, Massachusetts, Nebraska, Nevada, New Jersey, New York, Rhode Island, and Washington all will have higher maintenance-of-effort requirements than Federal contributions under the Graham amendment.

Throw away parochialism. This is bad public policy. We are going to say on the floor of the Senate that we are going to make you pay more than what the Federal share will be to your States. That is wrong.

Hawaii is one of the big losers. I see the Senator from Hawaii here. They are going to have to pay more out of their own State coffers than will come from the Federal Government over a period of time. Some of these States get a little bump at the beginning, but what you do not see is they do not hold the small States harmless, and, over time, their number comes down and comes down dramatically.

In fact, if you look at the States that lose over time—I will go through them quickly—other than the States I just mentioned, because all the States I mentioned lose over time. In addition to those States, you have Alaska, Delaware, Maine, Michigan, Minnesota, Montana, New Hampshire, North Dakota, Oregon, Pennsylvania, Vermont. I mentioned Washington State before. You may think you are getting a boost under this, because if you look at it in the first year, you do, but with a lot of those States, over time their allocation, according to the formula, goes down.

So do not look at the first year and be suckered into a vote in favor of this amendment because you get a little bump at the start. Over time, the big winners—and I give a lot of credit to the Senator from Texas for standing up—Florida and Texas are the two big States that are going to be the big, big winners under this and the rest of the other States, particularly the small States in the West, the Midwest, and Northeast, are going to get hammered over the next 5 years.

Again, throw parochialism aside. To suggest that we are going to make 12 States maintain a higher effort of State dollars than we will give them

Federal dollars is wrong. It is absolutely wrong, I do not care where you come from. That is what this amendment does. It is misguided, it is unfair, not just to the States involved, but I think unfair to children in general.

I yield back the remainder of my time.

The PRESIDING OFFICER. Who yields time? The Senator from Florida.

Mr. GRAHAM. Mr. President, I yield 2 minutes to the Senator from Arkansas.

The PRESIDING OFFICER. The Senator from Arkansas [Mr. BUMPERS] is recognized for 2 minutes.

Mr. BUMPERS. Mr. President, let me start by asking the Senator from Pennsylvania, before he leaves the floor, if he thinks this country is fair to the children, when the District of Columbia, under this bill, is going to get $4,222 per child, and the State of Arkansas is going to get $390.

Do you know why a child in the District of Columbia is worth $4,200, 11 times more than the child in Arkansas? Because for years, the Federal Government says whatever you put in, we will match it. So they have matched it over the years. And now we are institutionalizing a gross inequity.

What we are saying in this bill is, if you happen to come from a poor State, no matter how hard you try, no matter how much money you did your very best to put in AFDC, you could not match Pennsylvania, New York, Massachusetts. Those States made a monumental effort, and we should congratulate them for it. But to say now 1994 is the be-all and end-all, whatever you contributed in 1994 is what you are going to get forever?

In short, if you are poor, you stay poor. If you are affluent, you stay affluent. There are Governors in this country—the Republicans got a lot of Governorships last year, and I guarantee you that a lot of them have already cut their contribution. No matter, it is 1994 that counts.

I cannot believe we are doing this. I could not vote for this bill in 100 years with this formula in it. How will I go home and tell the people of my State that a child in New York is worth $2,200 and their poor children are worth $400, or a child in the District of Columbia is worth $4,200 and our children worth $400?

The PRESIDING OFFICER. The time of the Senator has expired.

Who yields time?

Mrs. HUTCHISON. Mr. President, I yield 2 minutes to the Senator from California.

Mrs. FEINSTEIN. Mr. President, I thank the Senator from Texas. I rise to oppose this Graham-Bumpers formula. I must say—and I say it respectfully—this formula is sudden death for California. It will cost California about $1 billion. It is enormous in its impact.

There is no fiscal year in which California comes close to what is offered in the Dole bill, and I think the Dole bill formula is bad for California. So that is why I say this is sudden death.

Frankly, I respect the Senator from Arkansas very much, but how a formula can be justified, which essentially says we will reward States who do very little for their poor people and we will seriously disadvantage States that are willing to do more for their poor people, I have a hard time understanding that logic.

This is a Government that has practiced devolution. This is a Government that has said more and more that it is the responsibility of the State. Yet, in this bill, they seek to punish those who have a high maintenance of effort.

For California, over the 5-year period, this bill will cost $1 billion. The impact is enormous. There is no amendment that has been proposed that has a greater negative impact on the State of California than does this.

I thank the Senator and yield the floor.

Mr. GRAHAM. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator from Florida has 6 minutes.

Mr. GRAHAM. We will reserve our 6 minutes to close.

Mrs. HUTCHISON. Mr. President, I yield 2 minutes to the senior Senator from New York.

Mr. MOYNIHAN. I thank my friend from Texas.

Mr. President, last evening, we debated this matter in greater length. I took the liberty to go over the historical provision of the entitlement by States to a matching share of their expenditures on children. From the first, it has been a formula designed to move more Federal funds to the South and West, out of the North and East. The ratio is determined by the square of the difference between the State's per capita income and national per capita income. States have received as much as an 83 percent Federal match. New York and California get the lowest Federal match rate: 50 percent.

We have since recalculated our poverty data to account for cost of living. Mr. President, may I make this point? Adjusted for the CPI, New York State has the sixth highest incidence of poverty in the country. Florida has the 20th highest. Arkansas has the 19th highest. New York is a poorer State than Arkansas. A new idea, I grant; new data, I assert. But truth as well.

This amendment would cost California $5.4 billion and New York $4.6 billion. Not because we have had an advantage in the Federal formula. To the contrary. It is because we have had a civic policy that has sought caring for children to be a higher priority than perhaps some others have done, or we felt we had the capacity, even in the face of the data that suggests we have not.

This is an elemental injustice. I am openly conflicted. If this amendment passes, the bill dies. But in the first instance, I will remain loyal to the principle of the last 60 years.

My time has expired. I thank the Senator from Texas.

Mrs. HUTCHISON. Mr. President, I yield 2 minutes to the junior Senator from New York.

The PRESIDING OFFICER. The junior Senator from New York [Mr. D'AMATO] is recognized.

Mr. D'AMATO. Mr. President, I thank my colleague from Texas and the distinguished senior Senator from New York, who are opposing this amendment.

This amendment is not about welfare reform. It is about pitting region against region, about enriching certain States at the expense of others, about taking money from States which have made an effort to deal with the plight of poor children and poor adults and just identifying 15 States and saying we are going to give you more money so we can buy your votes. That is wrong.

Let me tell you what it does to our State of New York. It costs us, as Senator MOYNIHAN has indicated, $4.5 billion over 5 years. It will cost us nearly $1 billion in the first year alone.

Let us talk about maintenance of effort. Senator SANTORUM has spoken to it. We have to maintain an effort at 80 percent. Under this amendment, the State of New York will spend $600 million a year more than it gets from the Federal side. Let us talk about rich and poor, about poverty, and what people are worth and are not worth, as it relates to the Northeast and Midwest. We sent $690 billion more in taxes to Washington than we received in the past 14 years. I thank my distinguished colleague, the senior Senator from New York, because under his stewardship, the coalition put these numbers together.

Let us talk about the State of New York. In the last 14 years, during the same period of time, we sent $142.3 billion more to Washington in taxes than we have received in what we call "allocable spending." Let us look at the State of Florida. They have gotten back from Washington $38.5 billion more during that same period of time than they sent down to Washington in taxes. Now we see nothing other than a raid on New York, and its poor children in particular. Maybe what we should do is discuss an amendment to reallocate some of the Federal funds that flow to States such as Florida to give relief to those disadvantaged States in the Northeast and Midwest—New York, Pennsylvania and others—that already get less than their fair share of Federal allocable spending. Instead we have before us an amendment that would transfer more money to Florida at the expense of poor children in New York.

So I urge defeat of this amendment. It is a bad amendment.

The PRESIDING OFFICER. The Senator from Florida has 6 minutes remaining.

Mrs. HUTCHISON. Has our time expired?

The PRESIDING OFFICER. Yes.

Mr. GRAHAM. Mr. President, to close on this amendment, we have

heard a lot about the phrase that "we want to change welfare as we have known it" and that it is a failed system. There are many citations as so what those failures are. If one of the objectives of the welfare system was, as the senior Senator from New York has stated, to move resources from the Northeast to the South and West, we will add that as an additional failure of the welfare system.

How can you say that a system has accomplished that objective of assisting the poorest States in America when Texas receives one-fifth the amount of funds for its poor children as does New York and when Arkansas receives one-eleventh of the funds per poor child as does the District of Columbia? Another example of the failed system.

Assume that we were to start this process with a blank piece of paper. Assume we had never distributed Federal money for the purposes of assisting poor children and assisting the guardians—particularly the single, female heads of households—of those poor children to get off welfare and on to work and thus independence. How would we go about allocating the money?

First, I think we want to allocate it in a manner that would, in fact, make the system work, that would provide a sufficient amount of resources into each of the communities of America to allow the kinds of training programs and child care to be functional, to accomplish the objective of moving from dependence to independence through work.

Second, we want to have elemental fairness in how those funds are distributed. That is the essence of the amendment that is before us today, Mr. President.

This amendment follows the simple principle, take the total number of poor children in America—they are America's poor children. They are not Florida's poor children or California's poor children, they are America's poor children. The funds will come from all Americans through the Federal Treasury. Take the number of poor children in the country, divide that into the funds we have available, approximately $17 billion a year, and distribute the money wherever the poor children are. That seems to me to be an imminently reasonable approach and a fair approach in terms of achieving the objective.

The amendment that has been offered by Senator DOLE would distribute 99 percent of the Federal dollars to the status quo. However, the money which was distributed in 1994 will be distributed in the year 2000, without regard to any changes. There can be a depression in Colorado, you can have enormous growth in Arizona, you can have a depopulated Michigan, and yet you will get the same money in the year 2000 that you got in the year 1994. That does not sound like a fair, reasonable plan, or a plan which will accomplish the objective of this legislation.

Much has been made by the Senator from Pennsylvania about maintenance of effort. Frankly, maintenance of effort has been a moving target throughout this debate. We had no maintenance of effort when we started this debate. We defeated an amendment yesterday to require a continuation of maintenance of effort. Whatever final position we take on this formula, obviously, we will have to readdress the issue of maintenance of effort.

Mr. President, I believe there are a number of considerations that Members of this Senate ought to take into account as they decide whether to vote on this amendment. First, the Dole amendment does not respond to economic or demographic changes. Second, the Dole amendment rewards inefficiency. New York State spends over $100 per welfare case for administration. West Virginia spends $13. Yet, those inefficiencies are going to be rewarded in that New York State will get a higher proportion of the money, in part because it has been more inefficient in utilizing the funds available.

The mandates that we are imposing, heavy mandates in training and in child care, will be much more difficult to meet in a State like Texas, where 84 percent of the money Texas gets from the Federal Government will have to be spent to meet the mandates of training and child care. In Mississippi, 88 percent of the money will have to be used, whereas in more affluent States, less than 40 percent of their Federal funds will be required in order to meet these mandates.

Much has been said about the fact, Mr. President, that we are going to be moving toward parity under the Dole amendment, that eventually we will get to the goal that all children will be fairly and equally treated. How long will that trail take? Let me give some examples.

How long will it take from today, using the Dole formula, for the State of Alabama's poor children to have the same worth in terms of the distribution of Federal funds as do the poor children of the rest of America? Mr. President, 74 years is how long it will take Alabama; Delaware, 39 years; Louisiana, 79 years; Idaho, 42 years; Mississippi, 100 years before the poor children of Mississippi reach the average of the Nation; Florida, 29; Nevada, 29; Illinois, 13; South Carolina, 78 years before South Carolina's poor children reach the average of the Nation in terms of the distribution of the Nation's resources for poor children; South Dakota, 27 years; Texas, 75 years.

How, in 1995, do we support a formula which has that degree of inequity and unfairness, and the fundamental undermining of the ability of this legislation to achieve its intended result, to change welfare as we have known it by giving people a chance, a chance to move from dependency to independence through work.

I urge the adoption of this amendment.

Mr. BUMPERS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 2565, offered by the Senator from Florida [Mr. GRAHAM].

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 34, nays 66, as follows:

[Rollcall Vote No. 415 Leg.]

YEAS—34

Akaka	Exon	Mack
Baucus	Ford	McConnell
Biden	Graham	Moseley-Braun
Bingaman	Gregg	Nunn
Breaux	Heflin	Pell
Bryan	Hollings	Pryor
Bumpers	Inouye	Reid
Byrd	Jeffords	Robb
Coats	Johnston	Rockefeller
Conrad	Kerrey	Simon
Daschle	Leahy	
Dorgan	Lugar	

NAYS—66

Abraham	Frist	McCain
Ashcroft	Glenn	Mikulski
Bennett	Gorton	Moynihan
Bond	Gramm	Murkowski
Boxer	Grams	Murray
Bradley	Grassley	Nickles
Brown	Harkin	Packwood
Burns	Hatch	Pressler
Campbell	Hatfield	Roth
Chafee	Helms	Santorum
Cochran	Hutchison	Sarbanes
Cohen	Inhofe	Shelby
Coverdell	Kassebaum	Simpson
Craig	Kempthorne	Smith
D'Amato	Kennedy	Snowe
DeWine	Kerry	Specter
Dodd	Kohl	Stevens
Dole	Kyl	Thomas
Domenici	Lautenberg	Thompson
Faircloth	Levin	Thurmond
Feingold	Lieberman	Warner
Feinstein	Lott	Wellstone

So the amendment (No. 2565) was rejected.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. NICKLES. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2575

The PRESIDING OFFICER. Under the previous order there will now be 20 minutes of debate equally divided on the Domenici amendment, No. 2575, to be followed by a vote on or in relation to the amendment.

The time will be divided four ways—5 minutes each to Senators DOMENICI, GRAMM, DASCHLE, and DOLE.

POSTPONEMENT OF VOTE ON AMENDMENTS NOS. 2672 AND 2608

Mr. DOLE. Mr. President, I have a consent agreement that has been cleared by the Democratic leader, Senator DASCHLE.

I ask unanimous consent that the debate time and the rollcall vote scheduled with respect to the Daschle amendment, No. 2672, and the Faircloth amendment, No. 2608, be postponed to

reoccur at a time to be determined by the majority leader after consultation with the Democratic leader.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2575

The PRESIDING OFFICER. Who yields time?

Mr. BRADLEY addressed the Chair.

Mr. DOMENICI. Regular order, Mr. President. What is the regular order?

The PRESIDING OFFICER. The regular order is the consideration of the Domenici amendment with 5 minutes to each to be allocated to Senators DOMENICI, DASCHLE, GRAMM, and DOLE.

Mr. MOYNIHAN. Mr. President, it was my understanding that there was to be 20 minutes equally divided.

The PRESIDING OFFICER. The Senator is correct. It totals 20 minutes divided four ways.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico, [Mr. DOMENICI], is recognized.

Mr. DOMENICI. Mr. President, Senator MOYNIHAN, on the minority side, and I have decided that I will control 10 minutes with him using part of that. That means there are 10 minutes under the control of Senator DOLE, 5 minutes, and Senator GRAMM, 5 minutes.

Mr. President, I am going to speak for 2 minutes, and if you will tell me when I have used the 2 minutes I would appreciate it.

First, I ask unanimous consent that Senator SPECTER be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, Governor Engler testified before the Budget Committee that conservative strings to block grants were no better than liberal strings to block grants. A man saying that was not just an ordinary Governor but a Governor who is advocating no strings on the block grants in welfare. He said leave this issue that is before us—the family cap—up to the States. Give them the option to decide amongst a myriad of approaches to the very difficult problem of welfare teenagers and welfare mothers having children. He said let us experiment in the great democratic tradition in the sovereign States, and we are apt to do a better job.

What I propose is very simple. It mandates nothing. So nobody should think I am mandating that there be no family cap. I am merely saying each State in its plan decides this issue for itself. If they want a cap, they can have a cap. If they want to decide to try something different, they try something different.

It seems to me that is in the best tradition of what Republicans and conservative Democrats have been saying when they say send these programs to the States so they can manage them properly and let those who are closest to the grassroots—the State legislatures and Governors—decide how to do it.

There is nothing complicated about it. Again, I do not mandate anything. What my amendment says is the States can do it however they want with reference to the family cap or using cash payments for children who are part of a welfare situation where there is already one child, another one is born, and the States can decide how to handle that. We do not have all the wisdom here in Washington. That is the issue.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. DOMENICI. I yield 2 minutes to Senator BRADLEY.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

Mr. BRADLEY. Mr. President, I rise in support of the Domenici amendment.

New Jersey is the only State that has actually implemented a family cap. It took effect almost 2 years ago as part of a comprehensive reform of welfare which combines such disincentives as the family cap along with strong positive incentives for welfare recipients to work, and to marry. Almost from the day the family cap took effect we have been bombarded with people declaring absolutely that it works, and absolutely that it does not work. We have heard that there is a 1-percent reduction in birth rates to parents on welfare. We have also then, based on an evaluation by Rutgers, heard that there was no difference in births. We heard there was an increase in abortions. Then we heard that there was but it was not statistically significant. Never have such dramatic conclusions be drawn from such shaky and preliminary numbers.

Let me simply reiterate that from New Jersey's perspective—what everyone involved in the program has said—it is an experiment. I repeat, it is an experiment. We only have a year of data. We know only that a total of 1,500 fewer children were born to welfare recipients than over the previous 12 months. But births overall are down, and a difference of 1,500 births does not mean at all much compared to 125,000 total births in the State in the same period. At the same time, we penalize 6,000 families on welfare in which children were born.

Is the tradeoff of 6,000 children denied benefits worth the 1,500 hypothetical children whose mothers thought twice before becoming pregnant, or, on the other hand, who had abortions? I do not know. Will these numbers change? Will the message sink in? I do not know.

The basic point is that it is an experiment. We have inconclusive data.

We should not mandate something when we do not know what we are doing. States should be able to experiment.

The PRESIDING OFFICER. The Senator's time has expired.

Who yields time?

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized to speak for 5 minutes.

Mr. DOLE. Mr. President, I have the greatest respect for the Senator from New Mexico, but I rise in opposition to his amendment.

So let me tell you that we have been trying to craft a bill here and maintain a balance to get enough people on board to pass a very strong welfare reform bill. And I believe we are on the verge of accomplishing that. In fact, I hope we can do it by tomorrow. In fact, we need to do it by tomorrow.

I understand precisely what the Domenici amendment does. It simply strikes a provision in our bill that prohibits additional cash to children born to families receiving assistance.

I know the Catholic bishops feel very strongly about this, and the Catholic charities, because they deal with a lot of these families. They understand some of the problems.

As I have suggested, I think our bill has structured the right balance on the important issue of out-of-wedlock births.

I am committed to supporting a provision in our bill which allows States to provide vouchers in lieu of cash assistance. We think that goes a step in the direction that we think the bishops and others who support the Domenici amendment want to go.

Under this provision, I believe the children in need will be provided support. They are going to have vouchers, not going to have cash but vouchers, and the important thing is that these vouchers may be used for goods and services to provide for the care of the children involved. In addition, we all know that other forms of Federal and State aid remain available.

This has been one of the most difficult issues. The family cap and whether you have cash payments for teenage moms are probably the two most difficult issues we have faced, two of the most difficult issues we have faced in putting a welfare reform package together.

I understand the concerns that Senator DOMENICI expressed. I have talked with the Catholic bishops. They have been in my office. I have talked with Catholic Charities. They have been in my office. But I have talked to others who feel just as strongly on the other side. I also have talked with the Governors, and they do not want any strings. They do not want conservative or liberal strings. But they know in some cases they are going to have strings. I do not know of any objection by the Governors with reference to the family cap. I think they would accept that. They may not like it, but they would accept it. So I would hope that we also give flexibility in the family cap provision. If we do not deal with out-of-wedlock births, then we are really not dealing with welfare reform.

We have had a number of Governors—12 States—who have currently received waivers from the Federal Government to experiment with some version of the family cap. However, our proposal also maintains considerable flexibility for

these States and addresses the crisis of out-of-wedlock births.

The crisis in our country must be faced. Thirty percent of America's children today are born out of wedlock. And many believe we, at the Federal level, must send a clear signal. We believe the underlying proposal which is identical to the one agreed to by the House does just that. We are going to be in conference in any event.

Let me emphasize again that we have tried to keep everybody together in this proposal. I am not certain what happens if this Domenici amendment is adopted. We will still have an opportunity in conference. But we have crafted a very careful bill here to respond to the needs of many. Unlike the situation of single teenage mothers in poverty, this provision mostly affects families.

It seems to many of us the time has come when these families must face more directly whether they are ready to care for the children they bring into the world. That is the reason for the family cap.

So somebody has to make some decision out there—the families themselves, the parents, the mother. We believe the family cap will certainly encourage someone to make that decision and that if you continue cash payments, there is no restraint at all.

I yield back the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas [Mr. GRAMM], is recognized.

Mr. GRAMM. Mr. President, I yield myself 3 minutes.

Mr. President, it is hard for me to take this argument about States rights seriously when Senator DOMENICI has another amendment, amendment 2573, that mandates how much States pay on welfare. So let us make it clear. This is not an issue about flexibility. This is not an issue about strings. This is an issue about reform.

The Domenici amendment preserves the status quo. And what is the status quo? The status quo is that one out of every three babies born in America today is born out of wedlock. The status quo is if we continue to give people more and more money to have more and more children on welfare, by the end of this century illegitimacy will be the norm and not the exception in America. No great civilization has ever risen that was not built on strong families. No great civilization has ever survived the destruction of its families, and I fear the United States of America will not be the first.

Under existing law, States can do exactly what Senator DOMENICI's amendment allows them to do. What his amendment will do is perpetuate a system which subsidizes illegitimacy, which gives cash bonuses to people who have more and more people on welfare.

The compromise we have hammered out helps children. It provides vouchers. It provides them the ability to take care of them. But it does not provide cash incentives for people to have children that they cannot support.

What a great paradox it is that while families across America are pulling the wagon, both husband and wife working every day to save enough money to have a baby, they are paying taxes to support programs like this one which is subsidizing people to have babies that they cannot support.

I think if we are going to deal with welfare reform, if we are going to have a bill worthy of the name, we have to defeat this amendment.

I do not know what is going to happen on this amendment. Obviously, I am concerned about it. It breaks the deal that we have negotiated. It basically eliminates the glue that held a compromise together.

I am very concerned about the fate of welfare reform if this amendment is adopted. In the end, whether we have to do it in conference or whether it is not done, I am not going to support a bill that does not deal with illegitimacy. There is no way you can solve the welfare problem and not deal with illegitimacy. It is the basic cause of the problem, and I think we are running away from it with this amendment. I hope my colleagues will oppose it.

This is a crisis in America. It is a crisis that has got to be dealt with. I think to assume that the problem is simply going to go away is a bad mistake. Then he opposes even a modest limitation on the use of Federal funds turned over to the States.

My position is different. Do not tell the States how to spend their own money but set a few basic moral principles for the use of Federal funds. I believe that Federal funds should not subsidize illegitimacy.

This amendment is a complete reversal of the agreement we reached on this bill. It is time we take our commitment seriously and defeat this amendment.

I yield back the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, how much time do I have?

The PRESIDING OFFICER. The Senator from New Mexico has 1 minute.

Mr. DOMENICI. If we pool the 10, how much do we have left?

The PRESIDING OFFICER. Under the previous agreement, Senator MOYNIHAN has 5 minutes given to him by Senator DASCHLE, and Senator NICKLES has one-half yielded by Senator DOLE.

Mr. DOMENICI. I yield—how much time does the Senator want to use?

Mr. MOYNIHAN. Two minutes.

Mr. DOMENICI. Two minutes to Senator MOYNIHAN.

The PRESIDING OFFICER. Senator MOYNIHAN is recognized for 2 minutes.

Mr. MOYNIHAN. Mr. President, in the current issue of the Economist, the cover story is "The Disappearing Family," and it speaks of the problem of out-of-wedlock births. It says of this Senator that I have taken this problem seriously for 30 years. It quotes an earlier statement that "a community without fathers asks for and gets chaos."

I am not new to this subject, and I am very much opposed to a family cap of any kind. This is not the way to deal with this baffling and profoundly serious subject. When my friend from Texas cites the projections of where we will be at the end of the century, those, sir, are my projections. It has been a field I have worked in as he has worked in his field. But the dictum of the Catholic Charities is that the first principle in welfare reform must be "do no harm."

These children have not asked to be conceived, and they have not asked to come into the world. We have an elemental responsibility to them. And so I hope, regarding the most fundamentally moral issue we will face on this floor, that we will not have the State deny benefits to children because of the mistakes, or what else you will say, of their parents.

Mr. President, I yield back my time.

Mr. DOMENICI. I yield Senator BREAUX 2 minutes.

Mr. BREAUX. I thank my colleague.

Mr. President, I rise in strong support of the Domenici amendment. There is no disagreement in this body by either Republicans or Democrats on the question of illegitimacy. We oppose it very strongly and are looking for ways to help curtail it in this country. My State has the second highest illegitimacy rate in the country; 40 percent of all children born are illegitimate.

The question is, how do you solve it? Do you solve it by punishing the children or do you solve it by requiring work requirements for the parents, by requiring them to live under adult supervision, by requiring them to take work training, by requiring them to live in a family setting? I suggest that the way to do it is by those types of requirements. Do not penalize the child.

The current bill says absolutely a new child that is born will get no help. That is a mandate. It is says, well, the States have the option if they want to give a voucher they can. They do not have to. The Domenici bill changes that and the Domenici bill says that, if a child is born, we are going to look at that child as an innocent victim. And that is the proper approach. States that have had mandatory caps have not seen illegitimacy birth rates go down. But they have seen abortion rates go up. I do not think that is what this Senate wants to stand for. I urge the strong support of the Domenici amendment.

Mr. MOYNIHAN. Could I say that the Senator from New York is a cosponsor, and on both sides there is support.

Mr. BREAUX. The Domenici-Moynihan amendment. And I have strong support for it.

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

Mr. NICKLES. Mr. President, everyone I heard speak on this issue said illegitimacy is a very serious problem. There is no question that it is. Illegitimacy has been exploding in this country, and, as a result, we have increased crime, we have increased welfare.

We need to break that cycle. The present system is we subsidize illegitimacy, the more children born out of wedlock the more Federal money they received. That is the present system. A lot of us think that is wrong. This bill says that there will be no additional under the Dole bill—not the Domenici amendment, the Dole bill says we are not going to give additional Federal cash payments for welfare families if they have additional children.

It does not say the States. If the States are really adamant and say they want to help and do it in the form of cash, they can use their own money. The bill allows them to give noncash benefits, so they can take some of the block grant money and use noncash benefits in the form of vouchers and give. But we do not want to have cash incentives for additional children born out of wedlock. So I think Senator DOLE has a good provision, and it is with regret that I oppose my friend and colleague, Senator DOMENICI's amendment.

One final comment. I heard New Jersey mentioned. The Heritage Foundation did a report. I will capsulize.

New Jersey is the only State in the Nation that instituted a family cap policy, denying an increase in cash welfare benefits to mothers who have additional children while already receiving welfare. The evidence currently available from New Jersey indicates that a family cap has resulted in a decline in births to women on AFDC, but not an increase in the abortion rate.

Mr. President, I reserve the balance of our time.

The PRESIDING OFFICER. All time of the Senator from Oklahoma has expired.

The only Senator that still controls time is the Senator from New York, who has 2 minutes remaining.

Mr. DOMENICI. Mr. President, I had previously arranged to make sure that Senator CHAFEE spoke.

Mr. MOYNIHAN. Yes. I ask the Chair, how much time is remaining?

The PRESIDING OFFICER. The Senator from New York has 2 minutes remaining.

Mr. MOYNIHAN. I will be happy to yield.

Mr. DOMENICI. Because of some of the things that were said, I need to have at least a minute.

Mr. MOYNIHAN. I ask that 1 minute be yielded to the Senator from New Mexico and the other minute to the Senator from Rhode Island.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized for 1 minute.

Mr. CHAFEE. Mr. President, I support the Domenici amendment. There has been a lot of talk about inconsistency and about flexibility. I think that applies on both sides. None of us have been totally consistent. But with regard to this, the whole thrust of this bill is meant to be for flexibility. And with a mandatory family cap, as is suggested by the opponents of this bill, certainly that is not in keeping with flexibility.

Now, the suggestion is that, "Do not worry. There are no cash payments provided in this bill, but vouchers are provided." That is not quite accurate. The underlying bill does not provide for vouchers. It says vouchers may be provided.

I would also point out that this is a nightmare of administration when you are dealing with vouchers for children. So it seems to me, as has been pointed out here, under the underlying bill, the people that suffer under this proposal to get at illegitimacy as the target, the people that suffer are the children. I just do not think that is the way to proceed. As has been pointed out by the Senator from New Jersey, there is no definiteness about the family cap having reduced illegitimacy.

I want to thank the Senator for the time.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico is recognized for 1 minute.

Mr. DOMENICI. I want to say to all my friends, especially some of the Republicans who talked about breaking an agreement. I do not break agreements. I was not part of any agreement. I was not in attendance. I had one meeting where we went over the whole bill. But I was not there. If I were there, I would have said I did not agree. And so I am bringing my disagreement here to the floor to let you decide.

Frankly, I am absolutely convinced the New Jersey experience is meaningless with reference to whether or not there will be less welfare mothers having children if there is a family cap. The study I see says that there is no evidence that it has succeeded. If there is evidence of that, there is equally as good evidence that abortions have increased. I do not believe either one.

But my argument is, why make a mistake? Why not let the Governors and the States decide as they put a big plan together. Let them do innovative things to make this system work better. Do we really know that if we say no cash for second children of a welfare mother, that the others are going to stop having children? I mean, I do not believe that. And if you believe that—I do not want to make it so mundane—but you believe in the tooth fairy. It just is not going to happen.

I think we ought to adopt this and go to conference. We have a good bill. And I, frankly, am trying my best to be helpful in this bill. And to say I am inconsistent—most Senators are for maintenance of effort—that is the inconsistency; I am for maintenance of effort.

The PRESIDING OFFICER. All time has expired.

The question occurs on amendment No. 2575.

Mr. MOYNIHAN. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk called the roll.

The PRESIDING OFFICER (Mr. KEMPTHORNE). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 66, nays 34, as follows:

[Rollcall Vote No. 416 Leg.]

YEAS—66

Abraham	Exon	Levin
Akaka	Feingold	Lieberman
Baucus	Feinstein	Lugar
Bennett	Ford	Mikulski
Biden	Glenn	Moseley-Braun
Bingaman	Gorton	Moynihan
Bond	Graham	Murray
Boxer	Harkin	Nunn
Bradley	Hatch	Packwood
Breaux	Hatfield	Pell
Bryan	Heflin	Pryor
Bumpers	Hollings	Reid
Byrd	Inouye	Robb
Chafee	Jeffords	Rockefeller
Cohen	Johnston	Roth
Conrad	Kassebaum	Sarbanes
D'Amato	Kennedy	Simon
Daschle	Kerrey	Simpson
DeWine	Kerry	Snowe
Dodd	Kohl	Specter
Domenici	Lautenberg	Stevens
Dorgan	Leahy	Wellstone

NAYS—34

Ashcroft	Grams	Murkowski
Brown	Grassley	Nickles
Burns	Gregg	Pressler
Campbell	Helms	Santorum
Coats	Hutchison	Shelby
Cochran	Inhofe	Smith
Coverdell	Kempthorne	Thomas
Craig	Kyl	Thompson
Dole	Lott	Thurmond
Faircloth	Mack	Warner
Frist	McCain	
Gramm	McConnell	

So the amendment (No. 2575), as modified, was agreed to.

Mr. DASCHLE. Mr. President, I move to reconsider the vote, and to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2671

The PRESIDING OFFICER. Under the previous order, there will be 10 minutes debate, equally divided, on the Daschle amendment No. 2671, to be followed by a vote on or in relation to that amendment.

Who yields time?

Mr. DASCHLE. Mr. President, I will take 3 minutes of my time and then yield 1 minute to the Senator from Hawaii, Mr. INOUYE, and 1 minute to the Senator from New Mexico, Senator BINGAMAN.

Mr. President, I offer this amendment in the hope that we can find some resolution to what we all understand to be a very serious problem on reservations. My amendment would simply

change the funding mechanism in the bill to ensure that adequate funding is provided to tribes across the country. It would establish a 3 percent national set-aside, and tribal grants would be allotted from the set-aside based on a formula to be determined by the Secretary. Tribes, in both the pending legislation as well as in this amendment, would receive direct funding from the Federal Government to administer their own programs.

The difference between the pending bill and our amendment is that, under the pending legislation, tribes would receive money based on the amount the State spent on them in fiscal year 1994. The State grant would be reduced by the amount of the tribal grant. Under our amendment, tribes would be allocated funds directly from the national set-aside. The funding for the tribes would be taken out of that 3 percent set-aside, even before the money is allocated to the States.

So it is simply a different mechanism for ensuring that funds are allocated in an appropriate way. Why 3 percent? Mr. President, the poverty rate for Indian children on reservations is 60.3 percent—three times the national average. I know that the percentage of the AFDC population that is represented by native Americans is less than 3 percent, but the problems tribes face are far greater than that statistic would dictate.

Clearly, when you have a poverty rate of 60 percent, we have to do more than what at first glance might appear to be necessary. Per capita income in the United States is $14,000. Per capita income on the reservations is $4,000. Unemployment rates range, in South Dakota, from 29 percent all the way up to 89 percent. Nationwide, unemployment on reservations is four to seven times the national average.

So we face some extraordinary circumstances on the reservations, Mr. President, and there is very little infrastructure in existence to address these problems today. We need reform. We need to recognize that reform has to mean more than just resources. We need the mechanism and infrastructure to create new opportunities to provide the services that are so needed on reservations today. For all these reasons, tribes deserve the 3 percent. I hope that the amendment will be supported.

I yield a minute to the distinguished Senator from New Mexico.

Mr. BINGAMAN. Mr. President, I appreciate the chance to speak on behalf of the Daschle amendment. I do think it is very important that we try, as we are going through this legislation, to assist Indian tribes in pueblos around the country in helping their own people.

We talk a lot about empowerment. Here is a chance for us to do just that. At the same time that we are talking about empowering people, we are in fact cutting funds for Indian education, cutting funds for tribal justice programs, for housing operations, for tribal law enforcement, tribal social services, and a number of other vital programs.

We should not shortchange the Indian children of this country and their families in this bill. The Daschle amendment helps to ensure that we do not do that. I very much urge my colleagues to support the Daschle amendment.

I yield the floor.

Mr. DASCHLE. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Democratic leader has 1 minute 18 seconds.

Mr. DASCHLE. I yield that to the distinguished Senator from Hawaii.

Mr. INOUYE. Mr. President, as we prepare to vote on this measure, we should remind ourselves that, first, Indians are sovereign. Second, there is a unique relationship existing between Indian nations and the Federal Government of the United States, a trust relationship. There is no special relationship existing between States and Indian country. The Constitution sets forth this relationship. The Supreme Court has upheld it on numerous occasions.

I support the Daschle amendment. I hope we will continue to maintain the unique relationship that exists between Indians and the Federal Government.

Mr. NICKLES. Mr. President, I yield the Senator from Arizona 3 minutes.

Mr. McCAIN. Mr. President, as the Senator from South Dakota points out, there are more poor Indians in America than reflected in the national average. The Senator's amendment calls for a 3-percent set-aside, even in States where there is no Indian population. I began this process several months ago, working with the with Senator DOLE and with the Finance Committee, in attempting to achieve some way of providing native Americans with direct block grants to pay for their welfare programs.

As part of the bill, no off-the-top lump sum is dedicated for tribes. Indeed, the Dole bill targets Federal funding on a tribe-by-tribe basis, scaled to the actual need, supported by the fiscal year 1994 data, not some overall national estimate of need of 3 percent or 2 percent.

Mr. President, I have worked very hard with the Finance Committee in crafting a compromise that will provide direct welfare block grants to the Indian tribes, separate from the States. In response to that, Mr. President, I have received from Indian tribes all over the country, including from the National Indian Child Welfare Association, complete satisfaction with the compromise that was worked out with Senator DOLE.

If Senator DASCHLE can, in the name of politics, get Senators from West Virginia, Ohio, Illinois, and other States that have no Indian population to support this, fine. But I would like to point out to the Senator from South Dakota that he voted against an amendment by Senator DOMENICI that was going so restore 200-some million dollars in draconian cuts that are going to triple and destroy the social programs in his State and in my State. I hope that he will devote some of his efforts to restoring those draconian measures which have brought 300 tribal leaders to the Nation's Capital in the most vociferous process I have ever seen in my 13 years in Congress.

Mr. President, I support the Dole part of the bill which provides direct welfare block grants to Indian tribes, which the Indian tribes themselves support.

Mr. NICKLES. Mr. President, I wish to compliment Senator MCCAIN as chairman of the Indian Affairs Committee. I think he has provided a very valuable service because he does put some good language in this bill.

The bill that we have before us—not the amendment, the bill we have before us—allows direct funding to Indian tribes based on actual AFDC population.

Now, Indian AFDC population I heard is 1.3 percent, and I heard somebody say it is 1.7 percent of the population. Why would it be right to say they should receive 3 percent of the funding set aside? I think that is arbitrary. I also think it is maybe double what they are now receiving.

Indian tribes should be able to receive the block grant and be able to manage that, but it should be based on the population receiving AFDC payments. It should not be some arbitrary figure that is pulled out of the sky.

I compliment Senator MCCAIN for the language he has inserted in the bill. I urge my colleagues to vote no on the Daschle amendment because I think it sets up an arbitrary level that happens to be about double what the current Indian population of AFDC is, and that is not called for.

I do not think it is a good way to manage our welfare program. I think Senator DOLE has good language in the bill. Hopefully, it will be sustained.

I urge my colleagues to vote no on the Daschle amendment.

I yield to the Senator from Rhode Island the remainder of our time.

The PRESIDING OFFICER. The Senator has 1 minute 20 seconds.

Mr. CHAFEE. My query is this, to the distinguished sponsor of the amendment. It seems to me that, as I understand it, Indians make up 1.5 percent of the AFDC caseload. There are different figures given here, but I heard no figure more than 2 percent.

Therefore, it is hard to understand why 3 percent should be set aside for this group that makes up 1.5 or 2 percent—whatever it is—of the caseload.

I would appreciate if the distinguished Senator could give us some help on that.

Mr. DASCHLE. Mr. President, I will use whatever time I may consume out of leader time to respond.

Mr. President, the point I made in the short remarks that I have just

completed is that the circumstances affecting Indian tribes are vastly different than those affecting any other cross-section of the population.

We have unemployment rates in South Dakota close to 90 percent. Indian tribes nationwide have unemployment rates of up to seven times what they are for the rest of the population. Not only are we dealing with an extremely high level of unemployment, there is also little infrastructure to deliver social services on many reservations. Clearly, we have circumstances on many reservations that is far different from other areas.

That is really what we are trying to do, to recognize the extraordinary difficulties that we face in a very concentrated area: Reservations where there are really no resources; reservations where there is no employment. We cannot locate businesses on reservations today.

We are simply saying that if we are going to do this right, if we are going to allow tribes to do this right, we should allocate a 3 percent set-aside for tribes to allow them to begin solving these problems.

Other requirements of the welfare bill before the Senate are required on the reservation. They have to work. Workfare is going to be an essential part of the requirement for the tribes, as it is for everybody else.

Clearly, given the problems, given the requirements, and given the circumstances, I think this is the nominal amount of effort that we ought to put forth to do this job right.

Mr. NICKLES. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator has 35 seconds.

Mr. NICKLES. Mr. President, I do not doubt—as a matter of fact, I think I know probably almost as well as anybody on this floor—that we have very significant problems in the Indian community. Welfare is part of it. It may be part of the problem.

I am not sure that doubling the money going into AFDC for Indian tribes will solve that problem. It would provide greater cash assistance, no doubt. But I do not think that is necessarily right.

If they have 1.5 percent of the population, we will say they get 3 percent of the money—that is not going to make their problems go away. If I really thought that would make their problems go away, I might support the amendment.

We have lots and lots of problems on reservations and in the Indian community, but I do not think just by increasing cash payments, that that is a solution. I think the solution is in the Dole bill.

I urge our colleagues to vote no on the Daschle amendment.

Mr. DASCHLE. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question now occurs on agreeing to the Daschle amendment No. 2671.

The yeas and nays have been ordered.

The clerk will call the roll.

The assistant legislative clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 38, nays 62, as follows:

[Rollcall Vote No. 417 Leg.]

YEAS—38

Akaka	Domenici	Kohl
Baucus	Dorgan	Leahy
Biden	Exon	Mikulski
Bingaman	Feingold	Moseley-Braun
Boxer	Feinstein	Moynihan
Bradley	Ford	Murray
Breaux	Graham	Pell
Burns	Harkin	Pressler
Byrd	Inouye	Pryor
Campbell	Johnston	Sarbanes
Conrad	Kennedy	Simon
Daschle	Kerrey	Wellstone
Dodd	Kerry	

NAYS—62

Abraham	Grams	McConnell
Ashcroft	Grassley	Murkowski
Bennett	Gregg	Nickles
Bond	Hatch	Nunn
Brown	Hatfield	Packwood
Bryan	Heflin	Reid
Bumpers	Helms	Robb
Chafee	Hollings	Rockefeller
Coats	Hutchison	Roth
Cochran	Inhofe	Santorum
Cohen	Jeffords	Shelby
Coverdell	Kassebaum	Simpson
Craig	Kempthorne	Smith
D'Amato	Kyl	Snowe
DeWine	Lautenberg	Specter
Dole	Levin	Stevens
Faircloth	Lieberman	Thomas
Frist	Lott	Thompson
Glenn	Lugar	Thurmond
Gorton	Mack	Warner
Gramm	McCain	

So the amendment (No. 2671) was rejected.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. NICKLES. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2518

The PRESIDING OFFICER. Under the previous order, there will now be 10 minutes of debate equally divided on the DeWine amendment, No. 2518, to be followed by a vote on or in relation to the amendment.

Mr. DEWINE addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. DEWINE. Mr. President, I yield myself such time as I may consume.

Mr. President, the amendment which Senator KOHL and I have proposed really is a very simple one. It encourages States to work to keep people off of welfare before they ever go on welfare.

I think this is not only the right thing to do from a humanitarian point of view but it is also the most cost effective thing to do. In fact, we have seen several States make great progress with their programs to do this—Utah, Wisconsin, and there are many other States that are now just starting this type of a program.

I believe that without this amendment the underlying bill would have the unintended consequence and resolve of discouraging States from this type of early intervention. And I think everyone agrees we should be encouraging States to do so.

Our amendment would give States credit towards their work requirement for reducing their caseload by helping people before they ever go on welfare.

As I said, Mr. President, I think it is a very simple amendment. But I think it is an amendment that will in fact make a difference and will in fact encourage the States to do what everyone agrees needs to be done; that is, keep people from getting on welfare.

I might add, Mr. President, that it does not give the States credit towards their work requirement if, in fact, the reduction in caseload is achieved merely by changing the requirements for being on welfare. These have to be actually meaningful reductions that are achieved in other ways. Of course, one of the ways to achieve those is, in fact, by having that very, very early intervention.

Mr. NICKLES. Mr. President, I wish to compliment the Senator from Ohio, Senator DEWINE, who explained this amendment last night. We reviewed the amendment. We have no objection to it.

Mr. MOYNIHAN. Mr. President, as one who dearly loves Federal regulations imposed on States in minute, indecipherable detail, I accept this amendment with great gusto.

The PRESIDING OFFICER. Do all Senators yield the time?

Mr. DEWINE. I yield the time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2518) was agreed to.

Mr. NICKLES. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2668

The PRESIDING OFFICER. Under the previous order, there will now be 10 minutes of debate on the Mikulski amendment, No. 2668, to be followed by a vote on or in relation to the amendment.

Who yields time?

Ms. MIKULSKI addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland.

Ms. MIKULSKI. Mr. President, I yield myself 3 minutes on this amendment, and then I will yield to the Senator from Iowa.

I also ask unanimous consent that Senator WELLSTONE be a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Ms. MIKULSKI. Mr. President, I correct myself. I yield myself 3 minutes, and then I will yield to the Senator from Iowa [Mr. GRASSLEY], 2 minutes.

Mr. President, today I rise to save the Senior Community Service Employment Program of title V of the Older Americans Act.

I do this to preserve over 100,000 senior citizen jobs. Title V provides part-time, minimum wage employment, and community service to low-income workers as well as training for placement in unsubsidized employment.

Its participants provide millions of dollars of community service at on-the-job sites making a critical difference in care centers, hospitals, senior centers, libraries, and so on.

The Dole substitute now before us repeals the Senior Community Service Employment Program. My amendment strikes this repeal. It saves the Senior Community Service Employment Program of title V of the Older Americans Act.

If title V is not removed from the welfare reform bill, it will be repealed, along with 100 Federal job training programs, and rolled into a block grant. This will have a devastating consequence on these older workers. It serves directly in the communities across the Nation that benefits from these.

My amendment is supported by senior organizations across this country, including AARP, the National Council of Senior Citizens, and others.

Mr. President, there are so many good reasons to support the Senior Community Service Employment Program. Title V is our country's only work force development program designed to maximize the productive contributions of a rapidly growing older population. It does this through training, retraining, and community service.

We should leave title V in the Older Americans Act. It does not belong in welfare reform, and it does not belong in the reform of the job training bills.

Title V is primarily operated by private nonprofit national aging organizations. This is not big bureaucracy.

It is a critical part of that Older Americans Act and has consistently exceeded all goals established by Congress and the Department of Labor, surpassing a 20 percent placement goal for the past 6 years and achieving a record of 135 percent in the last year.

Title V, this Senior Community Service Employment Program, provides a positive return on taxpayer investment, returning $1.47 for every $1 invested. It is means tested, and it also serves the oldest and the poorest in our society; 40 percent are minorities, 70 percent are women, 30 percent are over the age of 70, 81 percent are age 60 and older, and 9 percent have disabilities.

Surely they deserve to have their own protection.

Title V ensures national responsiveness to local needs by directly involving participants in meeting critical human needs in their communities, from child and elder care to public safety and environmental preservation.

Title V has demonstrated high standards of performance and fiscal accountability unique to Government programs.

Less than 15 percent of funding is spent on administrative costs.

Title V historically has enjoyed strong public support because it is based on the principles of personal responsibility, lifelong learning, and service to community.

I urge your support for my amendment.

Is the Chair tapping?

The PRESIDING OFFICER. The Senator's time has expired.

Ms. MIKULSKI. I did not hear the tap, but having heard the tap I now yield 2 minutes to the Senator from Iowa, a supporter of my amendment.

The PRESIDING OFFICER (Mr. ASHCROFT). The Senator from Iowa is recognized for 2 minutes.

Mr. GRASSLEY. I support Senator MIKULSKI's amendment because there are a unique group of older Americans who will not be properly served by Senator KASSEBAUM's new program, as well-intentioned as it is.

Title V provides community service employment. In my State of Iowa, the program provided a total of 402,480 hours of service just in this year.

These workers serve in public schools, child care centers, city museums and parks, as child care workers, library aides, kitchen workers; they work for Head Start, YMCA, YWCA, the Alzheimer's Association, the Salvation Army, the Easter Seal Society, and the American Red Cross.

They work in activities that support as well the other Older Americans Act programs like senior centers, congregate meal sites, and home-delivered meals.

I think this is a good use of taxpayers' money because it leverages private funds and other public funds. Senator KASSEBAUM's bill will not lead to programs providing such employment.

The Senator's legislation will help individuals find gainful private sector employment, and there is nothing wrong with that. That is a proper focus. But it is not a focus which is going to assist the kind of individuals currently enrolled in title V programs—people 55 years and older, less than 115 percent of poverty. We are talking about low-income older Americans. Thirty percent of these workers are over 70 years of age. Eighty-one percent are over 60 years of age. They will not benefit from the training programs and education programs that would be established under Senator KASSEBAUM's bill. Title V provides subsidized employment in community service jobs for workers who are highly unlikely to be the focus of programs under Senator KASSEBAUM's bill.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. LEVIN. Mr. President, I am pleased to speak today as a supporter of the amendment of my friend from Maryland. Her proposal would remove the Senior Community Service Employment Program, or title V, from this bill. This amendment is important for several reasons: First, the Title V Program is not job training and should not be considered as part of this block grant; second, it fills an important role within the Older Americans Act; and third, it effectively serves a population that is difficult to reach with traditional job training programs.

The State of Michigan has had a long and successful relationship with this program. Thousands of people participate in it each year. These individuals work in hundreds of different occupations. The unifying factor in all this work is that older workers are contributing to their communities. In most cases, they are coming out of retirement to reenter the labor force.

I have received hundreds of constituent letters asking me to support this provision. In explaining their involvement with the Title V Program, almost all the participants mention "giving something back to the community." It is imperative that Congress capitalize on this feeling. Now more than ever we need to hold onto and support our sense of communities and this can be done by following the examples set by our elders. In many communities, title V programs provide the link between senior citizens and the younger generations. The SCSEP gives older workers an opportunity to become engaged with their neighbors in a direct and meaningful way.

Many of my colleagues know of the emphasis I place on community service. Usually, however, when we talk about this issue, our concern is about mobilizing young people to become involved. By contrast, the Title V Program is in operation. Its participants are active in communities now. If we repeal the Title V Program, many of these positions will be eliminated. One study estimates that 30,000 to 45,000 positions will be eliminated by 1998. This will deprive neighborhoods and towns of one of their most valuable resources.

Removing title V from this bill will provide us with the opportunity to discuss the reauthorization of the Older Americans Act in its entirety. I am aware that the Aging Subcommittee of the Labor and Human Resources Committee has already begun hearings on this issue. I look forward to seeing the recommendations that they produce on the act as a whole. I thank the Senator from Maryland for her leadership on this issue and I urge my colleagues to support the amendment.

Mr. SARBANES. Mr. President, I am pleased to join my colleague from Maryland, Senator MIKULSKI, in offering this amendment to save title V of the Older Americans Act. As you are aware, title V authorizes the Senior Community Service Employment Program [SCSEP] which provides senior citizens valuable opportunities to serve their communities by contributing their valuable insight and experience.

As a strong supporter and past cosponsor of the Older Americans Act, it is my view that the future of the

SCSEP should be determined during the reauthorization of the Older Americans Act, and should not be considered as part of the welfare reform debate. This successful employment program which serves our Nation's senior citizen is not part of the welfare system and does not belong in this bill.

The SCSEP is one the most important programs authorized under the Older Americans Act which have been successful in the organization and delivery of support services for senior citizens. For almost 30 years this program has offered low-income persons aged 55 or older part-time paid community service assignments with the goal of eventually obtaining unsubsidized jobs.

The only work force development program specifically designed to maximize the potential of senior citizens, the SCSEP has consistently exceeded placement goals established by Congress and the Department of Labor. This clearly illustrates what I have always believed—older Americans want to contribute. They want to work, to volunteer, to participate in their community. It is critical that we recognize this interest and tap the valuable wisdom, insight, and experience that senior citizens bring to all aspects of life.

There are several successful SCSEP programs here in Maryland, one of which serves my home community of Wicomico County. The Senior AIDES Program—in cooperation with State employment offices, community colleges, and other federally funded employment and training programs—helps seniors get the skills necessary to become part of the work force.

Let me share with you one of the program's many success stories. Sarah Maxfield of Salisbury finished high school, got married, and raised a family. She had the occasional odd job or part-time work, but never really worked full-time until she had to go back to work to support herself. At age 57, she entered the Senior AIDES Program in Wicomico County. While receiving training in office skills, she also worked with the volunteer office delivering meals to elderly shut-ins.

In September 1994, after having received training, she was placed in a subsidized job at Shore Up, Inc., a local community action agency. Shore Up was so impressed with her that I am pleased to report that she was subsequently hired full time.

Mr. President, by including the SCSEP in the job training block grant portion of this welfare bill, the program will be forced to compete with other, unrelated programs for a limited amount of funding. The end result will be fewer seniors working and fewer communities benefiting from the contributions of these older Americans.

One of the central recommendations of the recent 1995 White House Conference on Aging with respect to seniors in the work force was to make available educational programs to provide skilled trained, job counseling, and job placement for older men and women. This enhances senior citizens' ability to stay in or rejoin the work force or to prepare them for second careers.

In my view, Mr. President, it is clear that the proper legislative vehicle for consideration of this important program is not a welfare reform bill. The SCSEP deserves to be debated fully as part of the reauthorization of the Older Americans Act and I urge my colleagues to support this amendment.

Mr. PRYOR. Mr. President, I rise today in support of the amendment proposed by my colleague from Maryland concerning the Senior Community Service Employment Program, also known as the title V program. This amendment would remove title V from the job training block grant contained in the welfare reform bill we are considering.

Mr. President, this program is unique among employment programs. It serves people whose needs are not met by the more traditional job programs. The program also has a unique character which I believe would be destroyed by the block grant approach.

Title V serves seniors who are often difficult to reach. The individuals who participate in this program have very low incomes, and often they have little or no formal job experience. Most participants are over 65, many are widows, and any job experience they have may have occurred decades ago. These individuals need this program because it is the safety net separating them from extreme poverty and welfare dependency.

Title V also differs from other job training programs because of its unique nature as a community service program. The jobs occupied by title V participants are in organizations which serve other seniors, children, and the community at large. Organizations which sponsor title V enrollees are those which are most likely to feel the pain of budget cuts and economic downturns, and they simply could not get the job done without the help of the title V program.

Mr. President, if the job training block grant includes title V, the losses will be felt throughout our social fabric. Who will lose? Well, first of all, the individuals who participate in title V will lose. By the time the block grant is fully implemented in 1998, between 30,000 and 45,000 older people will be given pink slips. Do we really want to tell 45,000 poor people, most of whom are aged 65 and older, that they can no longer work to supplement their meager income? Do we want to tell these proud people that we would rather have them on welfare?

Communities will also lose under this block grant. There will be money lost from local economies as we squeeze more people into poverty. Local communities across America will also lose vital human services which are made possible through title V—services like tutoring of disadvantaged children and meals for the poor. In this social climate, these are services we cannot do without.

Another big loser will be government. We will lose tax revenue from people who are no longer employed. We will also lose because the title V participants who are forced out of jobs will be forced to go onto the welfare rolls, causing us to spend more money on the very programs in which we are trying to find savings. Mr. President, this just does not make sense to me.

I want my colleagues to understand that I am not standing before you saying that this program should not be changed in any way. I acknowledge that the time has come to subject title V to a thorough examination. As you know, concerns have been raised about this program, and these are concerns which deserve to be addressed. There also comes a time in every program when it is appropriate to take a few steps back, take stock of where we are, and make whatever changes are necessary to ensure that the program is fulfilling its central mission. But Mr. President, the last thing we need to be doing is combining this program with other employment programs with which it has very little in common.

Let us act decisively today to save this program—for the sake of our local communities and the many organizations which benefit from the program, and most of all, for the sake of the tens of thousands of older people who participate in title V. Over the years, this worthwhile program has freed countless senior citizens from a prison whose bars are poverty, dependency, isolation, poor self-confidence, and lack of experience. Let us not slam the doors shut on them.

Ms. MIKULSKI. Mr. President, today, I rise to save the Senior Community Service Employment Program—title V of the Older Americans Act—and preserve over 100,000 senior citizens' jobs.

Title V provides part-time, minimum wage employment in community services to low-income older workers, as well as training for placement in unsubsidized employment.

Its participants provide millions of hours of community service work at their on-the-job sites, making a critical difference at day care centers, hospitals, senior centers, libraries, and so on.

The Dole substitute now before us repeals the Senior Community Service Employment Program.

My amendment strikes this repeal and saves the Senior Community Service Employment Program, title V of the Older Americans Act.

If title V is not removed from the welfare reform bill, it will be repealed along with over 100 Federal job training programs and rolled into a block grant.

This will have devastating consequences on over 100,000 low-income older workers it serves directly, and

the many communities across the Nation that benefit from these workers' job activities.

My amendment is supported by senior organizations across this country including the American Association of Retired Persons, Green Thumb, the National Council of Senior Citizens, National Council of Black Aged, National Council on Aging, and the Urban League.

The purpose of title V is to assure resources reach low-income older workers.

The special needs of low-income seniors are often ignored or neglected by other employment and training programs: Seniors with limited education; seniors with outmoded work skills; seniors with limited English-speaking ability; and seniors with a long-term detachment from the workforce, such as widows.

The purpose of having a separate title V of the Older Americans Act is to assure that funds are actually used to serve low-income persons 55 and older.

Title V merges two important concepts: Community service employment for seniors who would otherwise have a difficult time locating employment in the private sector, and the delivery of services in their communities.

Eliminating title V places seniors at-risk on winding up on welfare.

Title V enables low-income seniors to be economically self-sufficient, rather than depend upon welfare.

How ironic as we debate the welfare reform bill, that the result of repealing title V could swell the welfare rolls for seniors. Many title V participants are now self-sufficient. If this program is repealed and seniors lose their community service employment positions, these seniors may be forced to accept SSI, Medicaid, food stamps, and housing assistance.

Title V seniors would rather have a hand-up not a hand-out.

There are 10 good reasons to support the Senior Community Service Employment Program.

First, title V is our country's only work force development program designed to maximize the productive contributions of a radidly growing older population through training, retraining, and community service.

Second, title V is primarily operated by private, nonprofit national aging organizations that are customer-focused, mission driven, and experienced in serving older, low-income people.

Third, title V is a critical part of the Older Americans Act, balancing the dual goals of community service and employment and training for low-income seniors.

Fourth, title V has consistently exceeded all goals established by Congress and the Department of Labor, surpassing the 20 percent placement goal for the past 6 years and achieving a record 135 percent of goal in 1993-94.

Fifth, title V provides a positive return on taxpayer investment, returning $1.47 for every $1 invested.

Sixth, title V is a means-tested program, serving Americans age 55+ with income at or below 125 percent of the poverty level, or $9,200 for a family of one.

Seventh, title V serves the oldest and poorest in our society, and those most in need—39 percent are minorities; 72 percent are women; 32 percent are age 70 and older; 81 percent are age 60 and older; 9 percent have disabilities.

Eighth, title V ensures national responsiveness to local needs by directly involving participants in meeting critical human needs in their communities, from child and elder care to public safety and environmental preservation.

Ninth, title V has demonstrated high standards of performance and fiscal accountability unique to Government programs. Less than 15 percent of funding is spent on administrative costs.

Tenth, title V historically has enjoyed strong public support because it is based on the principles of personal responsibility, lifelong learning, and service to community.

I urge your support for my amendment.

Mrs. KASSEBAUM addressed the Chair.

The PRESIDING OFFICER. Who yields time in opposition?

The Senator from Kansas.

Mrs. KASSEBAUM. How much time do I have, 5 minutes?

The PRESIDING OFFICER. Five minutes.

Mrs. KASSEBAUM. I yield myself 3 minutes and would yield the rest of the time to the Senator from New Hampshire [Mr. GREGG].

I know how much the Senator from Maryland cares about older workers, as does the Senator from Iowa [Mr. GRASSLEY]. But I must oppose the Senator's amendment to remove the Senior Community Service Employment Program from the job training consolidation bill, which has been incorporated into the legislation before us, for the following reasons.

First, older workers are already protected in the bill. Each State must meet benchmarks that show how well they are providing jobs for needy older workers. Their funds may be cut if they do not do an adequate job.

Second, successful grassroots programs like Green Thumb—and it has been a very successful program in Kansas—will be able to continue. This does not mean that that program is going to end. It simply means that it will be part of the training initiatives in the State, and its voice will be heard at that level. Older workers will have a very strong voice with Governors, and States will hear that voice when they develop their statewide training system. I have no doubt but that such strong programs will prevail.

Third, older workers will be better served under the current bill because we will eliminate the middleman. Right now, most of the older worker funds go to 10 national contractors. The Senator from Maryland mentioned that fact. Let me just say, Mr. President, something I think it is important for my colleagues to recognize. The GAO will soon release a report showing that there is a great deal of waste in these national contracts, overhead that will be eliminated if the funds go directly to the States.

For example, the GAO found that one contractor spent about 24 percent of its contract on administrative expenses, well above the amount that is currently permitted. Over $2 million was spent on personnel and $1 million was spent on fringe benefits. None of these funds went to older workers. It is an important group to reach, and I think the Senator from Iowa made that point. But I strongly feel there is a better way in which to deal with this. This training program is just one of 90 programs we have consolidated into a single system that will hold States accountable.

Finally, and I think this is an exceptionally important point to take into account, if we make an exception for this program, other programs will want out as well, and we will only perpetuate a system of duplication and overlap.

I must oppose the motion to strike. I would like to yield the remainder of the time to Senator GREGG, who cares a great deal also about the Older Americans Act. He is the ranking member of the Labor and Human Resources Subcommittee dealing with this issue.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. I thank the Senator from Kansas. I wish to associate myself with her remarks. The point she is making is that it is not a question of whether or not the money will be spent on senior citizens' jobs programs. Under the proposal of the Senator from Kansas, the same amount will be spent on senior citizens' jobs programs as will be spent as it is presently structured. It is a question of whether or not those dollars actually get to senior citizens or whether they stay here in Washington and are administered by a group of unrepresentative, in my opinion, or at least by people who have not competed for the grants and that receive the grants.

There are nine organizations that receive funds under this proposal. They receive them without competition. They simply are earmarked funds. These organizations, GAO tells us, are spending more than the law allows them to spend on administrative costs. Of the $320 million that is supposed to go to help senior citizens with jobs, $64 million of that $320 million is presently going to administration.

The proposal Senator KASSEBAUM has brought forward and which is included in this bill would allow that full $320 million to go back to the States. We would no longer see that money skimmed off here in Washington for the purposes of lunches and funding large buildings that are leased or driving around the city or coming up here

and lobbying us. Rather, it would go back to the States and the States would have the ability through their councils on aging to administer these programs and as a result the dollars would actually flow to the seniors who need the jobs, which is the basic bottom-line goal here.

So if you want to vote against what basically amounts to a designated program where nine organizations benefit and put the money instead into the seniors' hands where the seniors can benefit, you will stay with the Kassebaum approach in this bill.

Ms. MIKULSKI. Mr. President, I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and yeas were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Maryland. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 55, nays 45, as follows:

[Rollcall Vote No. 418 Leg.]

YEAS—55

Akaka	Feinstein	Lieberman
Baucus	Ford	Mikulski
Biden	Glenn	Moseley-Braun
Bingaman	Graham	Moynihan
Boxer	Grassley	Murray
Bradley	Harkin	Nunn
Breaux	Hatfield	Pell
Bryan	Heflin	Pressler
Bumpers	Hollings	Pryor
Byrd	Inouye	Reid
Campbell	Johnston	Robb
Cohen	Kempthorne	Rockefeller
Conrad	Kennedy	Sarbanes
Craig	Kerrey	Simon
Daschle	Kerry	Snowe
Dodd	Kohl	Specter
Dorgan	Lautenberg	Wellstone
Exon	Leahy	
Feingold	Levin	

NAYS—45

Abraham	Frist	McCain
Ashcroft	Gorton	McConnell
Bennett	Gramm	Murkowski
Bond	Grams	Nickles
Brown	Gregg	Packwood
Burns	Hatch	Roth
Chafee	Helms	Santorum
Coats	Hutchison	Shelby
Cochran	Inhofe	Simpson
Coverdell	Jeffords	Smith
D'Amato	Kassebaum	Stevens
DeWine	Kyl	Thomas
Dole	Lott	Thompson
Domenici	Lugar	Thurmond
Faircloth	Mack	Warner

So the amendment (No. 2668) was agreed to.

Ms. MIKULSKI. Mr. President, I move to reconsider the vote.

Mr. FORD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2592

The PRESIDING OFFICER. Under the previous order, there will now be 10 minutes, equally divided, on the Boxer amendment No. 2592, to be followed by a vote on or in relation to the amendment.

Mr. MOYNIHAN. Mr. President, may I ask that the Senator from Massachusetts be recognized for a unanimous-consent request?

The PRESIDING OFFICER. Yes. The Senator from Massachusetts is recognized.

PRIVILEGE OF THE FLOOR

Mr. KENNEDY. Mr. President, I ask unanimous consent that the privilege of the floor be granted to Omer Waddles, a legislative fellow in my office, during the consideration of H.R. 4.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, I suggest the absence——

The PRESIDING OFFICER. Will the Senator withhold that request?

Mr. MOYNIHAN. Yes.

Mr. CHAFEE. Mr. President, is this the last amendment that time has been reserved for?

The PRESIDING OFFICER. The Senator is correct.

Mr. CHAFEE. I notice there was a Faircloth amendment intervening. Is that withdrawn?

Mr. SANTORUM. It was temporarily set aside.

Mr. CHAFEE. So following the Boxer amendment, we will then go to other amendments that are called up. Is there any time agreement following the Boxer amendment?

The PRESIDING OFFICER. The floor is open and other Senators may call up their amendments.

The PRESIDING OFFICER. Who yields time?

Mr. SANTORUM. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CHAFEE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHAFEE. Mr. President, I ask unanimous consent that the Boxer amendment be temporarily laid aside so that I might proceed with a modification to the underlying Dole amendment.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

AMENDMENT NO. 2280, AS FURTHER MODIFIED

Mr. CHAFEE. Mr. President, I send a modification of Senator DOLE's amendment to the desk.

The PRESIDING OFFICER. The Senator has that right.

Without objection, the amendment is so modified.

The modification is as follows:

On page 23, beginning on line 7, strike all through page 24, line 18, and insert the following:

"(5) WELFARE PARTNERSHIP.—

"(A) IN GENERAL.—The amount of the grant otherwise determined under paragraph (1) for fiscal year 1997, 1998, 1999, or 2000 shall be reduced by the amount by which State expenditures under the State program funded under this part for the preceding fiscal year is less than 80 percent of historic State expenditures.

"(B) HISTORIC STATE EXPENDITURES.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'historic State expenditures' means expenditures by a State under parts A and F of title IV for fiscal year 1994, as in effect during such fiscal year.

"(ii) HOLD HARMLESS.—In no event shall the historic State expenditures applicable to any fiscal year exceed the amount which bears the same ratio to the amount determined under clause (i) as—

"(I) the grant amount otherwise determined under paragraph (1) for the preceding fiscal year (without regard to section 407), bears to

"(II) the total amount of Federal payments to the State under section 403 for fiscal year 1994 (as in effect during such fiscal year).

"(C) DETERMINATION OF STATE EXPENDITURES FOR PRECEDING FISCAL YEAR.—

"(i) IN GENERAL.—For purposes of this paragraph, the expenditures of a State under the State program funded under this part for a preceding fiscal year shall be equal to the sum of the State's expenditures under the program in the preceding fiscal year for—

"(I) cash assistance;

"(II) child care assistance;

"(III) education, job training, and work;

"(IV) administrative costs; and

"(V) any other use of funds allowable under section 403(b)(1).

"(ii) TRANSFERS FROM OTHER STATE AND LOCAL PROGRAMS.—In determining State expenditures under clause (i), such expenditures shall not include funding supplanted by transfers from other State and local programs.

"(D) EXCLUSION OF FEDERAL AMOUNTS.—For purposes of this paragraph, State expenditures shall not include any expenditures from amounts made available by the Federal Government.".

Mr. MOYNIHAN. What does the modification do?

Mr. CHAFEE. Mr. President, it provides that there shall be a maintenance of effort at the 80 percent level, with the tight definitions that we have previously been discussing.

Furthermore, it provides that should there be the effort below 80 percent, then the reduction will be a dollar-for-dollar reduction between the State funds and Federal funds.

Mr. President, this is an amendment that we have discussed. I believe broadly, that has been cleared by both sides.

Senator DOLE is a supporter of this amendment on this side. Mr. President, I am glad that the amendment is acceptable. I want to thank everybody for this. I especially thank the senior Senator from New Mexico, Senator DOMENICI, for his outstanding work. He was key in the whole effort. Indeed, it was he who suggested to the majority leader that we have the 80 percent maintenance of effort.

This gets us through a difficult spot. We have been tied up on the 90-percent, 75-percent maintenance of effort. This is a compromise that has been worked out.

I know the distinguished Senator from Louisiana has been very, very active in this area, and I am happy to hear any comments he might have.

Mr. BREAUX. I will be brief, Mr. President.

We attempted, as our colleagues know, to offer an amendment that would require that States to maintain an effort of 90 percent of what they were doing in 1994 in order to assure that the States and the Federal Government had a true partnership in this effort.

That amendment lost by only one vote. I think this effort of the Senator from Rhode Island, Senator CHAFEE, is a good effort. It is a big improvement over the current bill that is before the Senate. It is not 90 percent, but it does at least maintain an 80-percent effort on behalf of the States. That is better than the current underlying bill.

The concern I have—and I ask the Senator to comment on this—is that the other body has no maintenance of effort at all in their bill and ultimately we will have to go to conference with the other body. I am concerned about the ability that the Senate will have to come out with a figure that is reasonable.

I wonder if the Senator from Rhode Island could comment on whether there would be united support for the Senator's effort on behalf of his Republican colleagues, and could he shed light on what he thinks may or may not happen as a result of a conference?

I conclude by saying I do congratulate him in this effort and I think it is a step in the right direction. Could he comment on what is likely to occur?

Mr. CHAFEE. Mr. President, first, I want to start off by commending the Senator from Louisiana because but for his amendment yesterday on the 90 percent, I do not think we would have reached the compromise that we have on the 80-percent maintenance-of-effort level.

The Senator is exactly right in pointing out that the House is at zero. All I can say is, obviously I cannot guarantee what will come out of the conference. Nobody can. All I can assure him is that speaking for this Senator, who I presume will be a conferee, plus the other Republican Senators who I presume will be conferees, including the majority leader, all have indicated that they are strongly in support of this effort and this percentage.

Now, I do not think we expect that this percentage is what will emerge from the conference. But it is going to be a lot better than zero, I can assure everybody of that.

Mr. BREAUX. I thank the Senator.

Mr. CHAFEE. Obviously, I hope that it would be the 75-percent level, but I see the distinguished ranking member of the committee, and we have all been through conference many times and all we can say is we will do our best.

Mr. MOYNIHAN. Mr. President, I simply would like to be recorded as saying the best of the Senator from Rhode Island is very good, indeed, semper fi, in my view.

I will be on that conference. I do not know to what consequence, but I will be there applauding.

Mr. CHAFEE. Mr. President, the mere presence of the Senator from New York at the conference is a big plus to our side.

Again, I want to thank him for his support of this amendment and thank the distinguished Senator from Louisiana for everything he has done, including previous to today as I mentioned before.

Mr. President, the amendment has been adopted. I want to thank all.

The PRESIDING OFFICER. The amendment was a modification of the amendment which was modified by unanimous consent.

Mr. GRAHAM. Mr. President, I asked for a copy of the amendment, and it was not available, so would the Senator from Rhode Island yield for two questions relative to the amendment?

Mr. CHAFEE. I yield.

Mr. GRAHAM. I am familiar with the amendment we voted on yesterday offered by the Senator from Louisiana as it relates to what categories a State can allocate funds which will count towards the 80-percent maintenance-of-effort requirement.

Could the Senator indicate if there are any variations from the amendment of the Senator from Louisiana? And, if so, what are those variations?

Mr. CHAFEE. It is my understanding this gets a little bit arcane, and I am not trying to avoid the Senator's question in any fashion. We can safely say, basically the same as the amendment of the Senator from Louisiana. That is, the Senator is talking about—it is the title I block grants which fits into the definitions.

Mr. GRAHAM. There had been concern about the definition under the original 75-percent maintenance of effort that it would have allowed, for instance, a State's contribution to Medicaid and Head Start programs to count toward maintenance of effort.

Mr. CHAFEE. I want to assure the Senator, because I was disturbed by that provision likewise, that there cannot be that kind—a contribution to Medicaid does not count. It has to be basically the AFDC existing categories. It cannot be something for food stamps or Medicaid or an automobile or something like that.

Mr. GRAHAM. The second question: We had earlier debate about what happens if a State's allocation of Federal funds declines, what occurs to that State's continuing maintenance of effort?

For instance, there is a very high probability that many States are going to end up being sanctioned under this bill because they will have such a limited amount of Federal funds that they would be unable to meet the work requirements and therefore would become subject to the 5-percent sanction, reduction.

If that were to occur, what, if any, effect under your amendment will that reduction in Federal funds, for whatever reason, have on their maintenance-of-effort obligation?

Mr. CHAFEE. If the Senator can hold for a moment.

I know if the State goes down in its contribution, as I previously mentioned, then the Federal goes down dollar for dollar if the State should go below the 80 percent.

If your question is, what happens if the Federal goes down, under a sanction, for example—if I might get the answer to that.

If they are sanctioned, the answer is, I am informed, if they are sanctioned, the State still has to do its 80 percent. In other words, you cannot be so-called punished and be relieved of a burden at the same time, which is my understanding of the existing law today.

Mr. GRAHAM. Are there any instances in which, if the Federal funds are reduced below what they were in the base year 1994, that there would be adjustment to the maintenance of effort?

Mr. CHAFEE. I am not sure I understand.

Mr. GRAHAM. If for any reason—sanction or for other reason—sufficient that we do not appropriate the full $17 billion in the year 2000 and States get less than is currently projected, if for that or any other reason—sanction, political, economic, or otherwise—Federal funds should fall below the 1994 level, does your amendment provide for any adjustment to the maintenance-of-effort provision?

Mr. CHAFEE. We do not address that, nor did the Breaux amendment address it.

The question really is, should the Federal Government not make its appropriation, for the 1994 level, in the year 1998, or, as you said, 2000—we do not address that here. But I cannot believe that, with 100 Senators, all representing States here, that they are going to permit their State in some way to be punished, or lack funds, or have to continue their effort at 80 percent when the Federal Government does not do its matching share. But we do not specifically address that problem. We address the sanction problem.

Mr. GRAHAM. I wish I could be as sanguine as the Senator from Rhode Island. Having seen how many Senators voted to punish the poor children on an earlier vote, I cannot be so sanguine.

Mr. BREAUX. Will the Senator yield on that point?

When we altered the 90-percent maintenance of effort, it was based on 90 percent of what the State received. So if the State received less from the Federal Government because of cutbacks or whatever reason, they would have a 90-percent requirement, to spend 90 percent of the funds that they had received. Take that into consideration.

Mr. GRAHAM. Am I correct—this is a question of the Senator from Rhode Island—this 80 percent is based on what was received in 1994? The Senator from Louisiana explained that in his amendment the 90 percent was 90 percent of the Federal funds in the year of receipt. So if in 1998 a State received $100 million, it would have a required maintenance of effort of $90 million.

I understand under the amendment of the Senator from Rhode Island—or am I correct that the 80 percent is 80 percent of what the State's required effort was in 1994? Is that correct?

Mr. CHAFEE. Our bill—I cannot speak for the Breaux amendment because I am not familiar with that particular portion. Under our bill, the 80 percent is related to 80 percent of what the State paid in 1994.

Mr. GRAHAM. And that would be constant over the 5-year period, without regard to changes in the levels of Federal support?

Mr. CHAFEE. That is right.

Mr. GRAHAM. Thank you, Mr. President.

Mr. CHAFEE. I ask the Chair now the parliamentary situation.

I urge the adoption of the modification. Has that taken place?

The PRESIDING OFFICER. The modification has been made in the amendment, made by unanimous consent.

The pending question will be the Boxer amendment. There has been time reserved of 10 minutes, equally divided.

Mr. CHAFEE. Mr. President, I thank everybody for their help in this, and particularly I want to thank the majority leader, the distinguished ranking member of the Finance Committee, and others who have been very, very helpful on this. And of course the Senator from Louisiana. The Senator from Florida had some excellent questions.

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

UNANIMOUS CONSENT AGREEMENT—AMENDMENT NO. 2592

Mr. SANTORUM. Mr. President, I ask unanimous consent that debate time and the rollcall vote scheduled with respect to the Boxer amendment No. 2592 be postponed to occur at a time later today, before the cloture vote, to be determined by the majority leader after consultation with the Democratic leader.

Mrs. BOXER. Reserving the right to object, Mr. President. I shall not object. I support it. I just want to use this time to thank Senator SIMPSON, the majority leader's staff, Senator SANTORUM, and Senator NICKLES. We are working out some technical changes that will assure that this amendment does what we all want it to do. I just wanted to put that on the record. I look forward to the vote later in the day.

It has been set aside. I am not objecting.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SANTORUM. Mr. President, we do not have any unanimous consent to work from at this point. We will take up, at this point, the Coats amendment.

Mr. COATS addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

AMENDMENT NO. 2539

Mr. COATS. Mr. President, I call up amendment No. 2539 and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, that will be the pending question.

Mr. COATS. Mr. President, I think it is easy for us to be overly consumed by some of the details of this welfare debate, arguing numbers and formulas—portions of the legislation that are all important but can tend to mire us down and take our attention away from some of the broader implications of the debate we have been engaged in for the past several days. A great deal is at stake here, and I think we need to remind ourselves that this is the case.

If we as a Nation accept the existence of a permanent underclass, we will become a very different Nation indeed. Social and economic mobility has always been part of our national creed. It has been an outgrowth of our belief in equality. If we abandon that goal for millions of our citizens, through either indifference or through despair, giving up, we will do a number of, I think, socially very disadvantageous things. We will divide class from class. We will foster a future of suspicion and of resentment. And, while this may be a temptation to accept, I believe it is something we as a nation cannot accept.

On the left, it seems there are those who are so accustomed to the status quo that the best they can offer is some kind of maintenance of a permanent underclass as wards of the State, providing cash benefits to, hopefully, anesthetize some of their suffering, food stamps to relieve their hunger. But all hope for social and economic advancement seems to be set aside or abandoned.

On the right, it seems that there are some who simply want to wash their hands of all of this, who view the underclass as beyond our help and beyond any degree of sympathy or empathy. The only realistic response, they suspect, is probably more police and more prisons to deal with the tragic consequences of this breakdown in civil society.

The effect, I believe, of both of these approaches is to accept that poverty is permanent; that the underclass is going to be a fixture of urban life to be fed, feared, and forgotten. In doing so, we will condemn, in our minds, a whole class of Americans to be either wards or inmates. And I believe the American ideal will be diminished in that process.

I understand those temptations. The problems we face seem so intractable. Those who listened to Senator MOYNIHAN's initial discussion on the welfare bill last week had to understand both the brilliance and the sobering nature of that debate. We face a crisis, he said, and he outlined in graphic detail a crisis of illegitimacy that threatens not just the well-being of the children but the existence of our social order.

To quote Charles Murray, he said, "Once in a while the sky is really falling." And I believe, in this instance, as Senator MOYNIHAN has pointed out to us, that the sky is falling and that our Nation faces a crisis of a proportion that we have seldom faced before.

I also understand that any reform that we undertake, particularly any radical reform that we undertake of the system, is undertaken with a degree of uncertainty. Senator MOYNIHAN has reminded us of the law of unintended consequences.

Nathan Glazer has talked about "the limits of social policy," arguing that whatever great actions we undertake today involve such an increase in complexity that we act generally with less knowledge than we would like to have even if with more than we once had.

But I think we also need to understand that there is another law at work. That would be the "law of unacceptable suffering." Because as the cost of our welfare system mounts the human cost mounts, the risk of change is diminished, and I believe there is a point beyond which inaction becomes complicity. I think we have reached that point. I think this is a principle that ought to organize and direct our debate, to try to find a source of hope so that we will not have an endless class of underrepresented, underprivileged citizens with which we have nothing to offer—hope that our divisions, class divisions, that appear to be so intractable in our society are not permanent and hope that suffering will not be endless.

Mr. President, I think one source of that hope is found in devolution of power to the State. I know there is disagreement on that. But I think there is a compelling logic to the proposal. States are closer to the problems. Generally, State solutions are more acceptable to their public, and they are more flexible. We do not have a one-size-fits-all Federal mandate. Federal officials do not have a monopoly on compassion. I think that belies the lack of accomplishment over the last few decades.

So I support the devolution as an element of the Republican reform. But I believe also there are limits to the approach of devolution. The fact is most States have already engaged in some flexibility experiments and some devolution, some welfare experiments through devolution. Some reforms have been in place for years, and while the results show some good results there are several cases that have been good. Often progress is marginal, and sometimes incremental.

I do not offer this as a criticism. I offer it as a caution. Devolution I believe is necessary. But I do not believe it is all sufficient because, as we all know, State officials are fully capable of repeating the same mistakes as Federal officials, and State welfare bureaucracies can be just as strong and just as wrong as Federal programs.

So I think the limitations of devolution come down to this: The problem with welfare for the last 30 years is not the level of government at which money has been spent. Our difficulty is more than procedural. It is substantive. We need to make fundamental choices on the direction that our system is going, not just about its funding mechanisms.

Mr. President, I think a second source of hope is found in the strengthened work requirements of the legislation that we have been discussing. Requiring work for welfare makes entry-level jobs more attractive and discourages many from entering the welfare system in the first place. I think it is also an expression of our values as a nation. Work, as we know, is the evidence of an internal discipline. It orders and directs or lives. I believe no child should be without the moral example of a parent who is employed, if at all possible.

So I support this element of welfare reform. But, as we all know, work requirements are expensive. They are often difficult to enforce. They represent the problem of what to do with the mothers of young children. Again, while not arguing that they are useless but that their effect is limited, they should be supported but they should not be oversold.

I think a third source of hope is the removal of incentives to fail. We have been discussing that in detail today with these amendments. I think it is a mistake for Government to pay cash for a 14-year-old girl on the condition that they have children out of wedlock and never marry the father. We cannot justify, Mr. President, public policy that penalize marriage and provide illegitimacy its economic lifeline. I think Government violates its most fundamental responsibilities when it tempts people into self-destructive behavior.

So I support the elements in the Republican plan. But the destructive incentives in our welfare system are only part of the problem. The decline of marriage, the rise of illegitimacy are rooted clearly in broader cultural trends that affect everyone, rich and poor. Without a welfare system, these trends would still exist and still threaten our society.

Let me repeat that statement. Without a welfare system, the trends of illegitimacy, the decline of marriage, would still exist and still threaten at the rate of their growth, and would still threaten our society.

James Q. Wilson recently authored and article called "Culture, Incentives in the Underclass." He accepts the figure that less than 15 percent of rising illegitimacy between 1960 and 1974 was due to increased Government benefits. "Some significant part of what is popularly called the 'underclass problem'" he argues. "exists not simply because members of this group face perverse incentives but because they have been habituated in ways that weaken their self-control and their concern for others."

In other words, I think what Wilson was trying to say is that the basic problem lies in the realm of values and character, and those values are shaped, particularly in early childhood, by certain cultural standards. "I do not wish," Wilson adds, "to deny the importance of incentives such as jobs, penalties, or opportunities, but I do wish to call attention to the fact that people facing the same incentives often behave in characteristically different ways because they have been habituated to do so."

People are not purely economic beings analyzing costs and benefits. We are moral beings. We make choices that reflect our values. Incentives are not irrelevant but it is ultimately our beliefs and habits I think that determine our future.

So I support these measures: Devolution, work requirements, changing incentives. Each one should be part of the package that the Senate passes. But even if they were all adopted in the form that I would like I believe that our problems and our divisions would still persist.

It is important to work at the margins because those margins are broad. A 15 percent reduction in illegitimacy would be a dramatic and positive social change. A similar increase in work participation could be labeled a major victory. But I would suggest, Mr. President, that our greatest single problem lies beyond the changes that we are debating in this welfare discussion. That problem I would suggest is a breakdown in the institutions that direct and have humanized our lives throughout history, institutions of family, institutions of neighborhood, community associations, charities, and religious-based groups.

Sociologists call this the "civil society." They talk about "mediating structures." They say that these institutions build "social capital" and "positive externalities." But this point I think can be reduced to some simple facts.

A child will never find an adequate substitute for a father who loves him or her. The mantle of government, the assistance of government, will never replace the warm hand of a neighbor. The directions of a government bureaucrat will never replace the counsel of a friend. Any society is a cold, lonely, and confusing place without the warmth of family, community, and faith.

So it is interesting that this is precisely the reason that Nathan Glazer warns of the "unintended consequences" in social policy. "Aside from these problems of expectations, cost, competency and limitations of knowledge," he argues, "there is the simple reality that every piece of social policy substitutes for some traditional arrangement, a new arrangement in which public authorities take over, at least in part, the role of the family, of the ethnic and neighborhood group, of voluntary associations [of the church]. In doing so, social policy weakens the position of these traditional agents and further encourages needy people to depend on the government for help rather than on the traditional structures," according to Glazer, and I agree with him. I believe this concern is real, and I think it ought to reorient our thinking and our efforts. Our central goal in this debate ought to be to try to find a way to respect and reinvigorate these traditional structures—families, schools and neighborhoods, voluntary associations—that provide training in citizenship and pass on morality and civility to future generations.

Listen again to James Wilson. I quote.

> Today we expect "government programs" to accomplish what families, villages and churches once accomplished. This expectation leads to disappointment, if not frustration. Government programs, whether aimed at farmers, professors or welfare mothers, tend to produce dependence, not self-reliance. If this is true, then our policy ought to be to identify, evaluate and encourage those local private efforts that seem to do the best job at reducing drug abuse, inducing people to marry, persuading parents, especially fathers, to take responsibility for their children and exercising informal social control over neighborhood streets.

Mr. President, I believe we should adopt this approach because the alternative, centralized bureaucratic control, has failed. And because, second, the proposal of strict devolution has, as I indicated earlier, limitations. But I think there is a third reason we ought to adopt this approach, and I think that is the most central reason, that is because this is the only hopeful approach that we face.

These institutions—family, neighborhood, schools, church, charitable organizations, voluntary associations—do not just feed and house the body but reach in and touch the soul. They have the power to transform individuals and the power to renew our society. There is no other alternative that offers and holds out such promise.

So I believe we ought to ask one question of every social policy passed to every level of government, and that question is: Does it work through these mediating, traditional, historical institutions, does it work through families, neighborhoods, or religious or community organizations, or does it simply replace them?

Our primary objective should not be to substitute bureaucrats from Washington with bureaucrats from Columbus or Sacramento or Bismarck. It should be to encourage and support private and religious, neighborhood-based, nonreligious efforts without corrupting them with intrusive governmental rules. Our goal should not only be to redistribute power within government but to spread power beyond government.

This I believe, Mr. President, is the next step in the welfare debate, the

next stage of reform, the next frontier of compassion in America. Accepting this priority would focus our attention on possibly three areas: Emphasizing the role of family and particularly the role of fathers and mentors where fathers are not present in the lives of children; rebuilding community institutions; and promoting private charities and religious institutions in the work of compassion.

The next stage of welfare reform has to start with the family. The abandonment of children mainly by fathers is not a lifestyle choice. It is a form of adult behavior with disastrous consequences for children, for communities, for society as a whole. When young boys are deprived of a model of responsible male behavior, they become prone to violence and sexual aggression. Sociologists will prove to you over and over again these are irrefutable facts. When young girls are placed in the same situation, they are far more likely to have children out of wedlock. There is a growing consensus that families are not expendable and fathers are not optional.

The next step in welfare reform will reestablish a preference for marriage at the center of social policy in America. Wilson again observes that:

> Of all the institutions through which people may pass—schools, employers, the military—marriage has the largest effect. For every race and at every age, married men live longer than unmarried men and have lower rates of homicide, suicide, accidents and mental illness. Crime rates are lower for married men and incomes are higher. Infant mortality rates are higher for unmarried than for married women, whether black or white, and these differences cannot be explained by differences in income or availability of medical care. So substantial is this difference that an unmarried woman with a college education is more likely to have her infant die than is a married woman with less than a high school diploma.

An astounding statement.

Now, for those of us who have been married for a long time—and I just celebrated my 30th wedding anniversary—there are probably moments and days when that does not quite ring true.

Mr. MOYNIHAN. Will the Senator yield for a question?

Mr. COATS. I will be happy to yield.

Mr. MOYNIHAN. I heard him say he just celebrated his 30th wedding anniversary. Can I not assume that Mrs. Coats is also celebrating?

Mr. COATS. Mrs. Coats would be delighted and will be delighted when I explain what the Senator from New York has said about her. She was a child bride, and I was privileged to marry her. And she has retained the vibrancy of her youth. I claim no credit for that. She has done that in spite of her husband.

As Wilson has said, there are some great advantages to the institution of marriage; and I think that has been proven out over time, actually from the beginning of time.

As I said, while there may be moments that each of us can point to where we might question that fact, it is undeniable in terms of the statistics that are now in relative to life expectancy, rates of homicide, suicide, accidents, and mental illness. And as a nation, it ought to be our policy to promote that and not have policies in place, although maybe well intended, that often serve as a disincentive.

I also think that the next stage of welfare reform should find new ways of rebuilding economic and educational infrastructure, spreading ownership, housing, assets, educational opportunities. Successful businesses, active churches, effective schools, and strong neighborhoods have always been the backbone of community. To the extent that we can once again, through policy, where appropriate—in many places it is not appropriate and not effective—to the extent that we can emphasize and nurture this rebuilding, this renewal, we should do so.

We should also, I believe, focus our attention and resources on private charities and religious institutions, and that is the reason Senator ASHCROFT and I rise today to offer this amendment. We offer it primarily for discussion purposes, but we believe that a debate should, if it has not already, begin relative to the role of these institutions in dealing with some of our social problems.

We suggest that a charity tax credit, which we introduced last Friday, can answer some very important questions, the most important of which is how can we get resources into the hands of these private and religious institutions where individuals are actually being transformed, renewed, and provided both external as well as internal help, and how can we do this without either undermining their work with our Federal and State and governmental restrictions or offending the first amendment.

We think this amendment accomplishes that purpose. We respond by offering a $500-per-person tax credit for charitable contributions to poverty alleviating, poverty preventing, poverty relief organizations. We also require that individuals volunteer their time as well as donate their money to qualify for the credit, because we think it is necessary to do more than simply write a check.

We think there are a couple very important things that can be accomplished by personal involvement: First, the obvious connection that comes with bringing together those that are seeking to provide assistance with those that need the assistance and the benefits that flow both ways from that effort. But, second, it is an accountability factor, a factor that allows individuals to see how their money is being used and to ensure that the agency, the church, the association, the group that is utilizing the dollars that are contributed, that they are utilized in the most effective and most efficient way.

We would like to take a small portion of welfare spending in America—estimates are that roughly about 8 percent of what total welfare spending is in terms of what the reduction in revenue to the Federal Treasury would be through the charity tax credit—and give it through the Tax Code to private institutions that provide individuals with hope, with dignity, help and independence.

We do not eliminate the public safety net, but we want to focus attention on resources where we think they will make a substantial difference.

Second, we would like to utilize this in a way of promoting an ethic of giving in America. Because when individuals make these contributions to effective charities, it is a form of involvement beyond writing a check to the Federal Government. It encourages a new definition of citizenship and responsibility, one in which men and women examine and support the programs in their own communities.

Marvin Olasky has written about all this. He comments:

> Within a few miles of Capitol Hill there are several places that we could visit today which solve social problems more effectively and efficiently than any measure we will pass in this welfare debate.

I took him up on that challenge, and one of the organizations I visited was a shelter operated by the Gospel Mission, just within the shadow of the Capitol, about 5 blocks from here, that takes homeless, hopelessly drug-addicted men off the streets and literally has transformed them into responsible, productive citizens. Their rehabilitation rate is 66 percent over a 1-year period of time.

The same program, or something similar to that program, is run by the Federal Government, called the John Young Center. I drive by it every evening on my way home from work. That center has been in and out of the newspapers. Drugs are regularly dealt. And it has been a place of despair, not a place of hope. They claim a rehabilitation rate of 10 percent. They spend 20 times the amount of the Gospel Mission.

Now, we ought to be visiting these institutions and asking ourselves the question, what are they doing at the Gospel Mission that they are not doing at the Federal center? Or, conversely, what are they doing at the Federal center that is not being done—that we ought to avoid doing elsewhere?

This is just one example, one example of examples that exist in almost every community in America, where because of frustration with a government-run program, with a government attempt, citizens have undertaken, either through religious charities, faith-based or not, religious-based, Big Sisters. Salvation Army, the medical volunteers, the local Matthew 25 clinic that exists in Fort Wayne, IN, where medical doctors volunteer their time to the poor—they exist everywhere, but not to the degree to which it is making a substantial difference in the macrosense in our Nation.

So Senator ASHCROFT and I are trying to highlight these organizations, show how they provide a measure of hope, how they can renew lives, renew communities and, hopefully, nurture them through acquainting our citizens with their work and giving them the means with which to contribute to them.

Robert Woodson said, for virtually every social program we face today, somewhere a community group has found the solution that works.

I believe, Mr. President, this is the greatest source of hope in this welfare debate. And the primary reason why I am not pessimistic is—because it is easy to be pessimistic—that many of these groups, as Woodson points out, are faith-based, not a particular faith, not a particular denomination. In some, the faith is contrary to my own faith, but they gain their authority and their success by serving their neighbors as a form of service to their God. And their ministry includes an element of spiritual challenge and moral transformation.

Government should not view this as a problem to be overcome, but as a resource that we ought to welcome with open arms because, in serving the poor, we ought to look at religious efforts as allies and not rejected as rivals to our program. That power of religious values and social change can no longer be ignored. It is one of the common denominators of a successful compass.

Let me wrap up here by quoting from Robert Woodson again. Bill Raspberry wrote a fascinating article on this some time ago in the Washington Post. Woodson said:

> People, including me, would check out the successful social programs—I'm talking about the neighborhood-based healers who manage to turn people around—and we would report on such things as size, funding, leadership, technique.

He said:

> Only recently has it crystallized for me that the one thing virtually all these programs had in common was a leader with a strong element of spirituality. . . .

He said:

> We don't yet have the scales to weight the ability some people have to supply meaning [in other people's lives]—to provide the spiritual element I'm talking about.

He said:

> I don't know how the details might work themselves out, but I know it makes as much sense to empower those who have the spiritual wherewithal to turn lives around as to empower those whose only qualification is credentials.

Mr. President, the failure of our current approach has resulted among Americans in "compassion fatigue." That is understandable, but that is not healthy for our society. Compassion for the poor is a valuable part of the American tradition, and it is also a central part of our moral tradition. At the very deepest level, we show compassion for others because we are all equally dependent upon the compassion of our Maker.

But a renewal of compassion will ultimately be frustrated if we act on a definition of that virtue which has failed. The problem we face is not only that welfare is too expensive, which it is; the problem is that it is too stingy with the things that matter the most—responsibility, moral values, human dignity and the warmth of community.

This Nation, I suggest, Mr. President, requires a new definition of compassion, a definition which mobilizes the resources of civil society to reach our deepest needs. This is going to be a challenge to our creativity. Our response, I suggest, will determine much more about the American experiment and the limits that we place on its promise.

So the amendment that Senator ASHCROFT and I are offering is simply a step, a suggestion, a step toward providing a way to expand that compassion in America, to enlist our citizens in the act of citizenship, and to go beyond government to return to those institutions which historically, traditionally, and effectively have mediated some of our deepest social concerns—the family, the neighborhood, the schools, charitable organizations, religious and nonreligous voluntary associations.

I hope that we can move beyond the details of the welfare debate. Much of this will be discussions for future days. But I hope that this amendment we are offering at least offers a start and this debate in which we are engaging will take us to the place where we can step back and take a broader view of the problems we face and a more creative view of the solutions to address those problems.

Mr. President, with that I yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, I am going to have to be away from the floor for awhile now, but I want to say that the remarks of the Senator from Indiana are the most compelling and thoughtful and, in a certain sense, I hope, perfecting of any I have heard in 19 years on this floor debating this subject. I can scarce summon the language to express my admiration.

I acknowledge the persuasion that comes from citing dear friends of 40 years and more, such as Nathan Glazer and James Q. Wilson, with whom I have been associated. But the growing perception of the nature of our problem—I could have wished this debate had never taken place in the Senate.

The proposal to disengage the Federal Government from the care of dependent children is not something I can welcome. The address of the Senator from Indiana almost makes it worthwhile.

The other evening, Monday evening, at the American Enterprise Institute, Robert Fogel of the University of Chicago presented a superb historical perspective on the cycles of moral and religious awakening that have taken place in the United States since the 1740's, such as during the American Revolution, when we came to judge that the British Government was not sufficient ethically and morally as an institution. Abolition, slavery, temperance—we have had this experience before, and it may be we are beginning it again, because what the Senator says is so very clear that in the end, these are issues of community, issues of relationships, issues of moral understandings and persuasion.

I have said that however much we may be taking a retrograde measure with respect to a Government program, for the first time ever, we are beginning to talk about the problems of family structure. President Bush began this in an address at Notre Dame in 1992. President Clinton brought it up in a State of the Union Message when he rather casually cited projections which had been made in our office about where we may be heading. This week's issue of the the Economist discusses it as a worldwide phenomenon but uses the United States as the most advanced and desperate case.

I just will make one final caveat if you like, caution if you will. We are finally asking the right questions. I do not think we have answers. None will assert this more with greater conviction than such as Nathan Glazer or James Q. Wilson. Wilson gave the Walter Wriston lecture at the Manhattan Institute in New York City last November entitled "From.Welfare Reform to Character Development." His new book is on character.

He has this passage. He says:

> Moreover, it is fathers whose behavior we most want to change, and nobody has explained how cutting off welfare to mothers will make biological fathers act like real fathers. We are told that ending AFDC will reduce illegitimacy, but we don't know that. It is, at best, an informed guess. Some people produced illegitimate children in large numbers long before welfare existed and others in similar circumstances now produce none, even though welfare has become quite generous.

We have to accept that. We will not get the right answers until we ask the right questions, but we are not there yet.

Without going into detail, we do have some early returns on a program of counseling and education with respect to teenage births, and we find no effect: a very intensive effort now 4 years in place with nothing to show. But that is all right, the effort has begun. Eight years ago, it would not have come.

So I just want to express my admiration and my thanks to the eloquent, persuasive Senator from Indiana.

Mr. President, I see the Senator from Missouri has risen. I yield the floor.

Mr. ASHCROFT addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. ASHCROFT. Mr. President, I want to join the senior Senator from New York in commending the Senator from Indiana for an outstanding, insightful, and dispassionate analysis of

a very, very difficult problem. Too often in this Chamber, we view this problem as a financial problem or a governmental problem or a bureaucratic problem. But I think the Senator from Indiana has clearly alerted us to the fact that this is a problem for individuals, and it is a problem for families, and it is a problem for our culture.

I believe the measure which he and I are proposing is a measure which takes into account our understanding that we do not believe that government is the complete answer to the challenges we face. As a matter of fact, the Senator from Indiana has noted with clarity that there are many, many efforts by government which have been attended by only modest success, if it can be described as success at all.

When those enterprises are compared with the efforts that have been made by a number of private groups, including faith-based organizations, it is clear that the success rate, sort of the change rate, the therapy rate, the healing rate in those organizations is dramatically higher.

I was pleased to have the opportunity to cooperate with him to try to think of ways we could address our problems that go, as he puts it, ingeniously beyond government.

So often, it is in the role and nature of government to establish the minimums: If you do not follow these rules or these regulations, you end up in jail. You have to pay this much or you have to do this much in order to remain free. Government does not really call us to our highest and best, frequently. That job is the job of other institutions.

In order for us to solve this very substantial challenge, the critical challenge and a crisis in terms of our human resources, we are going to have to do more than minimums, the kind of thing government frequently deals with. We are going to have to get into the arena of maximums, and we have to find ways of calling on people to be at their highest and their best, rather than just participating in the fundamental threshold of what it takes to be a member of the club we call our society.

So beyond government, to expect to do more than government would do, to try to elicit responses from individuals who literally accept responsibility for helping in this circumstance, we have come up with this idea to provide incentives for individuals to invest their resources and themselves in private charitable enterprises which have a track record of doing what we have failed to do so miserably in our welfare program.

None of us have to recount the failure of the welfare program. We know that there are more people in poverty now than there were when we started the war on poverty. We know that the number of children in poverty is a higher percentage than it was when we started this assault on poverty by government. We can only conclude that the prisoners of the war, the POW's of the war on poverty, have been the children of America, the future of this great country.

What can we do to try to break this cycle of dependency, to slow the problem instead of grow the problem, because it occurs to me that as we have sought to remedy this situation, to bring therapy to this wound through government, we have exacerbated the problem; the hemorrhage has increased rather than been stemmed.

Perhaps it is instructive for us to look into our past to find out what might be helpful to us in the future.

Our current crisis in the cities is not singular, not unique, not something that never happened before. We have had crises in our cities before. Scholars have studied them, and they can point to ways in which we might remediate them. And Professor Marvin Olasky, from Texas, has written eloquently, and Gertrude Himmelfarb has written, as well, about the same crisis that, 100 years ago, gripped American cities. One of the interesting things about those crises is that they were attended by a social outpouring, a civic commitment to deal with the problem.

The distinguished junior Senator from Illinois, yesterday, had a picture on the floor of the Senate. It showed youths huddled against a building, semi-clothed, barefooted, sleeping one upon the other, in Chicago 100 years ago. It was a tragedy then, and what is happening to our young people is a tragedy now. She had several suggestions that we could remedy the tragedy with governmental guarantees today. It is interesting to me that the tragedy was not remedied 100 years ago with governmental guarantees—and I am not against Government and against having the right kind of safety net and the right kind of transitional welfare; but when welfare moves from being transitional to vocational, and the Government becomes the keeper of the poor, and as the keeper of the poor, the Government keeps people poor, we have missed part of the equation.

One hundred years ago, a substantial component of the equation was simply that citizens cared, and they volunteered and worked with one another compassionately to meet the needs. We need to signal, state, and we need to, as the Government, develop an understanding in this culture, in our communities, in our cities across this country that we cannot get this job done and expect and want people to participate as volunteers.

There are interesting data that in the crisis of 100 years ago in New York, there were two volunteers for every needy person. We have substituted Government for volunteers, and now we have 200 needy people for every social worker. That is just not a problem with the numerics, because 200-to-1 is an incredible load. It is also a problem with the character, not just the quantity. I am not impugning the character of social workers. They are wonderful people that are devoting their lives. But it is different to be administered to by a paid social worker than by an individual who says, "I love you and this community enough to accept responsibility, and I want to be part of improving your lot. I want to help you move from where you are to a place that is closer to where I am. I want to help you elevate yourself from dependency to industry, from despair to hope."

We need to do what can be done to send a strong signal that we want the desperate and needy of America to be a part of the devoted aspiration and contribution of our communities and cities and citizens. This modest proposal says to people that if you will give to charitable organizations that meet the needs of the needy, you will get your normal tax break. But if, in addition to giving your money, you will also get involved—and the Senator from Indiana said it very clearly, that we want the extra impact of citizen involvement, but we want the extra accountability of citizen involvement, citizens who do not just write a check as a means of shedding the consciousness and excusing themselves from the challenge, but we want citizens who want the check as a way of propelling themselves into the challenge, to meet the challenge.

So if you will contribute to these charitable organizations and you will match your contribution with an hour a week, on the average, through the year—50 hours—we will say as a Government that we honor this, that we respect it, and we want to encourage this, we want to teach this as a value and virtue in American life, and we care for each other to the extent—to use the phrase of the Senator from Indiana—that we go beyond Government and that we get into the involvement, one with another, and we have an interface between those in need and those who can meet the need. That would carry us forward.

It is with that in mind that we have raised this proposal for debate in the U.S. Senate. I believe that I could stand here and go through a litany of these kinds of nongovernmental organizations, and I have pages of them and their examples and success rates and their success stories. The Senator from Indiana has appropriately indicated that they operated about one-twentieth of the cost that normally attends the governmental function.

I could talk about the experience of certain Governors, like Governor Engler, who has a program that is successful. He says the reason is that because he has been able to get the Lutheran Services to be a party to it, because they care at a different level. There is a different character about the helping hand of a volunteer than there is about the heavy hand of Government. He says that the reason the program works is that this caring, loving, helping hand is available 24 hours a

day, 7 days a week. He says that in order to get certain of the Government programs to work, he has to ask people to have their problems between 9 in the morning and 5 in the afternoon, Monday through Friday. The truth of the matter is that needs arise in ways that require caring and help and healing, rather than bureaucracy.

So it is with this in mind that we have suggested to this U.S. Senate for its consideration, as it ponders what we do to meet the challenges of lives that are in despair, that we would consider making a statement that we want to revalue the work of volunteers. We want to say to individuals: Do not just write a check, but make a contribution with your life. And that could help us on the track to the solution that helped when, 100 years ago, volunteers overwhelmed the problems and began to move us on a track toward recovery.

While we are continuing in a mode of intensifying the problem, we need to be switching to a mode of mitigating the challenge. I think we can do that by encouraging the citizens to be the caring hand of the community and doing it in a way that expresses the care that healthy communities must have in order to be surviving communities.

I commend the Senator from Indiana for his outstanding statement of the opportunity for us to move beyond Government. I think we should take the small steps that are available to us and ultimately take larger steps to make sure that we move beyond Government so that we get into the category of success and remediation and we avoid what we have experienced to date, which is despair and aggravation of the problem.

I am grateful to the Senator and I thank him.

Mr. COATS. Will the Senator yield?

Mr. ASHCROFT. Yes.

Mr. COATS. Mr. President, I ask whether or not the Senator from Connecticut is here to offer an amendment. Senator Ashcroft and I intend to withdraw our amendment. But if there are others who want to speak on it, we obviously would encourage that. I have gotten some indication that the Senator from Pennsylvania wishes to speak on it. At the appropriate time, we will withdraw that.

Before I yield, let me commend my colleague for his articulate, passionate statement on behalf of a concept that I believe is critical to the future of this country, something that we must embody, embrace, and something that we must advance if we are to address this crisis that exists in our society.

He brings his experience as a Governor. He has had the opportunity that many of us have not had in dealing with this on a day-to-day basis from an executive position and as someone who was charged with the responsibility of carrying out policy instead of just making policy. He brings the experience of someone with a deep heritage of service to others, and his commitment to this concept is commendable.

I want to thank him not just for his support but for his initiation and his leadership on this effort. We have been going along parallel tracks and discovered that we were attempting to advance the same ideas, so we merged our efforts.

His thoughts about involving individuals as volunteers, as well as just the writing of a check for the tax credit, was instrumental to this package. His work and efforts and writings and speaking about it have been very, very important to this.

I thank him and I want to tell him what a privilege it is to go forward together and hopefully have others join us as we attempt to address this next stage in the welfare debate.

I thank the Senator from Missouri.

Mr. ASHCROFT. I thank the Senator from Indiana. I yield the floor.

Mr. SANTORUM. I thank the Senator from Connecticut for his patience. I know the Senator has an amendment to follow this. My understanding is this is an amendment we can accept on this side of the aisle. I will not make him wait unduly.

I wanted to speak on this issue because, like the Senator from Missouri and the Senator from Indiana, I, too, had a piece of legislation I introduced that provided a tax credit for charities that do work for the poor. It is a tax credit for people who give to charities, who do work for the poor.

I, too, like the Senator from Indiana, see this as the next logical step in the devolution of welfare. We had an experiment in the 1960's that tried welfare as a grand social scheme that, in fact, should be a national problem solved on a national level by national bureaucrats and national policy. I think what we have seen is that has been a dangerous and, in fact, a very destructive way of approaching this problem.

What is being offered here on the floor is, in my opinion, sort of a steppingstone to what the final solution should be to solving the welfare problem. What we are doing here is a block grant back to the States, saying we need States to have more flexibility. We need to get it back down to the local level.

What Senator COATS, Senator ASHCROFT, and I have put forward is really this next logical step, which is why do we have the Government directly involved in setting policy on poverty at all? Why do we not enable, empower the people who are most concerned about the people who are poor, and that is people in their community, family members, neighbors, and people living down the street?

Those we have found over time are the most effective poverty-fighting tools that we have in our society—people who actually care about their neighbors and their friends and their family members.

What we need to do is take all this money that gets channeled through Washington and instead of having it channeled through here, take that money and directly send it to the nonprofit churches, in many cases, or community organizations that are directly involved on the front line of solving the issue of poverty in the communities.

I know the Senator from Indiana represents large cities like Indianapolis that have communities in them in those cities where there are no jobs, there is no nothing, there is no institution left. The only thing left is a church that holds the whole community together.

Why would it not be proper for those people who are paying taxes in that community to be able to take a tax credit to help that church which has dedicated their mission to helping people in poverty, instead of sending their tax dollars here so we can pay a bunch of people to tell them how to run their lives?

Get people who actually care about that next-door neighbor, who know the young girl who got pregnant and has to raise that child in a destructive home environment who lives next door. Get people who know their names, who care about them not because they are a number in the computer but because they are the next-door neighbor they have known for years.

That is what this is all about. This is not a devolution in the sense we are throwing away a responsibility and giving it to somebody else. What we are suggesting is there are logical people to handle these problems and it is not us. It is people who truly care.

What the Coats amendment, the Ashcroft, and my amendment would have done is just to take a small portion of the money that we spend on welfare and have that money be used to directly support communities.

The question here is not whether or not we should address the issue of poverty. It is who is best able to deal with the issue of poverty. Go home and ask folks as I have, and talk to people who are in the welfare system or who are poor, who are working poor, and ask them where they have gotten the most help. Is it from the person who sits behind the computer who has a caseload of hundreds, who processes paper and checks, or is it the minister or the person at the local soup kitchen, or whatever the case, or neighborhood food banks? Are those the people who actually care, who actually work to make it work for the people who are poor? That is really the fundamental issue here.

I was not on the floor at the time the Senator from Indiana gave his remarks, but I am looking forward to reading them in the RECORD because of the very high praise from the Senator from New York on his comments.

I can only imagine the passion that I know the Senator from Indiana has on this issue, the care and concern he has for making sure that we develop a system here in Washington that truly is caring, not caretaking; that is truly people oriented, humane in the very

sense of human involvement with other human beings whose problems are not just something that we pay to maintain, but work to solve.

That is the fundamental, I think, logical next step and I am confident, when we address this welfare issue again, that we will see an increased support for this kind of amendment and for this approach to deal with the problem.

I am hopeful, whether we do it in the tax bill this time or whether its day is a little into the future, we are laying the groundwork now for something that I think will be—I believe this amendment is the most significant amendment that has been offered on the floor. I know it will be withdrawn because it is a tax matter and subject to points of order and all the problems, but I think this amendment is the most significant amendment about getting people involved in the communities to help their neighbors.

One of the great things about America is our relationships with our neighbors and our sense of community. The Federal Government has systematically, through welfare programs, said it is not our responsibility to care for our neighbor anymore; you pay taxes, you have Federal benefits, they will take care of them.

Well, folks, that may be nice and compassionate on the surface, but what it does is separate you from the people you live next to, and you no longer feel you are responsible for your neighbor. You feel that it is not a community anymore, that we are a set of separate kingdoms who pay our tributes to the lords and the lords will take care of everybody. That does not work. That is not America.

What we need to get back to is the whole concept that we are in this together, that we should be a community, that we do have a responsibility for our neighbors, and that we want you to be actively involved in participating, in making sure that your neighbors, as well as the other people in your communities are not in poverty and are living in dignity.

That is what this amendment does. I congratulate the Senator from Indiana for his stewardship on this issue. I only wish I could be here to vote for it, but I understand the need to withdraw the amendment.

Mr. LIEBERMAN. I thank the Chair. I do want to introduce an amendment following Senator COATS, but I have listened to the debate and I do want to say a few words of support because I think my colleagues are onto something here.

The human want, the human despair, the human suffering that is the welfare crisis that we are attempting to address in this debate was not caused by government.

There are many ways, I think we feel, in which government has facilitated or enabled the problem to become worse. The problem begins with people who have problems. And it will not end until those people are helped by their neighbors, by their communities, by a wide array of institutions.

What I am saying is, and I think this amendment gets to this, is that government has not, itself, created the problem, although it may have exacerbated it. In the same sense, government alone will not solve the problem. We are going to need community groups, charitable groups, people finding strength within themselves. This amendment recognizes that and tries to create, in the way that we do this in America, tries to create a motivation through the tax system for people to get personally involved, once again, in greater numbers—many are now, obviously, but to be involved in greater numbers—helping their neighbors, their poor neighbors, work themselves out of poverty. So I think there is something here.

There is something here, also, in the fact that this well-intentioned program that started in the 1930's, Aid to Families With Dependent Children—in that sense, the contemplation of Congress was to help the children of widows—has become so large that in some measure it has sent a message to a lot of very well-intentioned, good-natured Americans that the poverty of their neighbors is not their concern.

In some ways we have become so good at governmentalizing our community responsibility that we have sent a message that individuals have less need to be responsible for those among us who are poor. This amendment cuts, also, at that conclusion and says to all of us we all have a part to play as we used to before government became so big and communities became so big.

I believe that these problems of babies born to mothers who are teenagers, unmarried—a cycle, generation after generation of welfare dependency—are so deep that it will take both government and private philanthropic, charitable, and religious institutions to make it ultimately better. But the very important point that this amendment makes is that Government cannot do it alone. And I congratulate my friends for introducing the amendment and making that point.

Finally, I say this. I also think they have made an important statement here in making it clear that religious organizations, faith-based organizations, should be eligible for this credit for participation in poverty assistance programs because those organizations, as I have seen in cities and poor areas throughout Connecticut, often have the greatest motivation, the greatest success rate in dealing with problems of poverty. When we bring it down to the individuals who are the beneficiaries of this program, I have yet to find a government program that could do a better job than a religious organization at instilling in the individual that necessary sense of self-worth which is the precondition to any genuine and hopeful effort to make that person's life better—based, of course, on the insight that my friend and colleague from Indiana referred to generally, which is that if you begin to see yourself as a child of God, and in that sense appreciate your value, then you are going to be better able to go ahead and remake your life in a way that testifies to that insight.

I know this amendment is going to be withdrawn. I do think the Senator from Indiana, the Senator from Missouri, and the Senator from Pennsylvania made a very important point here. I hope we can come back to it. I hope we will have the opportunity to come back to it, to try to truly not only make government more efficient in dealing with poverty, but to tap the truly powerful good nature of the American people that is out there and, I think, ready to be tapped to help those of their neighbors who are poorer in money and in hope and in opportunity than they are.

I thank the Chair and yield the floor.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I congratulate the Senator from Connecticut for his excellent comments and apologize to him for jumping ahead of him. I did not realize he was rising to speak on the Coats amendment. Had I known that, I would have let him go forward. I thought he was just standing for his amendment. So I apologize for that, and I appreciate very much his comments and his support of this concept. The Senator hit the nail on the head very, very well, and I appreciate his support.

I congratulate, again, the Senator from Indiana for offering this amendment.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. COATS. Mr. President, I offer my sincere thanks to both the Senator from Pennsylvania and the Senator from Connecticut for their warm words of support for a concept that I think we all endorse and believe in. I, like the Senator from Connecticut, hope that we have initiated what will be, in the end, a historic debate about how we can effectively reach out and help those Americans who, in many instances through no fault of their own, find themselves in desperate circumstances, but do it in a way that is effective. There is compassion beyond government, and I think we are beginning to discuss and tap into what that is.

Because the amendment the Senator from Missouri and I have offered is subject to points of order, because it is a tax matter not directly relevant to this bill, because there needs to be more discussion and more foundation laid, in a moment I am going to ask unanimous consent to withdraw the amendment.

I think this has been a substantive discussion of an extremely important item that I hope will be brought back up for further debate and will become a integral part of the next tax debate on how we allocate resources of citizens of

this Nation, how we allocate those in a way that makes a difference in people's lives and gives us the sense that our work is not in vain and that the check we write is truly making a difference, not only in our neighbors' lives but in society.

We look forward to that extended debate, and we look forward to the day when we can leave the amendment on the floor and bring it to a vote before the Senate. This is not the appropriate time to do that.

Therefore, I ask unanimous consent the amendment that is currently pending be withdrawn.

The PRESIDING OFFICER (Mr. GRAMS). Without objection, it is so ordered.

The amendment (No. 2539) was withdrawn.

The PRESIDING OFFICER. The Senator from Connecticut.

AMENDMENT NO. 2514, AS MODIFIED

Mr. LIEBERMAN. Mr. President, I ask the amendment I filed at the desk, amendment No. 2514, be called up.

The PRESIDING OFFICER. Without objection, the amendment is now pending.

Mr. LIEBERMAN. Mr. President, I ask unanimous consent a modification of the amendment that I send to the desk at this time be accepted.

The PRESIDING OFFICER. Is there objection to the modification?

Without objection, the amendment is so modified.

The amendment (No. 2514), as modified is as follows:

On page 17, line 8, insert ", for each of fiscal years 1998 and 1999, the amount of the State's job placement performance bonus determined under subsection (f)(1) for the fiscal year," after "State family assistance grant for the fiscal year".

On page 17, line 22, insert ", the applicable percent specified under subsection (f)(2)(B)(ii) for such fiscal year," after "subparagraph (B)".

On page 29, between lines 15 and 16, insert:

"(f) JOB PLACEMENT PERFORMANCE BONUS.—

"(1) IN GENERAL.—The job placement performance bonus determined with respect to a State and a fiscal year is an amount equal to the amount of the State's allocation of the job placement performance fund determined in accordance with the formula developed under paragraph (2).

"(2) ALLOCATION FORMULA; BONUS FUND.—

"(A) ALLOCATION FORMULA.—

"(i) IN GENERAL.—Not later than September 30, 1996, the Secretary of Health and Human Services shall develop and publish in the Federal Register a formula for allocating amounts in the job placement performance bonus fund to States based on the number of families that received assistance under a State program funded under this part in the preceding fiscal year that became ineligible for assistance under the State program as a result of unsubsidized employment during such year.

"(ii) FACTORS TO CONSIDER.—In developing the allocation formula under clause (i), the Secretary shall—

"(I) provide a greater financial bonus for individuals in families described in clause (i) who remain employed for greater periods of time or are at greater risk of long-term welfare dependency; and

"(II) take into account the unemployment conditions of each State or geographic area.

"(B) JOB PLACEMENT PERFORMANCE BONUS FUND.—

"(i) IN GENERAL.—The amount in the job placement performance bonus fund for a fiscal year shall be an amount equal to the applicable percentage of the amount appropriated under section 403(a)(2)(A) for such fiscal year.

"(ii) APPLICABLE PERCENTAGE.—For purposes of clause (i)(I), the applicable percentage shall be determined in accordance with the following table:

"For fiscal year:	*The applicable percentage is:*
1998	3
1999	4

On page 29, line 16, strike "(f)" and insert "(g)".

On page 66, line 13, insert "and a preliminary assessment of the job placement performance bonus established under section 403(f)" before the end period.

On page 77, in the matter inserted between lines 21 and 22 (as inserted on page 19 of the modification of September 8, 1995), strike "(C) An increase in the percentage of families receiving assistance under this part that earn an income." and insert "(C) An increase in the number of families that received assistance under a State program funded under this part in the preceding fiscal year that became ineligible for assistance under the State program as a result of unsubsidized employment during such year.".

Mr. LIEBERMAN. As indicated, I submitted the amendment on behalf of my colleague from Connecticut, Senator DODD, and the Senator from Georgia, Mr. NUNN.

PRIVILEGE OF THE FLOOR

Mr. LIEBERMAN. Mr. President, I ask unanimous consent that Cindy Baldwin, who is a presidential management intern fellow in my office this year, be granted the privilege of the floor for the remainder of the debate on welfare reform.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LIEBERMAN. Mr. President, there is a happy story to be told in this amendment. I appreciate the fact we have come to a bipartisan agreement here on going forward with this amendment. This amendment, I think, goes to the heart of both bills, which is work, which is taking the welfare program and changing it from a kind of income maintenance program to a work opportunity, work creation, work realization program, hopefully, and definitely in the context of the private sector.

Mr. President, there are a lot of different ways, as I have spoken before on this floor, in this debate that the current welfare system is not working and does not reflect the best values of our country. Obviously, the extent to which it has helped to enable the breakdown of families, the birth of babies to teenaged young women without fathers in the house, and despair and hopelessness for the kids is profoundly troubling and has catastrophic implications for our society. But I believe that at the heart of the American people's hopes in this welfare reform debate is the question of work. In fact, a recent Wall Street Journal-NBC poll found that 62 percent of the respondents believe that work is the most important goal of welfare reform compared to 19 percent who considered reducing out-of-wedlock births as most critical. I do not mean to diminish the importance of the second goal because I think in terms of the long-term impact on the welfare rolls it is critical.

But just to suggest that the most profound way in which this system has digressed from the commonly held values and beliefs of the American people is the extent to which welfare does not encourage work, the extent to which it has discouraged work, the extent to which it frustrates and infuriates so many of the American people who feel that they are out there working hard every day paying taxes, and they fear and believe that too many of their tax dollars are going to support a system, this welfare system, that does not adequately encourage, force the people on it to get up, to go out and go to work.

Maybe that is why, as we look at the two basic underlying proposals that have been made here on each side of the aisle, that the word "work" appears in the titles that their sponsors have given them. Senator DOLE's proposal is, as I understand it, entitled "The Work Opportunity Act." Senator DASCHLE's proposal, which was heard as a substitute earlier and defeated, is called the Work First Act, and that is for the reasons that I have stated. The goal here is to cut the welfare rolls, to get people to work, and to create opportunity.

As these two proposals have come along, I think we have seen some ways in which they are quite similar and ways in which they digress that have caused some concern among some of us. It is interesting and important to note similarities because sometimes in this kind of debate, they get missed. Both proposals, Senator DOLE's and Senator DASCHLE's, set essentially the same goal when it comes to work—maybe some slight difference in wording—but that 50 percent of the people on welfare, the families, the potential income earners, be in jobs by the year 2000. It is a goal that is common to both bills. But the way we get there is different, and that is what has concerned some of us as we have watched the debate go forward.

In Senator DOLE's bill there is a 5-percent penalty at the end if you do not achieve the 50-percent placement of people in jobs. In Senator DASCHLE's bill, a different approach is taken. You might call it the carrot as opposed to the stick. And the carrot here is to say that we have to focus in and hold the States to a standard, and an important standard, which is the placement of welfare recipients in unsubsidized jobs, which is to say private sector jobs. We have some ideas looking at the experience about how to do that and where to do it, and our experience suggests building onto some of the cases and grants and programs that have been

carried out under the Family Support Act of 1988, that the best thing to do is to not spend too much time at this business of training, although training is often necessary, but to focus on getting welfare recipients out there into a job, and then working with them and training them to make sure that they carry out that job well and that they do so in the context of the work that they are actually performing.

Senator DASCHLE's proposal, as I said, used the carrot, and it said that what we are going to measure every year is what percentage of people on welfare in a given State have been placed into private sector jobs. It is not enough to gauge how many are in training programs, because we have done this before. And people can spend a lot of time in training programs with nowhere to go, all dressed up and no job to take, or no job that they are willing to take.

This proposal, creating the personal empowerment contract, is somewhat like Senator DOLE's bill, which basically says when people sign up for welfare they have to sign a contract, and it has mutual responsibility—no more blank check. You get a welfare check. It is not even called a welfare check anymore; it is a temporary employment assistance check, and one of the things you have to continue to do to get that check is to go out and work, accept any job that is offered, understanding that that is better than being on welfare, and that it is putting you on the first step of a ladder in the private sector job market that can take you up and up to self-sufficiency.

So in Senator DASCHLE's proposal, a bonus was given to the States, an incentive beginning in 1998, creating a pool of 3 percent of the overall block grant authorized under Senator DOLE's underlying legislation; $16.8 billion a year in that block grant; 3 percent of that money in 1998, 4 percent in 1999, 5 percent in 2000, put into an incentive pool to be distributed to the States based on their success in getting people off the welfare, not into training programs, not into public works programs or those subsidized jobs, although those can be good sometimes, too, but into private sector jobs.

We think that would be not only an important incentive to change the orientation in terms of the beneficiaries of welfare, the welfare recipients, but we think it would be a very healthy way to shake up the welfare bureaucracy back home in the States, to create incentives that are different from today's.

Too often in today's welfare system the incentives encourage States and administrators and caseworkers alike to make income maintenance—not job placement—their primary mission—income maintenance, write out the check, process the application, get the check to the recipient. That becomes the focus of the system, not stopping the writing of the checks, getting the recipient off of welfare and getting them out into an income earning job.

The State administrators and caseworkers too often now are sent the message that it really does not matter whether or not they go the extra mile and spend the extra money to remove a recipient from welfare and into a private sector job. That is what this job placement bonus is all about. It sends a message to the States that, if they, their administrators, their case workers, go the extra mile to put somebody from welfare into a private sector job, that it will pay, that the State will receive more money, a job placement bonus, a simple yet critical tool to change the incentives in the welfare office back home from income maintenance to job placement. A bonus can, and I believe will, turn the welfare office into an employment office, which is what it ought to be.

Mr. President, so we had these two different visions, and I was prepared to offer a separate amendment to incorporate the job bonus provisions of Senator DASCHLE's proposal into the underlying bill. We have had the opportunity to reason together. We have had some very good conversations with Senator ROTH, whose modifications to Senator DOLE's underlying bill I will describe in a minute, and I think we have come up with a superb compromise which I hope people on both sides of the aisle can support.

Senator ROTH amended the underlying proposal consistent with the work that I have been privileged to be involved in with him, in his time as chairman of the Governmental Affairs Committee and ranking minority member before, to try to not only create programs but to create standards by which we can judge those programs as any business would do and to reward those who perform better under the programs we have created.

So in Senator ROTH's amendment, and provisions included in the underlying Dole bill, a 5-percent bonus pool is created in the year 2000 which would reward the States, for instance, in proportion to the reductions that they had achieved in the length of time families were receiving welfare payments, or the increases in the number of welfare families receiving child support. In other words, how many deadbeat dads had been shaken and awakened and finally were carrying out their responsibilities.

So here is the agreement I believe we have, and I am very grateful for it. It is carried out in the modification to my amendment, Mr. President, which I have sent to the desk.

Under this modification, in 1998, pursuant to the Work First proposal, there would be created a pool equal to 3 percent of the national block grant of $16.8 billion which would be contributed to the States based on their success in getting people off welfare and into a private, a real private sector job.

In 1998, that would begin with 3 percent. In 1999, the pool would go to 4 percent. And in the year 2000, Senator ROTH's provisions remain to create a 5-percent pool that would be distributed to the States based on five factors, four of which were in Senator ROTH's initial proposal, and the fifth would be the one that I have referred to which would be a measure of the extent to which the States have placed welfare recipients in private sector jobs.

I think this is a superb agreement. It makes both approaches better. I think it strengthens the underlying proposal by Senator DOLE. And more than the question of which side of the aisle it may have come from, or which proposal it strengthens, it puts teeth into the aim that I think all of us have, which is to get people off welfare and back to work, to save the taxpayers' money that we are now spending on a program that has created such dependency and despair, and to raise up the hopes and sense of opportunity for those who have been condemned to that life of despair on welfare.

So I thank Senator ROTH and his staff particularly, Senator DOLE and the leadership on the Republican side, and all those who have worked with us on this side. This proposal, I take some pride in noting, for a job-placement bonus emerges from work that has been done by the Democratic Leadership Council Progressive Policy Institute aimed at creating the right incentives in this system to get people off welfare and to work. I am privileged to be the chair of that group, now having succeeded my friend and colleague, the Senator from Louisiana, who I also see in the Chamber and who I am privileged to say has been a cosponsor of this amendment with me and Senator CONRAD, Senator NUNN, and Senator DODD.

Mr. President, I thank the Chair and my colleagues for their interest in this amendment and for what I hope will be unanimous support. I yield the floor.

Mr. BREAUX. Will the Senator yield?

I commend the Senator for structuring and offering remarks on this amendment.

I think it is important that when we do real welfare reform we do it not just to penalize States that fail to meet certain targets and goals but actually have an incentive to do something positive instead of something negative. Instead of from Washington punishing States, if you will, that do not meet the goals, we try to get them to accomplish and meet those targets by incentives and bonuses and extra awards if, in fact, they are able to meet the targets that we set.

Frankly, I think that is a far more efficient and far more appropriate method of trying to get States to meet the goals than to try to penalize them. I think this is in keeping with the partnership concept. This is not Big Brother demanding the States do something all of the time but to really say we hope they can meet these goals and, if they do, they are going to be rewarded and not just operate with a heavy hand

by penalizing States that for various reasons cannot meet the goals we set.

So I commend the Senator for recognizing this very important fact in offering what I think is a major contribution to improving the welfare reform bill.

Mr. LIEBERMAN. I thank my friend and colleague from Louisiana. I thank him for all his work on this amendment. He gets right to the point, which I do want to just stress again, which is that our concern was the underlying bill by providing a 5-percent penalty at the end, at 2000, if States did not achieve the 50-percent reduction in welfare recipients to work, would be creating a situation where there might be an incentive not to comply.

In other words, complying will cost some money, getting 50 percent of the welfare recipients to work will cost some money and if there is no incentive, no provision, no way that the States by good behavior can get that money, they were going to be left with a series of choices which were not going to be very good. They would either have to raise State and local taxes, deny assistance to needy families to get money, or create a situation where kids would be left at home because there was not adequate funds for child care for people to try to get off welfare and go to work.

So we were worried that the alternative would be that they would start out making, unfortunately, the rational conclusion that maybe it was better not to try to reach the goal of 50-percent welfare to work, give up the 5 percent as part of the penalty because that would actually cost them less than what they needed to meet the goal.

We think that putting these proposals together in this amendment now creates a positive incentive along the way—1998, 1999, 2000—among States to have them compete, if you will, to have a greater part of that pool we are creating to see which State can place more people into private sector jobs and therefore receive more money. Again, I thank my friend from Louisiana, and I yield the floor.

Mr. President, if there is no further debate, it had been my understanding that this was acceptable on both sides. As I said before, I really want to stress, with some sense of gratitude, the support that Senator ROTH has given in putting this together, I gather, agreed to by leadership on the Republican side, and I sure hope this is part of a sense of compromise but also honing our purposes and coming together in ways that will allow us to achieve a strong bipartisan majority in favor of true welfare reform.

I urge adoption of the amendment.

Mr. CONRAD. Mr. President, I am pleased to rise as a cosponsor of the Lieberman-Breaux-Conrad amendment. I am also pleased that we have been able to reach a compromise with Senator ROTH on this issue.

Mr. President, the funding for work in the Republican bill is woefully insufficient. When the Finance Committee considered welfare reform, the Congressional Budget Office told me that funding in the Republican bill was so insufficient. that only 6 States would have a work program. CBO said States were more likely to take the 5 percent penalty in the bill than put welfare recipients to work.

Now, after the Dole bill has undergone several modifications, CBO says that only 10 to 15 States will have resources sufficient to meet the work requirements under the bill. Seventy to eighty percent of the States will simply not operate the kind of work program advocated by the bill.

The risk that most States will not even have a work program makes the Lieberman-Breaux-Conrad amendment extremely important.

Our amendment establishes a bonus fund under the block grant for States that move people into unsubsidized, private sector jobs. Our compromise with Senator ROTH dramatically improves the incentives for States to operate meaningful work programs, even in the face of woefully insufficient resources.

It is important to remember that many welfare recipients are difficult to employ and require more significant assistance in order to become employable. Sixty three percent of long-term welfare recipients—those on the rolls more than 5 years—lack a high school diploma. Fifty percent of long-term welfare recipients had no work experience in the year before the entered the welfare system.

Mr. President, I do not want to leave anyone with the impression that our amendment is a panacea. It is not. Nor does our amendment fix the significant problems in the Republican bill. Even with our amendment, States will not have the resources to move long-term welfare dependents into the private sector work force. However, the amendment I offering with Senators LIEBERMAN, BREAUX, NUNN, and DODD does provide a critical incentive for States to get people into real jobs and off the welfare rolls. It is a small, but important step toward improving the bill before us.

I urge my colleagues to support the amendment, and again thank Senator ROTH for his willingness to work with us in reaching a bipartisan compromise.

Mr. ROTH. Mr. President, I am pleased Senator LIEBERMAN proposed his performance standards amendment and that we have been able to collaborate on this important initiative. I also want to thank Senator HATFIELD for his interest in this issue and for his support.

Mr. President, the last time Congress passed major welfare legislation was in 1988 to create the job opportunities and basic skills training [JOBS] program. The intent of this legislation was to move families from welfare to work. Since then, Federal and State governments have spent almost $8 billion on this program alone. This does not include JTPA or a variety of other employment and training programs.

GAO has issued a number of reports on the JOBS Program. One need not read past the title of a recent statement by GAO before the Committee on Labor and Human Resources which states, "AFDC Training Program Spends Billions, But Not Well Focused on Employment." GAO testified, "Today, more than 5 years after JOBS was implemented, we do not know what progress has been made in helping poor families become employed and avoid long-term welfare dependence."

After spending $8 billion on this program, what has the program achieved for the taxpayers or the welfare recipients? GAO does not know. The Department of Health and Human Services does not know. The existing AFDC quality control system cannot tell us. We simply do not know.

Over the years, Congress has created a confused and confusing system which rewards idleness and punishes work. The goal of employment has been lost in an excessive bureaucracy. Education and training have been separated from employment when a job is the real education and training program people need. That is a system which makes sense only in a Lewis Carroll story.

Mr. President, by now, it is generally well known that the Republican welfare reform bill eliminates the JOBS Program and gives the power to the States to design their own work solutions. However, we have also taken an additional step to ensure that we will know whether the States are effective in moving toward the goal of reducing dependency by incorporating performance standards into the legislation. Senator LIEBERMAN's ideas and support strengthen this proposal.

These performance standards are consistent with the quality assurance system already being discussed among the States. The National Association of Human Services Quality Control Directors has stated that, "with the numerous welfare reform waivers being implemented across the Nation, one essential component is the provision of performance outcome measurements."

The idea of establishing performance standards is not new. In the Family Support Act of 1988, Congress required the Secretary of Health and Human Services to develop and transmit to Congress a proposal for measuring State progress. Those recommendations are nearly 4 years overdue. Much of the testimony during the welfare hearings held since March supported the idea of outcome-based performance standards. I do not believe we need to wait any longer to implement that which we called for 7 years ago. Earlier this year, the quality control directors helped develop eight specific outcome-based measurements. These measurements were developed by State officials from Delaware, Illinois, California, Oregon, Kentucky, Georgia, Massachusetts, Minnesota, Virginia, and West

Virginia. The measurements included in the Republican bill are consistent with those recommended standards.

Let me also point out there are inherent benefits to be realized in whatever progress the States make toward these performance measurements.

Block grants should not mean simply giving money to the States and turning our backs on what they do with it. The purpose of public assistance is to help families temporarily in need to return to financial independence. Establishing performance standards will help us hold the States accountable for this $16 billion program.

Properly understood, welfare reform is about reforming how Government works. Under the present system, no one is accountable for results. In 1993, Congress took an important step toward outcome-based performance through the Government Performance and Results Act. For the welfare system and for other governmental programs as well, block grants to the States are another important step in reform.

This next step in welfare reform may well become a giant leap in reinventing Government. In the future, Government funds will no longer be simply distributed to provide a good or service. By instituting a quality assurance system based on performance standards, the American people will know whether their hard-earned dollars worked as intended. Over the past 30 years, we have spent $5.4 trillion on our longest war, the war on poverty. Now is the time, before another 30 years go by, to establish a system which will tell us whether the goals we have set are being achieved. Performance standards will enable us to do exactly that and we will not need the miles of regulations and thousands of bureaucrats which now drive the system.

Again, I want to recognize and thank Senator LIEBERMAN and Senator HATFIELD for their efforts on this legislation. I want to also express my deep appreciation to Senator DOLE for including my amendment in the Republican substitute. We have taken a bold and important step in changing the way Government works.

Mr. HARKIN. Mr. President, the only way to permanently reduce the welfare rolls is to put welfare recipients to work in unsubsidized, private sector jobs with the skills to remain self-sufficient. It is impossible for a welfare recipient to become economically self-sufficient if that individual is not earning a paycheck.

Throughout this debate I have urged my colleagues to use common sense in finding a solution to the perplexing problem of welfare dependency. The Lieberman Work Bonus amendment makes good sense.

The amendment sets aside a small portion of the block grant to provide bonuses to States that have been successful in placing recipients in unsubsidized, private sector jobs. But getting a job is not enough; welfare recipients must keep those jobs. So this amendment provides an additional bonus for job retention.

I urge my colleagues to support this amendment which will enable more welfare recipients get the jobs they need to get off of welfare and become self-sufficient.

Mr. President, an analysis by the Congressional Budget Office estimates that 30 to 35 States will not meet the work rates established in the Dole amendment. Given that reality, States may be tempted to cut corners and find a quick fix rather than seek long-term solutions. What may work in the short term will not achieve the lasting change we seek.

Last December, Iowa's Governor, Terry Branstad, told me at a hearing that we need to make "up front investments" to achieve "long-term results." Iowa has been making these investments and is achieving success. We have much more to do, but it is clear that the trends are moving in the right direction. The welfare rolls are declining, more welfare recipients are working, and costs for AFDC are down.

I believe that part of the reason Iowa is achieving such good results is that welfare recipients have incentives to take jobs. They are able to keep more of what they earn and are encouraged to save part of the paychecks to deal with future emergencies.

Other States have also secured waivers to increase work incentives and are having similar results. I believe we should encourage Iowa and these other States to stay the course that is showing such promising results.

The title of the Dole bill is the "Work Opportunity Act." We need to make it clear that the opportunity to work is not in some dead-end, make-work Government job, but in a job that provides a paycheck.

The set-aside is a modest amount, but provides a powerful incentive for States to duplicate successful job placement programs like that in Riverside, CA. Or, of course, follow Iowa's lead on welfare reform.

I know I sound like a broken record but once again I am going to talk briefly about the Iowa Family Investment Program. One of the greatest successes of this new program is that more welfare recipients are working.

The welfare reform program took effect on October 1, 1993. At the time 18 percent of welfare recipients were working and earning income. The number of people has been increasing and is now 32.6 percent.

This is just the number of people who are working and earning income. It does not include the welfare recipients who are attending education and training programs or who are performing community service or are engaged in other worthwhile activities—32.6 percent of Iowa welfare recipients are working and earning the paycheck that is critical to moving them off the welfare rolls and keeping them off.

This amendment rewards States for doing that very thing. As I said earlier, it just makes sense. Without such an incentive, I am concerned that States may take the short course.

This amendment does not penalize any State, but merely provides an incentive for putting people to work in real jobs that earn real paychecks.

In closing, I ask unanimous consent that a recent editorial from the Des Moines Register be printed in the RECORD.

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

[From the Des Moines Register, Sept. 2, 1995]

WORKING WHILE ON WELFARE

Iowa's innovative welfare-reform program continues to look good.

Just under two years ago, Iowa's Aid to Families with Dependent Children program was converted to a new Family Investment Program with the intent of moving more people off welfare and into jobs. That for years has been the intent of the AFDC welfare plan, which has had some success. But the Iowa plan changed the ground rules, allowing welfare families to keep more of their assets and their earnings to increase incentives to get a job.

In July 1993, 18 percent of Iowa AFDC family heads held jobs. The reform plan began three months later. By July 1994, 31 percent had jobs. By July of this year, the proportion had risen to 32.6 percent—nearly twice the level of two years earlier.

That 32.6 percent gives Iowa the highest ratio of working welfare recipients in the nation.

The reform plan contains a carrot-and-stick approach. Under both the old and new plans, workers' welfare benefits decreased as earned income increased, but under the new plan it decreases at a slower rate, meaning total income is higher. Also, under the new plan, recipients can have higher assets and still receive help—which encourages saving.

The stick: Recipients can lose benefits if they don't sign a contract to get a job or job training, or if they sign but don't live up to the contract's provisions. That has happened to more than 1,000 former recipients. They still get food stamps and medical care, and public health officials check on the children. But no more cash grants.

Iowa is setting an example the nation would be wise to follow.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. We do accept the amendment on this side of the aisle.

The PRESIDING OFFICER. Is there further debate on the amendment? If not, the question then is on agreeing to the amendment.

So the amendment (No. 2514), as modified, was agreed to.

Mr. GRASSLEY. Mr. President, I move to reconsider the vote.

Mr. BREAUX. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2603

Mr. FAIRCLOTH addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. FAIRCLOTH. I call up my amendment 2603.

The PRESIDING OFFICER. The amendment 2603 is now pending.

The Senator from North Carolina may proceed.

Mr. FAIRCLOTH. I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in the Friday, September 8, 1995, edition of the RECORD.)

Mr. FAIRCLOTH. Mr. President, I ask unanimous consent that Senator HELMS be added as a cosponsor on this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FAIRCLOTH. Mr. President, before coming to the Senate I spent 45 years in the private sector meeting a payroll as a businessman and a farmer. Every year I watched as the Congress went into session and adjourned, leaving it more difficult for working taxpayers to make ends meet because of the out-of-control Government spending programs that have put our country on the path of fiscal disaster.

Of all the spending programs implemented by the Federal Government, none has been a bigger failure than those programs collectively known as welfare. President Johnson's war on poverty was launched with good intentions, but it has been a miserable failure—a disaster. And in many ways it has made the plight of the poor worse instead of better. The current welfare system has become a national disaster.

A simple commonsense principle—that we have failed to heed—has gotten our Nation and the poor into the present fix: You get more of what you pay for. And for the past 30 years the Federal Government has subsidized and thus promoted self-destructive behavior like illegitimacy and family disintegration. Almost one in three American children is born out-of-wedlock. In some communities the out-of-wedlock birth rate is almost 80 percent.

What is needed is a dramatic change—a reversal of the trends and programs of the last 30 years, and not another failed Federal Government program, like the Family Support Act of 1988, which perpetuates the problem of welfare dependency and increased them.

I know from first-hand experience that if you have a problem with your business you have to do something about it immediately.

If you tinker around the edges and do not address the problem you will be out of business. Unfortunately, far too few of my colleagues have had the benefit of that sort of business experience. For many here in the Senate, there is no problem that can not be fixed with another Federal spending program and another appropriation of tax dollars.

Mr. President, these people may mean well and they may think that they're being humane, but the way to solve a problem is to address the root cause. And the root cause of the tragedy of welfare dependency is illegitimacy, the rise in out-of-wedlock births. Only by seeking to curb the rise in out-of-wedlock births can we possibly hope to reform welfare.

The findings of the Dole bill state clearly:

> The increase in the number of children receiving public assistance is closely related to the increase in births to unmarried women.

It goes on to say:

> Children born out-of-wedlock are 3 times more likely to be on welfare when they grow up.
>
> Among single-parent families, nearly half of the mothers who never married received AFDC while only one-fifth of divorced mothers received AFDC.

This is all from the Dole bill.

> Young women 17 and under who give birth outside marriage are more likely to go on welfare and to spend more years on welfare once enrolled.

That is why I have consistently urged the leadership to include provisions like those in the House-passed bill which take away the current cash incentives for teenage mothers to have children out-of-wedlock.

And that is simply what it is—a cash incentive to encourage teenage women to have children out of wedlock.

Currently, 40 percent of AFDC recipients are never-married women, and never-married women are most likely to remain on welfare for 10 years or more. Only by taking away the perverse cash incentive to have children out-of-wedlock can we hope to slow the increase in out-of-wedlock births, and ultimately end welfare dependency. We must take away the cash incentive.

Middle-class American families who want to have children have to plan, prepare, and save money because they understand the serious responsibility involved in bringing children into the world. It is unfair to ask these same people to send their hard-earned tax dollars to support the reckless irresponsible behavior of a woman who has children out of wedlock and continues to have them, expecting the American taxpayers to pay for them, as we have done for the last 35 years.

I do not believe that the Federal Government should ever have been in the business of saying to a 15- or 16-year-old girl, "If and only if you have a child out of wedlock we will send you a check in the mail every month to arrive on the third day of the month." This is what we say to them. "If you have a child out of wedlock, we will send you a check every month."

The Federal Government should not be in the business of subsidizing illegitimacy.

I believe that there should be a clear restriction on the use of Federal funds to provide cash to unmarried teenage mothers. We should provide in-kind aid or aid through supervised group homes. The mother as well as the baby she is having need supervision. But we should not use Federal tax dollars to send checks in the mail to unmarried teen mothers. Any State government that believes in its heart that the best way to assist teenage mothers in the State is to send that mother a check in the mail should use State funds and not Federal funds.

The House-passed legislation contained a clear restriction on the use of Federal funds to give cash welfare to unmarried teen mothers. States are perfectly free to use their own money for that purpose. But not Federal tax dollars.

I believe the House provision is correct. However, there has been a lot of concern expressed that this policy is overly directive. Therefore, in the amendment I have introduced, I have attempted to strike an even greater balance between the need to combat illegitimacy and the need for State flexibility.

My amendment takes the restriction on the use of Federal funds to give cash to unmarried teen mothers and adds what has become known as an "opt-out."

Under this amendment, Federal funds cannot be used to give to minor mothers. But the State legislature wants to come into session and overturn Federal policy, it is free to do so.

Under this amendment, if the State legislature wants to come into session and overturn the Federal policy, they are free to do so.

States cannot continue the failed policies of the past by doing nothing. They cannot just ignore the issue of teen illegitimacy and hope it will float away. Any State which wishes to use Federal tax dollars to give cash welfare to unwed mothers must go into session and enact a law to do so. Therefore they will be responsible to the voters in that State that sent them to the State legislature.

Thus, the amendment does not mandate a specific solution. But it will generate careful State consideration of the issue. This amendment does not prohibit State governments from using Federal funds for cash aid to unmarried teenagers. But it forces them to consider very carefully what they are doing before they continue to do so. It forces States to think cautiously and deliberately before they choose to continue a policy which has caused so much damage in the past.

If enacted, my amendment will generate the needed debate at the State level on teenage pregnancy.

Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

Mr. FAIRCLOTH. I yield the floor.

The PRESIDING OFFICER. Is there further debate on the amendment?

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, the simple answer to the issue that is before us, very well stated by the Senator from North Carolina, is that the morals around us will change when the

morals within us change. That is going to be a slow process. That does not make any less important the issue that is before us.

The Senator from North Carolina has very well stated a proposition, and he probably feels he has a very good solution, a legislative solution, to the ills that he has adequately stated.

So I do not disagree with the pronouncements and description of the problem. I do disagree with the legislative solution. So I have to take exception to the approach by the Senator from North Carolina, because it is a very difficult issue.

I have given it a great deal of thought, and I believe it is important that it is being discussed. A lot of people would just as soon not discuss it. Even a lot of people within this body would just as soon not discuss it.

Last year, we heard it very eloquently stated by Bill Bennett, our former Secretary of Education, in his raising the concern that the cost to the society of moral decline since the 1960's has been very devastating. He published, as you recall, what he referred to as the "index of leading cultural indicators," a compilation which attempted to demonstrate a data base analysis of cultural issues. It was a statistical portrait from 1960 to the present of the moral social behavior conditions of our modern American society.

It was in the Wall Street Journal that he wrote about quantifying America's decline. He cited some of the statistics from the index. While social spending in the United States since 1960 increased dramatically, the social indicators during the same period showed overwhelming declines. For example, Dr. Bennett says that in the last 30 years, while there has been more than a fivefold increase in social spending at all levels of government, there has been a 650-percent increase in violent crime, a 419-percent increase in illegitimate births, a quadrupling of divorce rates, a tripling of the percentage of children living in single-parent homes, more than a 200-percent increase in the teenage suicide rate, and a drop of almost 80 points in the SAT scores.

He said that perhaps more than anything else, America's cultural decline is evidence of a shift in the public's attitude and beliefs. Our society now places less value than before on what we owe to others as a matter of moral obligation, less value on sacrifice as a moral good, less value on social conformity and respectability, and less value on correctness and restraint in matters of physical pleasure and sexuality.

He also stated the good news is that what has been self-inflicted can be self-corrected. So I think Bill Bennett, in stating a crisis situation in American society, has not stated that there is no hope. In fact, very correctly he believes that it is within us as a society and individuals within our society to correct this situation.

The Senator from North Carolina has described a situation within the welfare system that contributes somewhat to this that needs to be dealt with. The only question is, should it be dealt with at the State level through the State legislatures, or should it be dealt with by those of us in Congress?

I say that the States have proven in many areas of welfare reform that they are better equipped to deal with those issues than we are.

So in the devaluation of traditional views, we have seen a reciprocal increase in self-destructive behavior. This self-destructive behavior in turn manifests itself in our communities, in our families, and it leads to an increase in destructive forces for our entire Nation. And it has costs with it.

We are talking about societal costs of illicit sexual relations. You know them better than I do: The sexually transmitted diseases; teen pregnancies that cut short bright futures; abortion; broken hearts; broken homes, not to mention the financial costs to individuals, families, communities and, again, our entire Nation.

William Raspberry addressed this concern in a Washington Post article. He remarked that:

> To a striking degree, the problems we worry most about—teenage pregnancy, fatherless households, AIDS and other sexually transmitted diseases, dropping out of school, infant mortality, even aspects of poverty—are the consequences of inappropriate sexual behavior.

He goes on to say:

> The hip response is to redouble AIDS research, establish birth control clinics in nurseries and schools, distribute condoms and clean needles, in general to teach kids what to do in the back seat of a car.

He also goes on to say:

> It is all very well to try to save people from disastrous consequences of their behavior, but,

he emphasizes,

> doesn't it make sense to try to discourage some of the behavior in the first place? A part of the message must be directed not just at the awful consequences but at the deadly behavior itself.

I sense what the Senator from North Carolina is saying is that at the very least, we should not give financial incentive to this sort of behavior through the welfare system which comes from the taxpayers of America. The fact is, the sexual liberation movement of the sixties demonstrated itself to be a socially and morally bankrupt one. The once-accepted practices are perceived by the mainstream as an abject failure.

We would not have this welfare reform issue before us if that was not true. It is time that our social institutions and our Nation as a whole return to the teachings of the moral obligations: Self-sacrifice, social conformity, and abstinence. They are truly virtues to be upheld, and society appreciates them.

Those who teach otherwise will have an increasingly hard sell to a growingly skeptical mainstream, and that is true or we would not even have this welfare issue before us.

Here is some of the specific research on the consequences of being born out of wedlock or living in a single-parent home. These children have specific health risks, substantially higher risks of being born at very low or moderately low birth rates. There are specific educational risks as well. They are more likely to experience low verbal cognitive attainment. They are three times more likely to fail and repeat a year in grade school than are children from intact, two-parent homes. They are almost four times more likely to be expelled or suspended from school. Children of teenage single parents have lower educational aspirations and a greater likelihood of becoming teenage parents themselves.

As I read this research, as we point to what is wrong—and you have all heard it—it is very obvious why welfare reform is an issue. Not only are there health risks and educational risks, but there are also social risks. And welfare reform is seen as a way of reducing those social risks. Being born out of wedlock significantly reduces the chances of a child growing up to have an intact marriage. These same children are three times more likely to be on welfare when they grow up.

They are also more likely to be poor. While only 9 percent of the married-couple families with children under 18 have income below the poverty level, 46 percent of the female-headed households with children under 18 have income below the national poverty level. That is the feminization of poverty. In single-parent families, where they have had a divorce, the woman is most apt to immediately be into poverty. The husband is not as likely to be. And then these risks are out there for the children as well. But there is as much risk for the young mother as well. The younger the mother, the less likely she is to finish high school. If she has children before finishing high school, she is more likely to receive welfare assistance for a longer period of time.

In fact, the Centers for Disease Control has estimated that between 1985 and 1990, the public cost of births to teenage mothers under the Aid to Families with Dependent Children Program, the Food Stamp Program, and the Medicaid Program was $120 billion.

Apart from the obvious consequences on the children, who have greater health problems and lower educational aspirations, and the cost to the young mother, who is less likely to gain independence, we have to look at the consequences for society as well. That is what I believe the Senator from North Carolina is looking at.

We have seen a dramatic rise in crime. Apart from reforming welfare, dealing with crime seems to be the highest thing on the priority list of our constituents.

According to the Bureau of Census, of those youth held for criminal offenses

within the State juvenile justice system, only 29.8 percent lived primarily in a home with both parents. In contrast to these incarcerated youth, 73.9 percent of the 62.8 million children in the Nation's resident population were living with both parents.

So, Mr. President, in the face of all this evidence, is it not ridiculous to deny the need to return to sanity? The breakdown of the family and its results for our society are indeed overwhelming. The only issue becomes answering the question: Who should call for the return to sanity? The Senator from North Carolina says it should be the Congress of the United States and the Federal Government. I say it should be the State's responsibility—not in isolation and not without a track record of their success, because we have seen the Federal Government fail at welfare reform, as we have seen the number of people on welfare go up 3.1 million since the last welfare reform bill was passed 7 years ago.

In the meantime, we have seen State after State—albeit having to suffer some sort of waiver from the Federal Government to get what they want—still succeed at moving people from welfare to work, and save the taxpayers' money. I guess that gives me the confidence that I would expect my State of Iowa and I would also expect the State of North Carolina to solve the teenage pregnancy problem, the problem of illegitimacy. And if one of the ways they want to do that is discouraging it by denying additional cash benefits to mothers under age 18, then they ought to have the right to do it. If they see some other way of doing it, then that other approach ought to be tolerated by those of us in Washington, DC, who ought to readily admit a track record that proves we do not have an answer to every social problem by an enactment of Congress and an appropriation of the Congress of the United States.

So I agree that out-of-wedlock births, and all of its consequences, are destroying our society. Where we disagree is that I believe we should allow States to address the crisis. Personally, I believe the States should try many creative approaches to try to address this crisis in our Nation. I think States should look at the reform in the no-fault divorce laws that passed in the fifties and sixties. Unfortunately, I have to admit to my colleagues, as well as to my constituents in Iowa, that I made a great big mistake back in the late sixties when I supported no-fault divorce as a member of the State legislature. I hope the State legislatures will look at changing those laws to make the decision to marry a more serious one and the decision to divorce a more circumspect one.

I also think the States should look at changes in their approach to dealing with the problems of out-of-wedlock births. They need to experiment with new ideas to see how to discourage people from having children before they are ready to care for them, and they need to see what works with teenagers, what works with those who are older. The illegitimacy problem is not just one for teenage mothers. We hear a lot about discouraging young people from getting pregnant. But States also need to experiment with how to discourage young men from fathering children before they are ready to provide for them.

Changing laws alone will not change behavior, but it is a first step. In order to address these kinds of social problems, every institution in society must take this problem as a very personal problem. That means every church, every synagogue, every mosque, must work together with their congregations to bring their message of morality and purity to the people in their area. Every community group needs to urge abstinence as the only sure way to avoid disease and pregnancy. This is truly a crisis requiring immediate action at every level.

So I join my colleagues in raising the banner of awareness. However, I cannot join my colleague from North Carolina in mandating a specific requirement. I believe the States will address this issue and will address it as successfully in this area as they have on a lot of other welfare reform issues that are before us.

I yield the floor.

Mr. MOYNIHAN. Mr. President, I rise to speak to the amendment of my friend from North Carolina and speak in opposition to a well-intended but, it seems to me, very badly conceived approach to a problem which we all acknowledge.

Earlier today, I had the occasion to congratulate the Senators from Indiana and Missouri for their hugely insightful and able remarks. I refer particularly to those of the Senator from Indiana on the precedent of what do we do about civil society and about the breakup in those primal relationships that seem to be so essential to any society, and have always been assumed to be, but which seem to be disappearing in ours.

And not only in ours, Mr. President. I remark that in the current issue of the Economist, the subject is "The Disappearing Family." But simply to read a passage, it says:

> A father is not just a cash cow. Daniel Patrick Moynihan, a Democratic Senator who has taken these problems seriously for 30 years, says that a community without fathers asks for and gets chaos. As an American, he has been able to see that chaos for some time, but it is now visible elsewhere. There are neighborhoods in Britain where more than two-thirds of homes with children lack fathers. Some of Paris' wilder banlieues are not that different.

The Economist article contains a bar chart which is entitled "Fewer Golden Rings, Births to Unmarried Mothers as a Percentage of Total," which shows the extraordinary growth from 1960 in Iceland, Sweden, Denmark, France, Britain, the United States, Canada, Australia, Germany, Holland, Spain, and Switzerland. There was no growth at all in Japan.

There is a descending order of the present ratios, from Iceland, at about 55 percent. Iceland, Sweden, Denmark, France, Britain, the United States—with Britain and France ahead of the United States—and Canada, just after the United States. Australia, Germany, Holland—smaller ratios in those areas.

We are not alone in this, nor have we ignored the subject. It was perhaps not widely noticed, but a year ago in Public Law 103-322, signed by the President on September 13, 1994, an anticrime measure, the now majority leader Senator DOLE and I sponsored a sense-of-the-Senate regarding a study of out-of-wedlock births.

It said simply:

> It is the sense of the Senate that—(1) the Secretary of Health and Human Services, in consultation with the National Center for Health Statistics, should prepare an analysis of the causes of the increase in out-of-wedlock births, and determine whether there is any historical precedent for such increase, as well as any equivalent among foreign nations, and (2) the Secretary of Health and Human Services should report to Congress within 12 months after the date of the enactment of this Act on the Secretary's analysis of the out-of-wedlock problem and its causes, as well as possible remedial measures that could be taken.

I can report, sir, that report is ready now and will be released shortly. It is a first effort, and I hope it will not be the last.

At length, the U.S. Government—the U.S. Congress, this Senate, the Presidency—is finally beginning to acknowledge this problem. I have mentioned before President Bush's commencement address at Notre Dame in 1992, and President Clinton's 1994 State of the Union address, where the subject is raised. But it cannot be too emphatically stated that we know very little of the ideology, origins, the modes by which it takes place.

I have here a draft of the new report by the Department of Health and Human Services. You can see, Mr. President, and I hope the Secretary of Health and Human Services might be listening, "The sense of the Senate asks for a study of out-of-wedlock births."

The report does, indeed, say "out of wedlock." But when it gets into the text, it refers to "nonmarital," thus defining down the problem; from the term "illegitimacy" to "out of wedlock" to "nonmarital," to—I do not know what the next euphemism will be.

But they do make the simple point that changes in behavior, some of these changes in reproductive biology, have led to an extraordinary number of out-of-wedlock births. In 1992, about 1,250,000—1¼ million illegitimate births. About 1 in 10 unmarried women age 15 to 44 become pregnant each year—about 1 in 10.

I have just offered to the Senate a datum which should shock anyone. One in ten unmarried women become pregnant each year. The vast majority of

these pregnancies are unintended and, in 1991, nearly half ended in induced abortion—obviously a condition we should not ever desire nor should we allow to continue if we can change it.

But again, I have to say that there does not now exist any understanding of how we might do this. I welcome the onset of inquiry. This is not beyond the reach of social science, anthropology, biology. But it is only just beginning to be recognized in our country as in other countries. The Economist reports the neighborhoods in Britain are not unlike those in, say Washington, DC, and in Paris. It is a new social condition, a new social issue.

But earlier I cited James Q. Wilson, in a splendid essay, a lecture which he gave, the Walter Wriston Lecture, at the Manhattan Institute in New York City, November 17, 1994, entitled, "From Welfare Reform To Character Development." I think that is what the Senator from North Carolina is talking about, from welfare reform to character development. And he should be. He is to be congratulated for doing it.

But Wilson says, about the subject—how do you break the cycle of dependency?

Nobody knows how to do this on a large scale. The debate that has begun about welfare reform is in large measure based on untested assumptions, ideological posturing, and perverse priorities. We are told by some that worker training and job placement will reduce the welfare rolls, but we know that worker training and job placement have so far had at best very modest effects on welfare rolls.

I say that standing here with a button from the JOBS program in Riverside, CA, that says, "Life Works If You Work." But we know the effects of these programs are modest.

Wilson goes on:

And few advocates of worker training tell us what happens to children of mothers who are induced or compelled to work other than to assure us that somebody will supply day care. We are told by others that a mandatory work requirement, whether or not it leads to more mothers working, will end the cycle of dependency. We don't know that it will.

That is James Q. Wilson. "We don't know that." I continue:

Moreover, it is fathers whose behavior we most want to change, and nobody has explained how cutting off welfare to mothers will make biological fathers act like real fathers. We are told that ending AFDC will reduce illegitimacy, but we don't know that; * * *

I repeat James Q. Wilson, "We are told that ending AFDC will reduce illegitimacy but we don't know that."

* * * it is, at best, an informed guess. Some people produced illegitimate children in large numbers long before welfare existed and others in similar circumstances now produce none even though welfare has become quite generous.

I plead to the Senate, first, do no harm.

Catholic Charities addressed this plea to us earlier this day, asking that there not be a family cap.

The first principle in welfare reform must be do no harm, the ancient adage of Hippocrates in his essay "Epidemics." It is not the Hippocratic oath, and we are dealing with an epidemic here. We must heed that ancient Greek: First, do no harm.

I can say that there is one major research project in operation right now—has been for more than 4 years—it involves very intensive counseling and education offered to teens to prevent teen pregnancy.

I would prefer not to give the actual name of the operation because you do not want to interfere with it by stating ahead of time what its findings are, what is happening. But I can tell you that after 4 years the control group, there is no difference in outcome between the experimental group which was given the intensive counseling and training and the control group which received no such special services.

This still baffles us. It is still beyond our reach. Not beyond our grasp. I will use that image. It is beyond our reach, not beyond our grasp. We are trying. We are beginning to learn. But at this point, to deny benefits to children who have no means of controlling the way they come into the world or the circumstances in which they find themselves, would be an act of—irresponsible policy? I hesitate to use that word. It would be an act of—cruelty? I hesitate to use that word as well. Not intended; the unintended consequences of social policy are almost invariably the larger and more important ones.

So I hope, with expression of great appreciation to the Senator who has raised the subject, thanking him for raising it, I hope we will not take this radical step into the unknown at just the moment when we are beginning to engage the Nation's analytic and social capacities with the issue.

I yield the floor.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, let me begin by responding to our dear and learned colleague from New York, who undoubtedly has spent more time and energy studying this problem than any other Member of the U.S. Senate. I would like to begin with his application of the Hippocratic oath to welfare reform.

Mr. MOYNIHAN. Hippocrates on "Epidemics."

Mr. GRAMM. Let me say this. I think we are preaching the oath too late. We now have a system where 40 million Americans are receiving some means-tested program broadly defined as welfare. We have a program that does a great deal of harm and that, if left in place, in my opinion will do far greater harm than it has done.

In the mid-1960's, when the current approach to this problem really took hold with the Great Society, we were looking at something less than 10 percent of all babies born in America being born out of wedlock. Today, one out of every three babies born in America is born out of wedlock. So I think, quite frankly, that while the advice "first do no harm" is good advice when you do not know what you are doing, the point is we have in place a program that does a great deal of harm. And probably no part of that program is more destructive than the part of the program that provides cash bonuses to people who have children on welfare or children who qualify for welfare.

Our dear colleague, Senator DOMENICI, in the closing remarks he made in debate on an earlier amendment, said if you believe that denying people more and more money to have more and more children on welfare is going to reduce the birth rate of people on welfare, you believe in the tooth fairy.

Mr. President, let me say that no human behavior in the history of this planet is better documented than the principle that if you pay people to do something they are going to do it, and they are going to do more of it than if you did not pay them. If we know anything about the behavior of the human being, it is that human behavior is clearly affected by the environment in which the human operates, by the set of rewards and penalties that exist. And clearly, the rewards in the current welfare system are all bad from the point of view of producing behavior that we do not want. Let me just give you a few of them.

Any 16-year-old girl in our bigger cities can escape from her mother, can get cash and voucher benefits equal to $14,000 of earnings a year, can get housing subsidies, food stamps, and AFDC by doing one thing—by getting pregnant.

Does anybody believe that giving that child $14,000 worth of free benefits in return for getting pregnant is not creating behavior that would not exist in the absence of that money? Does anybody really believe that, if we did not give people more and more money to have more and more children on welfare, that people would be having the number of children that they are having? I do not believe it.

I was having a discussion with my mother the other day on this subject, which I think is always good advice to someone who is engaged in public policy today. My mother's thesis on this subject was basically that the problem with welfare is that people today, young people, are not as proud as people were in her generation. I responded by trying to explain to my mother that I am not positive that is the case. I think the world faced by young people today is very different than the world my 82-year-old mother faced when she was growing up. I tried to explain to my mother that if we had the kind of welfare benefits we have today when she had two little children and was working in a cotton mill that she would have taken welfare. My mother said, "I would not have taken it. I would starve to death before I would take it."

I said, "Well, mother. Everybody you would have known would have been taking it. There would have been no

stigma in taking it. People would have made fun of you for not taking it."

To which my mother responded. "I would not take it, and if you ever say I would take it, I will go on television and denounce it."

My mother is tough. Maybe she would not have taken it. But the point is that no logical person can doubt that the availability of these cash incentives to have babies, to have babies out of wedlock, is not impacting behavior. Am I claiming that it is the only incentive that is there? Am I claiming that by eliminating these cash payments that we would eliminate illegitimacy? No. But I do not think any rational person can argue that we would not have less of it if we did stop paying people for acting irresponsible.

We had an earlier amendment that was adopted which killed the provision in this bill that I thought was very important. We had spent months working out a compromise that said we are not going to give people on welfare more and more money to have more and more children. I thought it was an important provision. Senator DOMENICI earlier offered an amendment which killed that provision, and basically preserved the status quo, a status quo where now one-third of all the children born in the country are born out of wedlock.

I do not have any doubt based on that vote that Senator FAIRCLOTH's amendment is not going to be adopted. But I believe that this is a very important amendment.

So my purpose in the remaining moments is twofold: First of all, I want to say to our dear colleague from North Carolina that no Member of the Senate has had a more profound impact on welfare reform than the junior Senator from North Carolina, LAUCH FAIRCLOTH. Had it not been for his persistence and his leadership there would be no pay for performance provision in this bill and we would not have a mandatory work requirement where people who refuse to work and are able-bodied lose their check. Had it not been for his persistent leadership, we would still be, even under this bill, inviting people to come to America with their hand out to go on welfare rather than their sleeves being rolled up to go to work.

Thanks to his leadership and his commitment, we did have a provision in the bill until today that denied additional cash payments to people who have more and more children on welfare.

So I want to first thank him for his leadership. And I am convinced that ultimately we are going to reform welfare, and I share with Senator FAIRCLOTH the commitment that I do not want to just perform welfare because it costs $384 billion a year when you add up all the State and the Federal payments. I want to reform welfare because we are hurting the very people we are trying to help.

The great paradox is that people who really oppose welfare reform, as the President does—and, despite all of his rhetoric, one thing is very, very clear; that is, Bill Clinton wants to preserve welfare as we know it. But one of the things that it is clear to me is that we have to redo this system because we are hurting the very people that we are trying to help. Our programs have driven fathers out of the household. They have made mothers dependent. They have denied people access to the American dream. They have changed people's behavior. Our social safety net has turned into a hammock. And it has changed the way people behave. As they have turned more and more toward government to take care of them, they have turned less and less to develop self-reliance. They have turned less and less to their family and to their faith, and I have no doubt that their life has been diminished.

Those who are for dramatic reform in welfare stand on the high ground morally in this debate. Those who defend the status quo, in my opinion, are defending a system that may serve some political interest. But it does not serve the interest of the people in this country who are poor because it is a system that keeps them poor, it is a system that expands their numbers, it is a system that diminishes their lives, and it is a system that diminishes our great country. And I want to change it.

The final point I want to make is this is a modest amendment that the Senator from North Carolina has proposed. What his amendment says is simply this: No Federal funds for cash welfare aid to unmarried mothers under the age of 18 with a State opt-out provision. What does that mean?

What Senator FAIRCLOTH is saying is that, if his amendment is adopted, if a child 16 years old is having a baby or has had a baby, nothing in his amendment would prevent the State from giving her assistance through her own mother, nothing in this amendment would prohibit giving her assistance under adult supervision, and nothing in this amendment would prevent giving her food or shelter or clothing. But what the amendment would not do is to create a cash incentive for people to have babies on welfare.

That is what the amendment does. In addition, if a State does not want to abide by the Faircloth amendment, and it wants to provide cash, the State legislature must pass a bill and the Governor of the State must sign it taking themselves out of the program.

A lot of people oppose this because they know there are a lot of States where politicians might want to get out of the program but people do not want to vote to get out of the program.

So this preserves State option. It simply requires that affirmative action by the State to be exempt.

I want to repeat in closing that I am alarmed about a country, our country, where one out of every three babies in America is born out of wedlock. No great civilization has ever risen that was not built on strong families. No great civilization has ever survived the destruction of its families, and if fear we are not going to be the first. So I fully understand that this is an area where you could study it endlessly. And I generally agree with the Hippocratic principle: First, do not harm. But the point is we have already done harm. We have put in place a program that unless we change it is ultimately going to kill our Nation, and I wish to undo it. Given the harm that is being done by the current welfare system, it is time to venture some change.

Finally, I totally and absolutely reject the thesis that there is no demonstration that people do more of something if you give them money to do it. All of recorded history makes it very clear that if you pay somebody to do something, they are going to do more of it than if you do not pay them.

I just remind my colleagues that the first welfare reform measure in America was in Jamestown, and what happened is that Capt. John Smith had seen the colony break down as they had adopted a system, basically a socialistic system where people were given the fruits of society's labor based on an allocation rather than based on their effort. As far as I am aware, the first welfare reform principle in the history of America was when Capt. John Smith said those who do not work shall not eat.

I believe those kinds of reforms have an effect, and the incredible point that seems to be missed by so many is that these kinds of reforms are humane reforms. People cannot be happy when they are kept dependent. There is something wrong in a free society when people are not providing their own way. The only real happiness that comes, the only real fulfillment that comes is from individual achievement. And if we want to unleash the energy and the ability which is hidden in so many millions of Americans who are trapped on this welfare system and unleash that talent and ability to serve them and to serve the country, we have got to reform this welfare system, and I feel very strongly that this is a very important amendment.

A concluding point. I am very disappointed about the adoption of the Domenici amendment. It undoes a delicate bill that we had put together. I want to say to my colleagues, assuming that we do not mandate some new benefit which would be totally unacceptable and induce me to vote against this bill, I plan to vote for this bill on final passage. I intend to vote to take it to conference with the House.

However, when we come back to the Senate with a bill, I am not going to vote for a welfare reform bill that does not deal with illegitimacy. We cannot deal with the welfare problem we face, we cannot change this destructive system unless we deal with illegitimacy. And so I am committed to the principle that when this bill comes back from conference, we have provisions which end cash incentives to people to have

more and more children on welfare. I think that is essential.

I wish to congratulate our colleague from North Carolina for his leadership on this amendment and on this bill. I am very proud to support it. I do not have any doubt about the fact that we are probably going to get about 25 votes, but I believe this is the right thing to do. And I am also confident that this century will not end before the Faircloth amendment will be the law of the land. I have no doubt about the fact that while Congress is perfectly content to let a rotten welfare system fester, the American people are not content. They are going to continue to demand that we make these changes. They are going to give us a Congress and a President who are committed to them, and when they do we are going to make these changes and some of us will remember Senator FAIRCLOTH's leadership. Hopefully he will be here providing it when the day comes that this amendment will be successful, and I am confident that it will.

I congratulate him on his leadership.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. I thank the Chair.

Mr. President, I actually came to the floor to introduce an amendment that I will get to later on that I think will be important to colleagues on both sides of the aisle to make sure that in situations where you have violence within a home we give States the room to give single parents, usually women, an exemption from some of the requirements if that is the only alternative to make sure that they are safe. We do not want to force women back into very dangerous homes.

Mr. President, I was listening to my colleague from Texas, and I just have to respond. Let me come back to some unpleasant facts which I think are important because we ought to be making policy on as solid a basis of information as possible.

First, actually, I kind of did my own survey in Minnesota, which, I say to my colleagues, was really startling.

I try to go to a school about every 2½ weeks during the school year, and I was in an inner-city high school. South High in Minneapolis. And actually a young woman about age 16 asked me—I guess she heard about action in the House—she said to me, "Are you in favor of denying welfare benefits to a young woman or girl under 18 years of age if she has a child?"

I said, "Well, I will answer that question but first let me ask you and let me ask all of you who are here in this assembly"—there were about 300 or 400 students. I did not editorialize. In fact, I tried to actually stack it in the other direction. I said that many Representatives in the House of Representatives have said, look, when a youngster, a young woman knows that she can get on welfare and have welfare assistance, this is what encourages out-of-wedlock births. And people are very serious about dealing with this problem, as I think all of us are in this Chamber.

Then I said, "How many of you would agree?" No one.

Mr. President, we are talking all about these young people. Has anybody asked them about what the causes are?

The question is, why do children have children? But has anybody asked any of these young people? I do not think this amendment is connected to that reality at all.

Then I went to a suburban high school in White Bear Lake, and I asked the students the same question, expecting a very different response. Then I went to two other suburban communities. Then I went to about three other schools in small towns. Cross my heart and hope to die on the floor of the Senate, never more than about 5 percent of the student bodies, the assemblies, agreed. In fact, I found these students were kind of yelling at me, not out of anger but they were saying, "Are you people crazy? This is why you think young people are having children? This is why you think there are births out of wedlock? These are our friends. We know what goes on. Nobody is thinking about welfare. Nobody knows what it is. Nobody is thinking, 'Well, if I get pregnant, then I do not have to worry because I get AFDC and I can move out of my home'."

I heard all sorts of other reasons given that you might agree or disagree with. But I want to tell you, talk about a disconnect. The very people that we say we are concerned about, the very people in whose name we pass this legislation, allegedly for whose benefit we pass this legislation, say, "Are you crazy? This has nothing to do with this problem," which is a serious problem. That is my first point.

Please remember that. Now, maybe other Senators in here in the Chamber have gone out and met with lots of young people and have asked them. And if you have received a very different response, please tell me. But I have made it my business to spend a lot of time with a lot of young people, inner city, suburban, small town, rural, and that is not what they say. It does not make any sense to them at all.

Maybe we ought to listen to them. Maybe we ought to ask them. Maybe we ought to know more. That is my first point.

My second point—and I will do this briefly, I say to my colleague from New York—I am sorry the Senator from Texas has left the Chamber. I always feel uncomfortable, because you try to have debates—people give a speech and then they are gone, and you feel like you are attacking someone behind their back. I am not making an attack. I put it more in the form of questions.

The problem with the analysis about this—about all of these mothers who are having all of these children—and this is a terrible crisis in our country—is again—and I have heard the Senator from New York say this over and over again, the typical family is one woman, two children. Seventy-five percent of the AFDC families have two children, one parent. That is what it is. What are we doing perpetuating the same stereotype? In the last 20 years it has not gone up. We do not have larger families.

As to this economic rationality argument that it is the money that causes young people to have children, there is no evidence of that at all. As for this argument, I think—and I would have to defer to my learned colleague from New York—but I think that if you look around the country, State by State, I do not think there is any direct correlation between level of benefits and number of children. Is there? I mean in some States——

Mr. MOYNIHAN. If the Senator would yield for a question. I think he would find in the main the correlation is inverse. The lower the benefit, the higher the ratio.

Mr. WELLSTONE. Well, that is what I thought my colleague would say.

Mr. MOYNIHAN. Not absolute.

Mr. WELLSTONE. Right. Let us just say—let us just understand this, there is somewhat of an inverse relationship around the country between level of benefits and number of children per family. Those States which have the lower level of benefits tend to have the families with the larger number of children. Now, what does that do to the argument of my colleague from Texas about how it is the dollars that cause all of this? Well, he is not here. But you know, for the record, as we say.

Finally, Mr. President, as to this whole argument that—as I listened to my colleague conclude—that really what this debate is about is a difference between those who take the moral high ground and push through these changes, versus those who, I guess the flip side of the coin is those who do not take the moral high ground.

On that note, I just would like to suggest two final points. One, I said it once before on the floor, as I listen to some of my colleagues talk about welfare, I get the impression that they are trying to make the argument that welfare causes poverty, that food stamps cause people to not have enough money to purchase food. It is like they mix up the independent and dependent variables. It is like arguing Social Security causes people to get old.

People become eligible for welfare because they are poor. Or quite often you have two parents, and then there is a divorce and then the woman is on her own with children, and she looks for some support for herself and her children. And 9 million or so of the 15 million are children.

So, frankly, this argument that this is the high moral ground—I think when all is said and done, ultimately what it amounts to is taking food out of the mouths of children. That is no high moral ground position.

I am sorry my colleague from Texas is not here. Maybe he will come back. This whole business of somehow the welfare programs cause the poverty is ridiculous—we expanded food stamps and we did not expand hunger. I said this before on the floor of the Senate, but let us be clear about our history. Richard Nixon, a Republican, established Federal standards for food stamps because in the mid and late 1960's there were the Hunger USA, CBS and Field Foundation studies and pictures of children with distended bellies and malnutrition and hunger in America.

And so we expanded the Food Stamp Program. And now we do not have the scurvy and now we do not have the rickets and now we do not have all the hunger and malnutrition. But somehow, according to my colleague from Texas, these programs have brought about all this damage to low-income people, to poor people, mainly, I am sorry to say, women and children.

It is really quite a preposterous argument.

Mr. President, there is a difference between reform and reverse reform. And it is absolutely a great idea to enable a mother or a father to be able to move from welfare to workfare, a good job, decent wage, affordable child care. That is not what this has been about. So I would not want to let my colleague get away with his argument about a high moral ground. I see no high moral ground in punishing children. I see no high moral ground in taking food out of the mouths of hungry children. I see no high moral ground in essentially targeting those people who are the most vulnerable, with the least amount of political clout and making them the scapegoats.

And you know what, by way of conclusion? The sad thing is that I sometimes think that part of this agenda is to essentially say to those people in our country who feel all the squeeze, middle-income people, working people, if we just bash the welfare mothers and do this and do that and make these cuts and those cuts, then the middle class will do well economically. There is no connection whatsoever.

My colleague from Texas—and I promise my other colleagues on the floor, this is my last point—keeps putting apples and oranges together. And I heard $170 billion or some figure like that being quoted as money spent on welfare. I do not know exactly what he is talking about. Is he talking about aid to families with dependent children? That is what we are debating. I guess he added food stamps. He probably had to add Medicaid to get there.

If he is talking about Medicaid, everybody understands that well over 60 percent of Medicaid is not welfare mothers, it is elderly people. Some are our parents and grandparents who at the end of their lives, because of catastrophic expenses, lost all their resources and now, because they are poor, they are eligible for Medicaid and nursing homes.

And God knows what else he lumped into this figure. So let us be accurate about this as we make these decisions.

I yield the floor.

Mr. BREAUX addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BREAUX. Mr. President, I listened to the argument for the amendment's adoption by the Senator from North Carolina.

I am sorry he is not here because I really did want to ask him questions on the amendment.

And at the risk of being a policy nerd, which I think I would hate to be called—I never want to have anyone use that term and apply it to me—however, I do have some questions in reading the amendment that I do not know how I am going to get an answer to unless the author is here or somebody who could respond to the author's intent.

As I read the amendment that was published in the RECORD by the Senator from North Carolina, it said, "A State may not use any part of the grant that they get to provide cash benefits for a child born out of wedlock to an individual who has not attained 18 years of age."

There is an exception to that prohibition, which is my question, "except that prohibition shall not apply to vouchers which are provided in lieu of cash benefits and which may be used only to pay for particular goods and services specified by the State and suitable for the care of the child that is involved."

I happen to think vouchers may be a good idea. But I do not know whether the author of the amendment is requiring vouchers or not requiring vouchers.

The bigger point that I would want to make in this argument is that, No. 1, the Senate has already spoken to this question. By a vote of, I think, 66–34, we adopted the Domenici amendment which addressed this question. And the Domenici amendment essentially said that a State may deny additional cash benefits for an additional child for a mother who has that additional child regardless of her age, whether she is 18 years old or 22 years old or what have you; that it would be a State decision to affirmatively deny additional assistance to that mother.

My whole concern about this attack on the question of illegitimacy is that they are missing the target. They are, in fact, using a sledgehammer approach, but they are using a sledgehammer to hit the wrong person.

You do not solve the problem of illegitimacy by penalizing the child. The child did not make a decision to be born. The child did not ask to be a child that is born into this world. Therefore, when you penalize the child, you are not penalizing the right person.

The reason why I think that the Work First proposal that we had put together made so much sense is that we said that the teen mother, or any mother who has a child, is going to have to be responsible for having that child. They are going to have to live in a family environment with their parent, if there is one, or they are going to have to live in an adult-supervised home to get adult supervision in carrying out their responsibilities. They are going to have to sign a contract to go to work. They are going to have to start looking for a job. They are going to have to start receiving training.

I suggest that is a far better way to address the question of illegitimacy, which is a rampant problem in this country. My State has the second-highest illegitimacy rate in the United States. Forty-some percent of the children born in Louisiana are illegitimate. That is something I think is a disaster already. It is not something waiting to happen.

The question is, How do we solve that problem? Do we penalize the child? Do we say to the mother, "There are not going to be any more funds to take care of the child"? Who does that hurt? It does not help the mother, it does not educate the mother, it does not train the mother, it does not teach the mother responsibility. It gives her less money, and less money for what? The child that did not ask to be born.

There are potential mothers, women who are pregnant, when faced with that decision take the easy way out and decide to have an abortion. That is why all the Catholic Conferences, which feel so strongly about this, have said very eloquently they oppose this type of sledgehammer approach, because many pregnant ladies faced with that choice will decide to have an abortion because they know there will not be enough money to take care of the child when it is born.

That is a very cruel proposition to a young potential mother faced with a pregnancy, many times in uncertain conditions, even if that child is wanted in the first place.

Therefore, I am very strongly opposed to any efforts in trying to attack the question of illegitimacy that goes after the child. Go after the mother. Find the father, because for every child that is born, there is a father somewhere, in many cases shirking their responsibility and running away from their responsibility.

So put provisions in the bill to go after the deadbeat father who is not recognizing his responsibility. Say to the mother having that child that "You are going to have to do something different. You are going to have to live in an adult-supervised home," or "You are going to have to live in your parents' home," or "You are going to have to sign a contract to go to work; you are going to have to enter into an agreement in order to get the training that you are going to be able to be employable."

Do everything you possibly can to the mother and the father who are responsible for the child, but heaven's sake, do not penalize the child who did not ask to be born. That is why I am so very concerned that we say there is going to be no more money for an additional child.

My goodness, we are hurting the child, not the mother, not the father who we may not even know where he is. We should be exercising greater authority to try and find the people responsible for the child and do things to them, for them, with them that educate them to be better parents.

I come from a State, as I said, that has the second-highest illegitimacy rate in the United States of America. I am not proud of that. I want to find a solution to that. I dare suggest this is not a solution. It is a sledgehammer approach, and we are using the sledgehammer to beat the child, and that is not right.

I am glad the Senator from North Carolina is here, because I kind of like the idea of vouchers, and we talked about vouchers. I guarantee you, there are some teenage mothers who, when they do get extra cash assistance, may not use that cash assistance for the benefit of the child. They may use that cash assistance in the most despicable way. They may use it to buy things which are not necessary. They may use it to feed an alcohol abuse problem or a drug problem, because we are giving them cash for that extra child. I recognize that, and I am a little concerned about that, but I want to make sure we protect the child.

The Senator in part of his amendment says that as an exception for vouchers to those mothers who have an additional child, that the vouchers would not be prohibited.

The question is, I guess, there is no requirement that a voucher be issued. In other words, if that mother has an additional child, maybe the extra amount that they would normally be entitled to would be $50. Would there be a requirement in the Senator's mind that the extra money be then given to the mother in a voucher that could only be used to buy things for that child? Or does his exception in the bill have nothing to do with the requirement of a voucher?

Given the choice—I want the Senator to respond if he can—but given the choice of saying to a mother that there is going to be no additional cash assistance and there is going to be no voucher either, I would prefer giving her the cash assistance in the hopes that because of the training and the requirements to live in an adult-supervised home or live with her parent or live with greater supervision, the money will, in fact, be used for the child. But if there is a requirement that they get a voucher to be used only for that child, I think that has some potential possibilities here.

So if anybody can respond to my question, my specific question is, does the Senator's amendment require that an additional child would receive at least a voucher in order to pay for the cost of having that additional child or not? Will the Senator comment on that?

Mr. FAIRCLOTH. Mr. President, in response to the Senator from Louisiana, yes, the State has the option to give a voucher, and it says very clearly here that in lieu of cash benefits, which may be used only to pay for particular goods and services specified by the State, suitable for the care of the child involved. So the State has the option to supply these vouchers for things that would be used especially for the needs of the child, not cutting those off.

Mr. BREAUX. I thank the Senator for that response. That is one of the questions I was trying to have answered. The problem I have is, under the Senator's amendment, a State—I certainly hope no State would ever do it—but under this amendment, it certainly could be possible, the State could say to that mother—more importantly, in my mind, to that child—that we are not going to give any additional assistance for your benefits, for your needs, nor are we going to give any vouchers for your needs to survive.

I think that is something we, as officials who are responsible for raising the money for welfare reform, asking taxpaying citizens throughout this country to pay their taxes to try and solve this problem, that we have a responsibility to see that those funds are used properly and appropriately.

One thing that I think is proper, appropriate and necessary is that we guarantee that the child is taken care of. I am concerned, in fact, I think now very clearly that under the Senator's amendment, that that is not guaranteed. The needs of the child will not be guaranteed either by a cash payment, which is very clear would be prohibited, or by the guarantee of a voucher for that child. I find that to be unacceptable.

I want to do—and I will say it again—everything we can to ensure that the parent who had that child is made to be responsible, is made to find a job, enter job training, sign a contract to go to work, live in an adult-supervised home, live with a parent, find the father somewhere, no matter where he may be or what he may be doing, and say, "You have a responsibility, and that is to the child."

It is unacceptable to me to say that we, as Federal officials, are going to use tax dollars to try and reform this system and yet not guarantee that the child will be taken care of. That is a major defect.

The Domenici amendment scares me in the sense that it clearly says that a State may deny any additional cash assistance to the child if a State so chooses to do so. I think that is less onerous than the amendment of the Senator from North Carolina.

So I hope that this amendment will be rejected.

I think that is a proper course.

AMENDMENT NO. 2592, AS MODIFIED

Mrs. BOXER. I have a number of unanimous-consent requests that I think would clear up the proceedings. First, I am going to ask unanimous consent that we return to the consideration of the Boxer amendment.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mrs. BOXER. Second, I ask that the Senate proceed to my modified amendment, which I cleared with the majority leader and Members on the other side, which is already at the desk.

I ask that my amendment be so modified.

The PRESIDING OFFICER. The Senator has that right.

The amendment is so modified.

The amendment (No. 2592), as modified, is as follows:

On page 302, line 4, strike "and".

On page 302, line 5, strike the end period and insert "; and".

On page 302, between lines 5 and 6, insert:

(3) payments for foster care and adoption assistance under part E of title IV of the Social Security Act for a child who would, in the absence of this section, be eligible to have such payments made on the child's behalf under such part, but only if the foster or adoptive parent or parents of such child are not noncitizens described in subsection (a).

Mrs. BOXER. I ask that I may speak for not to exceed 3 minutes on my amendment and that, after that, that will conclude all debate and that a vote on the Boxer amendment would occur immediately following a vote on Senator FAIRCLOTH's amendment without any intervening action or debate between the two.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. BOXER. Mr. President, it has been a long time coming, this amendment, because we have had to work together on both sides of the aisle to make sure that everyone was comfortable with the amendment. I want to explain that modified amendment.

My colleagues, in the Dole bill there is a restriction on benefits to new legal immigrants for the first 5 years they are in this country. In other words, they are completely legal, but the Dole bill says they can get no Federal means-tested benefits.

However, there are exemptions from these restrictions in the Dole bill on certain benefits, such as emergency medical care and immunizations.

The one exemption that is not in the Dole bill is an exemption for foster care and adoption assistance programs. What that really means, in plain English, Mr. President, is that if a legal immigrant child, a child who is here completely legally, is abused or neglected, and the court says that child must be protected, unless we do this fix that I have in this amendment, that child would not be eligible for the title IV-E foster care or adoption assistance program.

What we did on both sides of the aisle is work with the language to ensure

that those children would be treated exactly like citizen children if they are in a situation where they are abused or neglected in that 5-year period.

It is important to note that Federal funding goes to the adopting families and the foster families under rules that govern that program and certification requirements that are set by the State.

But the fact is, if we do not pass the Boxer amendment, then kids who are brutalized in families may well continue to be brutalized because there is really not enough funds to help them get adopted or go into foster homes, or the burden could fall entirely on the State or the locality.

So I am very pleased that Senators from the other side worked with me on this, that their staffs worked with me on it most diligently, and that we have reached an agreement. I am sure that none of us would want to abandon a child who was brutalized because we made an oversight.

Mr. President, I am finished with my remarks. I hope we will pass this amendment with a strong bipartisan vote. I want to thank Senator MOYNIHAN of New York for helping me with this amendment and, again, the Senators on the other side, Senator NICKLES, and Senator SANTORUM, who helped me work out the details of this amendment.

I yield the time back and look forward to a very positive vote on this amendment immediately following the vote on the Faircloth amendment.

I yield the floor.

The PRESIDING OFFICER (Mr. GREGG). Under the previous order, the vote will be delayed.

VOTE ON AMENDMENT NO. 2603

The PRESIDING OFFICER. Is there further debate on the Faircloth amendment? If not, the question is on agreeing to the amendment.

The yeas and nays have been ordered.

The clerk will call the roll.

The assistant legislative clerk called the roll.

The PRESIDING OFFICER (Mr. THOMAS). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 24, nays 76, as follows:

[Rollcall Vote No. 419 Leg.]

YEAS—24

Abraham	Gramm	McCain
Ashcroft	Grams	McConnell
Brown	Helms	Nickles
Byrd	Hutchison	Santorum
Cochran	Inhofe	Shelby
Craig	Kempthorne	Smith
Faircloth	Kyl	Thompson
Frist	Lott	Thurmond

NAYS—76

Akaka	Campbell	Dorgan
Baucus	Chafee	Exon
Bennett	Coats	Feingold
Biden	Cohen	Feinstein
Bingaman	Conrad	Ford
Bond	Coverdell	Glenn
Boxer	D'Amato	Gorton
Bradley	Daschle	Graham
Breaux	DeWine	Grassley
Bryan	Dodd	Gregg
Bumpers	Dole	Harkin
Burns	Domenici	Hatch
Hatfield	Lieberman	Robb
Heflin	Lugar	Rockefeller
Hollings	Mack	Roth
Inouye	Mikulski	Sarbanes
Jeffords	Moseley-Braun	Simon
Johnston	Moynihan	Simpson
Kassebaum	Murkowski	Snowe
Kennedy	Murray	Specter
Kerrey	Nunn	Stevens
Kerry	Packwood	Thomas
Kohl	Pell	Warner
Lautenberg	Pressler	Wellstone
Leahy	Pryor	
Levin	Reid	

So the amendment (No. 2603) was rejected.

VOTE ON AMENDMENT NO. 2592, AS MODIFIED

The PRESIDING OFFICER. Under the previous order, the question occurs on amendment No. 2592, as modified.

Mr. FORD. May we have order, Mr. President?

The PRESIDING OFFICER. The Senate will come to order. The Senate will come to order.

The question is on agreeing to the Boxer amendment, as modified. The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

The result was announced, yeas 100, nays 0, as follows:

[Rollcall Vote No. 420 Leg.]

YEAS—100

Abraham	Feinstein	Mack
Akaka	Ford	McCain
Ashcroft	Frist	McConnell
Baucus	Glenn	Mikulski
Bennett	Gorton	Moseley-Braun
Biden	Graham	Moynihan
Bingaman	Gramm	Murkowski
Bond	Grams	Murray
Boxer	Grassley	Nickles
Bradley	Gregg	Nunn
Breaux	Harkin	Packwood
Brown	Hatch	Pell
Bryan	Hatfield	Pressler
Bumpers	Heflin	Pryor
Burns	Helms	Reid
Byrd	Hollings	Robb
Campbell	Hutchison	Rockefeller
Chafee	Inhofe	Roth
Coats	Inouye	Santorum
Cochran	Jeffords	Sarbanes
Cohen	Johnston	Shelby
Conrad	Kassebaum	Simon
Coverdell	Kempthorne	Simpson
Craig	Kennedy	Smith
D'Amato	Kerrey	Snowe
Daschle	Kerry	Specter
DeWine	Kohl	Stevens
Dodd	Kyl	Thomas
Dole	Lautenberg	Thompson
Domenici	Leahy	Thurmond
Dorgan	Levin	Warner
Exon	Lieberman	Wellstone
Faircloth	Lott	
Feingold	Lugar	

So, the amendment (No. 2592), as modified, was agreed to.

Mr. GRASSLEY. I move to reconsider the vote.

Mrs. BOXER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER (Mr. THOMPSON). The Senator from Iowa.

Mr. GRASSLEY. I take the floor to ask unanimous consent for our majority leader.

I ask unanimous consent that the cloture vote scheduled to occur this evening be postponed to occur at any time to be determined by the majority leader after consultation with the Democratic leader.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRASSLEY. Mr. President, under our order of doing business here—we just finished a Democratic amendment; the Boxer amendment—it would now be our desire to go to the amendment by the Senator from Maine.

Mr. COHEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Maine.

AMENDMENT NO. 2586

Mr. COHEN. Mr. President, I ask unanimous consent to proceed to amendment No. 2586.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ASHCROFT. Mr. President, reserving the right to object. A point of order. The amendment of the Senator from Maine seeks to strike the proposal in two separate places, and, as a result, I believe it is out of order.

The PRESIDING OFFICER. The amendment has yet to be called up. The point of order would not lie until the amendment is called up.

The clerk will report.

The legislative clerk read as follows:

The Senator from Maine [Mr. COHEN] proposes an amendment numbered 2586. In section 102(c) of the amendment, insert "so long as the programs are implemented consistent with the Establishment Clause of the United States Constitution" after "subsection (a)(2)."

In section 102(d)(2) of the amendment, strike subparagraph (B), and redesignate subparagraph (C) as subparagraph (B).

Mr. COHEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Maine.

Mr. COHEN. Mr. President, as was just read by the clerk, there are two portions to this amendment.

The first part of the amendment would provide that religious organizations may participate in our welfare program, which we want them to do, so long as they comply with the establishment clause of the Constitution. We want to encourage churches and other religious organizations to become actively involved in our welfare process. We want them to do so, however, consistent with the first amendment.

That amendment requires the Government to navigate a very narrow channel when it provides funding to religious organizations. On the one hand, we have the free exercise clause, which prohibits a government from being overtly hostile to religious institutions or organizations. Then on the other hand we have the establishment clause, which limits the extent to which the Government can actually sponsor religious activities.

The intersection of these two separate constitutional commands, I think, is implicated by section 102 of the welfare reform bill, which allows the States to contract with religious organizations to provide welfare services. This provision protects religious organizations from religious-based discrimination. And I think the authors

ought to be commended. We, as I said before, want to encourage religious organizations to participate in welfare programs.

But, in my judgment, the bill in its current form does too little to restrain religious organizations from using Federal funds to promote a religious message. My amendment would, I believe, remedy this defect. It would ensure that States have the flexibility to implement welfare programs in a manner consistent with the religion clauses of the first amendment so we neither prohibit nor promote. And that is the balance that has to be struck.

The first part of this amendment simply says that we want to encourage the States to contract with religious institutions or organizations to provide welfare services, but we want to do so consistent with the establishment clause. Now, I think there would be very little debate, indeed any division, with respect to this particular language.

The second part of the amendment—and Mr. President, I will ask for a division of the amendment before the point of order is raised. I ask my amendment be divided into two parts.

The PRESIDING OFFICER. The Senator has a right to have the amendment divided. It is divided.

Mr. COHEN. Mr. President, the second part of the amendment is intended to make it easier for the States to comply with its constitutional duties. The bill currently prohibits the States from requiring religious organizations to establish separate corporate entities to administer welfare programs. My amendment would strike the Federal mandate.

Mr. President, under the bill as drafted, there is a prohibition under part 102(d)(2). It says that neither the Federal Government nor a State shall require a religious organization (A) to alter its internal government—we certainly do not want that—or (B) to form a separate nonprofit corporation to receive and administer the assistance funded under a program described in this subsection solely on the basis that it is a religious organization.

Essentially what is done by the bill language is to impose a Federal mandate upon the States saying neither the Federal Government nor any State can, in fact, require a religious organization to form a separate nonprofit corporation in order to receive funds under this act.

Now, Mr. President, over the years the Supreme Court has had to pass upon a variety of cases and they must be examined on an individual basis. In some circumstances, the courts have ruled that the religious organization administering Federal funds is so —the words they use are—"permeated with a sectarian influence" that their receipt of Government funding violates the first amendment.

What I want to do is to encourage religious organizations to become involved in our welfare system. But if we leave the language in the bill, it is going to actually have the reverse effect. It is going to discourage churches from getting contracts to help in our welfare system because the State is going to be precluded from asking the religious organizations to set up a separate, nonprofit corporation to receive the money and administer the programs outside an atmosphere that is permeated with religious overtones.

If the bill stands as currently written, it is going to have just the opposite effect its authors desire. States are not going to want to walk into a lawsuit by the ACLU or any other group that will challenge the program as being violative of the first amendment. So the whole purpose in our trying to encourage religious organizations to participate in welfare programs is going to be defeated. The threat of a lawsuit will discourage States from including religious organizations in their welfare programs.

So the purpose that I have in mind is to strike part (B), which would prohibit the Federal Government or the State from requiring a religious organization to set up a separate nonprofit corporation.

It may not be necessary for a religious organization to set up a separate entity in each and every occasion. The State might decide that this particular religious organization is structured in such a way that it is not permeated with sectarian overtones, as such. A State may decide "we do not have to require a nonprofit corporation here." But the bill says, under no circumstances can the Federal Government or any State require that one be set up.

So I suggest to my colleagues that we are, in fact, engaged in a self-defeating process. We are going to encourage churches and other religious organizations to become involved in the welfare system, but we are going to use language which will, in fact, serve as a disincentive for States to contract with them.

Mr. President, I hope, following the debate, that we will have an opportunity to vote seriatim; first on part 1, on which I think there should be no disagreement, and then on part 2 of the amendment, which would strike the Federal mandate that prohibits any State from choosing to require a religious organization in receipt of federal funds to form a separate nonprofit corporation.

I think that it is in the best interest of those who want to encourage religious institutions and organizations to become involved to agree to the amendment. Obviously, there is some disagreement on that issue.

I yield the floor at this time.

Mr. CHAFEE. I wonder if the Senator will yield for a question.

Mr. COHEN. I yield.

Mr. CHAFEE. Under the proposal of the distinguished Senator from Maine, if in our State we were nervous about the constitutionality of dealing with the church directly without this religious corporation, then under the Senator's amendment, the State could ensure itself it was on safe ground by requiring that there be such a corporation, and then when the State dealt with it, they would know that they were absolutely safe from lawsuits and all the problems that possibly could arise.

Mr. COHEN. The Senator is correct. What my amendment would do would be to allow the State to decide, in looking at a particular organization—they look at the circumstances, they look at the environment, they look at the entire structure—to say, "We are satisfied that there is no need to set up a separate nonprofit corporation to administer these funds and, therefore, we are not making that requirement for this particular organization."

On the other hand, they may see an organization is so structured that it is, in fact, permeated with sectarianism, as such, and the language of the Supreme Court rulings require that a separate nonprofit corporation be established before the organization can receive federal funds.

If we do not strike this particular section, it seems to me what the State is going to do is to protect itself, to not deal with that particular organization and, therefore, we will not achieve the very goal we are trying to do: to get more churches and religious institutions involved in our welfare system.

I suggest to my colleague that if we leave that language as it is currently written, it will be very self-defeating and the State will be reluctant to engage in contracting out with religious organizations.

Mr. CHAFEE. Just one more question of the Senator. It seems to me what the Senator is proposing is giving the States flexibility; the State does not have to require it but could.

Mr. COHEN. It could.

Mr. CHAFEE. So, therefore, if the whole goal of this bill, often reiterated, is greater flexibility to the States, that this is what the Senator's amendment does. And if the State does not choose to require a nonprofit corporation, then that is the State's business.

Mr. COHEN. The Senator is entirely correct. Let me quote briefly from the case Bowen versus Kendrick, decided in 1988. We have Chief Justice Rehnquist, and Justices Kennedy, Scalia, White and O'Connor in a 5 to 4 decision. The language is:

> We have always been careful to ensure that direct Government aid to religiously affiliated institutions does not have the primary effect of advancing religion. One way in which direct Government aid might have that effect is if aid flows to institutions that are "pervasively sectarian."
>
> We have invalidated an aid program on the grounds that there was a "substantial" risk that the aid to these religious institutions would, knowingly or unknowingly, result in religious indoctrination.

The Court also noted that whether an organization has "explicit corporate ties to a particular religious faith and

by-laws or policies that prohibit any deviation from religious doctrine" is a "factor relevant to the determination of whether an institution is 'pervasively sectarian.'"

So the Court is saying that it is going to look at the circumstances individually and make a determination. If you bar a State from requiring a separate corporate entity to be formed, what you are doing is sending forth a very chilling message: "If you undertake to contract out with a church or religious organization under these circumstances, you are going to invite a constitutional challenge." Therefore, I would imagine the Governor of a State would say, "Let's just not contract out with this particular religious organization. We'll avoid the problem. We don't need any more lawsuits. We don't need to be in the Supreme Court."

I say to my friend, the best way we ensure to get the churches and religious organizations into our welfare system is to strike the language that would mandate that no State could ever require, under any circumstances, the formation of a separate nonprofit corporation.

Mr. CHAFEE. I was interested in that Supreme Court case the Senator quoted. Was that Judge Scalia who joined in that opinion?

Mr. COHEN. Judge Scalia did join in the opinion. It was written by Chief Justice Rehnquist and joined by Justice Kennedy, Justice Scalia, Justice White and Justice O'Connor.

Mr. CHAFEE. I do not think Justice Scalia is looked upon as a dangerous liberal on that Court.

Mr. COHEN. If I could add one other factor. We have Rosenberger versus University of Virginia, a case decided just last spring. Justice O'Connor, who cast the fifth and deciding vote, wrote a separate concurrence. Here is some straightforward language from her opinion:

> There exists an axiom in the history and precedent of the Establishment Clause, public funds may not be used to endorse a religious message.

That is what the Court is looking for, whether public funds are being used to endorse a religious message. If a State finds that a religious organization is not structured in such a fashion, that it is not, in fact, promoting religion either directly or indirectly, then there is not a problem. But if a State is persuaded that an organization is so permeated with a sectarian influence, then it is going to require that a separate corporation handle the funds. It seems to me that we ought to give the States that flexibility, and if you do not give them that flexibility, it means they are not going to contract out with religious organizations.

Mr. CHAFEE. I could well see the situation where in our State, for example, the attorney general might advise the Governor, "Don't get into these kind of contracts."

As it exists now, you have no option but to deal with the church because the bill, as I understand it is written, forbids these nonprofit corporations from being set up.

Mr. COHEN. It prohibits either the Federal Government or the State from requiring a religious organization to form a separate nonprofit corporation to receive and administer the funds.

Mr. CHAFEE. So you could get a situation where the attorney general advises the Governor, "Don't make that kind of a deal because we are going to end up in court, so just forget it."

Mr. COHEN. That is right.

Mr. CHAFEE. The Senator's point is a good one. If we are trying to encourage the churches to come into this, use their facilities which they have available for day care and other forms of assistance, I think the Senator's amendment makes a lot of sense.

Mr. COHEN. I thank the Senator.

Mr. ASHCROFT. Will the Senator yield?

Mr. MOYNIHAN addressed the Chair.

Mr. MOYNIHAN. I am sorry. I wanted to speak. The Senator was on the floor.

Mr. COHEN. I yield the floor.

The PRESIDING OFFICER (Ms. SNOWE). The Senator from Missouri.

Mr. ASHCROFT. Madam President, I ask if the Senator from Maine will yield for a question?

Mr. COHEN. Yes.

Mr. ASHCROFT. I heard the Senator from Rhode Island ask him if a State were allowed to require the formation of a separate corporate entity, that would guarantee the State immunity from suit based on grounds of the infraction of the first amendment. Is that the Senator's position?

Mr. COHEN. I think what the Senator from Rhode Island was saying is, if the State, in looking at the situation, comes to the conclusion that requiring a separate nonprofit corporation will insulate the State against a lawsuit for violating the first amendment, that the State would be willing to contract with the religious organization to provide welfare services. My amendment gives the State flexibility to make that judgment rather than issuing a mandate. I know that the Senator from Missouri is concerned, and I appreciate his concern.

Mr. ASHCROFT. I want to know if the position of the Senator from Maine is that by virtue of requiring the formation of one or another, that you have a determination about whether or not something violates the first amendment.

Mr. COHEN. No. The answer to that directly is no.

Mr. ASHCROFT. So the Senator from Maine does not allege that this provision would provide any guarantee. I thought I misunderstood. I thought I heard the Senator from Maine tell the Senator from Rhode Island that such a guarantee would be in effect.

Mr. COHEN. If I said that, I misspoke, because there is no guarantee under any of these cases. You can always end up in court. I think what the Senator from Rhode Island was saying is that the likelihood of a challenge on the basis of the Establishment Clause is less likely by virtue of setting up such a corporation.

You minimize the challenge by creating a separate corporate entity that is not going to be so heavily influenced or permeated with sectarianism that the court is going to prohibit it from receiving government funding. But each case is decided on an individual basis. As we have discussed, it is not the language of the bill, but it is the structure of the organization, that is scrutinized on an individual basis to determine whether or not that organization is permeated with religious overtones.

Mr. ASHCROFT. Who makes that decision?

Mr. COHEN. Ultimately, only the court.

Mr. ASHCROFT. So it is up to the court to decide——

Mr. COHEN. Yes.

Mr. ASHCROFT. Whether an organization is so permeated with sectarian purpose as to be ineligible to participate in a governmental purpose.

Mr. COHEN. That is right.

Mr. ASHCROFT. It is the position of the Senator from Maine that that was decided in Bowen versus Kendrick, and a long line of cases?

Mr. COHEN. Exactly right.

Mr. ASHCROFT. I thank the Senator.

Mr. MOYNIHAN. Madam President, I rise in fervent support of the proposal by the Senator from Maine. It seems to me to anticipate difficulties which can be readily resolved if they are in fact anticipated. It is clear that the Senate understood what it was doing and indeed provided additional language to resolve issues that might arise.

I do not want, in any way, to complicate matters, but I would like to state that it is a matter of record—or so I believe—that the establishment clause has come into play in areas such as the ones we are dealing with only quite recently—only in the 20th century. I believe it was not until the 20th century that the Court held that public aid to religious schools was unconstitutional. Indeed, I think it may only be in the second half of the 20th century.

I note for the first—the longest—century of the Constitution, it was assumed otherwise. President Grant, contemplating running for a third term, addressed a meeting or a gathering—or an encampment of the Army, I think they would have said, of the Tennessee, which was held out in Iowa, and proposed a constitutional amendment that would prohibit aid to Catholic schools. It would not have said Catholic per se.

Mr. COHEN. I would have to check with Senator THURMOND to verify that.

Mr. MOYNIHAN. Yes, Senator THURMOND would know. But it was assumed that it was constitutional. He thought it would be an issue to make it unconstitutional. It took another 80 years for the Court to find that it was in there all along. I think you can read that clause. It says simply: "Congress shall make no law respecting the establishment of religion."

The Church of England is an established church. There were established churches in most of the colonies. I may be mistaken and probably am. I think several colonies had several established churches. That means public moneys go to the maintenance of the clergy and of the houses of worship. It was never, in any way, thought that you could not have parochial schools receive public moneys. They did in New York, until the 1920's when, under an informal arrangement whereby State-owned lands in the western part of the State—and I suspect Maine has the same arrangement—were sold for different purposes and used. It was a decentralized situation, and I regret to say—meaning no discredit and hoping not, in any way, to offend anybody—the Baptists were found to be padding their payrolls. So reform had to take place. Albany took over the disbursement of these funds. They were called public schools.

The issue arose as to what Bible would be used, and, of course, the majority wanted a King James Bible and the Catholics wanted a Bible of their own, and so the Catholic schools commenced their independent existence to this day. But the term "public school," or "PS" in the way of usage in Manhattan, comes from that point.

I just hope these comments—I cannot expect them to carry great weight across the lawn to our former neighbors in the Court, but it is a fact that the establishment clause contemplated a form of Government-supported religious institutions. That was normal in most of the world then and had nothing to do with day care centers, or halfway houses, or orphanages, or schools the way it may today.

So I think the Senator has a powerful point, a useful measure, and I thank him for being patient with my not necessarily precisely accurate recollection.

Mr. ASHCROFT. Madam President, I rise in support of the Dole amendment and in opposition to the amendment proposed by the Senator from Maine. The Senator from Maine suggests that States should make determinations about whether there should be another hurdle over which nongovernmental, private institutions, religious in character, have to crawl in order to be participants in helping solve this major challenge to our society and culture. In doing so, it would place a hurdle in their path that is placed in the path of no other organization, in terms of their eligibility to help solve this problem.

Strangely enough, this hurdle is placed in the path of some of the institutions that have the very best record at helping solve the problem. It is suggested that placement of this hurdle in the path is necessary to protect States and localities from lawsuits. But the truth of the matter is that nothing can protect anyone from a lawsuit relating to the constitutionality or lack of constitutionality of a statute or a public program, other than a constitutional amendment, which is explicit in its authorization. But still you run the risk of litigation.

It would be interesting, or perhaps maybe easier to understand this if what we were asking for here was unprecedented or had not been already enacted in other parts of the law. But I hold in my hand a report to the Congress for fiscal year 1994 of the Refugee Resettlement Program, which provides four grants directly to religious organizations for dispensing cash benefits. I could read a list of many, many such organizations that are involved in doing it.

As a matter of fact, many of those who are in this Senate today voted in favor of this program in 1980 when the Refugee Resettlement Program was enacted and asked that there be no special safeguard against the ability of religious, nongovernmental, not-for-profit organizations to assist with refugees. We would not want to end up with the anomalous situation of requiring churches to go over special barriers when providing services to welfare recipients in the United States, while not requiring them to go over the same barriers when helping refugees and others.

Similarly, the Adolescent Family Life Act, which was tested in the case of Bowen versus Kendrick, provides funds to public and private counseling agencies that counsel teenagers on matters of premarital sexual relations and pregnancy.

The act expressly provided that religious not-for-profit organizations were to be considered as eligible. In that case the Court held that the act did not on its face violate the establishment clause.

As a matter of fact, the Dole bill as it is currently constituted here and is before the Senate, has special protections in it—protections against proselytization, protections for individuals so if they are offended by having to go to a religious organization to receive a benefit, that the benefit can be provided in another setting rather than in the setting of the religious organization.

It also provides protections for the churches so that the churches can know they do not lose their ability to hire of like faith, and be associated with employees whose belief and character is consistent with the values for which the institution stands.

What we have here is an amendment which seeks to carve out a special category for welfare reform which does not exist in other parts of the laws.

The report to the Congress of the refugee resettlement program provides a list of dozens of organizations which receive help including churches, help that they pass on to the refugees without this kind of problem. There has not been a great problem in any respect, as a matter of fact, with the alleged unconstitutionality.

So we have a situation where we have those institutions in our culture and society with the very best track record of solving the problems of the welfare puzzle. We will say to them, you have to go to the added expense, you have to form a separate organization, you will have to lose some of the protections you have as a church, your ability to hire people that have values consistent with yours, that have a belief structure that is consistent with yours, you will have to forfeit all that in order to have this opportunity to participate in solving this problem which you have probably been working pretty aggressively to solve on your own. We would be well served as a Nation if these institutions would help us in the solution of this problem.

I think that is the challenge which is before the Senate. The question is whether or not we will continue to throw barriers in the path of the organizations which can help us substantially in solving this problem.

Now, we have tried the singular Washington one-size-fits-all remedy for a long time in welfare. We have seen what happens. We have watched the roles of those in poverty swell. We have watched the percentage of children in poverty in our country grow.

So when it comes time to try and extend ourselves to find a real solution to this problem and to borrow some of the solutions that the refugee resettlement program has used and to borrow some of the solutions to the problem that have been found in other recent legislation like the Adolescent Family Life Act, all of a sudden we hear the old bugaboos about needing to have special requirements for the religious organizations. Requirements that will make them second-class citizens, that will force them to go through the burden of setting up separate organizations.

Those who proposed the amendment and support it indicate there will be a tremendous fear on the part of agencies who might otherwise contract with the separate organizations.

Nothing in this bill would stop a religious organization from setting up a separate organization. Nothing would prohibit it. Nothing would change its option.

The only real mandate that we have in the Dole bill is that churches would be placed on a level playing field with other non-governmental institutions, that we would stop tossing barriers and prejudicial conditions in the paths of the religious institutions that wanted to help.

I need to try and make it as clear as I possibly can that I cannot endow the churches with rights to do things that they do not have a right to do under the Constitution, and neither can this body. I would not want to.

I believe that the States should not support the church, that the church should be separate from the State. But I believe that when organizations including religious organizations have the track record of helping move people from welfare to work, from indolence to industry, from a situation

where they are kept in poverty to a situation where they have independence, I think for us to place undue burdens in their pathway is unfair, and not only is it unfair but it is inappropriate.

Why we should single out the community of faith in the United States of America and say that for that community there are special requirements that do not inure to other individuals in other parts of our culture and say they are second-class citizens and they are ineligible, is beyond me.

The courts have not said so. Previous enactments of the Senate have not said so, whether you are talking about the refugee resettlement program or whether you are talking about the Adolescent Family Life Act.

In previous efforts to deal with problems like this, the Congress in the Stewart P. McKinney Homeless Assistance Act sought to provide emergency shelter grant programs that would allow those programs to go to religious nonprofit organizations.

What we really ask for is that there be a level playing field here, not for the benefit of the organizations but for the benefit of a country that desperately needs help in breaking the cycle of dependence, breaking the cycle of poverty, and helping people move out of that welfare setting into a setting of work and industry.

I think it is inappropriate to place between those organizations and the opportunity to participate barriers which will slow their ability rather than grow their ability to be a part of the solution.

I think we need to emulate programs that can be found in virtually every city in America, programs which now are totally distinct and separate. Obviously, many of them fear involvement with governmental entities. We need to invite them to the table, not to proselytize, but to say we are interested in having their help.

The Dole bill guarantees that no one is to be proselytized. It guarantees that no one can be forced to confess or otherwise subscribe to a faith to get a benefit. It says that no money can be used for purposes of propagating the faith. It says churches, however, do not have to become sterile institutions that are nameless and faithless. The Salvation Army would not have to take the word "salvation" out of its title in order to participate in the program. It would not have to hire people whose beliefs and whose value structure are a threat to the character and the doctrine of the Salvation Army itself.

I believe that the bill as it stands is an invitation for help. It is an invitation which does not threaten the religious liberties of individuals. It does not prohibit churches or other nongovernmental religious organizations that are nonprofit from setting up separate organizations. But it simply would not allow the Government to impose upon them a requirement which is imposed upon no other organization, no other set of institutions in this country.

It does not label religious organizations who come to the table as participants for reconciliation and resolution of the welfare problem as second-class citizens, but it does say there are limits to what they can do.

It requires that they keep an accounting of the funds they receive from the Government. It requires that they follow and observe rules of how the funding must be spent. But it protects them from an invasive Government which might otherwise improperly seek to influence their belief structure or the way in which they conduct worship or engage in their activities.

The Dole bill on this matter is a balanced bill. To require or to promote the requiring of an additional hurdle over which these religious organizations would have to go when that is not required for anyone else would be manifestly unfair, and in my judgment it would be counterproductive.

I want to indicate that I do not have any objection to the first amendment proposed by the Senator from Maine to add to the bill the language that we will operate in a way that is consistent with the establishment clause of the Constitution of the United States. That is fine with me. When I took my oath, in every job that I have had for quite some time, I have sworn to uphold the Constitution, and I think that is part and parcel of what we do here. And I have no objection to that. I would be happy to agree to that. Since this item has been separated, we might avoid a vote on that.

But on the second item, I urge my colleagues not to place in the path of well-meaning religious, nonprofit organizations the requirement that there be the opportunity for States to have them go over major hurdles and expenses and forfeit opportunities to protect the organization from improper intrusion by Government by accepting this amendment. So I oppose this amendment and urge my colleagues to oppose the amendment.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. COATS. Madam President, I rise to support the statements made by the Senator from Missouri with some reluctance, because I understand the Senator from Maine is essentially attempting to accomplish the same end as the Senator from Missouri, coming at it from different sides of the equation.

He spoke earlier about the extraordinary importance and effectiveness of the role of religious organizations and faith-based organizations in dealing with questions of welfare, poverty alleviation, poverty prevention and some of the social dislocations that exist in our country. Clearly, an examination, or even a cursory analysis of the effectiveness of those programs vis-a-vis Government programs, shows an extraordinary gap between the two. The religious organizations' programs have elements of care, elements of lower cost, elements of effectiveness that Government programs simply have not been able to match. So I think all of us recognize that and want to encourage their role in dealing with some of these seemingly intractable social problems.

I, like the Senator from Missouri, certainly have no problem with the first half of the amendment of the Senator from Maine regarding the establishment clause. I think that is proper.

But, as to the provision which removes the prohibition against States requiring the establishment of separate, nonsectarian operations by religious organizations, I think clearly—while the intent of the Senator from Maine is not to have unwanted State discrimination against those institutions, that very likely could be the result. The practical effect of all of that is, I believe, going to discourage, if not eliminate, most of the organizations from participating in these programs.

It is the ability to bring some semblance of their sectarian nature to addressing the problem that results in the effectiveness of dealing with the problem. To remove that and subject them to what may be a discriminatory—at least a test of absolute separation from the very basis underlying their program, I think defeats the program.

For that reason I urge my colleagues to support the amendment of the Senator from Missouri and oppose the amendment of the Senator from Maine.

The PRESIDING OFFICER. The Senator from Maine.

Mr. COHEN. Madam President, let me offer a few more comments. I do not know that any other Members are coming to the floor to debate this issue or whether we should move to a vote relatively soon. I have not had any requests for further debate on this side.

Mr. MOYNIHAN. Madam President, if I may, I do not see any Senators seeking recognition, nor have I been told of any.

We have no requests for speakers on this side.

Mr. COHEN. Let me, then, just conclude if I could. Then perhaps my colleague might have some other comments to offer.

We are seeking essentially the same goal. That is, namely, to involve our religious organizations in helping out in the distribution of funds in our welfare program. My concern has been that the first amendment may very well be violated if, in fact, we have religious organizations—using the words, once again, of the Supreme Court—that are so permeated with sectarianism that the Court would find that providing them with government funding violates the Establishment Clause.

I by no means have suggested that churches or any other religious organizations are second-class citizens. Quite to the contrary, they are first-class citizens and they do first-class work. They are great humanitarians and we need them desperately in the entire effort in our welfare system.

Second, they are well-meaning people. We do not want to punish well-

meaning people. I come back to the Supreme Court's language in Rosenberger versus University of Virginia:

There exists an axiom in the history and precedent of the Establishment Clause, public funds may not be used to endorse a religious message.

So the question then becomes, would the atmosphere in that particular religious organization be so permeated with sectarianism that it seeks to promote and endorse a religious message which would then be subject to attack by a lawsuit? Let me just suggest some of the arguments that could be raised if this language remains in the bill.

First of all, under the bill, religious organizations are permitted to discriminate when hiring persons to provide welfare services with Federal funds. Right now we allow religious organizations to discriminate on the basis of religious affiliation when they hire people. We accept that. We may have a Catholic Church that wishes to hire only those of the Catholic faith. We may have a Jewish synagogue that wants only those of the Jewish faith; or Mormons, that want employees of the Mormon faith.

Here, however, we go one step further and permit religious organizations to discriminate when employing persons to provide welfare services with Federal funds. Is that going to be a dispositive factor? I do not know. It may be one factor a court would take into account. We have no way of gauging that now.

Under the bill, however, we go one step further and say we prohibit States from requiring religious organizations from establishing separate nonprofit public entities, another factor that would be argued in all likelihood.

We require that organizations providing welfare services be allowed to have religious symbols on their walls and that they not be required to remove religious icons, scriptures, or symbols.

Whether the totality of that atmosphere would amount to a permeation of a sectarian message, I do not know. Only the court will decide.

What seems clear to me, however, is that a State might very well decide not to contract out with such a religious organization in order to avoid a lawsuit. No State can avoid a lawsuit—I think the Senator from Missouri is quite correct— we can do nothing short of a constitutional amendment, and even then it will be subject to a lawsuit for interpretation. But a State might very well be reluctant to draw in religious organizations under these circumstances.

So I suggest to my colleagues, one way to avoid the very thing that we are professing we want most—that is, to draw more people in, to draw the organizations in—is to push them away by virtue of the language contained in the Dole bill. So we have the same objective.

I simply point out, in the Bowen versus Kendrick, which both of us have cited, the Court noted that even when the statute appears to be neutral on its face:

We have always been careful to ensure that direct government aid to religiously affiliated institutions does not have a primary effect of advancing religion. One way in which direct government aid might have that effect is if the aid flows to institutions that are "pervasively sectarian."

I might point out that the court, in ruling in this case, upheld the facial validity of the statute. The Justices then sent it back down to the trial court to see if in application the funds were distributed in an unconstitutional manner.

So we had the very situation which we are likely to see replicated time and time again in the future. One way to avoid that situation is to strike section 102(d)(2)(B).

So I want to commend my colleague from Missouri. I think that he and I have the same objective. He believes that by leaving that language in, it will certainly not discriminate against the institutions, and that is correct. My view is it will, in fact, cause the State to discriminate in an adverse way, and that is not to contract with those various institutions which we want to be part of the system.

Mr. MOYNIHAN. Mr. President, as we prepare to vote, may I just hold the Senate for just a moment to read a passage from the message to the legislature by Gov. William H. Seward in New York State in 1840. Governor Seward went on to a distinguished career here in Washington, and we have Alaska, among other things, to thank him for.

He said:

The children of foreigners, found in great numbers in our populous cities and towns, and in the vicinity of our public works, are too often deprived of the advantages of our system of public education, in consequence of prejudices arising from difference of language or religion. It ought never to be forgotten that the public welfare is as deeply concerned in their education as in that of our own children. I do not hesitate, therefore, to recommend the establishment of schools in which they may be instructed by teachers speaking the same language with themselves and professing the same faith.

Governor Seward was from Auburn, NY, far away from those foreigners, and, as a matter of fact, if you would like to know the fact, those were Irish. And they did not speak English. They spoke Gaelic. But the idea that they had a right to public school was very clear to people, and very close to the Constitution.

Just for purposes of innocent merriment and the possible instruction of the Honorable Justices of the Court, I would like to ask unanimous consent that, and a few succeeding paragraphs, be printed in the RECORD.

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

This situation prompted the Whig Governor William H. Seward to make this proposal to the legislature in his message for 1840:

"The children of foreigners, found in great numbers in our populous cities and towns, and in the vicinity of our public works, are too often deprived of the advantages of our system of public education, in consequence of prejudices arising from difference of language or religion. It ought never to be forgotten that the public welfare is as deeply concerned in their education as in that of our own children. I do not hesitate, therefore, to recommend the establishment of schools in which they may be instructed by teachers speaking the same language with themselves and professing the same faith."

Instead of waiting for the rural, upstate legislature to ponder and act upon this proposal of an upstate Whig governor, the Catholics in the city immediately began clamoring for a share of public education funds.[44] The Common Council declined on grounds that this would be unconstitutional. In October, 1840, the Bishop himself appeared before the Council, even offering to place the parochial schools under the supervision of the Public School Society in return for public aid. When he was turned down, tempers began to rise.

In April, 1841, Seward's Secretary of State John C. Spencer, *ex officio* superintendent of public schools, submitted a report on the issue to the State Senate. This was a state paper of the first quality, drafted by an authority on the laws of New York State (who was also de Tocqueville's American editor). Spencer began by assuming the essential justice of the Catholic request for aid to their schools:

"It can scarcely be necessary to say that the founders of these schools, and those who wish to establish others, have absolute rights to the benefits of a common burthen; and that any system which deprives them of their just share in the application of a common and public fund, must be justified, if at all, by a necessity which demands the sacrifice of individual rights, for the accomplishment of a social benefit of paramount importance. It is presumed no such necessity can be urged in the present instance."

To those who feared use of public funds for sectarian purposes, Spencer replied that all instruction is in some ways sectarian: "No books can be found, no reading lessons can be selected, which do not contain more or less of some principles of religious faith, either directly avowed, or indirectly assumed." The activities of the Public School Society were no exception to this rule: "Even the moderate degree of religious instruction which the Public School Society imparts, must therefore be sectarian; that is, it must favor one set of opinions in opposition to another, or others; and it is believed that this always will be the result, in any course of education that the wit of man can devise." As for avoiding sectarianism by abolishing religious instruction altogether, "On the contrary, it would be in itself sectarian; because it would be consonant to the views of a peculiar class, and opposed to the opinions of other classes."

Spencer proposed to take advantage of the diversity of opinion by a form of local option. He suggested that the direction of the New York City school system be turned over to a board of elected school commissioners which would establish and maintain general standards, while leaving religious matters to the trustees of the individual schools, the assumption being that those sectarians who so wished would proceed to establish their own schools.

"A rivalry may, and probably will, be produced between them, to increase the number of pupils. As an essential means to such an object, there will be a constant effort to improve the schools, in the mode and degree of instruction, and in the qualification of the teachers. Thus, not only will the number of

children brought into the schools be incalculably augmented, but the competition anticipated will produce its usual effect of proving the very best material to satisfy the public demand. These advantages will more than compensate for any possible evils that may be apprehended from having schools adapted to the feelings and views of the different denominations."

The legislature put off immediate action on Spencer's report. But Catholics grew impatient. When neither party endorsed the proposal in the political campaign that fall, Bishop Hughes made the calamitous mistake—four days before the election—of entering a slate of his own candidates for the legislature. Protestants were horrified. James G. Bennett in the New York Herald declared the Bishop was trying "to organize the Irish Catholics of New York as a district party, that could be given to the Whigs or Locofocos at the wave of his crozier." The Carroll Hall candidates, as they were known, polled just enough votes to put an end to further discussion of using public funds to help Catholics become more active citizens.

Mr. MOYNIHAN. I thank the Chair.

Mr. ASHCROFT. Mr. President, if I might for a moment say a few words to close to state my support for the Dole bill as it exists rather than as it has been proposed to be amended, I thank the Senator from Maine for endorsing the concept of widening and broadening the groups of individuals in the culture who will help us solve the welfare problem. But to elevate the States to the place of a judicial entity which seeks to determine whether or not there has to be a separate structure in place in order to avoid first amendment problems I think is a compound misunderstanding.

First of all, it is a misunderstanding to think that the States could make a difference. The truth of the matter is whether or not you violate the first amendment cannot be determined by the State. The State can cause additional expense, or can place barriers in the roadway for religious institutions, but it cannot provide any kind of guarantee that there will not be a lawsuit.

Second, it is well settled law. I am talking about the modern law, and I thank the senior Senator from New York for his comments about the relationship between our States and funding for social services, and other types of services. But it is well settled modern law that the test of whether or not there is an infringement of the establishment clause is not a test of structure. The test is the test of activity, and a test of administration.

If you had a totally sectarian organization which was using government funds to meet public purposes, it is clear that religious institutions, according to the case of Bowen versus Kendrick—that is the 1988 case of the U.S. Supreme Court—religious institutions are not disabled by the establishment clause from participating in publicly sponsored social welfare programs. You could have a totally secular organization, a private, even business, corporation endowed by funds from the Federal Government, and, if its activities were to somehow impose religion using those funds, it would be an affront to the Constitution.

Recognizing that it was the activities that could potentially offend the Constitution, and not the structure that could potentially offend the Constitution, the Dole bill was carefully drawn so as to prohibit offensive activities and to allow the religious organizations to maintain their structure. We do not want religious organizations to have to change their character. We do not want them to have to belie what they are. We do not want them to have to participate in hiring practices and other difficult situations which are inconsistent with their belief structure. We want their help but we do not want them to use public funds in achieving religious purposes.

So the Dole bill has clear language which goes to the heart of the relevant facts of activity, not of structure, and it makes it clear that, since structure is not really important, this barrier of expense and intimidation which would stop some from participating and coming to the table to participate in a full range of these activities should not be mandated or allowed to be required by the States.

It is with that in mind that we seek to enlarge the community of care in America, and we seek to enlarge it in a way which will bring in individuals who can really make a difference.

I pointed out earlier that we had the refugee resettlement program which has specific authority to deal with religious organizations—and, as a matter of fact, has been operating that way—so that we have a test. We already have organizations. As a matter of fact, I believe most of the Members who are in this Chamber now who were in this Chamber in 1980 voted for this program without these special provisions.

It is interesting to me that in the closing days of the Bush administration they made a proposal, as a part of their service to this country, which recommended exactly what we have asked be done; that is, that we enlarge the group of individuals who are capable of assisting by inviting religious organizations, not to proselytize, not to promote their religion but to participate when their activities are characterized by the public purpose. And the Supreme Court of the U.S. has explicitly indicated that it is not structure but it is, in fact, purpose, and it is, in fact, activity which determines.

I just add that the Bowen case in that matter indicated that when the activities were specific and public purpose in nature—and they were defined clearly enough so that there could be an assessment of those activities and an evaluation of them by the State—that was the real test which decided whether or not there was an improper intermixing of church and state that would be in violation of the first amendment.

Mr. COHEN. Will the Senator yield?

Mr. ASHCROFT. Indeed, I am happy to yield.

Mr. COHEN. The Senator has on at least two occasions indicated the Dole legislation as currently written prohibits proselytizing. I have been looking at the language. I could not find it. Perhaps the Senator could direct it to my attention, the specific prohibition.

Mr. ASHCROFT. I refer to line 7, section 103—no funds used for programs established or modified under this act shall be expended for sectarian worship or instruction.

Mr. COHEN. The word proselytizing, I was looking for the word. I have not found it.

Mr. ASHCROFT. If I spoke to use proselytization, the word to my understanding does not actually appear—the provision just prohibits using funds for purposes of sectarian worship or instruction. I do not think that it would obviously allow proselytizing.

Mr. COHEN. I thank the Senator.

Mr. ASHCROFT. It is with this in mind that I urge the defeat of the Cohen amendment.

Mr. COHEN. Madam President, I believe we can dispose of part one of the amendment simply by voice vote, and then ask for the yeas and nays on the second part.

Mr. MOYNIHAN. That is quite agreeable, Madam President.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 2586, division I.

So division I of the amendment (No. 2586) was agreed to.

Mr. COHEN. Madam President, I ask for the yeas and nays on part 2 of the amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 2586, division II. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

The PRESIDING OFFICER (Mr. DEWINE). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 59, nays 41, as follows:

[Rollcall Vote No. 421 Leg.]

YEAS—59

Akaka	Feingold	Mikulski
Baucus	Feinstein	Moseley-Braun
Biden	Ford	Moynihan
Bingaman	Glenn	Murray
Boxer	Graham	Nunn
Bradley	Harkin	Packwood
Breaux	Heflin	Pell
Brown	Hollings	Pryor
Bryan	Inouye	Reid
Bumpers	Jeffords	Robb
Byrd	Johnston	Rockefeller
Campbell	Kassebaum	Sarbanes
Chafee	Kennedy	Simon
Cohen	Kerrey	Simpson
Conrad	Kerry	Snowe
Daschle	Kohl	Specter
Dodd	Lautenberg	Stevens
Domenici	Leahy	Thomas
Dorgan	Levin	Wellstone
Exon	Lugar	

NAYS—41

Abraham	Gorton	Mack
Ashcroft	Gramm	McCain
Bennett	Grams	McConnell
Bond	Grassley	Murkowski
Burns	Gregg	Nickles
Coats	Hatch	Pressler
Cochran	Hatfield	Roth
Coverdell	Helms	Santorum
Craig	Hutchison	Shelby
D'Amato	Inhofe	Smith
DeWine	Kempthorne	Thompson
Dole	Kyl	Thurmond
Faircloth	Lieberman	Warner
Frist	Lott	

So the amendment (No. 2586), division II, was agreed to.

Mr. COHEN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ASHCROFT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. SIMON addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. SIMON. Mr. President, I have an amendment that simply contains some technical corrections to an earlier amendment that I had tossed in. I would like to offer this amendment at this point. There is a pending amendment, however, is that correct, or is that not correct?

The PRESIDING OFFICER. Technically, all of the amendments are now pending.

Mr. SIMON. Mr. President, I ask unanimous consent that the pending amendments be set aside so that I may offer this amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

AMENDMENT NO. 2681 TO AMENDMENT NO. 2280

(Purpose: To provide grants for the establishment of community works progress programs)

Mr. SIMON. Mr. President, I send the amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Illinois [Mr. SIMON], for himself and Mr. REID, proposes an amendment numbered 2681 to amendment No. 2280.

Mr. SIMON. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. CHAFEE. Mr. President, I see the distinguished majority leader here. I wonder if we can get a little progress report or an expectation report.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, it is my understanding that we are making progress.

[Laughter.]

Mr. DOLE. I have been talking to the distinguished Democratic leader throughout the day. We believe there are about four or five areas if we can reach some agreement on we might wrap this bill up fairly quickly. I think they are discussing it. Staff is in my office now. I have not had a chance to get back to the Democratic leader.

Hopefully, what we might be able to do tonight, if Senators WELLSTONE, FAIRCLOTH, CONRAD, a Republican amendment and then Senator DORGAN can offer their amendments tonight.

Mr. MOYNIHAN. And Senator EXON.

Mr. DOLE. We could stack those votes starting at 10 o'clock tomorrow morning. Debate the amendments tonight, have the vote starting at 10 tomorrow morning, if we can work it out. If not, we will just have to stay here tonight and vote.

Mr. MOYNIHAN. I would like to add Senator EXON.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HARKIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2680

Mr. HARKIN. Mr. President, I ask unanimous consent to call up amendment 2680 and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Iowa [Mr. HARKIN] proposes an amendment numbered 2680.

Mr. HARKIN. Mr. President, I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in the Friday, September 8, 1995 edition of the RECORD.)

Mr. HARKIN. Mr. President, I understand the managers of the bill will accept this amendment. I will just take a very few minutes to describe it.

Mr. President, this amendment clearly expresses the sense of the Senate that any legislation we enact—whatever the final outcome of the welfare reform bill may be—should not eliminate or weaken the present competitive bidding requirements in any program using Federal funds to purchase infant formula.

This amendment does not impose any new requirements, but it says that whatever the outcome on this legislation, whenever Federal dollars are involved in purchasing infant formula, competitive bidding should be required in the same manner that it is now.

The reason I am concerned is that the House of Representatives has passed legislation that would create a new block grant encompassing the current WIC Program. But that bill does not require the States to use competitive bidding or equivalent cost containment, which is presently required for purchasing infant formula in the WIC Program.

WIC competitive bidding benefits two classes of people. It allows more people to be helped by WIC with the limited amount of money available. WIC still does not reach all eligible people, so savings allow more pregnant women, infants, and children to be served. And competitive bidding saves taxpayers' money because less spending is needed to achieve the objectives of WIC.

I must say at the outset, Mr. President, for the record, I personally do not favor converting WIC into a block grant or drastically changing it. WIC has been one of our most successful efforts to improve the nutrition and health of children.

Numerous studies have demonstrated the benefits and cost effectiveness of WIC. It saves money because it heads off a lot of problems that could be very costly. That is my own personal view.

Whatever may happen with respect to the WIC program, I strongly believe that we in Congress have a responsibility to prevent outright waste and squandering of Federal dollars. That is likely to result if we abandon the competitive bidding requirement.

The case for competitive bidding is too clear to ignore. Rebates obtained through competitive bidding for infant formula have reduced the cost of infant formula for WIC participants by approximately $4.1 billion through the end of fiscal year 1994, allowing millions of additional pregnant women, infants, and children to achieve better nutrition and health through the limited WIC funds available.

The Department of Agriculture has estimated that in fiscal year 1995, rebates obtained through competitive bidding for infant formula will total over $1 billion, which will enable WIC to serve approximately 1.6 million additional women, infants and children. For my State of Iowa, the fiscal year 1995 rebate savings will be about $7.8 million, allowing an estimated 12,734 more people to be served without one additional dime of cost to the taxpayers.

Mr. President, I worked very hard to include the provision in the 1987 Commodity Distribution Reform Act that allowed States to keep a portion of the savings they achieved through competitive bidding.

Without that provision, they could not have used those savings to serve more people. The money would have come back to Washington, DC. The chairman of the Agriculture Committee, Chairman LEAHY and I, worked closely together to get that legislation passed. In 1989, I introduced the Child Nutrition and WIC Reauthorization Act, which included a requirement to use competitive bidding or equally effective cost containment measures for purchasing WIC infant formula, and again worked closely with Chairman LEAHY in gaining its enactment.

All of the studies and the experience we have had since that time show that we have indeed saved a lot of money through competitive bidding, and we

have served a lot more people. It has been one of our most successful programs, as I said.

Mr. President, earlier this year, on February 28, 1995, there was an article in the Wall Street Journal. The headline says "Four Drug Firms Could Gain $1 Billion Under GOP Nutrition-Program Revision." What the headline referred to was doing away with the competitive bidding requirement in legislation before the House of Representatives.

I ask unanimous consent this article appear at the end of my statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit No. 1)

Mr. HARKIN. Just to repeat, this amendment is a sense-of-the-Senate resolution stating that whatever we do here we will continue to have competitive bidding in the purchase of infant formula using Federal funds.

I thank the managers of the bill. I thank Senator DOLE for his support and his willingness to accept this amendment.

EXHIBIT

[From the Wall Street Journal, February 28, 1995]

FOUR DRUG FIRMS COULD GAIN $1 BILLION UNDER GOP NUTRITION-PROGRAM REVISION

(By Hilary Stout)

WASHINGTON.—Four pharmaceutical companies stand to gain as much as a billion dollars under a Republican bill that overhauls federal nutrition programs for children and pregnant women.

The companies sell infant formula to the Women, Infants and Children (WIC) program, a federal initiative that provides formula as well as milk, beans, rice and other nutritious foods to poor children and to pregnant and breast-feeding women. Since 1989 the companies have been required by law to enter into a competitive bidding process in order to sell formula to WIC, resulting in rebates to the government that are expected to reach $1.1 billion this year.

A bill that cleared the House Economic and Educational Opportunities Committee on a party-line vote last week would turn the WIC program over to states in the form of a "block grant," and with it repeal the cost-containment competitive-bidding measure. An amendment to restore it was defeated by the committee. The legislation now moves to the House floor for consideration.

The four companies, the only domestic makers of infant formula—Ross Laboratories, a unit of Abbott Laboratories; Mead Johnson, a unit of Bristol-Myers Squibb Co.; Wyeth-Ayerst, a unit of American Home Products Corp.; and Carnation Co., a U.S. subsidiary of the Swiss conglomerate Nestle SA—fought the competitive-bidding measure fiercely when it came before Congress in the late 1980s. Until then, they were collecting retail prices for the infant formula they sold to WIC.

Sen. Patrick Leahy of Vermont, the senior Democrat on the Senate Agriculture Committee and the lawmaker who led the effort to enact the cost-containment measures, threatened to fillibuster the bill yesterday if it reaches the Senate. "It is really obscene," Sen. Leahy said. "The most conservative of people should, if being truthful, like the competitive bidding. . . . It's just rank hypocrisy."

If the bill reaches the Senate floor, Sen. Leahy continued, "I've spent 20 years building bipartisan coalitions and working on nutrition programs. If it's necessary to discuss my whole 20 years' worth of experience in real time, I'll do it."

In 1993, the latest year for which figures are available, the WIC program spent $1.46 billion in infant formula but received $935 million in rebates. That cut the overall cost of providing formula to $525 million, nearly a two-thirds reduction. Moreover, the states, which administer the program, were allowed to use the rebates to add more people to the WIC program.

The action on WIC comes as a liberal-leaning research group, the Center on Budget and Policy Priorities, released a study questioning the continuing effectiveness of some of the infant-formula rebates. The center's analysis found that in the last year, despite the cost-containment requirements, the cost of infant formula purchased through WIC has almost doubled in many states.

Since last March, the study said, 17 state WIC programs have signed rebate contracts with at least one of the major formula manufacturers. Under those agreements, the average net cost of a 13-ounce can of concentrated infant formula was 60 cents, compared with a 32-cent average price under rebate contracts signed during the previous 15 months, the study said.

The Federal Trade Commission has been investigating the infant formula makers' rebate and pricing practices, and at least one state, Florida, has filed suit against the manufacturers.

Mr. DOLE. We are prepared to accept the amendment.

Mr. MOYNIHAN. We are prepared to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2680) was agreed to.

Mr. MOYNIHAN. I move to reconsider the vote.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2545

Mr. DOLE. Mr. President, I will get a unanimous-consent agreement now that it has been cleared on each side.

In the meantime, what is the status of amendment 2545 offered by the Senator from Iowa—the other amendment, numbered 2545?

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. DOLE. I would be prepared to accept that amendment No. 2545 if we vitiate the yeas and nays and have no discussions.

Mr. HARKIN. If the leader will yield, that is very acceptable. I appreciate that very much.

Mr. DOLE. I ask the yeas and nays be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARKIN. I thank the Chair.

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment.

The amendment (No. 2545) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UNANIMOUS CONSENT AGREEMENT

Mr. DOLE. Mr. President, I ask unanimous consent the following amendments be in order tonight, in the following sequence, and that following the conclusion of all debate, the Senate proceed to votes on or in relation to each amendment at 10 a.m., in the order in which they were debated, that there be 10 minutes of debate equally divided in the usual form before the first vote and the debate between the remaining stacked votes be limited to 10 minutes equally divided in the usual form, and all votes in the voting sequence after the first vote be limited to the 10 minutes: Wellstone, 2584; Faircloth, 2609; Conrad, 2528; Jeffords, 2581; Dorgan 2535; McCain 2589; Exon 2525; Nickles 2556.

Mr. DASCHLE. Reserving the right to object, I ask the majority leader if we could add as the next amendment an amendment by Senator DODD, which may or may not be offered? But he would like to be added to the list. Obviously, it will be subject to our ongoing negotiation. But if we could add Senator DODD?

Mr. MOYNIHAN. To the list for tonight?

Mr. DASCHLE. To the list for tonight.

Mr. DOLE. I have no objection to that. That would follow disposition of the Nickles amendment, which is the last one on this list, if we do not have some agreement by then. But I would not be able to enter into a time agreement.

Mr. DASCHLE. That is right, and I do not know that Senator DODD will even be interested in offering the amendment, but it was at his request that we add his name. I think that would satisfy the needs on our side.

The PRESIDING OFFICER. Does the majority leader modify the request?

Mr. DOLE. Yes, I modify my request, if in fact the Senator from Connecticut, Senator DODD, wishes to offer an amendment, he be recognized following the disposition of the Nickles amendment No. 2556.

The PRESIDING OFFICER. Is there objection to the modified request? Without objection, it is so ordered.

Mr. DOLE. Mr. President, my view is we are trying to reach an agreement on about four major issues. Hopefully, we will have that determined by the time we complete voting on these tomorrow. If, in fact, we can reach an agreement, I hope all the other amendments would go away, at least nearly every other amendment go away. If we cannot reach agreement, then we would have a cloture vote sometime tomorrow after consultation with the Democratic leader.

It is still my hope to dispose of this bill tomorrow night because we have six appropriations bills to do. We would like to start appropriations bills on

Friday and then complete action on the appropriations bills on the 30th of September. If we can do that, there may be an opportunity for us to have a week's recess.

So I hope all of our colleagues would help us on the appropriations bills. To get to the appropriations bills, we have to finish welfare reform, and we are only going to have one cloture vote. If we do not get cloture, that is it. It will go in the reconciliation and all these amendments that are pending will be pending forever, I guess.

In any event, there will be no more votes tonight and the votes will start at 10 o'clock tomorrow morning.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, I call up my amendment No. 2584 on behalf of myself and Senator MURRAY.

AMENDMENT NO. 2584

The PRESIDING OFFICER. The Senator has called up amendment No. 2584, which is the pending question.

The Senator from Minnesota is recognized.

If the Senator will suspend a moment? If those Members who are having discussions in the aisle could please retire to the cloakroom?

The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, I thank the Chair for gaining order in the Chamber.

Mr. President, I will speak for a while and then I really would like to defer to my colleague from Washington, Senator MURRAY. Then I will complete my remarks.

Mr. President, could I have order in the Chamber, please?

The PRESIDING OFFICER. Those Members who are still in the aisle, please retire to the cloakroom so the Senator may be heard.

The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, last year the Congress made a commitment to fight the epidemic of violence against women and children when we passed the historic Violence Against Women Act. This commitment must not be forgotten as we debate welfare reform. Yet, the bill that we have before us does not contemplate even for 1 minute that many women are on welfare because they have escaped violence in their homes. Some of the studies that have been done show that as many as 60 percent of welfare mothers are women who were battered, women who have left a very dangerous home.

The last thing we want to do is force those women back into those homes. For many of these women, welfare is the only alternative, for some support it is the only alternative, for some public financial support for themselves and their children is the only alternative to a very dangerous home.

Domestic violence is one of the most serious issues our country faces. I wish I did not have to say that on the floor of the Senate, but it is the case. It knows no borders, neither race, gender, geography nor economic status shields someone from domestic violence.

Every 15 seconds a woman is beaten by a husband or a boyfriend every 15 seconds. Over 4,000 women are killed every year by their abuser. Every 6 minutes a woman is forcibly raped. The majority of men who batter women also batter their children. A survey conducted in 1992, Mr. President, found that more than half of battered women stayed with their batterer because they did not feel they could support themselves or their children. We do not want to put women in a situation where they have to stay in an unsafe home where their lives are in jeopardy, where their children's lives are in jeopardy because of a piece of legislation we passed.

Mr. President, this amendment allows an exemption for women who come out of these kinds of homes who have had to deal with this kind of physical violence, and it allows States to exempt people who have been battered—it could be a man; usually it is a woman—or subjected to extreme cruelty from the strict new rules that we have within the welfare system without being penalized for meeting the participation rate.

Mr. President, this amendment allows States to modify or to exempt women from some of the requirements in this bill. Monica Seles, the tennis player who was stabbed took 2 years before she could get back to playing tennis. Just imagine what it would be like for a woman who had been beaten over and over and over and over again and finally left that home with her children. How long does it take her to mend? Do we want to say she has to work or she is out? Two years and she is out? It may take a longer period of time.

This amendment says we ought to establish at the national level some overall standards so that States will exempt from some of the provisions of this piece of legislation women and children who come out of these circumstances.

Mr. President, the term "battered" or subjected to "extreme cruelty" includes physical acts, sexual abuse, neglect or deprivation of medical care, and extreme mental abuse. But we leave it up to the States to define those terms. But what we are saying is this is an epidemic. We made a commitment last year. We do not want to force a woman and her children because of their economic circumstances back into a brutal situation, back into a home which is not a safe home, but a very dangerous home. We have to provide some protection. That is the reason for this general guideline that we establish at the national level and then allow States to go forward. And it is extremely important that States be allowed to do so. Otherwise, they will be penalized for not reaching their employment goal.

Right now a State has no incentive to exempt a mother who is faced with these kinds of conditions because that State is trying to meet that work participation rate.

This amendment says States ought to be allowed that exemption or modifying it. For example, maybe a mother can meet the 2-year requirement. Maybe she cannot.

It is shocking, I say to my colleagues, because they go into a job training program they have trouble with their abuser. So maybe she cannot do that or maybe she can. Maybe the 5-year requirement does not work. We are talking about women and children who have lived through, if they are lucky enough, to have lived through nightmare circumstances.

So I certainly hope the Senate will have the compassion, and the Senate will have the commitment to women and children to allow this very, very important amendment to pass with this very important exemption.

I yield the floor.

Mrs. MURRAY addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Mr. President, I am very proud to join my colleague from Minnesota, Senator WELLSTONE, in offering this extremely important amendment. And I commend him on his very eloquent statement and appreciate his work on this very difficult and very important issue of battered individuals. He has committed a lot of time and energy to that. I want him to know how much I appreciate that.

We all know that America's poor face many obstacles as they try to get back on their feet and become productive, contributing members of our society. However, the women who have been victims of abuse and the children, frankly, who have witnessed this abuse, or were abused victims themselves, have even more barriers which impede their ability to move on and move up.

I would hope that this Senate steps back from the rhetoric of the past few days and the technical terms that we are using, and think for a few minutes about some of the people that this welfare reform bill is going to very directly affect as we pass it, in particular battered women and children.

These abused women and children have lasting scars that will take many years to heal, and they are often forced to live in fear that their abuser will find them and hurt them once again.

This amendment is important because we must recognize that women on public assistance who were battered confront unique obstacles and circumstances as they make the very difficult move from dependency to self-sufficiency. As we attempt to fix our troubled welfare system and help rebuild America's families, let us not make it harder for these women and their kids to get ahead and put there troubled past behind them.

Domestic violence and the impact that it makes on those who suffer this abuse is a very real and a very serious problem. In my State, a survey of

women on public assistance found that over half reported being physically abused by a spouse or a boyfriend.

Throughout this debate on welfare, I have come to the floor several times to talk about June, who is a welfare recipient in my State, and who is my partner in the Walk-a-Mile Program. That is a program that began in the State of Washington. It has gone across the country. That matches a welfare recipient with an elected legislator. We have talked on the phone. We have shared experiences. I shared mine with her. She has shared hers with me. So that we have gotten to know what it is like to live in each other's shoes. And I will tell you that hearing her story has really enabled me to better understand the everyday challenges of a young mother trying to make it on her own and to take care of two young kids. It has been difficult for June to share some of her stories with me because she was in a very abusive relationship. Her children witnessed their mother being beaten and verbally abused. In fact, June told me her most vivid memory of that time was hearing her frightened 3-year old daughter's pleading voice saying, "Daddy, are you going to kill my mommy? Please do not kill my mommy."

That is what this woman came from. And I can tell you as a mother, and as a former preschool teacher, memories like that have an everlasting and dramatic effect on the lives of children who experienced such pain and torment in addition to the emotional trauma that confronts both the woman who suffered abuse and the children who are exposed to it. There are many practical problems which prevent these women from succeeding that we have to consider as we look at this welfare debate.

First, these women who are abused survivors often have problems holding a job.

Second, women who have lived with a batterer often lack skills because their abuser did not allow them to go to work or to attend school.

And third, a woman who has left her abuser often faces the extreme danger of being stalked. And she may not be able to leave her house to go to job training classes or to work. And the same woman who has finally decided that enough is enough may live in fear that her abuser will come after her and to get their children and to take them away. Do we think that this woman is going to be a productive worker? Do we think she is going to leave her kids out of her sight? I can tell you the answer is no. These are difficult problems that these women have to overcome.

This amendment takes those factors into account and offers the flexibility States need to help women who have been abused to successfully improve their lives and that of their children.

We cannot ignore these problems that these women will face, and we have to make some exceptions for them. Believe me, and frankly believe June, my Walk-a-Mile partner. It will be hard enough for these families to make it. But let us not make it impossible.

As Senator WELLSTONE has so eloquently stated, we do not want to force these women back into the home of their abuser because welfare is not available for them.

I urge my colleagues to send the women and children of our Nation the right message: We care about you. We respect you. We want you to succeed.

Please cast your vote in favor of this amendment.

I thank the Chair. I yield the floor.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. I have much more to say, but I believe my colleague from North Carolina wants to speak now and I will wait and follow or respond to him.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. FAIRCLOTH. I thank the Chair.

I call up my amendment No. 2609, and I ask for its immediate—

Mr. WELLSTONE. Mr. President, I thought my colleague was here to debate my amendment.

Mr. FAIRCLOTH. I am sorry. I had an amendment. I thought the Senator was through.

Mr. WELLSTONE. No. I am sorry.

The PRESIDING OFFICER (Mr. BROWN). The Senator from Minnesota is recognized.

Mr. WELLSTONE. I thank the Chair.

I apologize to my colleague from North Carolina. I thought he was here to debate my amendment, and I did not want to keep him waiting.

Mr. President, let me just read a few examples that I think tell the story. Linda Duane from Edison, NJ.

Linda is a 38-year-old mother of five. Her ex-husband was a police officer. He was abusive toward her. In 1982, the abuse led her and her husband to separate. "At that time," she says, "domestic violence laws were not set up to protect women; they protected him." She was forced to move into her mother's home and she started to receive welfare. She had married right out of high school and never worked outside her home. When her divorce came through she paid back all the welfare payments.

For five years she was alone and on her own, but she did not get any counseling for her previous abuse. She became involved in an even more abusive relationship. She later separated from him but he continued to stalk her. He came to her place of employment and she was subsequently suspended from her job for a week. He hung himself the next week on her porch while her children were inside the house. She lost her job the next day because she was told she needed to receive mental help before she could return to work. She lost her home and ended up in a battered women's shelter and again began to receive benefits. She is currently in transitional housing where she is trying to put her life together. She just finished some college classes and hopes to return to school this fall.

Mr. President, another woman from St. Paul, MN, Fran Stark.

Fran, who I must say is quite a success story, is currently the office manager for TRIO and tutor coordinator for Student Support Services at the University of Minnesota. She married the year after she graduated from high school. But after 16 years of an abusive relationship she divorced her husband. That left her with two children and very few job skills. She went on welfare. She enrolled her son in Head Start and became involved with parent training courses there. She has since enrolled at the University of Minnesota and is almost done with her course work to get her bachelor's degree.

Lisa Yost from Wilmington, DE.

Lisa is a single mother. She has been on welfare since her daughter was born. The father of her child was unemployed and very abusive. After 3 years she could not take it any more. She had him arrested in 1993 and went to a shelter. She went on welfare and started to take her life back. She started school to get her GED. She testified that,

> Without welfare I would not be able to maintain my apartment or provide day care for my child. Food stamps help feed my family and we relied on Medicare while I am attending school. The abuse I suffered lowered my self-esteem which kept me from achieving any goals for myself and my child. Healing took time, counseling and a lot of effort from myself . . . Without the financial assistance of AFDC I would not have been able to get my life back on track.

Mr. President, what this amendment says one more time is let us not have a one size fits all welfare system. Let us at least make some commitment that there will be some compassion built into this piece of legislation.

Again, I say to my colleagues, all you have to do is spend some time with families that have been through this violence.

Monica Seles took 2 years to go back to the tennis court because of what she had to deal with. Imagine what it would be like to be beaten over and over again. How long does it take to heal? What we are saying is that this piece of legislation does not take into account any of these circumstances for women and their children.

What we are saying is that we set at the national level an exemption to the rules. Then we let States decide how to implement this and we make sure that no State, loses sight of this kind of an epidemic that we are faced with in this country and, no State is penalized for making sure that we do not take women who have been receiving some assistance and force them back into violent homes.

If this amendment does not pass, that is precisely what we are doing with this piece of legislation.

Again—and my colleague from Washington did a very fine job of really stating the case—it just takes time. If you

go to visit shelters, many of the women and men that work in the shelters will tell you that over 60 percent of the women who try to find shelters have to be turned away.

You are now on your own. You have been beaten. You suffer from the equivalent of post-traumatic stress syndrome. You are frightened. You are scared. Almost all of your confidence has been beaten out of you or you feel like a failure.

And I again remind my colleagues, every 15 seconds a woman is beaten by a husband or a boyfriend. Over 4,000 women are killed every year by their abuser. Every 6 minutes a woman is forcibly raped and over 60 percent of welfare mothers come from these kinds of abusive situations.

We have to have some exemption. So my amendment specifically says,

Notwithstanding any other provision of this bill, the applicable administering authority of any specified provision shall exempt from (or modify) the application of such provision to any individual who was battered or subjected to extreme cruelty if the physical, mental, or emotional well-being of the individual would be endangered by the application of such provision.

That is legalese. What we are saying is that a State can establish the criteria of what is abuse or extreme cruelty. But States must not be penalized when they make exceptions for the victims of domestic violence. They do not have to count these victims in their calculation of participation rates.

Mr. President, there was a study of a training program in Chicago that found that 58 percent of its participants were current victims of domestic violence, and an additional 26 percent were past victims.

So what happens, to give an example, when a mother now tries to go into a job training program to move into the work force, but the confidentiality she needs to be safe from her husband is breached, or for her boyfriend who is fiercely possessive and angry because she is now in a job training program. And many women get beaten up because they go into these job training programs. We are going to have to take some kind of an allowance. There has to be some sort of an allowance for these kinds of special circumstances.

Mr. President, do we want to say after 5 years no more assistance and you have got to go back into this kind of home regardless of the circumstances? What happens if a woman cannot find a home? What happens if she cannot go into a job training program, no fault of her own? What happens if her children who were also beaten or who saw their mother beaten over and over and over again and are emotionally scarred and she needs to spend more time at home with those children? What happens, Mr. President, if she has to leave the State to get away from her batterer because she is not safe in that State, which means she has to essentially uproot herself, go to another State, start her life all over again, which makes it much more difficult, we all know, to find a home, to find a job, to get back on your own two feet?

Mr. President, if we were going to say that a young mother under 18 years of age should not automatically assume that she can set up a separate household and receive full support. She should stay with her family. Fine.

But what if she is in an abusive home? What if she herself has been battered? Do we want to force her back into that home? Do we want to say that is the only place she can be?

Mr. President, there are many other examples that I could give. But as we search for solutions that will help women and children escape poverty, we must understand the violence that exists in the lives of many economically vulnerable women and their children. And this whole debate on welfare reform that we have had is just one more glaring example of the lack of awareness, I think on our part, unfortunately, and understanding of domestic violence. The whole community has to be there to support these women and their children. Otherwise, they are not going to have the opportunity to become safe, and then to become strong and independent and healthy families. But the burden cannot just be put on the mother.

It seems to me that this debate is the same old "it's not my business" excuse. But it is our business. We must all be involved. Domestic violence is a root cause of violence in our communities, and we must do everything we can to end the cycle of violence. And I will tell you right now, this will not be real welfare reform if it is one-size-fits-all, if we do not at least set some sort of national standard, giving States maximum flexibility to make sure that there is an exemption for women and children who come from such families, or at least some modification.

I say to my colleagues, do not put women and children in a situation where they have no other choice but to go back into a home where their very lives are at risk.

Unfortunately, that is not melodramatic. I know this. I know it from the work that Sheila, my wife, and I do in Minnesota with so many women and children who have been victims of domestic violence. We just lost sight of this.

Last year we passed the Violence Against Women Act. In one short year, has so much changed that we are no longer willing to look at these special concerns and circumstances of the lives of these women and these children?

Mr. President, this is an amendment that deals with the protection of battered individuals. Usually they are women and children; sometimes men. This is an amendment that I think builds into this piece of legislation an extremely important exemption. It is an amendment, if passed, which will be nationally significant because the U.S. Senate will be saying that we understand the magnitude of the problem of domestic violence, of family violence in our Nation, that we understand that in this welfare reform bill there ought to be some sort of allowance set at the national level with States having maximum flexibility so that we do not lose sight of the fact that all too many of these welfare mothers having come from violent homes, having been battered, they may not be able to adhere to all these requirements. And we need to allow for that. We need to have either an exemption or some kind of modification, letting States administer it.

And, Mr. President, if we do not pass this, we are unwittingly going to put many women in a situation where they are going to have to return to that violent home, to that dangerous home, because they have no other alternative. We are cutting them off the welfare. And the welfare was the only alternative they had to that abusive relationship. We cannot go backward in that way.

Mr. President, I do not see anybody here on the floor that seems interested in debating me on this. For tonight, I will take that as a sign of unanimous support. But I leave the floor full of optimism that I will get good bipartisan support for this amendment.

I would yield the floor to my colleague from North Carolina.

Mr. FAIRCLOTH addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina is recognized.

AMENDMENT NO. 2609

Mr. FAIRCLOTH. Mr. President, I call up my amendment No. 2609 and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, amendment No. 2609 now becomes the pending question before the Senate.

The Senator from North Carolina is recognized.

Mr. FAIRCLOTH. Mr. President, I have heard a number of my colleagues remark today that there is no evidence which connects welfare with illegitimacy. And I would say first that not even President Clinton agrees with this. President Clinton believes there is a link between welfare and the collapse of the family.

I ask unanimous consent a list prepared by the Heritage Foundation of 19 recent academic studies on the link between welfare benefits and out-of-wedlock births be printed in the RECORD.

There being no objection, the studies were ordered to be printed in the RECORD, as follows:

STUDIES OF WELFARE AND ILLEGITIMACY

The following is a list of nineteen studies conducted since 1980 on the relationship of welfare to illegitimacy. Fourteen of these studies found a relationship between higher welfare benefits and increased illegitimacy.

1. Bernstam, Mikhail S., "Malthus and Evolution of the Welfare State: An Essay on the Second Invisible Hand, Parts I and II", working papers E-88-41, 42. Palo Alto, CA, Hoover Institution. 1988

Research by Mikhail Bernstam of the Hoover Institution at Stanford University shows that childbearing by young unmarried

women may increase by 6 percent in response to a 10 percent increase in monthly welfare benefits; among blacks the increase may be as high as 10 percent.

2. Hill, M. Anne, and O'Neill, June, "Underclass Behaviors in the United States: Measurement and Analysis of Determinants", Center for the Study of Business and Government, Baruch College, February 1992

Dr. June O'Neill's research has found that, holding constant a wide range of other variables such as income, parental education, and urban and neighborhood setting, a 50 percent increase in the monthly value of AFDC and Food Stamp benefits led to a 43 percent increase in the number of out-of-wedlock births.

3. Fossett, Mark A., and Kiecolt, K. Jill, "Mate Availability and Family Structure Among African Americans in U.S. Metropolitan Areas", Journal of Marriage and Family, Vol. 55, May 1993, pp. 288-302.

This study of black Americans finds that higher welfare benefits lead to lower rates of marriage and higher numbers of children living in single parent homes. In general, an increase in roughly $100 in the average monthly AFDC benefit per recipient child was found to lead to a drop of over 15 percent in births within wedlock among black women aged 20 to 24.

4. Winegarden, C.R., "AFDC and Illegitimacy Ratios: A Vector-Autoregressive Model", Applied Economics 20 (1988), pp. 1589-1601.

Research by Dr. C.R. Winegarden of the University of Toledo found that half of the increases in black illegitimacy in recent decades could be attributed to the effects of welfare.

5. Lundberg, Shelly, and Plotnick, Robert D., "Adolescent Premarital Child Bearing: Do Opportunity Costs Matter?", discussion paper no. 90-23, Seattle: University of Washington, Institute for Economic Research, 1990.

Research by Shelley Lundberg and Robert D. Plotnick of the University of Washington shows that an increase of roughly $200 per month in welfare benefits per family causes the teenage illegitimate birth rate in a state to increase by 150 percent.

6. Ozawa, Martha N., "Welfare Policies and Illegitimate Birth Rates Among Adolescents: Analysis of State-by-State Data", Social Work Research and Abstracts, 14 (1989), pp. 5-11.

Research by Dr. Martha Ozawa of Washington University in St. Louis has found that an increase in AFDC benefit levels of $100 per child per month leads to roughly a 30 percent increase in out-of-wedlock births to women age 19 and under.

7. O'Neill, June, "Report of Dr. June O'Neill" (affidavit in lawsuit concerning the New Jersey family cap policy.)

This study using data from a controlled scientific experiment show that the New Jersey "family cap" limit on AFDC benefit significantly reduced out-of-wedlock births among mothers on AFDC. The cap was shown to reduce the monthly value of aggregate welfare benefits for an AFDC family by 4 percent and to result in a 19 to 29 percent reduction in the number of illegitimate births to AFDC recipients.

8. An, Chong-Bum, and Haveman, Robert, and Wolfe, Barbara, "Teen Out-of-Wedlock Births and Welfare Receipt: the Role of Childhood Events and Economic Circumstance", The Review of Economics and Statistics, May 1993.

This study finds large effects of welfare on illegitimacy. A 20 percent increase in welfare benefit levels across all states would increase the probability of teen out-of-wedlock births by as much as 16 percent. (However, the authors state that these findings should be treated cautiously because they were not proven to be statistically significant.)

9. Murray, Charles, "Welfare and the Family: The U.S. Experience", Journal of Labor Economics, Vol. 11, pt. 2, 1993, pp. 224-262.

This study finds positive effect of welfare on illegitimacy.

10. Plotnick, Robert D., "Welfare and Out-of-Wedlock Childbearing: Evidence from the 1980's", Journal of Marriage and the Family (August 1990), pp. 735-46.

This study finds positive effect of welfare on illegitimacy.

11. Schultz, Paul T., "Marital Status and Fertility in the United States", The Journal of Human Resources, Spring 1994, pp. 637-659.

This study finds higher welfare benefits significantly reduce marriage rates.

12. South, Scott J., and Lloyd Kim M., "Marriage Markets and Nonmarital Fertility in the United States" Demography, May 1992, pp. 247-264.

This study finds a positive relationship between welfare and the percentage of births which are out-of-wedlock.

13. Robins, Phillip K and Fronstin, Paul, "Welfare Benefits and Family Size Decisions of Never-Married Women", Institute for Research on Poverty: Discussion Paper, DP #1022-93, September 1993.

This study finds that higher welfare benefits lead to more births among never-married women.

14. Jackson, Catherine A. and Klerman, Jacob Alex, "Welfare, Abortion and Tennage Fertility", RAND research paper, August 1994.

This study finds higher welfare benefits increase illegitimate births.

STUDIES WHICH FIND NO RELATIONSHIP BETWEEN WELFARE AND ILLEGITIMACY

1. Acs, Gregory, "The Impact of AFDC on Young Women's Childbearing Decisions", Institute for Research on Poverty, Discussion Paper #1011-93.

This study finds a small relationship between higher welfare benefits and total births to white women, but no significant relationship between welfare and illegitimate births. The study does, however, show that being raised in a single parent home doubles the probability that a young woman will have a child out-of-wedlock.

2. Duncan, Greg J. and Hoffman, Saul D., "Welfare Benefits Economic Opportunities and Out-of-Wedlock Births Among Black Tennage Girls", Demography 27 (1990), pp. 519-35.

This study finds no effect on welfare on illegitimacy.

3. Ellwood, David and Bane, Mary Jo, "The Impact of AFDC on Family Structure and Living Arrangements", Harvard University, March, 1984.

This study finds no effect on welfare on illegitimacy.

4. Keefe, David E., "Governor Reagan, Welfare Reform, and AFDC Fertility", Social Service Review, June 1983, pp. 235-253.

This study found no link between welfare and illegitimacy.

5. Moffitt, Robert, "Welfare Effects on Female Headship with Area Effects" The Journal of Human Resources, Spring 1994, pp. 621-636.

This study does not find that higher welfare benefits lead to higher illegitimacy.

Mr. FAIRCLOTH. Fourteen of these studies found the relationship between higher welfare benefits and increased illegitimacy. Five studies do not. The most interesting of these is the study by Dr. June O'Neill, Director of the Congressional Budget Office.

This study shows that a 50-percent increase in the monthly value of AFDC and food stamp benefits leads to a 43 percent increase in the number of out-of-wedlock births.

A 50-percent increase in monthly benefits leads to a 43 percent increase in out-of-wedlock births. My pending amendment modifies the provision in the Dole bill which allows welfare funds to be used for cash aid to unmarried teenage mothers. The amendment is designed to disrupt the pattern of out-of-wedlock childbearing that is passing from one generation to the next.

My amendment seeks to stop giving cash aid that rewards multigenerational welfare dependency. I believe the Federal Government should never have been in the business of saying to a 16-year-old girl, "Have a child out of wedlock and we will mail you a check each month."

Earlier I offered an amendment which would have prohibited Federal funds to be used for cash aid to unmarried teenage mothers unless a State legislature specifically voted to use Federal funds in that manner.

Under my previous amendment, Federal funds could be used for in-kind benefits or vouchers and State funds could be used for cash. But Federal funds could not be used for cash to teenage mothers unless the legislature of that State so voted to do so.

I think that is a fine amendment. But some people feel that even this is too great a restriction on State flexibility. So I present another amendment which allows Federal cash aid to teenage mothers but only under certain circumstances.

The amendment I am now offering is a modification of the provisions in the Dole bill on giving Federal cash aid to minor mothers.

Let us be clear about what the Dole bill currently does. The bill says you can use Federal funds to give vouchers and in-kind benefits to an unmarried teenage mother, or you can use funds to put the mother in a supervised group home. That is fine, and we all agree. But the Dole bill goes on to say, however, that you can use Federal funds to give cash benefits to unmarried teenage mothers if that teenage mother resides with her parent. If she resides with her parent, she can receive Federal cash benefits.

Let us be very clear what type of household we are putting cash into. In this household, there will be three people: First, the newborn child; second, the unmarried teenage mother of that child; and third, the mother of the teenager, the adult who is the grandmother of the newborn child.

The problem with this scenario is that the adult woman, the mother of the teenager and the grandmother of the new child, the woman upon whom we are counting for adult supervision of the unmarried teenage mother, is very likely to have been or be an unmarried welfare mother herself. It is very likely that this adult mother gave birth to the teenager out of wedlock

some 15 years ago and raised her, at least in part, on welfare. This is the grandmother.

The young teenager, in giving birth out of wedlock, is simply repeating the pattern and model which her mother gave her.

Let me provide the Senate and the public with a few statistics:

A girl who is raised in a single-parent home on welfare is five times more likely to have a child out of wedlock herself than is a girl raised with two parents and receiving no welfare—a girl raised in a single-parent home on welfare is five times more likely than a girl raised in a two-parent family.

Roughly two-thirds of all unwed teenage mothers were raised in broken or single-parent homes—two-thirds of all unwed teenage mothers.

What we have here is a pattern of illegitimacy and a pattern of welfare dependency which passed from one generation to the next. The amendment I am now offering is intended to break up this lethal and growing pattern of multigenerational illegitimacy and multigenerational welfare dependency.

The current amendment follows the same basic rule on teenage mothers as the Dole bill, which says you cannot use Federal funds to give cash aid, a check in the mail, to a teenage mother unless that teenage mother resides with her parents or another adult relative.

My amendment maintains that same basic rule, but adds one limitation. The limitation states that an unmarried teenage mother cannot receive Federal cash aid, a check in the mail, if the parent or adult relative the teenager is living with herself had a child out of wedlock and has recently received aid to families with dependent children. The whole approach here is to break the cycle of children born out of wedlock.

The teenage mother cannot get cash aid, cannot get a check in the mail if she is residing with a parent who herself has had a child out of wedlock and was a welfare mother. The teenager in these circumstances could receive vouchers or federally funded in-kind aid, but she could not get a federally funded check in the mail if she is living with an adult who has had a child out of wedlock and then been a welfare mother herself.

This restriction applies only to Federal funds. A State can use its money to send a check in the mail to anyone it wants. But what we are doing is trying to break the cycle. American communities are being torn apart by multigenerational illegitimacy and multigenerational welfare dependency. In some communities, the out-of-wedlock birth rate is now reaching 80 percent. We need to disrupt this pattern of out-of-wedlock births from one generation to the next.

But instead of disrupting the pattern, the Dole bill reinforces it, even sanctifies it. It pretends the answer to teenage illegitimacy is to have the teenager reside with her mother who, in many cases, was the source of her problem in the first place.

If you vote against this amendment, you are voting to give cash aid to multigenerational welfare households. If you vote against this amendment, you are voting to subsidize and promote multigenerational illegitimacy. If you vote against this amendment, you are voting to continue the very policies that are destroying and ruining lives of young women and children and condoning and promoting multigenerational dependency, illegitimacy, not welfare reform. And what we are here for is to reform welfare.

No society has ever survived the collapse of the family within that society. No nation can survive the death and destruction of its families. Families in America are on the brink of collapse. Let us not push the American family into its grave with this type of welfare program.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who seeks recognition? The Senator from Connecticut is recognized.

Mr. LIEBERMAN. Mr. President, I am going to withhold for a moment. I see my friend and colleague from North Dakota with whom I am cosponsoring the next amendment coming onto the floor. It is appropriate that he call up the amendment and begin the debate.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

AMENDMENT NO. 2528

Mr. CONRAD. Mr. President, I thank my colleague from Connecticut. I call up the Conrad-Lieberman amendment No. 2528.

The PRESIDING OFFICER. Without objection, it is so ordered.

The PRESIDING OFFICER. The pending question is now the Conrad amendment.

Mr. CONRAD. Mr. President, this amendment promotes a comprehensive strategy to prevent teen pregnancy. If there is one problem I think Senators on both sides of the aisle recognize is right at the center of the problems of this Nation, it is the dramatic increase in teen pregnancy. I have talked to my colleagues before and shown a chart that shows that in 1992 there were more than a half million births to teen mothers, and 71 percent of those births were to unmarried parents. I have also shown my colleagues, in the past, a chart that demonstrates that our Nation's teen birth rate is now more than twice as high as in any other industrialized country.

The Federal Government, we believe, has a responsibility to assist States in developing effective teenage pregnancy prevention strategies, and that will help prevent the cycle of poverty that results.

The Conrad-Lieberman amendment does the following: It provides $300 million, over 7 years, for States to develop adult supervised living arrangements. I call them "second chance homes." They are places where young, unmarried mothers can get the structure and supervision that they need to turn their lives around.

Second, the Conrad-Lieberman amendment retains the requirement added to the Dole bill that teen parents live with their parents or another responsible adult and that they stay in school. There are a lot of things we do not know. But we do know that for a teenage parent to have a chance, it is critically important that they be in an adult-supervised setting and that they stay in school. If there is one thing that is clear, it is that.

Mr. President, the Conrad-Lieberman amendment also establishes a national goal to reduce out-of-wedlock pregnancies to teens by 2 percent a year. It encourages communities to establish their own teenage pregnancy prevention goals. It establishes a national clearinghouse to share what we learned about what works to prevent teenage pregnancy. It establishes a 5 percent set-aside for teen pregnancy prevention strategies to be developed by the States.

Finally, the Conrad-Lieberman amendment calls for the aggressive prosecution of men who have sex with girls under the age of 18.

Mr. President, there is compelling evidence that two things have an enormous impact on long-term welfare dependency: teenage pregnancy and lack of a high school education.

According to the General Accounting Office, in 1992, teen mothers comprised 42 percent of the welfare caseload. We also know that 63 percent of those on welfare for more than 5 years have less than a high school degree.

Mr. President, if you start analyzing the problem of welfare dependency, you have these two factors, and they are very, very clear: teenage pregnancy and lack of a high school education.

If we are really going to reform welfare, we absolutely must confront both of these issues. We must reduce teen pregnancy, and we must require that those teen parents get an education to equip them to care for their children. The Conrad-Lieberman amendment does both.

Mr. President, I want to highlight our provision related to second-chance homes. The second-chance home provision is supported by a significant sector of the religious community, including the U.S. Catholic Conference. Second-chance homes are commonsense responses to the teen pregnancy crisis.

I want to acknowledge the tremendous work of the Progressive Policy Institute, and specifically Kathleen Sylvester, in developing this recommendation. Second-chance houses are innovative, adult-supervised living arrangements that should be available to teens who are unable to live with a parent or other responsible adult. Communities can use second-chance homes to create a structured living environment that provides education and training, early childhood intervention and development, case management, and family counseling.

We have a bipartisan agreement that States should provide adult-supervised living arrangements. The requirement in this bill, however, could unintentionally place teen parents at risk of being forced to live in abusive households.

Mr. President, if we are not going to force young girls with infants of their own to live in households with abusive parents, then we must provide appropriate alternatives to be available.

As currently written, the Republican bill acts as a disincentive to States serving these young girls at all. Why? First, when the authors of the Republican bill added the adult-supervision requirement, they failed to add any funding to make it work. Second, because it costs money to develop structured environments like second-chance homes, States are much more likely to use the very limited funds in the bill for other purposes.

Therefore, the most vulnerable teenage girls with their own children will simply not be served by most States. This is why the U.S. Catholic Conference, Catholic Charities, and the National Council of Churches support my proposal. In fact, last Friday, Catholic Charities sent a letter to every Member of the Senate supporting my approach. Their letter said:

> The first principle in welfare reform must be: "Do no harm."

The letter went on to say:

> We support Senator CONRAD's amendment, which not only would require teen mothers to live under adult supervision and continue their education, but it would also provide the resources for second chance homes to make that requirement a reality.

The majority of teenage mothers will live with their parents, with legal guardians, with relatives, or foster parents. In some cases, however, there will be no place for the teen mother and her child to go. That is the reason and that is the purpose for second-chance homes.

Teen mothers are extremely difficult to place in foster care. Most foster families simply do not want them. Go to any foster-care agency and ask them what is the most difficult placement they have. Other than the severely disabled, there is nothing more difficult to place in a foster-care home than a young mother with her own child.

Certainly, none of us want to deny needed aid to a teen mother and her child when no suitable adult is available to look after them. We must provide the means for States and local communities to create structured living environments for these teens. It takes money to develop the kinds of structured settings that will be needed.

The Conrad-Lieberman amendment provides funding for States to develop such settings—these second-chance homes—where teenage mothers can have the attention, the discipline, supervision, and structure that they need in order to have a second chance.

Our Nation simply cannot sustain a system that locks millions of children into a lifetime of poverty because their parents were teenagers when the children were born. Confronting teenage parenthood requires a comprehensive approach, with maximum flexibility for States. That means providing the resources to enable States to prevent teenage pregnancies, including the development of second-chance homes.

During the debate on the Coats amendment earlier today, there was much discussion of the need to capitalize on community resources. Many local institutions and individuals do a remarkable job of instilling positive values in teen mothers and others in need. One of the best examples that I have seen is Covenant House. Covenant House is a Catholic-based charity that provides an excellent model of what second-chance houses can be. When Covenant House takes young mothers under their wing, those mothers seldom experience a second pregnancy until they are ready to provide for that child.

The strategies in the Conrad-Lieberman amendment can provide a significant boost to our national attempt to combat teen pregnancy. I hope our colleagues will support it.

In closing, Mr. President, let me just say that among the most compelling testimony before the Finance Committee was the testimony of Sister Mary Rose McGeady. The sister came before the Finance Committee, and she described to us what they have experienced at Covenant House, taking in hundreds and hundreds of young mothers, unmarried, and their children.

She said over and over, our experience has been if you provide structure, if you provide supervision, if you give these people a vision, that they can lift themselves beyond their current circumstances and have a chance to succeed in life.

If they can make the best of the opportunities that they have, if they see a path through education to make something of their lives, they will not have a second child until they are ready to care for that child.

I wish my colleagues could meet this sister who runs Covenant House, see the sparkle in her eye and see the spring in her step and see the vision that she has of what we can do to really achieve results in combating teen pregnancy.

She has been there. She has been in the trenches. She has fought the fight. She has done it successfully.

We ought to make certain that model is available in every State in this Nation. That would do something serious about combating a problem that I think all of us understand to be one of the critical problems facing this Nation.

I thank the Chair. I yield the floor.

Mr. LIEBERMAN. Mr. President, I thank my friend and colleague from North Dakota for his outstanding statement and for the work that we have done together to fashion this amendment. I am proud to be his cosponsor of it.

Mr. President, there has been considerable talk in this debate about the problem of babies born out of wedlock, particularly babies born out of wedlock to teenage mothers, as well there should be. It has a direct and powerful effect on the welfare caseload.

The fact is that although teenage mothers themselves make up only a small percentage of the welfare caseload today, only 8 percent in 1994, the fact is over half of the mothers on welfare today had their first children when they were teenagers.

The problem of teenage pregnancy is central to the problem of welfare. To state the obvious, but sometimes it is important to do so, this has been constructed as a program of aid for dependent children. More than half of the mothers on welfare have dependent children because they had babies when they were teenagers and there is no father around.

Obviously, we are focusing on this problem of babies being born out of wedlock and babies being born to teenagers out of wedlock because it is a more broadly threatening social catastrophe that is affecting our country.

Take a look at the statistics with regard to prisoners in our jails today and you will find a startling number of them were born to mothers out of wedlock and grew up with no fathers in the house.

In trying in this bill to do something about teenage pregnancy and babies born out of wedlock generally, I think we are trying to do something not only to reform the welfare system but to make ours a safer society, and in the process to save some of these children born to poor teenage mothers, born to a life which in most ways is without hope for the mother and for the child.

Senator CONRAD and I are thinking of fashioning the broadest approach to this problem of teenage pregnancy that will be part of this debate. I hope our colleagues on both sides will look at the details of this proposal and join in trying to create, really, a national crusade against teenage pregnancy.

A national crusade which can be directed by a Federal official which will feature a national clearinghouse so that States and private and philanthropic charitable institutions can share ideas about programs that have to cut the rate of teenage pregnancy. A national campaign which will set national goals and give each State the goal of reducing their teenage pregnancy rate by 2 percent a year. It does not sound like a lot, but today it is skyrocketing in the other direction.

Create a goal of involving 25 percent of the communities in America in teenage pregnancy prevention programs. Then to put some money behind all this to take the existing title 20 program which covers a host of social programs for the poor, and mandate that each State use 5 percent of the money they receive under title 20 for teen pregnancy prevention activities.

It is that critical a problem facing our country. Mr. President, the birth

rate for single teenage parents has tripled since 1960 from 15 to 45 births per 1,000 unmarried girls age 15 to 19.

More than a third of the babies born in America today are born out of wedlock. It is a startling change in sociology in the family and reflects a startling change in values.

We spend a lot of time talking about why it has happened. I will come back to this in a while. Some of it has to do with the messages that the media are sending our kids as they grow up. Some of it clearly has to do with an increasing sense of sexual permissiveness which we see by these stunning numbers is not without its consequences and its victims. Its victims are the poor babies born to poverty with a teenage mother without a father in the House.

What kind of hope can that poor child have to make something decent of his or her life. I think the change in values has had its consequences here.

I fear that the welfare system has all been part of the problem. I do not say it has created the problem. It is much more complicated than that. There is no question in my mind based on reading I have done, based on conversations I have had with young women who have had babies out of wedlock when they were teenagers, that the existence of the welfare system has in some measure facilitated, enabled, made more likely, the birth of babies out of wedlock to teenage girls.

We all pay the price for that consequence. That is why dealing with the problem of teenage pregnancy, dealing with the problem of babies born out of wedlock, has to be a central part of our effort at welfare reform.

Each year about 1 million teenage girls become pregnant and confront the consequence of that pregnancy. About half of those girls have their babies. Half a million babies, roughly 40 percent have abortions, and another 10 percent of those teen mothers miscarry.

Well over 60 percent of the teenage mothers are single. They are not married. For those single mothers who raise their babies, the consequences are obviously grim, particularly if the mother does not have at least a high school education. Of course, many who are below the age of 17 or 18, who have their babies, do not have a high school education.

As William Raspberry, columnist, noted in the Washington Post, children born to parents who had their child born out of wedlock before they finished high school and reached the age of 20 are almost guaranteed a life of poverty. Bearing a child in your teens as a single mother is simply wrong, and our society must give that message to men and women who are responsible for the birth of those babies to single teenage mothers. It is contrary to our values. It is contrary to our interests. It is contrary to the interests of those young women and the children they bear.

Unfortunately, our current welfare policies too often send the opposite message, and that is why they need to be changed. We need to require teenage parents who receive welfare to live at home with their own families or, if that is not appropriate, in adult supervised group homes, some of the Second Chance Homes that Senator CONRAD has described so well, that will be enabled by the amendment that we offer tonight.

In my conversations with young women who gave birth to babies out of wedlock when they were teenagers, and I asked them, "Why did you do it," I must say, first, I was impressed by the overwhelming percentage of these young women I spoke to who said, "Senator, I love my baby, but I wish I had not had the baby when I was so young."

I would say, Why did you do it, as you look back at it?

Some said the obvious: "I did not protect myself when having sex."

Others said, "I did it in part because I knew if I had a baby I would be able to go on welfare, and that welfare check would enable me to move out of my house and to become independent."

Any of us who have raised teenage kids know that they all want to be independent. The idea that these young women would have incorporated a value system, or lack of such, that would lead them to want to have a baby to get the welfare check to move out of their houses, that is a sad commentary on where we are. And that is why it is so critical to require, and send a message, that that is not going to be the way out of the house anymore. If you are a teenage mother and you want welfare, you have to live at home or you have to live in a supervised group home setting, such as the superior Second Chance Homes that Senator CONRAD has described. We ought to require them to stay in school and to take parenting classes. It is no excuse, and it ought not to be an excuse, for young women who have babies to drop out of school.

The amendment that we have proposed tonight builds on this foundation by establishing the national goals that I have talked about and the clearinghouse. Let me briefly discuss these provisions.

I think if we want to make significant progress on this issue, we have to set national goals. That is what Senator CONRAD and I have done in this amendment. We have to be able to measure our progress toward those goals. This amendment establishes that goal, reducing out-of-wedlock teen pregnancy rates by 2 percent a year.

The purpose of the national goal is to galvanize the efforts of the public and private sector to address this problem. As President Clinton said on August 9 when he visited North Carolina, "Teenage pregnancy is not a problem that we in Government alone can fix." How right he was. President Clinton said he is working to get all the leaders of all sectors of our society involved in this fight. I think we, in this welfare reform legislation, can add momentum and support to his effort by establishing clear national goals that both private and public sector organizations can aim at and rally around. We have to put our energy where it is most likely to make a difference in children's lives.

In shaping policies to achieve the goals we are setting out here, I think we have to keep in mind some of the terrible facts about pregnant teenage girls. As Kathleen Sylvester of the Progressive Policy Institute said in a recent Washington Post op-ed, "Most teenage mothers come from poor, dysfunctional families. Many have been neglected or abused." This is the cycle of poverty and dysfunction that continues from generation to generation. Ms. Sylvester reported that as many as two-thirds were victims of rape or sexual abuse at an early age. And, sadly, the abuser was often a member of their household. That is why we are talking about Second Chance Homes tonight. As a consequence, teenage mothers start out extremely vulnerable to the sexual advances of older men.

Mr. President, there was a recent study done by the Alan Guttmacher Institute that produced results that we have discussed here on the floor before, but I found them startling. Bringing together a number of studies, they reported that half of the babies, at least half of the babies born to teenage mothers, were fathered by an adult man. I must say that my vision of this problem was that these children being born to teenage mothers were the result of casual, irresponsible sex with two teenagers. Not so, according to this study—in most cases, in more than half the cases. The younger the mother, according to the study, the greater the age difference between her and the father of the baby.

Among California mothers, in one study of mothers aged 11 to 15—between the ages of 11 to 15—women, young girls, who would carry the baby to birth, 51 percent of them said that the fathers of those babies were adults, were over 18.

There are studies we could go on and on with. But the point is that these are appalling findings, and they cry out to us to try to do something to protect these young women.

When we talked about these statistics a few days ago on the floor, the senior Senator from New York, Senator MOYNIHAN, stood and made a point that I found very provocative and also, I think, insightful, which is that, tragically, too often we are dealing here with girls growing up in poor families without a father in the house, and part of what that means is that there is not an older man in the house to protect his daughter from the unwanted advances of another older man, one of the roles—a role so primal that we tend not even to think about it—that the father in an intact family normally will play.

So part of this amendment that Senator CONRAD and I have introduced tries to begin to get at this problem by expressing the sense of the Senate that the States, which are the main enforcers of criminal law in our society, have to look again at laws that we barely ever mention these days that used to be very much a part of our lives and the life of the courts, which is to say laws against statutory rape, to say it is a crime for an adult man to have sex with a woman who is a minor.

Perhaps, again, as part of the sense that consenting people should do whatever they want sexually, the general tone of sexual permissiveness in our society, these laws have either been amended down or out of existence, or if they are in existence, they are rarely enforced today.

I suggest to my colleagues that Senator CONRAD and I include in this appeal to the States raising the question of whether it might not just be one deterrent to an adult man—who, in this case, could well be a sexual predator, an aggressor with a younger woman—to think twice if that man knows that the statutory rape laws are going to be enforced once again in that State.

In trying to put some money behind the general program that we have outlined, I mentioned the use of title XX funds. The amendment would require that 5 percent of the title XX social services block grant be committed by the States to teenage pregnancy prevention programs, and that is not a small sum. That equals $140 million a year to begin to help the States try a multitude of responses to this social disaster that is occurring in our society and that is affecting every one of us, whether we see it or feel it immediately—certainly affecting us in the increasing rate of violent crime among young people.

Mr. President, a second and final word about the idea of a clearinghouse which the amendment would establish at the Department of Health and Human Services.

We are dealing here with a profound, complicated, difficult social problem. There are a lot of ways to go at it—law enforcement, and statutory rape is one. But we need to encourage the widest array of experiments with dealing with this problem at the State level. And the aim there is to then share that program with programs that work with other States and philanthropic and private charitable groups around the country.

The fact is that we are beginning to know something about what works. The Henry Kaiser Foundation several months ago published a monograph that reviewed the effectiveness of 123 sex education curricula programs and their policy implications. Their work was supported by a diverse group of organizations, including the American Enterprise Institute, the Alan Guttmacher Institute, the Centers for Disease Control and Prevention, and the Population Council. And the study's key findings include the following:

Sex education in school-based health centers do not increase frequency of sexual activity among high school students or reduce the age when they first become sexually active. Some school-based clinics, but not all, actually delayed the age of first sexual activity, and increased contraceptive use resulting in fewer pregnancies.

Programs that are effective focus on three behaviors: One is to protect oneself sexually. The second is abstinence. And the third is how to resist the pressure—peer pressure, or pressure from an individual, a man—to have sex.

To be effective, the school-based sex education programs have to be tailored to the populations they serve.

That was the message of those studies.

Finally, and very critically, the studies concluded that sex education programs should not be value neutral. Those that gave students sexual information and told them to make their own judgments were not effective in changing behavior.

In other words, we have to stop our sense of neutrality, a sense that anything goes in this society, because there are consequences when anything goes, and they are terrible for our society. We have to preach and teach a very clear message. Sexual activity at an early age, activity that results in teenage pregnancy, is simply wrong. It ought not to happen. It is unacceptable. It is a disaster for the mother involved, for the baby involved, and for our society.

That is the kind of information that I believe can be shared through the clearinghouse that would be set up under this amendment.

Mr. President, let me say a final related word, and that is about the role of the media. I think the media has had generally a negative effect on values in our society. And I think they could have an extremely positive effect because their impact on our kids is so powerful.

A growing body of evidence, in my opinion, supports the conclusion that the pervasiveness of sexual messages on television, in the movies, and in music has contributed to the dramatic rise in the number of teenagers having sex, and in turn the rise in teen pregnancies.

Mr. President, I need not belabor this point. But I saw a recent study about the number of sex acts that one can see on an average day watching soap operas, the number of sexual references that one can hear and see in prime time on television, and the number of sexual topics that are discussed, usually not normal behavior, on TV talk shows. I think the cumulative effect of all of that, as Senator MOYNIHAN has said so well, is to define deviancy down to the behavior that was not only not done much in earlier time but certainly not talked about, and hold it up as a kind of standard of normalcy; at worst, something to giggle about. We are paying the price for that. I think it is time that those who put shows on television and who run the networks appreciate it.

The most compelling evidence in this connection is a poll that was taken of children themselves by a group that I believe was called Children Now, a survey of children aged 10 to 16. And when asked the question 62 percent of them said that they believe that what they saw on television encouraged them to have sex earlier than they should have. I hope that those who put those shows on television will begin to think more seriously about the consequences of what they are putting on. It is exactly these concerns that were part of what led Senator CONRAD and I to introduce the amendment on the telecommunications bill that passed with a strong bipartisan support that would call on TV set manufacturers to put in what we call the "choice chip," to let parents choose what their kids will see and that requires TV networks to rate the programs that they put on.

Mr. President, the electronic media have enormous influence, and they could use it for good, and in many cases they have used it for good. One of the best known examples I think is the way the entertainment industry embraced the campaign against drunk drivers through a conscious effort to weave portrayals of designated drivers into a number of TV shows in addition to the outright commercial messages against drunk driving. The entertainment industry and television particularly played a critically important role in helping to reduce the number of alcohol-related fatalities.

There is simply no reason that they could not make a similar commitment on behalf of the campaign against teen pregnancy.

I think another way we can encourage the media to become allies is in the use of direct advertising such as was done in the campaign against drunk driving. And the Maryland State government provides us with an excellent example of the potential that lies in this approach. In 1988 it embarked on what might be called a media blitzkrieg to combat teen pregnancies. The State was saturated with advertisements on television, radio, billboards, buses, as well as videos, brochures, and special lessons that were distributed in schools. More than $7 million was spent on the TV and radio spots alone. In the first 3 years of the campaign, birth rates and abortions dropped. And by 1991 the State reported a 13-percent decrease in teen pregnancies, which in this field is startling, and in this case very encouraging.

The media campaign could not singlehandedly account for those changes. But it is clear to me—and I think most who have looked at this study—that it played a very significant role in that reduction.

Perhaps the best indication of its effectiveness was the fact that in a followup study 94 percent of the students and teachers at five middle schools in Maryland knew about the campaign, and could repeat the campaign slogans verbatim.

So we have a real problem on our hands here, and we are all suffering the consequences of it.

This amendment that Senator CONRAD and I have put forward tonight is a an attempt to put our Nation on the course of an urgent, intense, and comprehensive campaign to cut down the rate of teenage pregnancies.

I thank my colleague from North Dakota for the partnership that we have once again established. It is always a pleasure and an honor to work with Senator CONRAD, particularly, as is normally the case with us, in a good cause.

I thank the Chair and I yield the floor.

Mr. CONRAD. Mr. President, I thank my colleague from Vermont, Senator LIEBERMAN, who has been a real leader in the whole challenge of dealing with what is happening with respect to teenage pregnancies.

I, first of all, want to apologize to him. I moved him from Connecticut to Vermont. I was just in Vermont. It is a beautiful place, a wonderful setting, and I am quick to identify Senator LIEBERMAN with places that are pleasant. But in fairness, he belongs in Connecticut. And Connecticut is lucky to have him.

I have enjoyed our partnership on this challenge because I think of teenage pregnancy as really a tragedy for America. It is a tragedy for the children, it is a tragedy for the young women and girls, and it is a tragedy for the entire country.

Mr. President, one in three children being born in America today are born out of wedlock. In some cities in America, two out of three children are being born out of wedlock. Tonight, we are in the Capital City of the United States. In this city, two out of three children born this year are being born out of wedlock.

What chance do they have? What chance do their mothers have? We know, according to the GAO, that 42 percent of the welfare caseload in this country is teenage mothers or girls or women who had babies when they were teenagers. It is central to the problem we face.

I wish to share a couple of vignettes from an example of a second-chance home before I end because I think these vignettes are important. They are real life experiences. This is what is happening to the people about whom we are talking. This is a story about Sherice.

Sherice, now 20, has a 2-year-old daughter and no one to help out. She, too, was trapped early in the cycle of welfare dependency.

Sherice grew up on welfare, and was made responsible for caring for her ten younger siblings by her alcoholic mother. At 17, she dropped out of high school when she became pregnant with her daughter Jamila. She was forced to take her daughter out of the family's overcrowded apartment to live with reluctant relatives. Sherice's options ran out when this living situation also proved inhospitable, and she found herself with no one to turn to and became homeless.

Sherice and Jamila were referred to an American Family Inn in Queens, NY. After obtaining her GED through the on-site high school and completing a 4-month job training apprenticeship in food services, Sherice found a place to live and set out to find a job. With the help of the American Family Inn's employment specialist, Sherice entered the New York Restaurant School with a partial scholarship in order to follow her dream of becoming a chef.

She recently completed her demanding cooking classes and soon will begin an externship in a local catering company. She plans to use the skills she learned to form her own catering company after she graduates in October, 1995.

Mr. President, this is someone who, because of a second-chance home, has her life together, who is a productive member of society because of the structured, supervised setting she was able to experience in a home.

A final vignette.

Elena. Elena is an 18-year-old single mother with a 2-year-old son, Andrew. She has never been married, has never lived independently, and she receives public assistance. She represents a typical mother residing at American Family Inn.

Elena has a fractured and unstable past. She shuffled between her mother and father until age 5, when she was placed in the first of three foster homes due to physical abuse from her mother. At age 14, Elena moved in with her boyfriend and his parents and at age 16, dropped out of high school to give birth to her son. Her relationship with her baby's father deteriorated as he continued and increased his drug use. She left with her son and moved back in with her mother until her stepfather forced her to leave.

Elena had no other choice but to enter the shelter system. Prior to arriving at an American Family Inn in Manhattan, Elena had lived in an emergency assistance center, a short-term shelter and a welfare hotel. The day after she enrolled in the on-site programs, including the alternative high school where she is working toward completing her GED, the licensed day care center where her child is being socialized to the norms of education and the independent living skills workshops where she is learning topics such as parenting, budgeting, nutrition, and family violence prevention.

Elena has also begun intensive job readiness and job training. Each afternoon she fulfills her internship requirement as a teacher's aide in the on-site day care center. She is expected to complete the program in the next several months, move into her own apartment and either find full-time employment or a enroll in a community college to pursue higher education.

This is Elena's statement, and I quote:

> I feel this is a place where I can get my life together. I'm getting my education and learning to work. My mother never cared if I went to school and she never told me about having babies or being a parent. The people here and the programs here are helping me. I'm learning to be a teacher's assistant so that I can go to college and start my own business and get off of public assistance. I needed this chance.

Mr. President, I do not think there is a Member in this Chamber whose heart is so cold that they are not moved by a story like that one—somebody who grew up in an abusive home, had a child at much too early an age, forced into homelessness, and who now, because of a second-chance home, is getting an education, wants to start her own business, wants to get off public assistance and make something of her life.

That is the promise of what we can accomplish by focusing on this critical challenge to America's future. We can make a difference. We can do something that will lead to a different result than a life of poverty and dependence, and we can do it by action tomorrow. That is when the vote will be held.

I urge my colleagues to support the Conrad-Lieberman amendment.

I thank the Chair and yield the floor.

The PRESIDING OFFICER. The Senator from Vermont is recognized.

AMENDMENT NO. 2581

Mr. JEFFORDS. I ask to call up amendment 2581 for immediate consideration.

The PRESIDING OFFICER. That amendment is now the pending question. The Senator from Vermont is recognized.

Mr. JEFFORDS. I thank the Chair.

Mr. President, I am here to try and undo what I think is a very unfortunate area of the bill which attempts to do something which we would all agree with, and that is to reduce the number of illegitimate child births in this country and to hopefully reduce the number of abortions. I think it was one certainly sponsored with all the hopes and dreams of being able to do that. However, I oppose it because I find that it would be most counterproductive and would result in an entitlement being created which would in effect not establish any policy that will really accomplish the goals for which it was conceived. Thus, I have sponsored an amendment to strike the so-called illegitimacy ratio from the welfare bill.

Last night, we heard from Senator DOMENICI and others about how conservative social engineering is no better than liberal social engineering. We all know that Federal strings often do

not produce the desired behavior modification and can even produce unintended negative results. I hope my colleagues will join me in my opposition on those grounds.

Throughout this debate, we have discussed frequently the importance of ending entitlements. It may surprise some of my colleagues to learn that this provision creates a new entitlement and will be funded by the terms "such sums as necessary."

Now, CBO has scored the costs at $75 million over the 7 years. I think their estimate may well be very, very conservative. Because of the way I read the provision, I calculate this new entitlement could cost as much as $1.6 billion per year by the year 2000, if all our States reduce their out-of-wedlock birth rates without reporting higher abortion rates.

This gives me pause, especially for reasons I will outline about unreliable statistics.

But let me point out also just to verify that figure, which may seem to be outlandish to start with, the reason for that is that all you have to do is one time go below the 1995 base, and for the rest of the period, providing you do not go back up, you will get this bonus which is in it. And if each State does that, we will have the figure I gave you of about $1.6 billion per year.

The provision entitles States whose proportion of in-State—I emphasize "in-State"—out-of-wedlock birth rates have decreased without an increase in their State abortion rates to either an additional 5 percent of their block grant if the birth rate has decreased by 1 percent or 10 percent if the birth rate decreases by 2 percent or more. And it only has to do it once providing it stays below the baseline. So if a State's out-of-wedlock births decrease as a proportion of their total births, they can receive as much as 10 percent more than their base cash assistance and child care block grant.

I do not understand why we want to create a new entitlement, especially for States that need the dollars less. In other words, if you have decreased your problem, you end up with more money for perhaps as much as the term of the whole bill, of our period which we are covering here on the budget. We all know that out-of-wedlock birth rates show a strong acceleration with the rate of welfare dependency. If there are more children born to single parents, there will be more need for State and Federal assistance. And that is part of why we are so concerned.

But rather than try to construct, actively work toward, lower out-of-wedlock birthrates, this ratio seems completely backward since it sends more money to States that need it less. And States that for whatever reason experience higher out-of-wedlock birthrates and need it more, they cannot tap into the newly created entitlement.

Mr. President, I have here a letter from Catholic Charities USA in opposition to this illegitimacy ratio. There are some who tried to get this into the pro-life, pro-choice area here. I would just point out—and I will read this letter now into the RECORD because I think it is so helpful in letting everyone know that this is a group which obviously is a pro-life group. This is addressed to Senator DOLE.

Dear Senator DOLE:

Catholic Charities USA is deeply concerned about the proposed illegitimacy ratio bonus being put forward as part of welfare reform legislation in the current Congress. The proposal is another speculative venture being imposed upon the entire country and its poorest families without test, trial, or experiment.

Our fear is that State governments, in a time of drastic funding cuts and escalating human need, will resort to the family cap, teenage mother exclusions, and other drastic measures, all in the illusive hope of garnering additional millions of dollars of funding. (The funding itself will have to be cut from other needed programs or services in our zero-sum budget situation.)

I would emphasize that. There is no provision for the funding in this bill. It will have to come from existing sources otherwise, and it is an entitlement, meaning that it must come. I will continue with the letter.

Those measures, while as yet unproven to cut birth rates, are far more likely to produce increased abortions, as the failed New Jersey family cap experiment already has shown, and to hurt poor children and families. And the proposed illegitimacy ratio bonus contains no penalty for increasing abortion rates in States which experiment with the lives and well-being of their poorest families.

No church community has been as vigorous as our own in support of human life or of sexual abstinence outside of marriage. And no community has as broad experience as our own in Catholic Charities in working with women who are pregnant and unmarried and with their children. We urge you to remove the proposed illegitimacy ratio from the pending legislation in the interest of sound family policy.

Signed by Father Fred Kammer, president of Catholic Charities USA.

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

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

CATHOLIC CHARITIES USA,
Alexandria, VA, September 12, 1995.

Senator ROBERT DOLE,
Majority Leader, U.S. Senate, Washington, DC.

DEAR SENATOR DOLE: Catholic Charities USA is deeply concerned about the proposed illegitimacy ratio bonus being put forward as part of welfare reform legislation in the current Congress. The proposal is another speculative venture being imposed upon the entire country and its poorest families without test, trial, or experiment.

Our fear is that state governments, in a time of drastic funding cuts and escalating human need, will resort to the family cap, teenage mother exclusions, and other drastic measures, all in the illusive hope of garnering additional millions of dollars of funding. (The funding itself will have to be cut from other needed programs or services in our zero-sum budget situation.) Those measures, while as yet unproven to cut birth rates, are far more likely to produce increased abortions, as the failed New Jersey family cap experiment already has shown, and to hurt poor children and families. And the proposed illegitimacy ratio bonus contains no penalty for increasing abortion rates in states which experiment with the lives and well-being of their poorest families.

No church community has been as vigorous as our own in support of human life or of sexual abstinence outside of marriage. And no community has as broad experience as our own in Catholic Charities in working with women who are pregnant and unmarried and with their children. We urge you to remove the proposed illegitimacy ratio from the pending legislation in the interest of sound family policy.

Sincerely yours,

FR. FRED KAMMER, SJ,
President.

Mr. JEFFORDS. We all know that out-of-wedlock birth rates show a strong correlation with the rate of welfare dependency. If there are more children born to single parents, there will be more need for State and Federal assistance. That is part of why we are so concerned. But rather than try to constructively work toward lower out-of-wedlock birth rates, this ratio seems completely backward.

Mr. President, I also understand, as well as reading the letter from the Catholic Charities, that the Catholic bishops oppose a similar provision in the House. They are concerned, as I am, that rather than effecting positive behavior change by decreasing out-of-wedlock pregnancies, this new entitlement would encourage out-of-wedlock and out-of-State—I emphasize that for your memory later on when we talk about how these things are worked—out-of-State abortions. And I would also add that this may well mean backroom abortions or some of those that we will not be able in any way to take note of in the requirement for statistics here.

Because States do not qualify for the funds by showing an increase in their in-State abortion rates, there are a few ways to influence those numbers. The most obvious is underreporting. According to the Centers for Disease Control, several States currently have inaccurate, incomplete, or even completely estimated abortion rates. I think California is one of those.

So here we are going to establish a baseline which will be used for the length of the bill that will allow States to collect on figures that are totally or may be totally inaccurate. As we might expect, it is difficult to encourage, particularly without a mandate to report, complete reporting of abortions. We will be looking at situations which will already be in being which have had no reporting requirements. That is, that we use a base year of the year 1995, which is almost over with and will be by the time all of this gets into being. So we are setting up a base year here for which we have no reliable statistics whatsoever and using that to determine an entitlement program. Women who receive abortions want to maintain their confidentiality, and abortion providers, particularly in the face of recent violence, may want to

maintain their anonymity. So the current numbers are not accurate. We have no adequate baseline to compare to, and we have no uniform reporting system in place.

If we mandate reporting without providing significant funds for the States to do this, we will be sending an unfunded mandate to the States.

Another way to influence these statistics would be to toughen State requirements for obtaining an abortion. In some States—this is important to remember—in some States as many as 40 percent or more of their in-State abortion rates are from people who reside outside the State. So if you know you are going to maybe get millions or hundreds of millions of dollars here by getting abortions performed across the borders, there is going to be tremendous incentive to accomplish that. Making abortions more difficult to obtain could obviously help to lower the abortion rate. This provision would offer a cash incentive to States for tougher abortion laws possibly resulting in unreported abortions or more abortions out of State or more abortions under improper conditions.

All in all, accurate abortion statistics will be extraordinarily difficult, if not impossible, to obtain. We must struggle with what constitutes an abortion or an induced pregnancy termination. Does the so-called morning-after pill count? What about a routine D & C that may or may not have involved a pregnancy? How will we know if women take a large enough dose of oral contraceptives to induce menstruation? It is an off-label use but expels any pregnancy that may be there and induces menstruation. How are we going to count those? Are we going to require women to report that?

There is currently no standard definition, nor accurate or agreed-upon reporting procedure, especially for what we will have to use as the baseline year.

Currently, States define their terms and define how they report. Some States only report hospital procedures, and public health officials extrapolate the other numbers. In the case of at least one State, the most recent figures available are completely estimated and are not based upon any report. States that currently report high numbers or broadly drawn definitions stand to gain, while States that have been underreporting will have no alternatives but to continue.

We are setting up something here which was well-intentioned I am sure, but is so open to manipulation or intrusion into the personal lives of people that I cannot believe it can be supported by anyone that has examined it, notwithstanding the wonderful intentions.

Mr. President, I believe this new entitlement is illogical and unwieldy. It could potentially cost quite a bit of money, but the criteria for qualification are unclear and difficult to quantify accurately. In this provision, we are attempting the very kind of social engineering that we have railed against and tried to prevent. I hope my colleagues will join me in voting to strike this illegitimacy ratio.

As I said earlier, I know it was well-intentioned, and I would be willing to work with those who are behind it to see if there are other ways that we could reduce teenage pregnancies in particular. I know that from studies that show there are many things that we could do and also enhance our educational system by increasing the school days and more child care, all the kinds of things that can try to bring about the kind of society that does not seem to promote or to enhance the ability for young people to have pregnancies out of wedlock.

Mr. President, I am ready to yield the floor. I do not see anyone present at this time. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ABRAHAM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ABRAHAM. Mr. President, I rise tonight in support of an important element of the Dole welfare reform package. This provision—known as the illegitimacy ratio bonus—will help, I believe, the fight against the chronic problem of illegitimacy without increasing the tragedy of abortion. I urge my colleagues to vote against striking it from the reform package.

We now know, Mr. President, that the dramatic increase in out of wedlock births is a chief cause of welfare dependency and a chief cause of a number of other social pathologies.

Children brought up without the benefit of two parents are six times as likely to be poor and to be poor longer than other children. They are two to three times as likely to have emotional and behavioral problems, more likely to dropout of school, become pregnant as teenagers, abuse drugs, commit crimes, and even commit suicide.

This makes illegitimacy a driving force behind welfare dependency and that is doubly tragic because our welfare system is a significant cause of illegitimacy.

Welfare, as currently constituted, creates a vicious cycle of dependency. Children have babies and turn to the welfare system in a failed attempt to become "independent." Then their babies, in turn, too often end up on welfare.

And illegitimacy has reached epidemic proportions in America. By the end of this decade, 40 percent of all-American births will take place without the benefit of marriage.

Mr. President, I believe we must stop the spread of this epidemic. It is destroying our cities and more importantly, it is destroying far too many lives.

One problem we face in fighting out of wedlock births is that no one here in Washington really knows what constitutes the total solution to the problem. Circumstances in our various States and localities vary too widely for any single one size fits all Washington strategy to succeed in lowering illegitimacy.

Thus, I believe our best course is to encourage the States to implement their own strategies to lower out of wedlock births. This provision, by giving bonuses to States that lower illegitimacy ratios, would do just that.

Mr. President, reducing illegitimacy is just not a function of the welfare system. The States must look beyond welfare reforms; they should pursue educational reforms, tax reforms, such things as enterprise zones and others to create jobs and economic opportunity, things of that sort. They should explore ways to set up counseling centers to encourage, among another things, responsible behavior and discourage out of wedlock births. All of these need to be part of the solution, not just changes in the welfare system. And that is why we think this bonus provision is the right approach, because it will encourage creativity on the part of the States in pursuit of reforms in all of these areas.

Some have expressed concern about the abortion language in this bonus provision. But I just point out the following:

One, this provision does not affect any abortion laws.

Two, it does not take a position, pro or con, on the issue of abortion.

Three, it does not penalize or punish any State in terms of their Federal funding.

Four, it brings about no changes in the requirements as to the reporting of names of individuals having abortions, or anything along that line.

Now, as I have talked to Members of the Senate, both those who are pro-life and pro-choice advocates, I have not found anyone who wants to see the rate of abortions go up. Indeed, pro-choice advocates tell me they want abortions to be safe, legal, and rare. And I believe them. To me, "rare" means as many, or fewer, abortions than we have today—not more. Therefore, no one should find this bonus provision objectionable. It is designed to encourage States to experiment with various new strategies to reduce illegitimacy, except the strategy of encouraging more abortions.

I know some think that somehow that would produce new restrictions at the State level and, in some way or another, on abortion. All I can say is this, Mr. President. In this country, the abortion debates have been raised in the State Houses for 20-plus years. If there were going to be restrictions, they would be imposed on the basis of the debates we have already had. I do not believe the potential availability of these bonus dollars—only available if somehow this remarkable increase in

illegitimacy were reduced—would be the final factor in causing a State to take action to change, in any way, or make their abortion laws more restrictive.

In my judgment, this provision gives us a constructive means by which to attack a serious problem. By giving goals to the States, and rewards for meeting those goals, we will encourage them to develop strategies for fighting out of wedlock births. By leaving to the States the formulation of particular rules and programs, we will encourage experimentation in a variety of strategies aimed at addressing a variety of circumstances.

Without increasing abortions, this provision will reduce illegitimacy, and thereby reduce the welfare rolls and increase opportunity for everyone.

I urge my colleagues to vote against striking it from the bill.

I yield the floor.

Mr. JEFFORDS. Mr. President, I commend the Senator from Michigan for his excellent statement, and there is little that I disagree with in what he said.

However, I point out that he has not, in any way, answered any of the questions I raised about how this would work and that the figures I gave were inaccurate. That is, very simply, that if a State, one time, reduces its rates in order to comply with the bill and never does anything more, but holds them where they are, they would be able to get the full 10 percent bonus for the full term of the bill, which could mean as much as—totally, if all the States did it, $1.6 billion a year; and that there is no provision in the bill for that money, other than it is entitlement and therefore it would be taken from other areas in order to fund it. I think that is one area that ought to be remembered.

Secondly, also, the base year—there was no correction in the facts I gave about the fact that there is no accurate data available for the 1995 base year, which would be used for that. Nor was there any contradiction to my statement that by shifting out of wedlock births to other States, or Canada, or wherever else, it would not be possible to reach that ratio with no real decrease in out of wedlock births; nor the fact that there is no definition here for abortion, so that the results of what would happen for a State could well be determined entirely upon abortion definitions, which are nowhere included, and vary from jurisdiction to jurisdiction.

I would like to join my good friend from Michigan in trying to find ways that we could provide workable and appropriate incentives to be able to reduce the out of wedlock births, especially among our young people. But I just urge my colleagues to realize that this one has some serious problems, and I hope they will remove it from the bill with my amendment.

I yield the floor.

Mr. ABRAHAM. Mr. President, the Senator from Vermont and I are good friends and are in large agreement on most of this I see, but obviously there are certain things that we do not have full agreement on.

Let me comment on a couple of the points that were made. First and foremost is that before any benefits or bonuses are going to be realized, we really do have to produce something that has not been produced in this country in a long time. That is a decrease in the number of out-of-wedlock births.

Now I think I am probably one of the Members of this Chamber who has voted time after time to make sure we do not spend the taxpayers' money unwisely and have tried very hard here to establish what I think are priorities for spending.

I, too, am concerned whenever we spend money here, even if it is $75 or $80 million here and in a budget of $1.5 trillion.

The reason that I am supporting this so strongly is because I can think of very few spending priorities that we could possibly establish that would be more important to the future of our Nation and would more directly address the problems we confront than the priority of encouraging a nationwide effort to reduce illegitimate births.

I think in the long run there will be more savings than spending because to the extent that we end this problem, we reduce this problem, there will be benefits for many.

Separately, when we set priorities here I do not disagree with the Senator from Vermont when we talk about job training and education and so on. I think this priority is one that Americans across the board agree on ought to be at the top of our list. These dollars only get spent if we succeed in addressing the problem. They do not get spent if we fail.

I think at least in my State most people would say that establishing this type of incentive system is the step in the right direction of trying to bring attention to this problem and trying to give States the kind of encouragement I think they need to change and to adopt a broad set of policies—not just welfare policies but education policies. As I said in my remarks, perhaps changes in tax codes, perhaps inviting private entities to play a greater role in helping teens at risk and so on.

I think this will be the outcome. I hope that our colleagues who have talked, and many, many have talked about the out-of-wedlock birth problem will come to see this.

I do not think anybody has the perfect solution. The reason I so strongly support this one is that it does not dictate to any State what it can or cannot do. If a State does not want to collect the data, if a State does not want to try to deal with the problem, it is not under any mandate to do it. It will not be punished.

If States take up the call, if States join the effort, if States make positive progress, if States actually reduce the rate of illegitimate births, I think a reward of the sort suggested here is a step in a positive way in terms of setting our priorities.

I yield the floor.

Mr. JEFFORDS. Mr. President, I end by saying that I agree what we should do is have help in the States on ways to change behavior such that we no longer have out-of-wedlock births.

I am afraid what this will do which States are good at, that is, in fact, very innovative in the ability to fiddle with statistics and records and gain billions of dollars. That, the States have always been very, very good at.

AMENDMENT NO. 2625

Mr. ROBB. Mr. President, I rise today in support of the Children's Fair Share Amendment, which has been offered by my friend and colleague from Florida, Senator GRAHAM.

As we debate ways to reform our welfare system, we should constantly remind ourselves that what we have before us is more than just words and rhetoric, more than just political points to score, more than just sound bites for the next town meeting. What we have before us in reality, Mr. President, is the quality of life of the children who live in poverty in United States of America.

These children did not make any mistakes, Mr. President. They did not lose a job or miss a house payment or have their marriage crumble around them. By and large, they do not have the capacity to fix the economic problems their families struggle with each day—even if they wanted to and tried.

They were just born poor—or their families became poor. And they are our future, Mr. President.

This amendment is a valuable addition to this debate because it is based on a simple premise which I believe is fair and unassailable. It takes the money we have decided as a nation to spend on poverty programs and it allocates that money to our fifty states based on where poor children actually live.

The only variations from this premise is the inclusion of a small state minimum allocation, and the inclusion of a 50-percent annual transition period.

Otherwise, our Federal dollars go to where poor children live. Funding allocations are updated annually and based on census data reflecting the 3 previous years numbers of children living in poverty.

Mr. President, without this amendment, block grants are frozen in the underlying bill at fiscal year 1994 funding levels. While this advantages high benefit, low growth States, it severely disadvantages low-benefit, high-growth States, like Virginia. I am extremely concerned that the supplemental funding included in the bill, while helpful, will simply not be enough to enable my fast-growing State to responsibly meet the needs of our most vulnerable children.

I served as Governor of Virginia, between January, 1982 and January 1986.

During that time, the Commonwealth increased its AFDC benefit twice—once in 1984 and once in 1985—and it has not increased its AFDC benefit since. Between 1970 and 1994, Virginia's AFDC benefit lost 58 percent in value when adjusted for inflation.

To me, locking in enormous funding disparities between States is bad public policy. It disadvantages poor children in many States, Mr. President, children who deserve a better quality of life, children who should expect to receive one from this Congress.

Mr. President, we can argue welfare reform on ideological grounds. We can argue over how much money we should spend. But Mr. President, when we argue about where that money should go, that is an easy one. It should go to the children.

I urge my colleagues to support this important amendment.

Ms. MIKULSKI. Mr. President, I rise today to speak in opposition to the proposed fair share amendment to change the amount of Federal funds States receive for welfare reform.

I cannot stand here today and vote for a formula that will penalize my State of Maryland in order to reward other States that have been unwilling to help themselves over the past decades.

Our current welfare system says to States that if you are a poor state, we will give you more Federal dollars. We do this through a Federal match. Some States are told that for every dollar you spend, we will give you a dollar. That is what Maryland is told. Other poorer States are told that for every dollar you spend, we will give you two. That may seem unfair, but we have done that because we know some States are less well off. Even under this system, States must still decide just how much they want to spend. Some States, including Maryland, I am proud to say, have placed a high priority on ending poverty.

The amendment before us will take all the Federal dollars we currently spend and give more to States that have a history of little commitment to welfare reform. We do that by taking from States that have made a great effort at ending poverty. This is not an approach that will create welfare reform. Instead we will force States to fight each other for limited resources.

Mr. President, changing the funding formula in a bad bill is a lot like moving around the furniture on the deck of the *Titanic*. We need to do more then that. We need real welfare reform. One step in that direction is to vote this amendment down.

COMMUNITY COLLEGE PARTICIPATION UNDER WORKFORCE DEVELOPMENT ACT

Mr. LEVIN. Mr. President, the original Workforce Development Act provisions contained in the bill before us made dramatic changes to the Federal role in job training and vocational education. Initially, I had some serious concerns about the insufficient attention that the bill paid to the importance that community colleges play in the delivery of those services. I had two major concerns. First, that representatives from community colleges should actively participate in the development of the work force education plan. Second, I submitted that the head of the State's community college system should be included as a member of the collaborative process that the Governor must work with while writing the State strategic plan.

Mr. President, today I am pleased to say that due to the cooperation and collaborative efforts of my colleagues on the Committee on Labor and Human Resources, those concerns have been addressed.

Mr. President, I would like to enter into a colloquy with Senator KASSEBAUM to clarify the modifications to the work force training provisions of the bill.

Mr. President, community colleges are one of the major providers of adult job training and postsecondary vocational education in this country. These institutions have close and positive relationships with secondary schools, elected officials, and local business and industry leaders. There are over 1,200 of these institutions, located in every corner of each of our States including over 30 from my home State of Michigan. As you know, these institutions are extremely concerned about their ability to continue to provide high quality education and training services that will be beneficial to the community, in light of the consolidated work force system created by the bill reported out of the Committee on Labor and Human Resources.

With this in mind, I would like to get a clarification of the role that community colleges will play in the new job training system. I would like to ask my distinguished colleague from Kansas, the chair of the Labor and Human Resources Committee, Senator KASSEBAUM, what role do you envision for these institutions in the new job training system?

Mrs. KASSEBAUM. This legislation is clearly intended to provide Federal financial support for the education and training of all segments of the work force in each State. The bill provides States the flexibility to set up structures that best serve their citizens and I expect that States will continue to use the community college as a primary resource, due to their past successes.

Mr. LEVIN. I believe that postsecondary vocational education is a very important aspect for economic growth in our society. Postsecondary vocational programs allow an individual to build on the education he or she received in high school, provide higher level skills, and equip the individual with a foundation for promoting a more constructive future. Because of the advancements of technology, community colleges are a necessary force for training and retraining individuals who could become displaced workers. In Michigan, community colleges are the major educators for high-skilled, high-waged workers. The average annual earnings for an individual with an associate degree is over $5,000 a year higher than that for someone with only a high school diploma.

Because of the importance of postsecondary vocational education, I must ask if this bill will alter the course of postsecondary education? And, if so, how will this bill affect postsecondary vocation education?

Mrs. KASSEBAUM. This legislation consolidates programs that have provided support for both secondary and post secondary educational programs. The legislation is designed to expand, improve, and modernize quality vocational education at both the secondary and postsecondary levels. As in current law, however, States will remain free to choose the percentage of funds they will allocate to secondary and postsecondary vocational education.

Mr. LEVIN. The State planning process for the overall strategic plan and the State education plan will guide the State's work force development policy. The major stakeholders should have input into this process. Because of the strong involvement that community colleges have had across the country in providing education and training, community colleges should play a pivotal role in the development of the State work force plan. Is there a role for the community college system in this regard?

Mrs. KASSEBAUM. The State work force education plan is to be developed by the elementary and secondary agency of the State. That agency must collaborate with the postsecondary agency of the State, including community colleges. I expect this to be meaningful collaboration, leading to appropriate support for secondary and postsecondary education programs in the State. In addition, State officials responsible for postsecondary education and community colleges are members of the collaborative process the Governor must work with on the State strategic plan.

Mr. LEVIN. I thank my colleague from Kansas for her support and attention to this matter.

WELFARE REFORM, LET US TREAD CAREFULLY

Mr. HATFIELD. Mr. President, today, as I stand here in the U.S. Senate, the winds of change swirl around the dome of the Capitol, and surround the body of the House and the Senate. Do not let the winds of change, however, cloud our judgment and prevent us from carrying out our duty to protect life and liberty.

The Republican call to harness these winds of change is refreshing. I agree that there are many issues which need to be addressed. There is a vicious cycle of impoverished parents who raise children in poverty. Those children who do not have adequate access to quality education, which would break the cycle of dependency, continue to spin a wheel of poverty, and

languishing there for the remainder of their lives.

In fiscal year 1994, there were over 5 million families on aid to families with dependent children (AFDC), over 14 million individuals. I ask you how many of those do you surmise were children; 9.5 million children were on AFDC in fiscal year 1994. Two-thirds, two-thirds were children, a truly disturbing number. You will hear these numbers again and again as we debate welfare reform. I reference these figures to impress upon your conscience that we are dealing with individual people and not numbers. We must understand the links of poverty in order to understand and break the chains of poverty. According to the U.S. Census Bureau, you are below the poverty line when income falls below three times the cost of an inexpensive, yet nutritionally adequate food budget for a nonfarm family. For a family of three in 1994 the figure was $12,320. How many of us could provide decent clothing, food and shelter for ourself and two children for $12,320?

We need welfare reform, but we first need to address the root problems of poverty; lack of education, lack of affordable and adequate child care, and access to upward social and economic mobility and stability. A successful society allows its citizens the opportunity to educate themselves, to increase their opportunities and knowledge. It is of no benefit to society to remove welfare recipients and place them into jobs with no upward mobility. Without the prospects of advancement they can only maintain the status quo at best and as history has taught us the cycle possesses a powerful habituation to welfare.

We need to find good jobs for able bodied people in our society. Yes, the United States can assist its poor and offer them a helping hand, but we cannot continue our present pace of entitlement spending. To become competitive with the world market we must educate all in our society. There needs to be interaction between the States and the Federal Government to work in a complementary partnership to solve these problems. Packaging our problems in a nice box and ribbon and passing them onto the States with no accountability and no direction will not make them disappear.

Over these past years in Oregon, the Governor's office, county commissioners, and the Oregon Workforce Quality Council are just a few of the many people who have worked together to enact job training legislation in Oregon, which has been one of the most successful States in the Nation in moving people from welfare dependency to work. Oregon has chosen to link public assistance functions with welfare-to-work services, providing a seamless link amongst the differing human resource agencies. Oregon has made landmark progress with the integration of education, employment and training programs, but the Federal Government also must be a part of restructuring the system. That is why I am pleased to see that my Workflex Partnership Demonstration project has been included in the underlying Dole amendment. This demonstration project allows the Secretaries of Education and Labor to designate up to 6 States in which Federal authority will actually be transferred to the State so that the States may make waivers of Federal law in the job training and education arena. Given the decline in discretionary dollars in the budget, State and local flexibility which promotes performance over paperwork is an integral ingredient for success. Mr. President, we are making progress in Oregon and I do not wish to be set back in our efforts.

What about the States which are not as progressive as Oregon? How do we ensure they care for their poor? I agree with the underlying performance measures in the Dole amendment which sets Federal standards in the form of performance-based outcomes and provides States guidance not mandates. This will provide an incentive to States to be innovative in their State programs by rewarding them with a performance bonus. There are those who argue that it is perverse to reward those States which reduce the number of people on their welfare roles, but I think it just as perverse to reward those States who do nothing to reduce their welfare roles. In all areas, our Federal system penalizes States that are progressive and reduces them to the standards of the lowest common denominator. Our citizens expect better, they deserve better.

Mr. President, I want to make it clear that I am committed to working with all interested parties in reforming our welfare system. I believe those that can work should work. As chairman of the Appropriations Committee I have directly experienced the struggle we face to allocate funds for our complex array of domestic programs. This discretionary funding pays for the operation of all three branches of the Government. It pays for the roads and bridges of our transportation infrastructure, the loans that go to provide public housing, student loan assistance and small business assistance, our national parks, and many more purposes which have nearly universal support. These funds have been drastically diminishing over the years, while the entitlement programs have grown. These entitlement programs put further pressure on the Appropriations Committee to make difficult funding decisions. While entitlement programs continue to grow, less and less will be available for discretionary programs.

Our commitment to bettering the standard of living for those in poverty must not waiver. The Federal Government should encourage not impede innovation and creativity in the States and private sector. I look forward to working with my colleagues to fashion a bipartisan solution that addresses these goals.

AMENDMENT NO. 2488

Mr. ROCKEFELLER. Mr. President, unfortunately, because of a lack of time yesterday, I was unable to give my entire statement regarding Senator BREAUX's partnership amendment. I feel strongly on this issue and would like to have my entire statement on the importance of maintenance of effort submitted for the record. I know that earlier today, a modification was accepted on this issue. While I strongly preferred adoption of the Breaux amendment, I am glad to see some, meaningful progress on this key point.

Anyone who argues for welfare reform talks a lot about responsibility. This Senator does, too. Welfare should not be a hand-out for people in search of a free lunch and a way to avoid work. Welfare reform should change the rules to turn government help into something that steps in for just as long as it takes to get a job or back into the workforce.

But welfare is also about the responsibility of states and the Federal Government to be honest partners. States and the Federal Government have always shared the responsibility for the poorest families and children who exist everywhere in America. Unfortunately, the bill before the Senate is an invitation to States to back out of their end of that responsibility. When that happens, when States are released from their financial role in welfare, some tragic results may be in sight.

One reason debating welfare reform is so frustrating is that we find ourselves immersed in terms and language that do not exactly roll off the tongue. It is also a topic where it is far too tempting to simplify life, and attempt to divide the country between good people and bad people. But we all know that is not how life works. And we should know and acknowledge on this Senate floor that a welfare reform bill should deal honestly with the realities of America—not just the stereotypes or the examples that do offend all of us.

I say that because this amendment raises an issue that does not leap into a sound-bite. It tries to preserve a concept called "maintenance of effort" that is clumsy in wording but very clear when it comes to responsibility for welfare's future. The purpose of this amendment is to continue a genuine division of labor among the states and the Federal Government for poor families and children. It tries to prevent an abdication by State governments from their role in keeping a safety net under children and deserving parents.

A welfare reform bill should free up states from needless bureaucracy and micro managing, no question about it. But welfare reform should not egg on states to back out of their commitment to their poor families and children. This amendment is the answer. It very clearly says to states, "you keep your end of the bargain, and the Federal Government will keep its end."

As a former Governor, I sincerely doubt that the Governors who might like the welfare bill before us just the way it is— which frees them from the obligation they have always had—would ever propose the same deal when they help communities in their States. Matching requirements, cost-sharing, burden-sharing, whatever you want to call it—this is a basic part of making sure that responsibility is spread around for government's functions.

The majority leader introduced some modifications to the Republican welfare package just before the recess, and one involves the claim that he added a "maintenance-of-effort" provision. It is very weak, too weak—we can and we must do better.

The majority leader's so-called compromise lasts for exactly 3 years, and asks States to put 75 percent of a portion of their AFDC spending in 1994 back into their future welfare reform system.

In fact, the Dole provision adds up to asking all states to invest $10 billion a year for just the first 3 years, with no basic matching requirements whatsoever for the last 2 years on this bill. This leaves a gaping hole in the state's share if compared to the current arrangement across the country. The result could be that $30 billion disappears from the safety net for families and children.

What is worse is the cleverness attempted in how a state's share is calculated. The Dole bill would allow states to "count" State spending on a whole bunch of programs simply mentioned in this bill—states would be able to get credit essentially for their spending on food stamps, SSI, and other programs that help low-income people toward meeting the requirement; that means that money for programs not specifically directed to financing basic welfare for children could easily count towards the so-called "maintenance of effort." Again, this is an invitation to States to back out of keeping up their basic, historical responsibility for children.

Remember, it is the children who are two out of every three people who get basic welfare. It will be the children who will be hurt when states back out of their spending on welfare because Congress passed a bill that invites them to do just that.

Our amendment does not ask States to raise a penny more for welfare. Federal-state partnerships and matching arrangements are common sense—they promote accountability, and they are used to finance Medicaid, highways, clean water efforts, and education programs. And on this topic of welfare, here is a bill that now says Uncle Sam will write the billion dollar checks, but Governors can write all rules. If that means backing out of the States' responsibility for poor families and children, be our guest.

Right now, State revenues represent about 45 percent of the resources spent in America on welfare. If the Federal Government is about to send almost $17 billion a year to States in a block grant with tremendous flexibility, we should ask States to contribute their fair share. This is the way to promote fiscal accountability and responsibility.

Mr. President, we should simply correct this part of the bill with the BREAUX amendment—an amendment that requires States to maintain their historical responsibility for millions of children and families.

The stakes are high and serious. We know that when children are abandoned, the future of the rest of America is dimmed.

In other words, there are real consequences to rejecting this amendment. Without States maintaining this investment, there will not be enough money—not nearly enough—for child care for parents to move to work or for the job placement and training that some parents need to get into real jobs. A few years from now, we will be on this floor wondering how a bill packaged with such bold promises of change and reform resulted in so little—and perhaps we will be here trying to repair the damage of backing the country out of an honest, direct commitment to children.

The Breaux amendment calls for the preservation of a solid, honest Federal-State partnership for the long-term. We must change the welfare system and the rules. We are all ready to be tougher about who gets welfare. That means giving States much greater flexibility. But it is irresponsible to send checks to states accompanied with an invitation to back out of their own commitment to families and children.

Personally, I believe that taxpayers are willing to help feed and shelter the children who are not the ones to blame for their parents' unemployment or poverty. Surveys even show that 71 percent of Americans believe needy families should get benefits as long as they work. Time and time again, it is clear that work and responsibility are what the public cares about. They are not asking us to solve problems with slogans and gimmicks.

Real reform is what we should deliver. Let us be serious about welfare reform, let us be honest, and let us deal in the real world of America. We should make some necessary changes to the Dole bill to ensure that every parent who can work, does. We should keep needy children in our hearts, and keep compassion for them in this bill. And we should preserve the basic idea that states must do their part.

This should be a bipartisan amendment, and it deserves support. This is exactly when and where the political rhetoric should be put aside, and where the bill should be changed to continue into the future a true partnership between states and the Federal Government that will help determine what kind of country we will be.

MORNING BUSINESS

Mr. JEFFORDS. Mr. President, since there are no further Senators planning to offer their amendments tonight, I ask unanimous consent that there be a period for the transaction of routine morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, the skyrocketing Federal debt, now soaring toward $5 trillion, has been fueled for a generation now by bureaucratic hot air—and it is sort of like the weather—everybody talks about it but almost nobody did much about it until immediately after the elections in November 1994.

But when the new 104th Congress convened this past January, the U.S. House of Representatives quickly approved a balanced budget amendment to the U.S. Constitution. On the Senate side, all but one of the 54 Republicans supported the balanced budget amendment—that was the good news.

The bad news was that only 13 Democrats supported it—which killed hopes for a balanced budget amendment for the time being. Since a two-thirds vote—67 Senators, if all Senator's are present—is necessary to approve a constitutional amendment, the proposed Senate amendment failed by one vote. There will be another vote either this year or in 1996.

Here is today's bad debt boxscore:

As of the close of business Tuesday, September 12, the federal debt—down to the penny—stood at exactly $4,964,465,905.748.40 or $18,845.20 for every man, woman, and child on a per capita basis.

CONGRESSIONAL ACCOUNTABILITY ACT

Mr. GRASSLEY. Mr. President, earlier this year, Congress overwhelmingly passed the Congressional Accountability Act which was signed into law by the President. The purpose of the act was to clarify that we cannot pass laws applying to the private sector that do not apply to us as well.

After many years of pursuing this legislative initiative, I was pleased with the final outcome of the act.

A concern has been raised that the welfare bill before us today is not clear on the issue of congressional coverage.

If the leader would indulge me, I would like to enter into a colloquy addressing this concern.

Mr. Leader, is it the intent of the legislation in section 453(a) of title 9, the child support enforcement title of the bill, to include Senators and Congressmen in the definition of "any governmental entity"?

Mr. DOLE. That is correct.

Mr. GRASSLEY. Are committees of the House of Representatives, the Senate, and joint committees included in

Peace Facilitation Act of 1995, which I was proud to cosponsor along with Senators HELMS, PELL, DOLE, DASCHLE, MACK, LIEBERMAN, MCCONNELL, LEAHY, and LAUTENBERG. This bill would allow the President to continue to provide assistance to the Palestinians and to conduct relations with the PLO, but it includes strict new language mandating compliance by the PLO and the Palestinian Authority with all of their commitments.

The resolution I am submitting today presents an opportunity for the Senate to mark an important milestone on the long road to peace between Israel and the Palestinians. As we take note of this day, let us also reiterate once again that the successful conclusion of a comprehensive peace in the Middle East is in the United States national interest, and that we in the U.S. Senate stand firmly behind all those who are committed to achieving that peace.

AMENDMENT SUBMITTED

THE WORK OPPORTUNITY ACT OF 1995

SIMON (AND REID) AMENDMENT NO. 2681

Mr. SIMON (for himself and Mr. REID) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence; as follows:

At the appropriate place, insert the following new title:

TITLE ___—COMMUNITY WORKS PROGRESS ACT

SEC. ___00. SHORT TITLE.

This title may be cited as the "Community Works Progress Act".

SEC. ___01. FUNDING FOR COMMUNITY WORKS PROGRESS PROGRAMS.

(a) SET-ASIDE OF AMOUNTS FROM BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES.—

(1) REDUCTION IN STATE FAMILY ASSISTANCE GRANT AMOUNT.—Notwithstanding section 403(a)(1)(A) of the Social Security Act, as added by section 101(b) of this Act, no eligible State shall receive a grant in an amount equal to the amount otherwise determined under such section unless such amount is reduced by the amount determined under paragraph (2).

(2) AMOUNT DETERMINED.—The amount determined under this paragraph is the amount which bears the same ratio to $240,000,000 (or, $240,000,000 reduced by the amount, if any, available for such fiscal year in accordance with subsection (c), whichever is lesser) as the amount otherwise determined for such State under section 403(a)(2)(A) of the Social Security Act, as added by section 101(b) of this Act, (without regard to the reduction determined under this paragraph) bears to $16,795,323,000.

(3) USE OF AMOUNTS APPROPRIATED FOR BLOCK GRANT.—Notwithstanding section 403(a)(4)(A) of the Social Security Act, as added by section 101(b) of this Act, $240,000,000 of the amounts appropriated under such section shall be used for the purpose of paying grants beginning with fiscal years after fiscal year 1996 to States for the operation of community works progress programs. Such amounts shall be paid to States in accordance with the requirements of this title and shall not be subject to any requirements of part A of title IV of the Social Security Act.

(b) LIMITATIONS ON COSTS.—

(1) ADMINISTRATIVE EXPENSES.—Not more than 10 percent of the amount of each grant awarded to a State may be used for administrative expenses.

(2) COMPENSATION AND SUPPORTIVE SERVICES.—Not less than 70 percent of the amount of each grant awarded to a State may be used to provide compensation and supportive services to project participants.

(3) WAIVER OF COST LIMITATIONS.—The limitations under paragraphs (1) and (2) may be waived for good cause, as determined appropriate by the Secretary.

(c) AMOUNTS REMAINING AVAILABLE FOR STATE FAMILY ASSISTANCE GRANTS.—Any amounts appropriated for making grants under this title for a fiscal year under section 403(a)(4)(A)(i) of the Social Security Act (42 U.S.C. 603(a)(2)(A)(4)(A)(i)) that are not paid as grants to States in accordance with this title in such fiscal year shall be available for making State family assistance grants for such fiscal year in accordance with subsection (a)(1) of such section.

SEC. ___01A. ESTABLISHMENT.

In the case of any fiscal year after fiscal year 1996, the Secretary of Labor (hereafter referred to in this title as the "Secretary") shall award grants to 4 States for the establishment of community works progress programs.

SEC. ___02. DEFINITIONS.

For purposes of this title:

(1) COMMUNITY WORKS PROGRESS PROGRAM.—The terms "community works progress program" and "program" mean a program designated by a State under which the State will select governmental and nonprofit entities to conduct community works progress projects which serve a significant public purpose in fields such as health, social service, environmental protection, education, urban and rural development and redevelopment, welfare, recreation, public facilities, public safety, and child care.

(2) COMMUNITY WORKS PROGRESS PROJECT.—The terms "community works progress project" and "project" mean an activity conducted by a governmental or nonprofit entity that results in a specific, identifiable service or product that, but for this title, would not otherwise be done with existing funds and that supplements but does not supplant existing services.

(3) NONPROFIT ENTITY.—The term "nonprofit entity" means an organization—

(A) described in section 501(c) of the Internal Revenue Code of 1986; and

(B) exempt from taxation under section 501(a) of such Code.

SEC. ___03. APPLICATIONS BY STATES.

(a) IN GENERAL.—Each State desiring to conduct, or to continue to conduct, a community works progress program under this title shall submit an annual application to the Secretary at such time and in such manner as the Secretary shall require. Such application shall include—

(1) identification of the State agency or agencies that will administer the program and be the grant recipient of funds for the State, and

(2) a detailed description of the geographic area in which the project is to be carried out, including such demographic and economic data as are necessary to enable the Secretary to consider the factors required by subsection (b).

(b) CONSIDERATION OF APPLICATIONS.—

(1) IN GENERAL.—In reviewing all applications received from States desiring to conduct or continue to conduct a community works progress program under this title, the Secretary shall consider—

(A) the unemployment rate for the area in which each project will be conducted,

(B) the proportion of the population receiving public assistance in each area in which a project will be conducted,

(C) the per capita income for each area in which a project will be conducted,

(D) the degree of involvement and commitment demonstrated by public officials in each area in which projects will be conducted,

(E) the likelihood that projects will be successful,

(F) the contribution that projects are likely to make toward improving the quality of life of residents of the area in which projects will be conducted,

(G) geographic distribution,

(H) the extent to which projects will encourage team approaches to work on real, identifiable needs,

(I) the extent to which private and community agencies will be involved in projects, and

(J) such other criteria as the Secretary deems appropriate.

(2) INDIAN TRIBES AND URBANIZED AREAS.—

(A) IN GENERAL.—The Secretary shall ensure that—

(i) one grant under this title shall be awarded to a State that will conduct a community works progress project that will serve one or more Indian tribes; and

(ii) one grant under this title shall be awarded to a State that will implement a community works progress project in a city that is within an Urbanized Area (as defined by the Bureau of the Census).

(B) INDIAN TRIBE.—For purposes of this paragraph, the term "Indian tribe" means any Indian tribe, band, nation, or other organized group or community, including any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act (43 U.S.C.A. 1601 et seq.), which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.

(c) MODIFICATION TO APPLICATIONS.—If changes in labor market conditions, costs, or other factors require substantial deviation from the terms of an application approved by the Secretary, the State shall submit a modification of such application to the Secretary.

SEC. ___04. PROJECT SELECTION BOARD.

(a) ESTABLISHMENT.—Each State that receives a grant under this title shall establish a Project Selection Board (hereafter referred to as the "Board") in the geographic area or areas identified by the State under section ___03(b)(2).

(b) MEMBERSHIP.—

(1) IN GENERAL.—Each Board shall be composed of 13 members who shall reside in the geographic area identified by the State under section ___03(b)(2). Subject to paragraph (2), the members of the Board shall be appointed by the Governor of the State in consultation with local elected officials in the geographic area.

(2) REPRESENTATIVES OF BUSINESS AND LABOR ORGANIZATIONS.—The Board—

(A) shall have at least one member who is an officer of a recognized labor organization; and

(B) shall have at least one member who is a representative of the business community.

(c) DUTIES OF THE BOARD.—The Board shall—

(1) recommend appropriate projects to the Governor;

(2) select a manager to coordinate and supervise all approved projects; and

(3) periodically report to the Governor on the project activities in a manner to be determined by the Governor.

(d) VETO OF A PROJECT.—One member of the Board who is described in subparagraph (A) of subsection (b)(2) and one member of the Board who is described in subparagraph (B) of such subsection shall have the authority to veto any proposed project. The Governor shall determine which Board members shall have the veto authority described under this subsection.

(e) TERMS AND COMPENSATION OF MEMBERS.—The Governor shall establish the terms for Board members and specify procedures for the filling vacancies and the removal of such members. Any compensation or reimbursement for expenses paid to Board members shall be paid by the State, as determined by the Governor.

SEC. ___05. PARTICIPATION IN PROJECTS.

(a) IN GENERAL.—To be eligible to participate in projects under this title, an individual shall be—

(1) receiving, eligible to receive, or have exhausted unemployment compensation under an unemployment compensation law of a State or of the United States,

(2) receiving, eligible to receive, or at risk of becoming eligible to receive, assistance under a State program funded under part A of title IV of the Social Security Act,

(3) a noncustodial parent of a child who is receiving assistance under a State program funded under part A of title IV of the Social Security Act,

(4) a noncustodial parent who is not employed, or

(5) an individual who—

(A) is not receiving unemployment compensation under an unemployment compensation law of a State or of the United States;

(B) if under the age of 20 years, has graduated from high school or is continuing studies toward a high school equivalency degree;

(C) has resided in the geographic area in which the project is located for a period of at least 60 consecutive days prior to the awarding of the project grant by the Secretary; and

(D) is a citizen of the United States.

(b) WORK ACTIVITY UNDER BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES.—For purposes of section 404(c)(3) of the Social Security act, as added by section 101(b) of this Act, the term 'work activity' includes participation in a community works progress program.

SEC. ___06. MANDATORY PARTICIPATION.

Able-bodied individuals who reside in a project area and who have received assistance under a State program funded under part A of title IV of the Social Security Act for more than 5 weeks shall be required to participate in a project unless—

(1) the project has no available placements; or

(2) the individual is a single custodial parent caring for a child age 5 or under and has a demonstrated inability to obtain needed child care, for 1 or more of the following reasons:

(A) Unavailability of appropriate child care within a reasonable distance of the individual's home or work site.

(B) Unavailability or unsuitability of informal child care by a relative or under other arrangements.

(C) Unavailability of appropriate and affordable formal child care arrangements.

SEC. ___07. HOURS AND COMPENSATION.

(a) DETERMINATION OF COMPENSATION.—

(1) IN GENERAL.—Except as provided in paragraph (2), project participants in a community works progress project shall be paid the applicable Federal or State minimum wage, whichever is greater.

(2) EXCEPTIONS.—If a participant in a community works progress project is—

(A) eligible for benefits under a State program funded under part A of title IV of the Social Security Act and such benefits exceed the amount described in paragraph (1), such participant shall be paid an amount that exceeds by 10 percent of the amount of such benefits; or

(B) eligible for benefits under an unemployment compensation law of a State or the United States such benefits exceed the amount described in paragraph (1), such participant shall be paid an amount that exceeds by 10 percent the amount of such benefits.

(b) WORK REQUIREMENTS RELATED TO PARTICIPATION.—

(1) IN GENERAL.—

(A) MAXIMUM HOURS.—In order to assure that each individual participating in a project will have time to seek alternative employment or to participate in an alternative employability enhancement activity, no individual may work as a participant in a project under this title for more than 32 hours per week.

(B) REQUIRED JOB SEARCH ACTIVITY.—Individuals participating in a project who are not receiving assistance under a State program funded under part A of title IV of the Social Security Act or unemployment compensation under an unemployment compensation law of a State or of the United States shall be required to participate in job search activities on a weekly basis.

(c) COMPENSATION FOR PARTICIPANTS.—

(1) PAYMENTS OF ASSISTANCE UNDER A STATE PROGRAM FUNDED UNDER PART A OF TITLE IV AND UNEMPLOYMENT COMPENSATION.—Any State agency responsible for making a payment of benefits to a participant in a project under a State program funded under part A of title IV of the Social Security Act or under an unemployment compensation law of a State or of the United States may transfer such payment to the governmental or nonprofit entity conducting such project and such payment shall be made by such entity to such participant in conjunction with any payment of compensation made under subsection (a).

(2) TREATMENT OF COMPENSATION OR BENEFITS UNDER OTHER PROGRAMS.—

(A) HIGHER EDUCATION ACT OF 1965.—In determining any grant, loan, or other form of assistance for an individual under any program under the Higher Education Act of 1965, the Secretary of Education shall not take into consideration the compensation and benefits received by such individual under this section for participation in a project.

(B) RELATIONSHIP TO OTHER FEDERAL BENEFITS.—Notwithstanding any other provision of law, any compensation or benefits received by an individual under this section for participation in a community works progress project shall be excluded from any determination of income for the purposes of determining eligibility for benefits under a State program funded under part A of title IV, title XVI, and title XIX of the Social Security Act, or any other Federal or federally assisted program which is based on need.

(3) SUPPORTIVE SERVICES.—Each participant in a project conducted under this title shall be eligible to receive, out of grant funds awarded to the State agency administering such project, assistance to meet necessary costs of transportation, child care, vision testing, eyeglasses, uniforms and other work materials.

SEC. ___08. ADDITIONAL PROGRAM REQUIREMENTS.

(a) NONDUPLICATION AND NONDISPLACEMENT.—

(1) NONDUPLICATION.—

(A) IN GENERAL.—Amounts from a grant provided under this title shall be used only for a project that does not duplicate, and is in addition to, an activity otherwise available in the State or unit of general local government in which the project is carried out.

(B) NONPROFIT ENTITY.—Amounts from a grant provided to a State under this title shall not be provided to a nonprofit entity to conduct activities that are the same or substantially equivalent to activities provided by a State or local government agency in which such entity resides, unless the requirements of paragraph (2) are met.

(2) NONDISPLACEMENT.—

(A) IN GENERAL.—A governmental or nonprofit entity shall not displace any employee or position, including partial displacement such as reduction in hours, wages, or employment benefits, as a result of the use by such entity of a participant in a project funded by a grant under this title.

(B) LIMITATION ON SERVICES.—

(i) DUPLICATION OF SERVICES.—A participant in a project funded by a grant under this title shall not perform any services or duties or engage in activities that would otherwise be performed by any employee as part of the assigned duties of such employee.

(ii) SUPPLANTATION OF HIRING.—A participant in a project funded by a grant under this title shall not perform any services or duties or engage in activities that will supplant the hiring of other workers.

(iii) DUTIES FORMERLY PERFORMED BY ANOTHER EMPLOYEE.—A participant in a project funded by a grant under this title shall not perform services or duties that have been performed by or were assigned to any presently employed worker, employee who recently resigned or was discharged, employee who is subject to a reduction in force, employee who is on leave (terminal, temporary, vacation, emergency, or sick), or employee who is on strike or who is being locked out.

(b) FAILURE TO MEET REQUIREMENTS.—The Secretary may suspend or terminate payments under this title for a project if the Secretary determines that the governmental or nonprofit entity conducting such project has materially failed to comply with this title, the application submitted under this title, or any other terms and conditions of a grant under this title agreed to by the State agency administering the project and the Secretary.

(c) GRIEVANCE PROCEDURE.—

(1) IN GENERAL.—Each State conducting a community works progress program or programs under this title shall establish and maintain a procedure for the filing and adjudication of grievances from participants in any project conducted under such program, labor organizations, and other interested individuals concerning such program, including grievances regarding proposed placements of such participants in projects conducted under such program.

(2) DEADLINE FOR GRIEVANCES.—Except for a grievance that alleges fraud or criminal activity, a grievance under this paragraph shall be filed not later than 6 months after the date of the alleged occurrence of the event that is the subject of the grievance.

(d) TESTING AND EDUCATION REQUIREMENTS.—

(1) TESTING.—Each participant in a project shall be tested for basic reading and writing competence prior to employment under such project.

(2) EDUCATION REQUIREMENT.—

(A) FAILURE TO SATISFACTORILY COMPLETE TEST.—Participants who fail to complete satisfactorily the basic competency test required in paragraph (1) shall be furnished counseling and instruction. Those participants who lack a marketable skill must attend a technical school or community college to acquire such a skill.

(B) LIMITED ENGLISH.—Participants with limited English speaking ability may be furnished such instruction as the governmental or nonprofit entity conducting the project deems appropriate.

(e) COMPLETION OF PROJECTS.—

(1) IN GENERAL.—A governmental or nonprofit entity conducting a project or projects under this title shall complete such project or projects within the 2-year period beginning on a date determined appropriate by such entity, the State agency administering the project, and the Secretary.

(2) MODIFICATION.—The period referred to in paragraph (1) may be modified in the discretion of the Secretary upon application by the State in which a project is being conducted.

SEC. ___09. EVALUATIONS AND REPORTS.

(a) BY THE STATE.—Each State conducting a community works progress program or programs under this title shall conduct ongoing evaluations of the effectiveness of such program (including the effectiveness of such program in meeting the goals and objectives described in the application approved by the Secretary) and, for each year in which such program is conducted, shall submit an annual report to the Secretary concerning the results of such evaluations at such time, and in such manner, as the Secretary shall require. The report shall incorporate information from annual reports submitted to the State by governmental and nonprofit entities conducting projects under the program. The report shall include an analysis of the effect of such projects on the economic condition of the area, including their effect on welfare dependency, the local crime rate, general business activity (including business revenues and tax receipts), and business and community leaders' evaluation of the projects' success. Up to 2 percent of the amount granted to a State may be used to conduct the evaluations required under this subsection.

(b) BY THE SECRETARY.—The Secretary shall submit an annual report to the Congress concerning the effectiveness of the community works progress programs conducted under this title. Such report shall analyze the reports received by the Secretary under subsection (a).

SEC. ___10. EVALUATION.

Not later than October 1, 2000, the Secretary shall submit to the Congress a comprehensive evaluation of the effectiveness of community works progress programs in reducing welfare dependency, crime, and teenage pregnancy in the geographic areas in which such programs are conducted.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. SANTORUM. Mr. President, I ask unanimous consent that the Committee on Banking, Housing, and Urban Affairs be authorized to meet during the session of the Senate on Wednesday, September 13, 1995, to conduct a hearing on the status and effectiveness of the sanctions on Iran.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON INDIAN AFFAIRS

Mr. SANTORUM. Mr. President, I ask unanimous consent that the Committee on Indian Affairs be authorized to meet on Wednesday, September 13, 1995, beginning at 9 a.m., in room 485 of the Russell Senate Office Building on the nomination of Paul M. Homan to be special trustee for the Office of Special Trustee for American Indians in the Department of the Interior.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITEE ON THE JUDICIARY

Mr. SANTORUM. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on September 13, 1995, at 10 a.m. to hold a hearing on "Ninth Circuit Split."

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Mr. SANTORUM. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Wednesday, September 13, 1995, at 10 a .m. to hold an open hearing on Intelligence matters.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON IMMIGRATION

Mr. SANTORUM. Mr. President, I ask unanimous consent that the Immigration Subcommittee of the Committee on the Judiciary be authorized to meet during the session of the Senate on September 13, 1995, at 2 p.m. to hold a hearing on "Legal Immigration Reform."

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL COMMENTS

TIME TO FACE THE TRUTH ON PRISONS

• Mr. SIMON. Mr. President, the recent news that we now have over a million people in our State and Federal prisons, and over half a million in our local and county jails, is unprecedented in this country and perhaps unprecedented in any country.

We have to be looking for other answers than more and more prisons. And there are much better answers, both from the viewpoint of the dollar and from the viewpoint of humanity.

States are compounding the problem with passage of various legislation, such as "three strikes and you are out" in California.

A Chicago Tribune editorial commented recently on the State picture in Illinois. What it is really commenting on is about an attitude that exists, not only in Illinois, but in the Nation.

And what the editorial says makes a good deal of sense.

I ask that it be printed in the RECORD at this point.

The editorial follows:

[From the Chicago Tribune, Aug. 28, 1995]

TIME TO FACE THE TRUTH ON PRISONS

Now that Gov. Jim Edgar has signed the state's new truth-in-sentencing legislation, someone is going to have to figure out how to make it work before there is a disaster in the prison system. The governor is willing, but the responsibility belongs squarely with the General Assembly that created this time bomb.

When the legislature passed the law, it is a pity that it wasn't accompanied by truth-in-legislation legislation to give the public an honest portrayal of the costs. Instead, it pandered to the popular appeal of getting tougher on serious crime without regard to the consequences and without providing the resources to handle the added burden on the prisons.

Among other things, the law requires that convicted murderers must serve their entire sentences and those convicted of other serious crimes—attempted murder, rape, kidnapping, armed robbery—must serve at least 85 percent. That certainly resonates strongly with a public continually outraged by stories of violent offenders who serve half their time and commit other heinous acts when released. And certainly prison space and stern punishment ought to be reserved primarily for the worst offenders.

Truth in sentencing, however, focuses on getting felons into prison and keeping them there longer; it ignores the impact and fosters a myth that there will be no effect on the general prison population.

There will be a dramatic effect. According to the state Department of Corrections, it will add the equivalent of some 3,800 inmates at a cost of $320 million over the next 10 years—an impact that will escalate in succeeding years. And these will be the hardest cases, stuffed into a prison system that already is seriously overcrowded and may be out of space next year.

Anticipating this, Edgar proposed adding some 4,800 cells to the system, but the legislature—primarily because of Democratic opposition—cynically rebuffed his request for bonding authority. In short, the legislature was eager to flood the prisons with new inmates but not to pay the bill.

Now Edgar is proposing a different strategy; contracting with private firms to build a new prison and two work camps and add cells to eight existing prisons. The state would lease the facilities and run them.

There is merit to the idea in that it could get the job done, and the governor deserves credit for trying. But the answer is not some gambit to bypass the legislature; it is for the legislature to face its obligation.

First it must concede what it is not telling the public; that for every prisoner pushed into the system, someone must be pushed out the other end—perhaps sooner than the public will tolerate. Or the overcrowding will get worse, raising the risk of inmate violence and riots, and ultimately inviting federal court intervention to force Illinois to clean up its act.

If more prison space is the solution, the General Assembly must provide the money. If not, it must expand the concept of innovative alternative sentencing for non-violent offenders and revisit the state criminal code—reducing the penalties for lesser offenses and giving judges more discretion.

Truth in sentencing is an easy answer to serious concerns. There is no easy way out of the problems that it will create, and it's time to stop the pretense.•

THE AMERICAN PROMISE

• Mr. WARNER. Mr. President, as has been said many times before, ours is

County, MN. Ninety-five percent of recipients in Ramsey County prefer EBT over checks and food stamps. It allows recipients to have their monthly benefits on the date that they are available, instead of when the Postal Service finally delivers them. It also allows the recipient to bypass check cashing fees and to withdraw small amounts at a time, making them less of a target for mugging.

Senator DOLE's welfare reform proposal S. 1120, as well as Senator DASCHLE's proposed substitute, the Work First proposal, would exempt only food stamp benefits distributed by EBT from regulation E. I support these provisions, for now, because the Secretary of the U.S. Department of Agriculture would continue to have authority to ensure there are adequate protections. For example, it is my understanding that the Secretary could require the application of regulation E to food stamps if the States or banks abuse the system. But the same would not be true for AFDC if the Congress were to convert the program to a block grant for cash assistance. Under a block grant beneficiaries would have no recourse if banks or the State agencies did not act responsibly.

In contrast, the House has taken a different approach and has exempted all needs-tested Government programs that make use of EBT from regulation E. For reasons I have described, I do not think this is appropriate. I believe legislation that effects regulation E's application to EBT needs more thought. We need to consider how to minimize State liability while still maintaining protections for recipients using EBT. Congress should take the short-term step of eliminating the $50 liability limit. Other requirements of regulation E, such as the requirement to address complaints in a timely manner, may continue to be necessary to ensure that recipients in Federal cash-assistance welfare programs are treated fairly. The Federal Reserve Board has already determined that regulation E shall apply to all EBT programs as of February 1997. We need to act on this issue soon so that States will not see the impending implementation of regulation E as a barrier to starting EBT programs. I would like to work with my colleagues to eliminate barriers to the States' use of EBT so that States will not be dissuaded from implementing EBT programs.●

TRIBUTE TO FANNIE MAE

● Mr. SIMON. Mr. President, I recently joined Mayor Daley, Fannie Mae President Larry Small, and others, in announcing Fannie Mae's "HouseChicago" plan. "HouseChicago" is a $10 billion, 7-year investment plan developed by Fannie Mae's Chicago Partnership Office, the City of Chicago and numerous local partners.

Fannie Mae was created by Congress as a federally-chartered, shareholder-owned corporation, whose mission is to make sure mortgage funds are readily available in every State of the Nation. I am proud to say Fannie Mae has done a tremendous job at fulfilling that mission, and I want to bring to the attention of my colleagues the following editorial by the Chicago Tribune regarding Fannie Mae's investment in the city of Chicago.

[From the Chicago Tribune, August 26, 1995]

FANNIE MAE'S HOME COOKIN'

It's hard to overstate the importance of home ownership to the success of a neighborhood.

Besides being a ticket to the middle-class, ownership gives people a larger stake in their communities. It makes them less tolerant of vandalism or drug-dealing and more likely to get involved in a block club or the PTA.

But as nearly every homeowner is reminded once a month, it's the mortgage-holder that really owns the house. It's the lender or, more often, the financial house that buys the mortgage from the lender whose investment is most at risk. That's why the note-holder gets first claim on the property should the purchaser fail to make payments.

And that's why lenders have strict standards about whom they will lend to and under what circumstances. But as lenders increasingly sell their mortgages on the so-called "secondary" market, it's the standards of the huge mortgage purchasing corporation that become key.

In that regard, recent initiatives by the Federal National Mortgage Association (Fannie Mae), the nation's largest repurchaser of home mortgages, deserve to be recognized and applauded.

Not to be confused with the local confectioner, Fannie Mae is a federally chartered, publicly traded corporation whose mission is to encourage private investment in residential mortgages. It recently struck a deal with the city to modify its underwriting standards in certain disadvantaged neighborhoods.

Participating lenders can now offer extra-low (3 percent) down payment terms to families earning up to 20 percent above the area median income of $51,300—if the house they are buying is located within the city's empowerment zone or certain other areas targeted by City Hall for redevelopment.

Some might call this an attempt at gentrification, but it means that middle-income families—and the stability they bring—will be lured into neighborhoods they might otherwise spurn as too risky.

Other Fannie Mae changes will make it easier for buyers of small apartment buildings to get conventional mortgages, as well as buyers participating in the city's New Homes For Chicago Program and the purchase-rehabilitation program run by a group called Neighborhood Housing Services of Chicago (NHS).

The bottom-line in Fannie Mae's "House Chicago" program will be $10 billion in private loans pumped into neighborhoods that might otherwise have to rely on federal mortgage insurance . . . with all the abuses those programs often bring.

It's not the candy company, but Fannie Mae is giving new meaning to "Sweet Home Chicago."

TONY ELROY MCHENRY

Mr. WARNER. Mr. President, I rise today to pay special tribute to the life of Tony Elroy McHenry. Tony passed away September 9, 1995, and is remembered as a loving husband and son, and a devoted employee of the U.S. Senate.

Born the youngest son of Hugh O. and the late Janet W. McHenry, Tony claimed home in Fredericksburg, VA. Even as a young child, Tony always found a peacefulness in his faith; he was a life-long member of Beulah Baptist Church.

Tony was educated in Spotsylvania County at the John J. Wright Consolidated School and then Spotsylvania High School. He also attended Virginia State University.

On December 3, 1988, he and Piatrina A. Robinson were married. He is survived by his wife. Tony distinguished himself as an offset pressman for the U.S. Senate Service Department and friends remark on his quiet dignity and pride taken in his work. He always balanced professionalism and a courteous manner, certainly his trademarks.

Tony McHenry will be missed by family and friends: his smile, his warm and engaging personality, his earthly spirit.

ORDERS FOR TOMORROW

Mr. JEFFORDS. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 9:15 a.m. on Thursday, September 14, 1995; that following the prayer, the Journal of proceedings be deemed approved to date; the time for the two leaders be reserved for their use later in the day, and there be a period for morning business until the hour of 10 a.m. with Senator BYRD to be recognized for up to 45 minutes; I further ask that at 10 a.m. the Senate immediately resume consideration of H.R. 4, the welfare reform bill under the provisions of the previous consent agreement; further, that if Senator DODD has not offered his amendment and therefore is not pending following the last rollcall votes in Thursday's series of votes, Senator SHELBY shall be recognized to call up amendment No. 2526.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. JEFFORDS. For the information of all Senators, the Senate will resume consideration of the welfare reform bill tomorrow morning at 10 a.m. Following 10 minutes of debate the Senate will begin a series of rollcall votes on or in relation to amendments to the welfare reform bill. All Senators should therefore expect the first rollcall vote on Thursday at approximately 10:10, to be followed by a series of votes with only 10 minutes of debate between each vote.

The PRESIDING OFFICER. Without objection, it is so ordered.

FAMILY SELF-SUFFICIENCY ACT

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of H.R. 4, which the clerk will report.

The legislative clerk read as follows:

A bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence.

The Senate resumed consideration of the bill.

Pending:

Dole modified amendment No. 2280, of a perfecting nature.

Subsequently, the amendment was further modified.

Daschle amendment No. 2672 (to amendment No. 2280), to provide for the establishment of a contingency fund for State welfare programs.

Faircloth amendment No. 2608 (to amendment No. 2280), to provide for an abstinence education program.

Wellstone amendment No. 2584 (to amendment No. 2280), to exempt women and children who have been battered or subject to extreme cruelty from certain requirements of the bill.

Faircloth amendment No. 2609 (to amendment No. 2280), to prohibit teenage parents from living in the home of an adult relative or guardian who has a history of receiving assistance.

Conrad amendment No. 2528 (to amendment No. 2280), to provide that a State that provides assistance to unmarried teenage parents under the State program require such parents as a condition of receiving such assistance to live in an adult-supervised setting and attend high school or other equivalent training program.

Jeffords amendment No. 2581 (to amendment No. 2280), to strike the increase to the grant to reward States that reduce out-of-wedlock births.

The PRESIDING OFFICER. Under the previous order, there will be 10 minutes, to be equally divided, on the Wellstone amendment No. 2584, to be followed by a vote on or in relation to the amendment.

Mr. WELLSTONE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, there being some spare time in our schedule just now, I would like to take the occasion, and exercise the privilege, as I see it, of reading to the Senate the lead editorial in the Washington Post this morning. It is entitled "Welfare Theories." This is an editorial page which has been dealing thoughtfully, supportively, with welfare problems for 35 years.

On the opposite page, columnist George Will musters a most powerful argument against the welfare bill now on the Senate floor. The bill purports to be a way of sending strong messages to welfare recipients that it is time for them to mend their ways. But as Mr. Will notes, "no child is going to be spiritually improved by being collateral damage in a bombardment of severities targeted at adults who may or may not deserve more severe treatment from the welfare system."

The bill is reckless because it could endanger the well-being of the poorest children in society in the name of a series of untested theories about how people may respond to some new incentives. Surely a Congress whose majority proudly carries the mantle "conservative" should be wary of risking human suffering on behalf of some ideological driven preconceptions. Isn't that what conservatives always accused liberals of doing?

The best thing that can be said of this bill is that it is not as bad as it might have been. Some of the most obviously flawed proposals—mandating that States end welfare assistance to children born to mothers while they are on welfare and that they cut off assistance to teen mothers—have been voted down. There will be at least some requirements that States continue to invest resources in programs for the poor in exchange for their current Federal budget allocations. But they are still not strong enough, and are potentially loophole-ridden. Some new money for child care may also be sprinkled onto this confection.

May I repeat a powerful image, Mr. President:

Some new money for child care may also be sprinkled onto this confection.

But the structure of the bill is wrong, and a fundamental untruth lies at its heart. Congress wants to claim that it is (1) doing something about a whole series of social and economic pathologies, while at the same time (2) cutting spending. But a welfare reform that is serious about both promoting work and helping children in single-parent homes will cost more than writing checks, especially given the extremely modest sums now spent by so many States on the poor.

Going to a block grant formula would destroy one of the few obvious merits of the current system, which is its ability to respond flexibly to regional economic upturns or downturns. On top of this, the bill's provisions on food stamps and its reductions in assistance to disabled children under the Supplementary Security Income Program go beyond what might constitute reasonable reforms. And its provisions cutting aid to legal immigrants would backfire on states with large immigrant populations.

Many Senators will be tempted to vote for this bill anyway, arguing that it has been "improved" and fearing the political consequences of voting against anything labeled welfare reform. But many of the "improvements" will disappear once the bill goes to a conference with the House, which has passed an even more objectionable bill. In any event, voting this bill down would be exactly the opposite of a negative act. It would be an affirmation that real welfare reform is both necessary and possible. To get to that point, a dangerous bill posing as the genuine article must be defeated first.

That is the end of the editorial.

Mr. President, what I cannot comprehend is why this is so difficult for the administration to understand. The administration has abandoned us, those of us who oppose this legislation.

Why do we not see the endless parade of petitioners as when health care reform was before us in the last Congress, the lobbyists, the pretend citizen groups, the real citizen groups? None are here.

I can recall, Mr. President, the extraordinary energy that went into any change in the welfare system 30 years ago, 25 years ago. Fifteen years ago, if there was a proposal to take $40 out of some demonstration project here on the Senate floor, there would be 40 representatives of various advocacy groups outside.

There are very few advocacy groups outside. You can stand where I stand, Mr. President, and look straight out at the Supreme Court—not a person in between that view. Not one of those flaunted, vaunted advocacy groups forever protecting the interests of the children and the helpless and the homeless and the what-you-will. Are they increasingly subsidized and therefore increasingly co-opted?

Are they are silent because the White House is silent? They should be ashamed. History will shame them.

One group was in Washington yesterday and I can speak with some spirit on that. This was a group of Catholic bishops and members from Catholic Charities. They were here. They were in Washington. Nobody else. None of the great marchers, the great chanters, the nonnegotiable demanders.

There is one police officer that has just appeared, but otherwise the lobby by the elevators is as empty this morning as it was when I left the Chamber last night about 10 o'clock.

I read in the New York Times this morning, the front page, lead article:

And the White House, exceedingly eager to support a law that promises to change the welfare system, was sending increasingly friendly signals about the bill.

I see my friend from Indiana, Senator COATS, is on the floor. I know his view will be different from mine on the bill. But I recall that extraordinary address he gave yesterday on civil society, citing such as Nathan Glazer and James Q. Wilson, I, in response, quoted some of their observations that we know we have to do these things, but we do not know how to do them. We are just at the beginning of recognizing how profound a question it is, as the Senator so brilliantly set forth. But first, do no harm. Do not pretend that you know what you do not know. Look at the beginnings of research and evaluation that say, "Very hard, not clear." Do not hurt children on the basis of an unproven theory and untested hypothesis.

That is what the Senator was citing, persons yesterday who said just that. This morning, the Washington Post, in its lead editorial, speaks of the structure of the bill being wrong, that a fundamental untruth lies at its heart.

Congress wants to claim that it is (1) doing something about a whole series of social and economic pathologies, while at the same time (2) cutting spending. The nostrums, the unsupported beliefs, the unsupported assertions, are quite astounding.

White House spokesman Rahm Emanuel yesterday told us things are going well. I say once again there is such a thing as resigning in Government, and there comes a time when, if principle matters at all, you resign. People who resign on principle come back; people whose real views are less important than their temporary position, "their brief authority," as Shakespeare once put it, disappear.

If that brief authority is more important than the enduring principles of protecting children and childhood, then what is to be said of those who prefer the one to the other? What is to be said of a White House that was almost on the edge of excess in its claims of empathy and concern in the last Congress but is now prepared to see things like this happen in the present Congress?

All they want is, and I quote the Washington Post, "some new money for child care that may be sprinkled onto this confection."

It will shame this Congress. It will spoil the conservative revolution. The Washington Post makes this clear. If conservative means anything, it means be careful, be thoughtful, and anticipate the unanticipated or understand that things will happen that you do not expect. And be very careful with the lives of children.

I had no idea, Mr. President, how profoundly what used to be known as liberalism was shaken by the last election. No President, Republican or Democrat, in history, or 60 years' history, would dream of agreeing to the repeal of title IV A of Social Security, the provision for National Government for children. Clearly, this administration is contemplating just that.

I cannot understand how this could be happening. It has never happened before.

I make no claim to access. Hardly a soul in the White House has talked to me about this subject since it arose. They know what I think and they know what I would say; not about the particulars, but about the principle—the principle. Does the Federal Government maintain a commitment to State programs providing aid to dependent children?

It is not as if we had just a few. Ten million is a round number, at any moment.

As George Will observes in his column, and the Washington Post editorial refers to his column—the numbers are so extraordinary:

Here are the percentages of children on AFDC at some point during 1993 in five cities: Detroit (67), Philadelphia (57), Chicago (46), New York (39), Los Angeles (38).

Then he cites this Senator:

"There are * * * not enough social workers, not enough nuns, not enough Salvation Army workers" to care for children who would be purged from the welfare rolls were Congress to decree [and then Mr. Will says] "(as candidate Bill Clinton proposed) a two-year limit for welfare eligibility."

The citation of Nicholas Eberstadt—I have the honor to have been a colleague of Mr. Eberstadt in a course entitled, "The Social Science and Social Policy," which was taught in the core curriculum at Harvard University. Nicholas Eberstadt, of Harvard and the American Enterprise Institute, says:

Supposing today's welfare policy incentives to illegitimacy were transported back in time to Salem, MA in, say, 1660. How many additional illegitimate births would have occurred in Puritan Salem? Few. Because the people of Salem in 1660 believed in hell and believed that what today are called disorganized lifestyles led to hell. Congress cannot legislate useful attitudes.

I can say of my friend Mr. Eberstadt, I do not know where his politics would be, save they would be moderate, sensible, based on research. He is a thoughtful man; a demographer. He has studied these things with great care. And he, too, cannot comprehend national policy at this point.

Scholars have been working at these issues for years now, and the more capable they are, the more tentative and incremental their findings. I cited yesterday a research evaluation of a program, now in its fifth year, of very intensive counseling and training with respect to the issue of teen births—with no results. No results. It is a very common encounter, when things as profound in human character and behavior are dealt with. The capacity of external influences to change it is so very small.

And that we should think otherwise? That men and women have stood in

this Chamber and talked about a genuine crisis—and there is that. And I have said, if nothing else comes out of this awful process, at least we will have addressed the central subject. But if it is that serious, how can we suppose it will be changed by marginal measures? It will not.

Are there no serious persons in the administration who can say, "Stop, stop right now? No. We won't have this. We agree with the Washington Post that, 'It would be an affirmation that real welfare reform is both necessary and possible. To get to that point, a dangerous bill posing as the genuine article must be defeated first.'" If not, profoundly serious questions are raised about the year to come?

Mr. President, I ask unanimous consent to have Mr. Will's column printed in the RECORD and I yield the floor.

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

WOMEN AND CHILDREN FIRST?

(By George F. Will)

As the welfare reform debate begins to boil, the place to begin is with an elemental fact: No child in America asked to be here.

Each was summoned into existence by the acts of adults. And no child is going to be spiritually improved by being collateral damage in a bombardment of severities targeted at adults who may or may not deserve more severe treatment from the welfare system.

Phil Gramm says welfare recipients are people "in the wagon" who ought to get out and "help the rest of us pull." Well. Of the 14 million people receiving Aid to Families with Dependent Children, 9 million are children. Even if we get all these free riders into wee harnesses, the wagon will not move much faster.

Furthermore, there is hardly an individual or industry in America that is not in some sense "in the wagon," receiving some federal subvention. If everyone gets out, the wagon may rocket along. But no one is proposing that. Instead, welfare reform may give a whole new meaning to the phrase "women and children first."

Marx said that history's great events appear twice, first as tragedy, then as farce. Pat Moynihan worries that a tragedy visited upon a vulnerable population three decades ago may now recur, not as farce but again as tragedy.

Moynihan was there on Oct. 31, 1963, when President Kennedy, in his last signing ceremony, signed legislation to further the "deinstitutionalization" of the mentally ill. Advances in psychotropic drugs, combined with "community-based programs," supposedly would make possible substantial reductions of the populations of mental institutions.

But the drugs were not as effective as had been hoped, and community-based programs never materialized in sufficient numbers and sophistication. What materialized instead were mentally ill homeless people. Moynihan warns that welfare reform could produce a similar unanticipated increase in children sleeping on, and freezing to death on, grates.

Actually, cities will have to build more grates. Here are the percentages of children on AFDC at some point during 1993 in five cities: Detroit (67), Philadelphia (57), Chicago (46), New York (39), Los Angeles (38). "There are," says Moynihan, "not enough social workers, not enough nuns, not enough Salvation Army workers" to care for children who would be purged from the welfare rolls were Congress to decree (as candidate Bill Clinton proposed) a two-year limit for welfare eligibility.

Don't worry, say the designers of a brave new world, welfare recipients will soon be working. However, 60 percent of welfare families—usually families without fathers—have children under 6 years old. Who will care for those children in the year 2000 if Congress decrees that 50 percent of welfare recipients must by then be in work programs? And whence springs this conservative Congress's faith in work programs?

Much of the welfare population has no family memory of regular work, and little of the social capital of habits and disciplines that come with work. Life in, say, Chicago's Robert Taylor housing project produces what sociologist Emil Durkheim called "a dust of individuals," not an employable population. A 1994 Columbia University study concluded that most welfare mothers are negligibly educated and emotionally disturbed, and 40 percent are serious drug abusers. Small wonder a Congressional Budget Office study estimated an annual cost of $3,000 just for monitoring each workfare enrollee—in addition to the bill for training to give such people elemental skills.

Moynihan says that a two-year limit for welfare eligibility, and work requirements, might have worked 30 years ago, when the nation's illegitimacy rate was 5 percent, but today it is 33 percent. Don't worry, say reformers, we'll take care of that by tinkering with the incentives: There will be no payments for additional children born while the mother is on welfare.

But Nicholas Eberstadt of Harvard and the American Enterprise Institute says: Suppose today's welfare policy incentives to illegitimacy were transported back in time to Salem, Mass., in 1660. How many additional illegitimate births would have occurred in Puritan Salem? Few, because the people of Salem in 1660 believed in hell and believed that what today are called "disorganized lifestyles" led to hell. Congress cannot legislate useful attitudes.

Moynihan, who spent August writing his annual book at his farm in Delaware County, N.Y., notes that in 1963 that county's illegitimacy rate was 3.8 percent and today is 32 percent—amost exactly the national average. And no one knows why the county (which is rural and 98.8 percent white) or the nation has so changed.

Hence no one really knows what to do about it. Conservatives say, well, nothing could be worse than the current system. They are underestimating their ingenuity.

The PRESIDING OFFICER (Mr. SHELBY). The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, I will be very brief. I thank my colleague from New York. For me, personally, having an opportunity to be on the floor while Senator MOYNIHAN speaks is a real honor. We actually go back a ways—not that we knew each other personally, but I assigned many of his books in my classes, ranging from "Maximum Feasible Misunderstanding" to "The Politics of the Guaranteed Income."

It is interesting, once upon a time, back in 1970 or thereabouts, we were not on the same side. We had disagreements. He was the one who was nationally renowned then. I was a college teacher and I always respected Professor MOYNIHAN, and Senator MOYNIHAN, for his views. But at this point in time, having just listened to what he said, I cannot even begin to tell him how much respect I have. His voice is a very powerful and eloquent voice.

I must say, I think the silence from the White House on this question is deafening. Let me just repeat that one more time: The silence from the White House on this question is just deafening. You just cannot have it both ways, Mr. President. You cannot keep talking about children and you cannot keep talking about how you are for children and turn your gaze away from this process and what we are about to do here in the U.S. Senate.

Colleagues are coming in. It may be difficult to take a lot more time. I do not want to delay this process. But as we have gone forward in this debate, I think the thing that saddens me and also angers me—sometimes I am more saddened than angered, sometimes I am more angered than saddened—is not just the question that Senator MOYNIHAN has raised, which is, we do not know, we are about to make policy without understanding, coming anywhere close to understanding the effects of what we are doing. That is, I think, what George Will was trying to say today. But I also feel, and I will be a little bit more, not harsh, but critical of some of my colleagues, I also feel that all too often Senators have come to the floor and have repeated essentially the same stereotypes.

It is not just what we do not know. In fact, we do know some things. It is as if people do not, kind of, want to face up to this at all. All this discussion about out-of-wedlock births and what I consider to be and what I think every colleague considers to be a fundamental problem, a challenge to be dealt with, or question, why children have children, that is a complicated question. That is a complicated question. That is what my colleague from New York is trying to say.

But from a lot of the statistics that have been recited out on the floor and a lot of the discussion, you would think that we are talking about exclusively a problem with AFDC. It is societal wide, yet it gets mixed up, apples and oranges, all the time.

I have heard figures spelled out on the cost of welfare where I think everything was lumped in. You would think it was the aid to families with dependent children that built up $5 trillion of debt and was responsible for the annual budget deficits and all the rest. This is not true.

You would think from this discussion that these enormously high benefits—when not one State has welfare benefits combined with food stamps, even up to the official definition of poverty—were causing women to plan to have more children. But there is no evidence for that at all.

Mr. MOYNIHAN. None.

Mr. WELLSTONE. In fact, yesterday I asked my colleague, I said, let us take a look at some correlations State by State. I asked, "Is there any correlation?" We learned, in fact, there is an inverse correlation. Those States

with the lowest benefits tend to have families with more children. The lowest benefit States have the highest rates of illegitimate children.

So, Mr. President, I think that we are being very reckless with the lives of children. I think what the Senate is about to do over the next couple of days, barring major changes for the better, is very reckless with the lives of children. And in many ways I think it is amounting to nothing more than just bashing because, as I have said before, these mothers do not have the resources to get on NBC, CBS, and ABC and fight some of these stereotypes.

We want reform. But I have heard precious little discussion about the whole issue of job training, jobs, affordable child care, and moving forward on health care reform, not just for welfare mothers but other families as well. I have heard precious little of that.

So, Mr. President, for me the bottom line is—and I understand the climate. It has been just a one-sided flow of information. I said, earlier, I say to my colleague, I was at the Minnesota State Fair. I love to be at the State fair. Almost half of the State's population is there in 12 days. I like interacting with people. It is my nature to like people. I had lots of people come up to me and talk about welfare. And people really do believe we have to drive all these cheaters off the rolls and slackers back to work. People do not necessarily realize that 9 million of those 15 million on welfare are children. But I think when you talk to people they will say to you we are for the reform but we do not want you to punish children.

The direction we are going in is going to punish children. It will—and I do not exaggerate—end up taking food out of the mouths of hungry children. It is not what we should be about. And if there ever was a moment for the President to show leadership, it is now. If there ever was a moment for the President of the United States of America to show leadership—and leadership to me is calling on people to be their own best selves, not appeal to the fears and to the frustrations of people—and spell out for people the facts and provide an education for people in the United States of America about what real reform would be which would benefit children as opposed to hurting children, it is now. The silence of the White House on this question is deafening.

As a Senator from Minnesota, I feel that I owe a lot to the Senator from New York for his courage, his wisdom, his eloquence, and his power.

I yield the floor.

Mr. MOYNIHAN. Mr. President, I do not want to keep the floor further than to say no one has given more of his career to this subject than the Senator from Minnesota. He has been at the barricades and in the lecture halls and the State fairs on the subject. He is an authority on this subject. He speaks with profound conviction.

I thank him for his courtesy to me, and I plead. There is no one in the White House to hear what he has said. Before the day is ending, we will perhaps know more. But we began the day on the right track.

Mr. President, I see my friend from Pennsylvania has arrived. I do believe our procedures can commence.

I yield the floor.

Mr. SANTORUM. Mr. President, not to disappoint the Senator from New York, but I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WELLSTONE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2584, AS MODIFIED

Mr. WELLSTONE. Mr. President, I ask unanimous consent to send a modified amendment to the desk.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment is so modified.

The amendment (No. 2584), as modified, is as follows:

At the end of the amendment, insert the following new title:

TITLE —PROTECTION OF BATTERED INDIVIDUALS

SEC. 01. EXEMPTION OF BATTERED INDIVIDUALS FROM CERTAIN REQUIREMENTS.

(a) IN GENERAL.—Notwithstanding any other provision of, or amendment made by, this Act, the applicable administering authority of any specified provision may exempt from (or modify) the application of such provision to any individual who was battered or subjected to extreme cruelty if the physical, mental, or emotional well-being of the individual would be endangered by the application of such provision to such individual. The applicable administering authority may take into consideration the family circumstances and the counseling and other supportive service needs of the individual.

(b) SPECIFIED PROVISIONS.—For purposes of this section, the term "specified provision" means any requirement, limitation, or penalty under any of the following:

(1) Sections 404, 405 (a) and (b), 406 (b), (c), and (d), 414(d), 453(c), 469A, and 1614(a)(1) of the Social Security Act.

(2) Sections 5(i) and 6 (d), (j), and (n) of the Food Stamp Act of 1977.

(3) Sections 501(a) and 502 of this Act.

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

(1) BATTERED OR SUBJECTED TO EXTREME CRUELTY.—The term "battered or subjected to extreme cruelty" includes, but is not limited to—

(A) physical acts resulting in, or threatening to result in, physical injury;

(B) sexual abuse, sexual activity involving a dependent child, forcing the caretaker relative of a dependent child to engage in nonconsensual sexual acts or activities, or threats of or attempts at physical or sexual abuse;

(C) mental abuse; and

(D) neglect or deprivation of medical care.

(2) CALCULATION OF PARTICIPATION RATES.—An individual exempted from the work requirements under section 404 of the Social Security Act by reason of subsection (a) shall not be included for purposes of calculating the State's participation rate under such section.

The PRESIDING OFFICER. Under the previous order, there will be now 10 minutes of debate equally divided on the Wellstone amendment, as modified, to be followed by a vote on or in relation to the amendment.

Mr. WELLSTONE. Mr. President, I thank the Chair.

Mr. President, I shall be brief because I believe we have now worked this out and that this amendment will be accepted. I am in fact very pleased about it.

Mr. President, let me just for a moment kind of spell out for my colleagues what this amendment does. Every 15 seconds a woman is beaten by a husband or a boyfriend in the United States of America. That is a horrible statistic. But unfortunately, it is a fact. Over 4,000 women are killed every year by their abuser and every 6 minutes a woman is forcibly raped.

My concern, when I introduced this amendment last night with Senator MURRAY, was that with our various requirements we would not unwittingly put States in a position where they essentially end up forcing women back into very dangerous homes.

In other words, the way to summarize it, it took Monica Seles 2 years to get back on the tennis court. Imagine what it would be like if you were beaten over and over and over again. When would you be able to get into a job program? When would you be able to get back on your own two feet? Quite often children are also severely affected by this.

My amendment allows States to exempt people who have been battered or subjected to extreme cruelty from some of these rules that we now have within the welfare system without being penalized for not meeting their participation rate. In other words, if States want to make an exemption for a woman, or sometimes a man, who has come from a very violent home and has been battered, a State will be able to do so and a State will be penalized in no way.

Mr. President, this is extremely important because I believe that in order for us to make sure that we do not send battered women back into violent homes, States absolutely have to be able to do this without being penalized in any way, shape, or form.

I also believe this amendment being passed will enable our States to put a focus on this question for not only battered women shelters and the advocates, but I think increasingly the larger number of citizens.

So I thank my colleagues for accepting this amendment.

I yield the floor.

Mr. MOYNIHAN addressed the Chair.

Does the Senator wish to urge adoption?

The PRESIDING OFFICER. Does the Senator yield back the remainder of his time?

Mr. WELLSTONE. I do.

I urge adoption of my amendment.

The PRESIDING OFFICER. The Senator from Pennsylvania has 5 minutes.

Mr. SANTORUM. Mr. President, I rise to say we accept the amendment, as modified, and allow the Senator to continue with the adoption of the amendment.

Mr. WELLSTONE. Mr. President, I urge adoption of the amendment.

The PRESIDING OFFICER. The question is now on agreeing to amendment No. 2584, as modified.

The amendment (No. 2584), as modified, was agreed to.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. NICKLES. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2609

The PRESIDING OFFICER. Under the previous order, there will now be 10 minutes of debate equally divided on the Faircloth amendment, No. 2609, to be followed by a vote on or in relation to the amendment.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. FAIRCLOTH. Mr. President, my pending amendment modifies a provision in the Dole bill which allows Federal funds to be used for cash aid to unmarried teenage mothers.

The sole purpose of this amendment is designed to disrupt the pattern of out-of-wedlock childbearing that is passing from one generation to the next. My amendment seeks to stop giving cash aid that rewards multigenerational welfare dependency.

Let us be clear what the Dole bill currently does. The bill says you can use Federal funds to give vouchers or inkind benefits to an unmarried teenage mother or you can use funds to put the mother in a supervised group home. That is fine, and we have all agreed upon that.

The Dole bill then goes on to say that you can use Federal funds to give cash benefits to unmarried teenage mothers if that mother resides with her parent.

We need to be very clear what type of household we are putting cash into. In this household, there will be three people. First, the newborn child; second, the unmarried teenage mother of that child; and third, the mother of the teenager who has the child, or the grandmother, the adult, in other words, in charge of the household.

The problem with this scenario is that the adult woman, the mother of the teenager, the grandmother of the new child, the person in charge of the operation, the one we are depending upon for supervision of the unmarried teenage mother is very likely either to be or have been an unmarried welfare mother herself. It is very likely that this adult mother gave birth to the teenager out of wedlock some 15 to 16 years ago and raised her at least partly on welfare. The young teenager giving birth out of wedlock is simply repeating the pattern and model which her mother laid down.

Let me remind you of a few public statistics to confirm what I am saying. A girl who is raised in a single-parent home on welfare is five times more likely to have a child out of wedlock herself than is a girl raised in a two-parent home without welfare. Roughly two-thirds of all the unwed teenage mothers were raised in broken or single-parent homes.

The amendment I am offering is intended to break up the lethal growing pattern of multigenerational illegitimacy and welfare dependency. That is the purpose, to try to break the cycle. The current amendment follows the same basic rule on teenage mothers as the Dole bill, which says you cannot use Federal funds to give cash aid, a check in the mail to a teenage mother unless that teenage mother resides with her parents or another adult relative.

My amendment maintains that same rule but adds only the one limitation, and the limitation states that an unmarried teenage mother cannot receive Federal aid, that is a check in the mail, if the parent or adult relative the teenager is living with herself had a child out of wedlock and has recently received aid to families with dependent children.

The teenage mother cannot get cash aid, cannot get a check in the mail if she is residing with a parent who herself has had a child out of wedlock and was a welfare mother and has recently received aid to families with dependent children.

The PRESIDING OFFICER. The time of the Senator from North Carolina has expired. The Senator from North Carolina had 5 minutes.

Mr. FAIRCLOTH. I ask unanimous consent for an additional minute.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from North Carolina.

Mr. FAIRCLOTH. The teenager in those circumstances could receive a voucher or federally funded inkind aid, but she could not get a Federal welfare check in the mail.

I want to stress that this does not prevent teenage mothers from living at home or from receiving noncash benefits. Of course, this restriction applies only to Federal funds. A State can use its money to send a check in the mail to anyone it wants.

If you vote against this amendment, you are voting to give cash aid to multigenerational welfare households. If you vote against this amendment, you are voting to subsidize and promote multigeneration illegitimacy.

I urge my colleagues to support this amendment.

The PRESIDING OFFICER. Who yields time? The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SANTORUM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I ask for the yeas and nays on the Faircloth amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. SANTORUM. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is now on agreeing to the Faircloth amendment. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

The PRESIDING OFFICER (Mr. THOMAS). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 17, nays 83, as follows:

[Rollcall Vote No. 422 Leg.]

YEAS—17

Ashcroft	Inhofe	Shelby
Brown	Lott	Smith
Faircloth	McCain	Stevens
Gramm	McConnell	Thompson
Grams	Nickles	Thurmond
Helms	Pressler	

NAYS—83

Abraham	Dorgan	Leahy
Akaka	Exon	Levin
Baucus	Feingold	Lieberman
Bennett	Feinstein	Lugar
Biden	Ford	Mack
Bingaman	Frist	Mikulski
Bond	Glenn	Moseley-Braun
Boxer	Gorton	Moynihan
Bradley	Graham	Murkowski
Breaux	Grassley	Murray
Bryan	Gregg	Nunn
Bumpers	Harkin	Packwood
Burns	Hatch	Pell
Byrd	Hatfield	Pryor
Campbell	Heflin	Reid
Chafee	Hollings	Robb
Coats	Hutchison	Rockefeller
Cochran	Inouye	Roth
Cohen	Jeffords	Santorum
Conrad	Johnston	Sarbanes
Coverdell	Kassebaum	Simon
Craig	Kempthorne	Simpson
D'Amato	Kennedy	Snowe
Daschle	Kerrey	Specter
DeWine	Kerry	Thomas
Dodd	Kohl	Warner
Dole	Kyl	Wellstone
Domenici	Lautenberg	

So the amendment (No. 2609) was rejected.

AMENDMENT NO. 2528

The PRESIDING OFFICER. Under the previous order, there will now be 10 minutes of debate, equally divided, on the Conrad amendment No. 2528, to be followed by a vote on or in relation to the amendment.

Mr. CONRAD. Mr. President, I ask unanimous consent that we be able to temporarily set aside the Conrad-Lieberman amendment because we have a request from the other side that we do that so that we perhaps have a chance to work things out before a vote.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

AMENDMENT NO. 2581

The PRESIDING OFFICER. Under the previous order, there will be 10 minutes of debate, equally divided, on the Jeffords amendment No. 2581, to be followed by a vote on or in relation to the amendment.

Mr. NICKLES. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Vermont is recognized.

Mr. JEFFORDS. Mr. President, I offered this amendment on behalf of myself, Senator SIMPSON, Senator SNOWE and, I believe, Senator CHAFEE. I have not had time to gather others who, I am sure, want to cosponsor it.

This is an important amendment. I hope that my colleagues will listen carefully to what this does. It is an amendment with all the good intentions in the world and something that we all believe in—that we should reduce the out-of-wedlock births. It hopes to do this by giving an incentive to States to do things to try and reduce it and be rewarded if they are successful. What it does is says we shall carefully—keep track of what I say—set as a baseline the year 1995, and we will draw the baseline for each State on the number of abortions which were performed in that State and also the number of out-of-wedlock births that occur during that period of time. That might be well, but I would have to point out that such statistics do not exist in any valid form. So we will be establishing a baseline, first of all, that really we do not have any idea whether it is valid or not.

Then it says that if you reduce your out-of-wedlock births by 1 percent and you do not increase your abortions, then you will be rewarded with a 5-percent increase in the amount of money you receive across the board for welfare. If you do it by 2 percent, you will get a 10 percent. That may sound good, too, but remember, to start with we do not have any baseline that we have any accuracy with.

What it does is also create an incentive for the States to find all sorts of things to do in order to try and get below that. CBO scores it at a cost of $75 million over 7 years. In their view, nothing will happen, basically, because if it is successful, the cost will be $1.6 billion a year—$1.6 billion a year for which there is no appropriation; so it will come out of something else because it is an entitlement.

I point out that both the pro-life groups, if not all of them, but also prochoice groups are opposed to this amendment for many different reasons. First of all, since we have no baseline, it is going to be difficult to know as to whether or not anything happened. Second, since it refers only to in-State abortions and in-State out-of-wedlock births, that does not include those that go across the border. So you open up serious problems with respect to manipulation of statistics.

There is no reporting process now for abortion. There is no definition of what an abortion is in the bill.

What is an abortion? Is it an IUD? Is it a D and C? What is it? We do not know. The statistics are all over the place.

The States will see that goal out there—and keep in mind that if it is totally successful, it will cost $1.6 billion a year and we will only reduce the out-of-wedlock births by 2 percent over the whole period of time.

If you are successful the first year and you stay at that level below the baseline, you pick up this thing for the whole 7 years, the 5 years of the bill and accomplish nothing more.

And, I point out, you have letters given to you from the Catholic Charities, who are very much against this. They think it will increase the number of abortions. The pro-choice have looked at this as an intervention into privacy.

Also, it includes not just welfare individuals; it includes all of your population. This means you will have to report out-of-wedlock births from every family that has that occur.

These things are really disruptive. I hope that we will defeat this provision of the bill. I ask for support of my amendment.

I reserve the remainder of my time.

Mr. ABRAHAM. I yield myself 2 minutes. Mr. President, if this amendment succeeds, we will have nothing left in this bill geared to the problem of illegitimacy that virtually every Member of this Senate has talked about and described is a problem in their State.

This portion of the bill creates incentives for States to attack this issue head on. I believe the criticisms, although well intentioned, do not justify turning our backs on this problem. The fact that it may cost more if States across America, every single State brings down its illegitimacy rate, it may cost $1 billion more in bonuses, does not reflect the total price tag and the success we would have if this were to be achieved.

The fact is this is a priority issue. It deserves, in terms of our funding priorities, to be placed high on the priority list. If we succeed, I think we will save more in dollars and lives than any bonuses we will pay to the States.

Further, I think some of the concerns that have been raised as to definitions are addressed in the legislation as it has been brought to the floor. The Secretary has given quite a bit of latitude to determine definitions as well as to determine whether or not the numbers have been in any way gained in order to allow States to capture advantage of the bonus undeservedly.

Finally, I just would say if we strip this provision from the bill, we will have to go back and explain to our constituents why we did not do one significant thing to address the No. 1 social problem in America today. Arguments in favor of this amendment do not, in my judgment, justify turning our backs on this issue.

Mr. President, I yield 2 minutes to the Senator from North Carolina.

Mr. FAIRCLOTH. Thank you, Mr. President. We are now debating a provision of the Dole bill that addresses illegitimacy but is not at all directive or proscriptive. The provision which the amendment by Senator JEFFORDS seeks to strike is a simple provision that rewards a State for reducing its illegitimacy ratio, the percentage of total births which are out of wedlock.

This provision taken from the House welfare reform bill says if a State decreases its illegitimacy ratio without increasing its abortion rate, we will increase the AFDC block grant by up to 10 percent.

That is what we all agree that we want. We want a reduction in out-of-wedlock births as long as it is not accomplished by an increase in abortions.

We do not tell the States how to reduce illegitimacy. We simply say, "You come up with a successful way to reduce it, and we will give you more money."

The provision has three elements. We set a goal: reducing illegitimacy. We give the States maximum flexibility in meeting that goal. Third, we provide a financial reward for meeting the goal.

If the Jeffords amendment succeeds, the illegitimacy reduction bonus mechanism is struck, the Dole bill will have no provision to reduce illegitimacy at all. We will not have real welfare reform.

We do not address the crisis of out-of-wedlock births. I thought that is what we came to address and to do something about, was illegitimacy, and everything that comes up to reduce it we vote down.

I urge my colleagues to vote against the Jeffords amendment.

Mr. ABRAHAM. Mr. President, I yield 1 minute to the Senator from Texas.

Mr. GRAMM. Mr. President, it was argued yesterday that no one could establish a relationship between giving people money to do something and then seeing them do it.

In fact, the proponent of this argument stated that if you believe that people do more of something when you pay them to do it, then you must also believe in the tooth fairy. No more nonsensical statement was ever made on the floor of the U.S. Senate than that.

One-third of all the babies born in America today are born out of wedlock. The largest single explanation of why that is the case is that we give larger and larger cash payments to people who have more and more babies on welfare.

Yesterday, we lost on our effort to stop that suicidal national policy. Now we have an effort to strike the last remaining provision in this bill, a provision that says simply that if States are able, through their own reforms, to deal with the greatest welfare crisis we face, illegitimacy, that we will give them a bonus for their success.

Now we have an amendment that says strike that bonus and eliminate the last remaining effort to deal with illegitimacy. It is very important that this amendment be defeated.

I urge my colleagues to reject it.

Mr. JEFFORDS. I yield the balance of my time to the Senator from Wyoming.

The PRESIDING OFFICER. The Senator has 30 seconds.

Mr. SIMPSON. Mr. President, I rise today in support of the amendment introduced by my colleague from Vermont. This amendment would strike the so-called "illegitimacy ratio" from the welfare bill. Let me just say obviously it is a difficult amendment, obviously a difficult area, a laudable pursuit, but I represent a state that values confidentiality and privacy and am greatly concerned about the inaccuracy of the data collection.

I do agree with the Senator from Vermont when he says that "federal strings often do not produce the desired behavior modifications and can even produce unintended negative results." I think this ratio is a clear example of just that.

We all agree that the intentions of such a provision are in every way laudable, however, the implementation of such a ratio is what concerns me. We all want to reduce the number of out-of-wedlock births in this country. Every one of us. This issue is of major concern and needs to be addressed at all levels of government. I want to commend my colleagues for bringing this important issue to our attention.

However, as a legislator who is prochoice, I remain concerned that this ratio will actually hinder women from receiving abortions if and when they choose to do so. States possibly could actually restrict access to abortions in order to ensure that their abortion rate does not increase. Making abortions more difficult to obtain would obviously help to lower the abortion rate and that is the part that greatly concerns me.

In addition, coming from a state that so greatly values confidentiality and privacy—the right to be alone. I am greatly concerned about the inaccuracy of the data collection. We do not have reporting requirements on abortions in my State for physicians or public health officials. The physicians in Wyoming fiercely value their anonymity in this matter. The State does not seek more accurate reporting from them for fear of violence.

Wyoming has four abortion providers and access is very much a huge problem. In fact, most women in Wyoming travel to Colorado or Montana if they choose to have an abortion. Privacy is such an overwhelming concern in Wyoming, especially in our small towns. This "ratio" simply would not be an accurate indicator of abortions in any State for this very reason. Colorado and Montana's ratios would be skewed since they would have to account for the women who do travel to their States to have abortions. This is not a problem isolated to the Rocky Mountain States—this occurs across the country in every single rural and frontier area.

So I remain deeply concerned about the lack of reporting procedures that currently exist, and this amendment will only aggravate this problem. It does not provide for any additional funding for States to set up the extensive reporting procedures that will be needed in order to calculate this ratio. If we pass this ratio provision, we will in fact be passing on another unfunded mandate to the States.

We should all deal honestly with the issues of teenage pregnancy and illegitimacy, but there are so many other ways to address these matters including appropriate sex education in the schools, if I might add.

For these reasons, I urge passage of this amendment.

Mr. ABRAHAM. I yield the balance of my time to the Senator from Pennsylvania.

Mr. SANTORUM. Let me say there is always an excuse not to deal with this issue. If we do not adopt this amendment, there will be nothing on illegitimacy in this.

We have heard great speeches, what an important problem this is. If we do not reject the Jeffords amendment, there will be nothing in this bill to deal with what everybody thinks is the most pressing problem that we have to face.

We should quit finding excuses to do nothing.

Mr. DOLE. If I may use 2 minutes of my leader time.

The PRESIDING OFFICER. The Senator has that right.

Mr. DOLE. Mr. President, let me speak to my colleagues on both sides of the aisle.

I think there is a tendency for amendments offered by Democrats being voted for by Democrats, and maybe the other way, too.

This amendment makes a great deal of sense, not the amendment of the Senator from Vermont but the amendment in the bill. It was worked out very carefully after a lot of consultation by a lot of people to make certain that we were not doing some of the things that have been stated here.

It is up to the States; it is up to the Governors. We have talked about returning power to the Governors, power to the States. Democrat or Republican Governors—we have not made any distinction.

Everybody has railed about illegitimacy. Mr. President, one out of three births is out of wedlock.

This is a very important amendment. It is in the House bill. We do not see any reason it should not be in this bill. That is why we put it in the Dole amendment to start with.

I would hope my colleagues on both sides of the aisle would take a look at what we are trying to do. Why not reward a State? Why not reward a Governor, Governor Edgar from Illinois or Governor Thompson or Governor Romer, whoever it may be, if they can devise a plan to reduce the illegitimacy rate?

That is what this amendment is all about. It is straightforward.

I do not see any pitfalls described by the Senator from Wyoming or the Senator from Vermont. I hope we could defeat the amendment of the Senator from Vermont and keep this provision in the bill.

I can tell you, I will be a conferee when we ever go to conference on this. This is going to be very important. If we are serious about illegitimacy, this is an opportunity to demonstrate it. It is not partisan; not Democrat, not Republican, not conservative, not anything, as far as I know, except an honest effort to deal with a very serious problem.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida.

Mr. GRAHAM. Will the Senator from Kansas yield for a question?

Mr. DOLE. Yes.

Mr. GRAHAM. The Senator from Kansas yields for a question? As I read the amendment that is in the bill, it provides a bonus of 5 percent of your State grant if you reduce illegitimacy by 1 percent, and 10 percent if you reduce it by 2 percent. Is that correct?

Mr. DOLE. That is correct.

Mr. GRAHAM. Does that mean that, for instance in the District of Columbia, they would get 11 times as much actual money for the reduction of illegitimacy as would, for instance, the State of Mississippi, since they get 11 times as much block grant per poor child in the District of Columbia than in the State?

Mr. DOLE. I would have to check that. I am talking about principle. You are talking about formula.

Mr. GRAHAM. The principle? If the goal is to accomplish the objective, why could it not have been stated in an absolute amount as opposed to a percentage of a block grant, which is very different from State to State?

Mr. DOLE. We might entertain a modification if the Senator has one.

Mr. GRAHAM. Is there a policy reason why the State has a percent of a block grant as opposed to an absolute number?

Mr. DOLE. I think it is going to be more difficult to administer, too, if you make it absolute. But I want to stick to the principle. Maybe the Senator has an idea. He can offer an amendment later on. But in my view, this is a very simple straightforward amendment. It is in the bill.

I do not have an answer to the Senator from Florida without checking, whether it might be a good idea or might not be a good idea. But let us vote on the amendment and then, if the Senator has some change he would like to make, I will be happy to entertain it.

Mr. KERRY. Will the Senator yield for a question?

Mr. DOLE. No, I am ready to vote.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question now occurs on the Jeffords amendment No. 2581, up or down. This will be a 10-minute vote.

The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

The result was announced—yeas 37, nays 63, as follows:

[Rollcall Vote No. 423 Leg.]

YEAS—37

Akaka	Hatfield	Moynihan
Baucus	Hollings	Murray
Bradley	Inouye	Packwood
Breaux	Jeffords	Pell
Campbell	Johnston	Robb
Chafee	Kassebaum	Sarbanes
Cohen	Kennedy	Simon
Dodd	Kerrey	Simpson
Feingold	Kohl	Snowe
Feinstein	Lautenberg	Specter
Ford	Leahy	Wellstone
Glenn	Mikulski	
Harkin	Moseley-Braun	

NAYS—63

Abraham	Domenici	Lott
Ashcroft	Dorgan	Lugar
Bennett	Exon	Mack
Biden	Faircloth	McCain
Bingaman	Frist	McConnell
Bond	Gorton	Murkowski
Boxer	Graham	Nickles
Brown	Gramm	Nunn
Bryan	Grams	Pressler
Bumpers	Grassley	Pryor
Burns	Gregg	Reid
Byrd	Hatch	Rockefeller
Coats	Heflin	Roth
Cochran	Helms	Santorum
Conrad	Hutchison	Shelby
Coverdell	Inhofe	Smith
Craig	Kempthorne	Stevens
D'Amato	Kerry	Thomas
Daschle	Kyl	Thompson
DeWine	Levin	Thurmond
Dole	Lieberman	Warner

So the amendment (No. 2581) was rejected.

AMENDMENT NO. 2535

The PRESIDING OFFICER. Under the previous order there will now be 10 minutes of debate equally divided on the Dorgan amendment, numbered 2535, to be followed by a vote on or in relation to the amendment.

The Senator from North Dakota.

Mr. DORGAN. I thank the Chair very much.

This is amendment No. 2535. Mr. President, this amendment is a sense-of-the-Senate, modeled after the requirement in the new unfunded mandate law that we passed earlier this year. The Congressional Budget Office under this amendment that I offer on behalf of myself, Senator GLENN, and Senator GRAHAM is asked to report to the Senate prior to a vote on the conference report on the cost to the States of complying with the work requirements and any other mandate compared to the amount of money provided in the bill for complying with the requirements, and as well they are asked to give us an estimate of the number of States which would opt to pay the penalty rather than raise the additional revenue necessary to meet these requirements.

Mr. President, the reason this is necessary is the Department of Health and Human Services has estimated that the cost to the States of meeting the work requirement in this bill will exceed the funds provided in the Dole plan by about $17 billion over 7 years. So the States will be forced to either raise some taxes or cut some spending in other areas by $17 billion in order to comply with the requirements in the Dole bill.

Alternatively, they could simply abandon the work requirement. They could abandon the effort to meet these work requirement goals and they could instead pay a modest penalty—modest as compared to the $17 billion. The penalty would be about $6 billion.

The Congressional Budget Office has concluded that most States will opt to pay the penalty. In fact, the Congressional Budget Office has estimated that probably only 10 to 15 States will meet the work requirements, meaning 35 to 40 States will pay the penalty.

What does that mean? It means that we will not accomplish the central function of one of the things we want to do in this bill, and that is move people from the welfare rolls to work. This is in my judgment either then an unfunded mandate of significant quantity or it will fail in the primary objective of moving people off welfare and to a job.

The law we passed a few short months ago indicated we ought not do any of these things unless we understand what we are asking others to do in terms of unfunded mandates. This amendment is very simple. Before we vote on the conference report, let us have a report by the CBO of what kind of an unfunded mandate exists here, how many States will comply with the work requirement and what we can expect from this legislation.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 2 minutes and 25 seconds.

Mr. DORGAN. Let me yield 1½ minutes to Senator GLENN from Ohio.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. GLENN. I thank my colleague. I am glad to be a cosponsor of this amendment. What the Senator has said is that early this year we passed the unfunded mandates bill. We said no longer were we going to just throw things back on the States and say you take care of it; we are putting the requirement out there with no money. And yet that is exactly what we are doing right now in this bill.

I know the unfunded mandates bill does not kick in with all of its requirements until January 1 next year. With this bill, we are requiring States to place 50 percent of welfare recipients on the work rolls by 2002. We are requiring job training, placement, education. Work requirement will be another $1.9 billion on State governments per year, 3.3 to cover child care costs, and so on, required for the Dole bill.

I do not know how the balance comes out, where increased flexibility lets them save some money and how this balances out, but this could wind up as a giant, giant unfunded mandate on the States, and so I am very glad to support my colleague's proposal. If we are in keeping with the philosophy and principles of S. 1, the first bill that we passed this year, we should not be saddling State and local governments with these new welfare requirements without knowing exactly what we are doing.

I thank the Senator.

Mr. DOLE. Mr. President, I happen to agree with the Senator from Ohio and the Senator from North Dakota. We ought to find out what it costs, whatever impact it may have.

I am prepared to accept the amendment. I yield back my time.

Mr. DORGAN. Mr. President, I am satisfied with that. I appreciate the cooperation of the majority leader.

I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment 2535.

The amendment (No. 2535) was agreed to.

Mr. DOLE. Mr. President. I move to reconsider the vote.

Mr. FORD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2589

The PRESIDING OFFICER. Under the previous order, there will be a 10-minute debate equally divided on the McCain amendment No. 2589 to be followed by a vote on or in relation to the amendment. That will be a 10-minute vote.

Mr. DOLE. Mr. President, as I understand it, we are on the McCain amendment which I believe is acceptable on both sides. So I yield back the time on this side.

The PRESIDING OFFICER. If there is no objection——

Mr. CHAFEE. Could we have a description of the McCain amendment?

Mr. DOLE. I have been advised the purpose of the amendment is to provide for child support enforcement agreements between the States and Indian tribes or tribal organizations.

It provides for child support enforcement agreements between the States and Indian tribes and tribal organizations. I think the same thing that applies to States now applies to tribal organizations. As I understand, there is no problem with the amendment.

Mr. WELLSTONE. Mr. President, I am pleased today to join Senators

MCCAIN and INOUYE as a cosponsor of an amendment that would further the goals of strengthening child support enforcement activities by encouraging State governments with Indian tribes within their borders to enter into cooperative agreements for the delivery of child support enforcement services in Indian country.

Mr. President, this amendment would give the Secretary of the Department of Health and Human Services, in specific instances, the authority to provide direct Federal funding to Indian tribes operating an approved child support enforcement plan. This approach is consistent with the government-to-government relationship between tribal governments and the Federal Government. Further, this approach to child support enforcement in Indian country is supported by the National Council of State Child Support Enforcement Administrators.

Mr. President, title IV-D of the Social Security Act was enacted to assist all children in obtaining support and moving out of poverty. Yet it has been of little assistance to Indian children residing in. Indian country because under title IV-D, only States are eligible to receive Federal funds to operate title IV-D programs. The regulations implementing this act restrict States from providing services to Indian children on reservations.

State child support program administrators have attempted to meet the goals of child support enforcement by extending their efforts to Indian country. but the administrative and jurisdictional hurdles have made it all but impossible to get these services to need Indian children.

Finally, Mr. President, in 1992, the Interstate Commission of Child Support Enforcement recommended that the Congress address this problem through Federal legislation. It is time for America's neediest children to receive child support enforcement services.

AMENDMENT NO. 2589

Mr. MCCAIN. Mr. President, I thank my colleagues, Senators INOUYE, WELLSTONE, DOMENICI, and DASCHLE, for joining me in offering this important amendment. The amendment that I and my colleagues are offering today would further the goals of enforcing child support enforcement activities by encouraging, not mandating, State governments, with Indian lands within their borders, to enter into cooperative agreements with Indian tribal governments for the delivery of child support enforcement services in Indian country. The amendment provides funding to achieve these purposes within the overall spending allocated to this effort. It gives the Secretary the authority, in specific instances, to provide direct Federal funding to Indian tribes operating an approved child support enforcement plan. This approach is consistent with the government-to-government relationship between tribal governments and the Federal Government, and the other provisions contained in the Dole substitute bill.

Mr. President, title IV-D of the Social Security Act was enacted to assist all children in obtaining support and moving out of poverty. Under this title, State child support offices are required to provide basic services to parents who apply for these services, including those that receive welfare assistance. These services include collecting and distributing child support payments from dead beat dads. Yet this program has been of little assistance to Indian children residing in Indian Country because under title IV-D, only States are eligible to receive Federal funds to operate IV-D programs under Federal regulations which, as a practical matter, all but prohibit them from providing services to Indian children on reservations. Because of this, Indian children have lost, and will continue to lose necessary services.

Mr. President, there is a great need for child support enforcement funding and services in Indian country. There are approximately 554 federally recognized Indian tribes and Alaska Native villages in the United States. According to the most recent Bureau of the Census data, children under the age of 18 make up the largest age group of Indians. Approximately 20.5 percent of American Indians and Alaska Natives are under the age of 10 compared to 14 percent for the Nation's total population. In addition, one out of every five Indian households are headed by single females. This data reveals that the need for coordinated child support enforcement and service delivery in Indian country exceeds the need in the rest of America.

There are also jurisdictional barriers to effective service delivery under IV-D programs on reservations. Federal courts have held that Indian tribes, not States, have authority over Indian child support enforcement issues and paternity establishment of tribal members residing and working on the reservation. These jurisdictional safeguards, although necessary, have hampered State child support agencies in their efforts to negotiate agreements for the provision of services or funding to Indian tribal governments. The types of services provided under title IV-D include paternity establishment, including genetic blood testing, the establishment of support obligations and the enforcement of support obligations through wage withholdings and tax intercepts. These activities fall within the exclusive jurisdiction of the Indian tribes. Yet there is no mechanism to enable tribes to receive Federal funding and assistance to conduct these activities.

This amendment in no way forces or compels an Indian tribe or State to act, nor does it affect well-established State or tribal jurisdiction to establish paternity or support orders. It merely recognizes the problems of child support collection and distribution between States and tribes as they exist under the current system. Simply put, this amendment encourages cooperative agreements between two governments to satisfy the goals and purposes of uniform child support enforcement. Let me just point out that some of these agreements are already in place in States like Washington and Arizona.

State administrators, such as in my own State, have attempted to meet the goals of uniform child support enforcement by extending their efforts to Indian Country, but the administrative and jurisdictional hurdles make it all but impossible to get these services out to the children in need.

These obstacles have led to costly litigation. For example, the 8th and 9th circuit courts have issued inconsistent rulings in addressing the ability of Indian children to access title IV-D services. A 1991 Federal court ruling summed up the problem by holding—

> . . . the State must give children of absent Indian parents the same degree of child support enforcement services as other children, when there is reasonable access to the tribal courts.

Yet, that court's ruling is inconsistent with the Department of Health and Human Services interpretation of title IV-D in which the Department significantly restricts the States. Let me remind my colleagues that States are trying to be fair in providing child support enforcement services and funding to Indians. Their ability to provide these services is quite limited because Indian tribes are not mentioned in title IV-D. This amendment would clarify that Indian children are entitled to the same protections from deadbeat dads as all other children in our country.

Mr. President, this problem is not new to those involved in State child support enforcement agencies or national organizations concerned with these issues. For instance, in 1992, the American Bar Association and the Interstate Commission of Child Support recognized the problems created by the omission of Indian tribes from IV-D legislation. In fact, the American Bar Association issued a handbook for States and tribes to use in attempting to negotiate State/Tribal cooperative agreements for child support enforcement. Also in an elaborate report issued in 1992, the Interstate Commission on Child Support Enforcement recommended that the Congress address this problem in Federal legislation. Until the amendment under consideration was offered, no legislative initiative to include Indian tribes has occurred.

More recently, I received a copy of a letter, dated May 15, 1995, from the president of the National Council of State Child Support Enforcement Administrators. The letter advises the Department of Health and Human Services that a resolution was passed by the IV-D directors that favors direct Federal funding to Indian tribes for child support services. Let me quote from a passage of the letter "The states that are concerned about this

issue believe that the most effective way to provide comprehensive services to Native American children is for the federal government to deal directly with sovereign tribal governments." The amendment that I am offering will do just that.

The PRESIDING OFFICER. Without objection, if all time is yielded back, the question is on agreeing to the amendment 2589.

The amendment (No. 2589) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2525

The PRESIDING OFFICER. Under the previous order, there will now be a 10-minute debate equally divided on the Exon amendment 2525, to be followed by a vote on or in relation to the amendment.

Mr. MOYNIHAN. Mr. President, the Senator from Nebraska is on his way. He is expected to be here soon. I wonder if I could place a quorum call——

Mr. DOLE. Maybe better yet, as I understand, the Nickles amendment numbered 2556, I was advised by Senator NICKLES that had been worked out to the satisfaction of both sides.

Mr. MOYNIHAN. To my knowledge, I do not know of any objection.

Mr. BRADLEY. Mr. President, Senator NICKLES has spoken to me about this amendment and as I understand he has modified his amendment. At this moment, I do not know if he has modified it.

Mr. DOLE. Maybe we will put in a quorum call and we will find Senator NICKLES. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2556, AS MODIFIED

Mr. DOLE. I now ask unanimous consent we move to consideration of 2556, the Nickles amendment, and I send a modification to the desk which has been cleared by the distinguished Senator from New Jersey [Mr. BRADLEY].

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment is so modified.

The amendment (No. 2556), as modified, is as follows:

Section 913, page 602 of the amendment, strike line 22 through page 603 line 5 and insert in lieu thereof the following:

"(d) CIVIL MONEY PENALTIES ON NON-COMPLYING EMPLOYERS.—The State shall have the option to set a State civil money penalty which shall be less than—

"(1) $25; or

"(2) $500 if, under State law, the failure is the result of a conspiracy between the employer and the employee to not supply the required report or to supply a false or incomplete report."

The PRESIDING OFFICER. If there is no further debate, the question is on agreeing to the amendment 2556, as modified.

The amendment (No. 2556), as modified, was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question now occurs on the Exon amendment 2525.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. EXON. Mr. President, I ask unanimous consent that the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2525

Mr. EXON. Mr. President, I apologize to the managers of the bill. I did not mean to delay them. I stepped off the floor for the first time for 10 minutes assuming there were other measures ahead of mine. But I am now prepared to offer my amendment.

I offered this amendment last week. I made a concise statement at that time. I believe that I have 5 minutes under the unanimous-consent agreement.

Is that correct?

The PRESIDING OFFICER. Under the previous order, there is allowed 10 minutes of debate equally divided.

Mr. EXON. I thank the Chair.

AMENDMENT NO. 2525, AS MODIFIED

Mr. EXON. After introducing the amendment last week, I have a very minor addition to the amendment that was suggested by my friend and colleague, Senator SIMPSON from Wyoming, with whom I have worked on this matter for a long, long time.

I ask unanimous consent that this minor addition be announced and considered, and the amendment itself be considered at this time.

The PRESIDING OFFICER. If there is no objection, the amendment is modified.

The amendment, as modified, is as follows:

On page 302, between lines 5 and 6, insert the following:

SEC. 506. PROHIBITION ON PAYMENT OF FEDERAL BENEFITS TO CERTAIN PERSONS.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), Federal benefits shall not be paid or provided to any person who is not a person lawfully present within the United States.

(b) EXCEPTIONS.—Subsection (a) shall not apply with respect to the following benefits:

(1) Emergency medical services under title XIX of the Social Security Act.

(2) Short-term emergency disaster relief.

(3) Assistance or benefits under the National School Lunch Act.

(4) Assistance or benefits under the Child Nutrition Act of 1966.

(5) Public health assistance for immunizations and, if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of a serious communicable disease, for testing and treatment of such disease.

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

(1) FEDERAL BENEFIT.—The term "Federal benefit" means—

(A) the issuance of any grant, contract, loan, professional license, or commercial license provided by an agency of the United States or by appropriated funds of the United States; and

(B) any retirement, welfare, Social Security, health, disability, public housing, post-secondary education, food stamps, unemployment benefit, or any other similar benefit for which payments or assistance are provided by an agency of the United States or by appropriated funds of the United States.

(2) PERSON LAWFULLY PRESENT WITHIN THE UNITED STATES.—The term "person lawfully present within the United States" means a person who, at the time the person applies for, receives, or attempts to receive a Federal benefit, is a United States citizen, a permanent resident alien, an alien whose deportation has been withheld under section 243(h) of the Immigration and Nationality Act (8 U.S.C. 1253(h)), an asylee, a refugee, a parolee who has been paroled for a period of at least 1 year, a national, or a national of the United States for purposes of the immigration laws of the United States (as defined in section 101(a)(17) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(17)).

(d) STATE OBLIGATION.—Notwithstanding any other provision of law, a State that administers a program that provides a Federal benefit (described in section 506(c)(1)) or provides State benefits pursuant to such a program shall not be required to provide such benefits to a person who is not a person lawfully present within the United States (as defined in section 506(c)(2)) through a State agency or with appropriated funds of such State.

(e) VERIFICATION OF ELIGIBILITY.—

(1) IN GENERAL.—Not later than 18 months after the date of the enactment of this Act, the Attorney General of the United States, after consultation with the Secretary of Health and Human Services, shall promulgate regulations requiring verification that a person applying for a Federal benefit, including a benefit described in section 506(b), is a person lawfully present within the United States and is eligible to receive such benefit. Such regulations shall, to the extent feasible, require that information requested and exchanged be similar in form and manner to information requested and exchanged under section 1137 of the Social Security Act.

(2) STATE COMPLIANCE.—Not later than 24 months after the date the regulations described in subsection (1) are adopted, a State that administers a program that provides a Federal benefit described in such subsection shall have in effect a verification system that complies with the regulations.

(3) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this section.

(f) SEVERABILITY.—If any provision of this title or the application of such provision to any person or circumstance is held to be unconstitutional, the remainder of this title and the application of the provisions of such to any person or circumstance shall not be affected thereby.

The PRESIDING OFFICER. Who yields time?

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Nebraska.

Mr. EXON. Mr. President, I will make some brief remarks on this. I believe there is strong support on this. I will be asking for the yeas and nays. And I would agree to have the yeas and nays ordered at any time that the managers of the bill think are in order.

Mr. President, last Friday I offered an amendment to the welfare reform bill which states that Federal benefits shall not be paid or provided to any person who is not lawfully present within the United States. I have introduced measures to address this problem in the past and the Senate accepted a very similar amendment in 1993 by a vote of 85 for and only 2 against, and only to see it unfortunately dropped in conference.

My amendment specifically defines who is a person lawfully present within our country. Previous prohibitions on the payment of benefits to illegal aliens have been weakened by expansive agency regulations and court decision. My amendment also provides for a number of exceptions. Illegal aliens would still be eligible for elementary and secondary education, emergency medical services, disaster relief, school lunches, child nutrition, and immunization.

Also, States would not be obligated to provide benefits to those not lawfully present in our country, and funds would be provided for States to set up systems to verify the status of the applicants. As we continue to debate welfare reform, I believe it is evidence that we must not pass up this opportunity to stop, once and for all, providing scarce Federal benefits to illegal aliens.

Mr. President, I yield the floor and reserve the balance of my time.

Mr. GRAHAM addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida.

Mr. MOYNIHAN. Mr. President, I yield 3 minutes to the Senator from Florida.

Mr. GRAHAM. Mr. President, I would first, if I could, ask the Senator from Nebraska if he would yield for a question?

Mr. EXON. Certainly.

Mr. GRAHAM. Mr. President, I would say to the Senator, I was particularly concerned about the issue of elementary and secondary education. The Senator stated that his amendment would not deny the child of a person who was in the country illegally access to elementary and secondary education?

Mr. EXON. That is correct.

Mr. GRAHAM. Could the Senator tell me where in the amendment that was mentioned?

Mr. EXON. It may well be that the Senator from Florida did not understand. That was incorporated in the amendment and was suggested as an exception by the Senator from Wyoming. And I think it satisfies the concerns of the Senator from Florida. It is in the amendment on which we are now discussing and on which we will vote. If you are talking about the amendment that I offered last Friday, it is not in there. But it is in the amendment that we will be voting on.

Mr. GRAHAM. Mr. President, the answer to that question allayed one of my principal concerns about this amendment, because in the original form, the form that was at the desk, there was no recognition of the children of persons who were in the country illegally in terms of their participation in elementary and secondary education.

In fact, there was a provision which would have allowed the States to have terminated educational assistance to those children as well as the Federal Government terminating whatever assistance it provides. With that modification, I will reserve final judgment as to how I will vote on this amendment. But I would like to raise the fundamental issue, the Federal Government has the total constitutional responsibility for the enforcement of our borders, and for our immigration and naturalization law. It is written almost in those terms in article 1 of the U.S. Constitution. The States have no authority in either of those two areas.

Second, when the Federal Government fails to carry out its responsibility and to enforce the borders, it is the States and the local communities who have the principal obligations and consequences of that failure.

Third, those consequences are heavily focused in about six States. Six States have over 80 percent of those persons who are in the country illegally living within their borders.

So, fourth, the consequence of this legislation is to say the Federal Government failed to carry out its exclusive constitutional responsibility: To protect the borders and enforce the immigration laws, allow large numbers——

The PRESIDING OFFICER (Mr. COVERDELL). The Senator's time has expired.

Mr. GRAHAM. Mr. President, I ask the manager for 1 additional minute.

Mr. EXON. How much time do I have remaining?

The PRESIDING OFFICER. The Senator from Nebraska has 2 minutes 57 seconds remaining.

Mr. SIMPSON. May I inquire whether I may receive 30 seconds from the Senator from Nebraska?

Mr. EXON. I yield 30 seconds to my colleague from Wyoming.

Mr. SIMPSON. I do not want to interrupt the Senator from Florida.

Mr. EXON. I yield to the Senator from Wyoming when he gets the floor.

Mr. MOYNIHAN. Mr. President, I yield an additional minute to the Senator from Florida and 1 minute to the Senator from Massachusetts.

Mr. GRAHAM. Mr. President, to conclude, we are about to set up what I think is a very unsafe situation: The Government fails to carry out its constitutional responsibility, and for the people who are illegally in communities across America, we are saying the Federal Government is going to deny any benefits to those people, which means those communities already the most heavily impacted now, out of their resources, have to pick up those responsibilities.

As a humanitarian society, we are still going to face providing health care, delivering babies to pregnant women, and the negative aspects of operating a criminal justice system and the other requirements when that illegal population acts in ways that are antithetical to the society in which they are living.

Reserving the right to review the amendment in its final form, I raise for my colleagues the potential consequences of this amendment.

The PRESIDING OFFICER. The Chair recognizes the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I, too, want to express that Senator EXON's amendment does not include the elementary and secondary education. Under the initial amendment, there is about $225 million that goes into States, into local communities to respond to Supreme Court holdings with regard to their requirements to educate these children. But this has eliminated that.

I welcome the opportunity to work with the Senator. We have, for example, 11,000 temporary nurses that come here to work in many of our urban area hospitals. Under this requirement, their residency requirements are such that they would not be able to get nursing licenses the way this is being interpreted, which would put a severe pressure on many of the inner-city hospitals in underserved areas.

I know that is not the intention of the Senator. I welcome the opportunity as this legislative process moves forward in some of these areas that we can work through to try to not have unintended consequences that would provide a hardship rather than to achieve the objectives of the amendment.

Mr. SIMPSON addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Wyoming for 30 seconds.

Mr. SIMPSON. Mr. President, I want to thank my friend, my colleague. Senator EXON came to the Senate when I did. His consistency on this has been clear through the years, and we have taken care of the problems brought up by Senator GRAHAM and by Senator KENNEDY.

I look forward to working with the Senator on these issues, as with Senator KENNEDY, the ranking member of the subcommittee, which I chair.

We have also taken care of in this amendment veterans issues. There will be no diminution of veterans benefits, no denial of veterans benefits to someone who may have been illegal but

served the country. So it takes care of that and takes care of the education issue.

I thank the Senator from Nebraska.

The PRESIDING OFFICER. The Senator from Nebraska has 2 minutes remaining.

Mr. EXON. I am prepared to yield back my time to move things ahead.

I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

Mr. EXON. Mr. President, is there remaining time in opposition to the amendment?

The PRESIDING OFFICER. All time in opposition has been yielded back.

Mrs. HUTCHISON. Will the Senator from Nebraska yield 1 minute to me?

Mr. EXON. I will be glad to yield a minute.

The PRESIDING OFFICER. The Senator from Texas.

Mrs. HUTCHISON. Mr. President, I rise in support of the Senator's amendment because I think this is a very important part of the Federal Government's responsibility to control our borders.

I am one of the States that is affected by the illegal aliens that come across the border, and they do take not only from our State and local coffers, but from the Federal coffers as well. This is something that we must stop. I think the Senator from Nebraska has a very good amendment, and I think it should be part of an overall illegal immigration reform measure that the Senator from Wyoming and the Senator from California, Senator FEINSTEIN, are working on. But until that time, it is very important that we speak in this welfare reform bill to the cost of illegal aliens.

So I appreciate what the Senator from Nebraska has done, and I support his amendment.

Mr. EXON. Mr. President, I thank the Senator from Texas very much for the kind statement and support. Since no one is seeking time, I yield back the remainder of my time, and the yeas and nays have already been granted.

The PRESIDING OFFICER. The question now occurs on agreeing to the Exon amendment No. 2525, as modified. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 94, nays 6, as follows:

[Rollcall Vote No. 424 Leg.]

YEAS—94

Abraham	Bond	Byrd
Akaka	Boxer	Campbell
Ashcroft	Bradley	Chafee
Baucus	Breaux	Coats
Bennett	Bryan	Cochran
Biden	Bumpers	Cohen
Bingaman	Burns	Conrad
Coverdell	Hollings	Murray
Craig	Hutchison	Nickles
D'Amato	Inhofe	Nunn
Daschle	Inouye	Packwood
DeWine	Jeffords	Pell
Dodd	Johnston	Pressler
Dole	Kassebaum	Pryor
Domenici	Kempthorne	Reid
Dorgan	Kennedy	Robb
Exon	Kerrey	Rockefeller
Faircloth	Kerry	Roth
Feingold	Kohl	Santorum
Feinstein	Kyl	Sarbanes
Ford	Lautenberg	Shelby
Frist	Leahy	Simpson
Glenn	Levin	Smith
Gorton	Lieberman	Snowe
Graham	Lott	Specter
Gramm	Lugar	Stevens
Grassley	Mack	Thomas
Harkin	McCain	Thurmond
Hatch	McConnell	Warner
Hatfield	Mikulski	Wellstone
Heflin	Moseley-Braun	
Helms	Moynihan	

NAYS—6

Brown	Gregg	Simon
Grams	Murkowski	Thompson

So the amendment (No. 2525), as modified, was agreed to.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, the Democratic leader asked me to institute a quorum call, which I did, but I think we have an amendment of the Senator from California, Senator FEINSTEIN, which can be accepted. We will be prepared to do that.

Then the amendment of the Senator from North Dakota was set aside. Apparently he is prepared to proceed on that. It is part of our list, so I think it will be appropriate to do that. So I will work to clear it with Senator DASCHLE.

Mrs. FEINSTEIN. That is correct.

The PRESIDING OFFICER. The Chair recognizes the Senator from California.

AMENDMENT NO. 2470

Mrs. FEINSTEIN. Mr. President, I call up amendment No. 2470.

The PRESIDING OFFICER. Without objection, the clerk will report.

The legislative clerk read as follows:

The Senator from California [Mrs. FEINSTEIN] proposes an amendment numbered 2470.

Mrs. FEINSTEIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in the Friday, September 8, 1995, edition of the RECORD.)

Mrs. FEINSTEIN. Mr. President, I believe this amendment has been cleared on both sides. What the amendment does is require procedures for a child support order for the child of minor parents, where the mother is receiving assistance for the child, to be enforceable against the paternal grandparents of the child.

For just a moment—what the Dole bill does is require a minor mother and her child to live at home with her parents, so the maternal parents are responsible. What my amendment would do is say, where it is possible, a child support order should be obtained against the parents of the male involved. It takes two to tango in this instance, and the responsibility for the care of the child should not only belong to the maternal grandparents but the paternal as well.

So this solves the other half of the problem.

Mr. DOLE. Mr. President, we have no problem with the amendment. It has been cleared on this side.

Mr. MOYNIHAN. It has been cleared on this side.

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment.

The amendment (No. 2470) was agreed to.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Are there any other amendments that have been cleared? I think the Senator from Massachusetts has one or two minor amendments that I do not see any problem with.

The PRESIDING OFFICER. The Chair recognizes the Senator from New Mexico.

Mr. BINGAMAN. Mr. President, I had amendment No. 2483, which I thought might have been cleared by now. I will be prepared to offer that if it has been cleared.

Mr. DOLE. I say to the Senator from New Mexico, if he will let me check that—what is the number?

Mr. BINGAMAN. Amendment No. 2483. I believe that is going to be acceptable. If it is, I am ready to offer it at any time.

Mr. DOLE. Let me check and I will be right back with the Senator.

I think the Senator from Massachusetts has two amendments.

Mr. KERRY addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Massachusetts.

EN BLOC AMENDMENTS NOS. 2662 AND 2664

Mr. KERRY. I thank the Chair. We are just ascertaining the numbers. Mr. President, I ask amendment No. 2662 and amendment No. 2664 be called up.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Massachusetts [Mr. KERRY], proposes amendments numbered 2662 and 2664, en bloc.

Mr. KERRY. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The texts of the amendments are printed in the Friday, September 8, 1995, edition of the RECORD.)

Mr. KERRY. Mr. President, these are two amendments which I thank the distinguished manager and majority leader and the Senator from New York for accepting.

Mr. President, as we trudge toward the rhetorical goal of ending welfare as we know it, we as a country must do better; we must embrace whole new ideas of how to accomplish this—if not now, at least in the future—primarily by investing in impoverished children and secondarily by providing a safety net for their parents. The guiding principle of our new system should be to summon the very best effort this country can mount to enable children who are victims of poverty to become self-sufficient adults capable of contributing to our society in a positive way and leading happy, fulfilling lives.

Dependency—whether it be on the foster care system when a person is a child, or on Government institutions such as the welfare or criminal justice systems if a person is an adult, or on drugs at any age—is a tragic waste of human potential and imposes costs we as a nation need not suffer and cannot afford to pay.

In many ways, welfare works—it is perhaps the cheapest means of getting the bare minimum of resources to the neediest slice of the American public; but in critical ways, it does not—it can perpetuate dependency rather than inculcate self-sufficiency. At the very least, by itself, it does not promote movement toward self-sufficiency.

The way to make the most of the current welfare reform movement is—without ignoring the good welfare may have done over the years—to design our priorities and construct a better system able to meet the minimal needs of today's recipients while doing everything possible to ensure that children on welfare don't become adults on welfare and that adults on welfare move whenever possible toward self-sufficiency.

The focal points for any effort to replace welfare with an intervention program which targets children must be our Nation's schools. There is a vital role that schools must play that they can't play without greater resources, voluntarism, and attention.

In cities beset by crime and violence, and in rural areas with little to inspire or occupy children, the neighborhood public school must become a beacon—a warm, safe haven of learning, of values, of friendship, of intellectual growth.

No school in such areas should shut its doors at 3 p.m. and stop its contribution to children's and parents' lives.

Case in point is teenage mothers, especially those who fail to avoid having children because they see no worthwhile future that awaits them if they avoid having children.

We must invest in efforts to educate these children about the costs and realities of parenthood, and we must invest in education programs that provide real futures for school-age pregnant girls and new mothers and, where they can be identified, new fathers.

We must think in the longterm, and understand that money dedicated to ending welfare dependency by investing in children will not only save money in the long run, it will help save this country.

We are throwing away our future by ignoring the children of this country. One day all who can read this article will be senior citizens, fully dependent on the babies we neglect today. So will be our Nation and its future.

If we fail to meet the needs of these children, not only will we fail to maintain this country's status as leader of the democratic world to which we have contributed so much, but we will devolve into a country consumed by crime and poverty the likes of which this Nation cannot imagine.

We have already fallen deeper into crime than our parents would have ever dreamed. It will not matter that parents have raised their own children well if they raise them so they are alone in that distinction. Without concerted, collective effort, even children raised with love and concern—whether in low income or high income families—will not be safe and secure.

We have already lost a frightening number of a complete generation of children to unambitious welfare programs, inadequate schooling, and societal neglect. Nothing less than the survival of our Nation depends on our collective assumption of our responsibility of this Nation's young.

Parents, schools, communities, and the Government need to become immersed in the development and enculturalization of children.

I believe we need to face the reality that this welfare debate is part of a much larger debate that we will be forced to have in this country in the not-too-distant future. It is a debate that speaks to the soul of America, and ultimately will have to come from our hearts as well as from our heads. It is a debate about not only solving our fiscal deficit, but also about addressing the cultural and spiritual deficits that seem to be tearing at the fabric of our society.

It is about a welfare mother who can't read and a system that doesn't care. It is about a teenager with a child she cannot care for and a community that will not help. It is about what we ultimately decide is the legitimate cost of failing to care, and about what we are willing to invest in the effort to manifest the care we claim.

We need to address the basic philosophical issue of responsibility to each other as a community of people.

The battle is over how we do this. How do we stop children from having children? How do we solve the problem of mothers who cannot work because they have no daycare for their children and no extended family able to help them? What do we do about young teenagers growing up in increasingly violent neighborhoods—kids with diminished valves and an increasingly diminished sense of right and wrong? We are seeing the rise of a generation of Americans who think there's more power in the barrel of a gun than in the memory of a computer.

The true question is how do we prepare for a better future in this Nation? The answer, I believe, is to invest in people and to seek long-term solutions to welfare problems to improve our collective future rather than succumb to simple-sounding, quick fixes that carry tremendous unseen burdens for our future.

But, Mr. President, the bill we have before us simply does not do what needs to be done.

I offer two amendments today that invest in children, education, and families, reaching toward the objective that no one will be isolated from the mainstream of productive society.

Mr. President, it is well-established that some children of welfare dependent parents are subjected to inadequate care, supervision, and parental love and attention, to unsafe environments and undesirable influences. It should come as no surprise that many of these children fail to develop into responsible, self-sufficient adults who are contributing members of society. Too often welfare becomes a repetitive cycle extending over multiple generations rather than a temporary situation.

Part of the answer to breaking this pathological cycle is to require parents seeking welfare to take an active role in the supervision, education, and care of their children. Another part is to make better and more efficient use of existing public resources and investments for the benefit of at-risk children. Notable among those resources and investments are our public school facilities.

While I do not believe it is possible for our Nation to successfully and acceptably resolve our current welfare problems wholly without further public investment, neither of these two partial answer to those problems entails significant additional cost.

We cannot afford to neglect children when we know full well that improving their surroundings helps prevent their long-term dependence on government aid. All the nations with which we are competing in the new global marketplace are acting in recognition of that fact—except us. We must boldly pursue the long-term benefits promised by concerted efforts to make maximum use of our schools and educational facilities, and by insisting that all welfare recipient parents accept basic parental responsibilities—that many of them routinely perform admirably under difficult circumstances but some appear to ignore.

My amendments would move in these directions.

My first amendment would provide funds for demonstration projects so keep schools that serve at-risk children open for more hours and to initiate

new programs so that schools can offer an alternative to the street for our Nation's unsupervised youth. This companion program would complement the Community Schools Program.

My second amendment would require parents to sign a parental responsibility contract that would demand, in exchange for benefits, that parents take an active role in the supervision and education of their children.

Mr. President, these two amendments are only first steps. But they are steps in the right direction: toward the brighter future of this Nation.

Mr. DOLE. Mr. President, I have no objection to the amendments.

Mr. MOYNIHAN. There is no objection on this side. To the contrary.

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the en bloc amendments.

The en bloc amendments (Nos. 2662 and 2664) were agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KERRY. I thank the majority leader and thank the Senator from New York.

Mr. DOLE. As I understand it, the Senator from California has a demonstration amendment.

The PRESIDING OFFICER. The Chair recognizes the Senator from California.

AMENDMENT NO. 2479

Mrs. FEINSTEIN. Mr. President, I call up amendment No. 2479.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from California [Mrs. FEINSTEIN] proposes an amendment numbered 2479.

Mrs. FEINSTEIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in the Friday, September 8, 1995, edition of the RECORD.)

Mrs. FEINSTEIN. Mr. President, what this amendment does is essentially assures that, in those large counties or groups of counties with a population greater than 500,000, that there be provision, with permission of the State—this is the modification in the amendment—that the money, the block grant, go directly to the county. So we have modified the amendment from its original presentation. My understanding is that it is agreeable to both sides.

The purpose of the amendment is, really, so many of the innovative demonstration projects that are initiated by counties, which I pointed out in my opening remarks on this amendment, can go ahead without an additional element of bureaucracy.

Again, the State would have to approve this, but for those counties that do their own administration, this would continue to be the case.

Mr. DOLE. Has the modification been sent to the desk?

The PRESIDING OFFICER. The Chair reports the modification does not appear to be at the desk.

Mrs. FEINSTEIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. LEVIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEVIN. Mr. President, I ask unanimous consent the amendment of the Senator from California be temporarily laid aside so I can make a unanimous-consent request and have my amendment considered. It has been cleared.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2486, AS MODIFIED

Mr. LEVIN. Mr. President, I now ask unanimous consent that a modification to my amendment, No. 2486, be sent to the desk and be in order.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 2486), as modified, is as follows:

On page 12, between lines 22 and 23, insert the following:

(G) COMMUNITY SERVICE.—Not later than 3 years after the date of the enactment of this Act, consistent with the exception provided in section 404(d), require participation by, and offer to, unless the State opts out of this provision by notifying the Secretary, a parent or caretaker receiving assistance under the program, after receiving such assistance for 6 months—

(i) is not exempt from work requirements; and

(ii) is not engaged in work as determined under section 404(c),

in community service employment, with minimum hours per week and tasks to be determined by the State.

Mr. DOLE. As I understand, the amendment, as modified, is acceptable on this side.

Is that correct?

Mr. MOYNIHAN. It most assuredly is on our side.

Mr. LEVIN. Mr. President, if I could spend 30 seconds. I have long believed that work requirements should be clear, strong, and applied promptly. For too long we have permitted welfare dependency to undermine the potential productivity of too many able-bodied Americans. We have allowed too many able-bodied welfare recipients not to work. That is wrong.

The amendment which I am offering would add a requirement that welfare recipients be in job training and school or working in private sector jobs within 6 months of receipt of benefits, and if private sector jobs could not be found they be required to perform some type of community service employment. The requirement would be phased in over 3 years to allow States the chance to adjust administratively. We have added in this modification a opt-out provision for States by notification of the Secretary of Health and Human Services, and also to make clear the intent to conform to the modifications which Senator DOLE made to his amendment No. 2280 last week.

The bill before us requires recipients to work within no more than 2 years of receipt of benefits. Why wait that long? Why wait 2 years? Unless an able-bodied person is in school or job training, why wait longer than 6 months to require that a person have a private job or be performing community service?

My amendment says 6 months instead of 2 years.

There is no doubt that there is a great need in local communities across the country for community service workers. Last year, the demand for community service workers from the President's AmeriCorps Program was far greater than the ability to fund them. According to AmeriCorps, of the 538 project applications requesting approximately 60,000 workers, only applications for about 20,000 workers could be funded. Projects ranged from environmental cleanup, to assisting in day care centers, to home health care aides. It is clear that there is no shortage of need for workers in community service.

The Daschle amendment which was narrowly defeated last week contained a similar provision which was added as a modification at my request. It would require that recipients work in community service employment if not employed in the private sector, engaged in job training or in school, and it would require that States offer the community service option to such recipients.

Mr. President, I have long been concerned about the cycle of dependency and the need to return welfare recipients to work. As long as 14 years ago, in 1981, I was the author, along with Senator DOLE, of legislation which was enacted into law that put some welfare recipients back to work as home health care aides, thereby decreasing the welfare rolls and increasing the local tax base.

This demonstration project called for the training and placement of AFDC recipients as home care aides to Medicaid recipients as a long-term care alternative to institutional care, and was subject to rigorous evaluation in both the demonstration and post-demonstration periods.

The independently conducted program evaluation found that during six of the seven demonstration projects, trainees' total monthly earnings increased by 56 percent to more than 130 percent. Evaluations in following years indicated similarly positive and significant income effects. Consistent with the increase in employment, trainees also received reduced public benefits. All seven States moved a significant proportion of trainees off of AFDC. In

four of the States, a significant proportion of the trainees also were moved off of the Food Stamp Program or received significantly reduced benefit amounts.

Additionally, the program evaluation indicated that it significantly increased the amount of formal in-home care received by Medicaid clients and had significant beneficial effects on client health and functioning. The evaluation also indicated that clients benefited from marginally reduced costs for the services they received.

As the 1986 evaluation shows, this type of demonstration had great potential in allowing local governments to respond to priority needs and assist members of their community in obtaining the training necessary to obtain practical, meaningful private sector employment and become productive, self-sufficient members of their community.

Mr. President, I want to highlight a particularly wise provision in Senator DOLE's bill. It is a provision which states that any recipient may be treated as participating in community service employment if that person provides child care services to other individuals participating in the community service program. This is a good idea. It opens a way for many able-bodied persons currently on welfare, to provide a service to others, meet work requirements, and, at the same time, free others to work who may otherwise have difficulty locating affordable child care. I hope that many States will vigorously exercise this provision and that recipients will heed the encouragement to provide child care services as a way of engaging in community service employment.

Mr. President, I am hopeful that in the 104th Congress, we will take the necessary steps to get people off welfare and working, in the private sector, if possible, but in community service, if necessary. Experience has shown we must be more aggressive in requiring recipients to work. I believe my amendment is a firm step in the right direction.

Mr. President, I thank Senator MOYNIHAN and Senator DOLE and their staff for working with us on this.

Mr. MOYNIHAN. Mr. President, I urge adoption of the amendment.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The amendment (No. 2486), as modified, was agreed to.

Mr. LEVIN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MOYNIHAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I think they are working out a modification on the amendment of the Senator from California, Senator FEINSTEIN. I understand there are four or five amendments that will be cleared here momentarily.

I would like to indicate that I will consult with the Democratic leader and hopefully have a cloture vote here within the next hour. I do not think we are going to reach an agreement. And we are not going to pass the bill if we have to accommodate every request from the other side.

So I am prepared to have a cloture vote. If we do not get cloture, this bill will go into reconciliation.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, I see the Senator from California has risen.

The PRESIDING OFFICER. The Chair recognizes the Senator from California.

AMENDMENT NO. 2479, AS MODIFIED

Mrs. FEINSTEIN. Mr. President, I send a modification to amendment No. 2479 to the desk.

The PRESIDING OFFICER. Without objection, the amendment is so modified.

The amendment (No. 2479), as modified, is as follows:

On page 69, strike lines 18 through 22, and insert the following:

"SEC. 413. STATE AND COUNTY DEMONSTRATION PROGRAMS.

"(a) NO LIMITATION OF STATE DEMONSTRATION PROJECTS.—Nothing in this part shall be construed as limiting a State's ability to conduct demonstration projects for the purpose of identifying innovative or effective program designs in 1 or more political subdivisions of the State providing that such State contains more than one country with a population of greater than 500,000.

"(b) COUNTY WELFARE DEMONSTRATION PROJECT.—

"(1) IN GENERAL.—The Secretary of Health and Human Services and the Secretary of Agriculture shall jointly enter into negotiations with all counties having a population greater than 500,000 desiring to conduct a demonstration project described in paragraph (2) for the purpose of establishing appropriate rules to govern the establishment and operation of such project.

"(2) DEMONSTRATION PROJECT DESCRIBED.—The demonstration project described in this paragraph shall provide that—

"(A) a county participating in the demonstration project shall have the authority and duty to administer the operation of the program described under this part as if the county were considered a State for the purpose of this part;

"(B) the State in which the county participating in the demonstration project is located shall pass through directly to the county the portion of the grant received by the State under section 403 which the State determines is attributable to the residents of such county; and

"(C) the duration of the project shall be for 5 years.

"(3) COMMENCEMENT OF PROJECT.—After the conclusion of the negotiations described in paragraph (2), the Secretary of Health and Human Services and the Secretary of Agriculture may authorize a county to conduct the demonstration project described in paragraph (2) in accordance with the rules established during the negotiations.

"(4) REPORT.—Not later then 6 months after the termination of a demonstration project operated under this subsection, the Secretary of Health and Human Services and the Secretary of Agriculture shall submit to the Congress a report that includes—

"(A) a description of the demonstration project;

"(B) the rules negotiated with respect to the project; and

"(C) the innovations (if any) that the county was able to initiate under the project.

"(5) eligible countries are defined as:

"(A) a county that is already administering the welfare program under this part;

"(B) represents less than 25% of the State's total welfare caseload."

Mrs. FEINSTEIN. I believe, Mr. President, that these modifications have been cleared, and are as I reported earlier.

Mr. MOYNIHAN. I believe that is the case on our side, Mr. President.

Mr. DOLE. The amendment has been cleared on this side.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The amendment (No. 2479), as modified, was agreed to.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mrs. FEINSTEIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MOYNIHAN. I thank the Chair.

Mr. DOLE. Mr. President, in an effort to protect the rights of the Senator from North Dakota [Mr. CONRAD], I ask unanimous consent that in the event of a cloture vote, if cloture was invoked, his amendment would still be in order under the same conditions, the same time limit as previously ordered.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CONRAD. Mr. President, I thank the majority leader for his usual gracious consideration.

I thank the Chair. I yield the floor.

I note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. KYL). Without objection, it is so ordered.

AMENDMENTS NOS. 2578, 2481, 2670; 2542, AS MODIFIED; 2551, AS MODIFIED; 2601, AS MODIFIED; 2507, AS MODIFIED; AND 2280, AS FURTHER MODIFIED

Mr. DOLE. I ask unanimous consent that the Senate now proceed to the following amendments en bloc, that the

amendments be considered modified where noted with modifications, which I will send to the desk at the appropriate time: D'Amato No. 2578, Feingold No. 2481, Kerrey of Nebraska No. 2670, modified McCain 2542, modified Kohl 2551, modified Faircloth 2601, modified Wellstone No. 2507.

And then finally a further modification to amendment No. 2280.

I send the modifications to the desk.

The amendments (Nos. 2542, 2551, 2601, 2507) as modified, are as follows:

AMENDMENT No. 2542

On page 216, line 4, strike "6 months" and insert "1 year".

AMENDMENT No. 2551

On page 158, between lines 14 and 15, insert the following:

SEC. 801. DECLARATION OF POLICY.

Section 2 of the Food Stamp Act of 1977 (7 U.S.C. 2011) is amended by adding at the end the following: "Congress intends that the food stamp program support the employment focus and family strengthening mission of public welfare and welfare replacement programs by—

"(1) facilitating the transition of low-income families and households from economic dependency to economic self-sufficiency through work;

"(2) promoting employment as the primary means of income support for economically dependent families and households and reducing the barriers to employment of economically dependent families and households; and

"(3) maintaining and strengthening healthy family functioning and family life.".

On page 189, between lines 17 and 18, insert the following:

(d) ADDITIONAL MATCHING FUNDS.—Section 16(h)(2) of the Act (7 U.S.C. 2025(h)(2)) is amended by inserting before the period at the end the following: ", including the costs for case management and casework to facilitate the transition from economic dependency to self-sufficiency through work".

On page 189, line 18, strike "(d)" and insert "(e)".

AMENDMENT No. 2601

On page 190, between lines 17 and 18, insert the following:

"(2) RULES AND PROCEDURES.—If a disqualification is imposed under paragraph (1) for a failure of an individual to perform an action required under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), the State agency may use the rules and procedures that apply under part A of title IV of the Act to impose the same disqualification under the food stamp program.

On page 190, line 18, strike "(2)" and insert "(3)".

On page 202, line 15, strike the closing quotation marks and the following period.

On page 202, between lines 15 and 16, insert the following:

"(3) RULES AND PROCEDURES.—If the allotment of a household is reduced under this subsection for a failure to perform an action required under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), the State agency may use the rules and procedures that apply under part A of title IV of the Act to reduce the allotment under the food stamp program.".

AMENDMENT No. 2507

On page 161, strike lines 8 through 12 and insert the following:

(a) IN GENERAL.—Section 5(d) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended by striking paragraph (11) and inserting the following: "(11) a one-time payment or allowance made under a Federal or State law for the costs of weatherization or emergency repair or replacement of an unsafe or inoperative furnace or other heating or cooling device.".

Beginning on page 161, strike line 24 and all that follows through page 162, line 3, and insert the following:

(B) in paragraph (2), by striking subparagraph (C) and inserting the following:

"(C) a payment or allowance described in subsection (d)(11);";

The modification to the amendment (No. 2280, as further modified) is as follows:

Add the following to the end of subsection (D): ", state funds expended for the Medicaid program under title XIX of this Act or any successor to such program, and any state funds which are used to match federal funds or are expended as a condition of receiving federal funds under federal programs other than under title I of this Act."

Mr. DOLE. Further, that the amendments be considered agreed to and that any statements relating to them be placed at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

So the amendments (Nos. 2578, 2481, 2670, 2542, as modified; 2551, as modified; 2601, as modified; and 2507, as modified) were agreed to.

Mr. DOLE. I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2507

CERTAIN LIHEAP EXPENSES SHOULD BE EXCLUDED FROM INCOME

Mr. WELLSTONE. Mr. President, the amendment I am offering today is designed to address a potentially serious oversight in the majority leader's version of the welfare reform bill which must be clarified. The Dole substitute would repeal the longstanding provision in the current Federal food stamp law which excludes from income measurements any regular Low-Income Energy Assistance Program benefits provided by State and Federal energy assistance programs, such as monthly utility payments. LIHEAP is the major Federal fuel subsidy program, which has in my State been a cold-weather lifeline for vulnerable unemployed people, the elderly, and children for many years.

As many of my colleagues know, Minnesota is often called the icebox of the Nation, where bitterly cold weather is the norm. In fact, Minnesota is the third coldest State, in terms of heating degree days, in the country, after Alaska and North Dakota. Especially in cold-weather States like Minnesota, funding for LIHEAP is critical to families with children and vulnerable low-income elderly persons, who without it could be forced to choose between food and heat. The LIHEAP program assists approximately 110,000 households in Minnesota, and provides an average energy assistance benefit of about $360 per heating season.

In the frenzy of getting this bill modified in the final days before it hit the floor, as was often the case with many of these so-called reforms, the net may have unintentionally been cast too widely. That is why some have urged that this repeal be corrected and clarified to ensure that it would only apply to regular energy assistance payments for heating and cooling, such as monthly utility payments, and not to the types of emergency furnace repair or replacement payments, or weatherization, or other similar payments, that are provided to many low-income Americans through State and Federal energy assistance programs.

My amendment will do just that. It explicitly excludes energy assistance payments for things like emergency furnace repairs and replacement, and weatherization expenses, from being counted as income for purposes of calculating eligibility for food stamp benefits. Unsafe and inoperative heating systems can pose serious problems, including fires, monoxide poisoning, and other life-threatening hazards. This amendment is designed in part to prevent people in my State, and across the country, from being forced to choose between eating, and heating, when their furnace breaks down or their home needs to be weatherized to protect them from severe cold. It is designed to allow them to make their homes safe and habitable, and protect their families from the cold, when faced with these immediate and urgent needs. Of necessity, my State has a strong and vital weatherization program, though efforts to slash LIHEAP funding over the years have required them to scale back substantially the services they can provide and the numbers of Minnesotans they can serve. Vastly more people in my State are eligible for LIHEAP than can be served in any given year. And these are very low-income people, including many seniors on fixed incomes. More than two-thirds of LIHEAP households have annual incomes less than $8,000; more than one-half have incomes below $6,000. Further, the average LIHEAP recipients spend 18.4 percent of their income on energy, compared with 6.7 percent for all households.

While there are other provisions of the Food Stamp Act which could be construed to exclude lump sum payments for things like emergency furnace repairs and replacement, and weatherization, I wanted to make certain that an explicit exclusion was contained in this bill for these kinds of expenses, to avoid any potential confusion or ambiguity on this matter down the road. I appreciate the support of Senator FEINGOLD, and his work on this amendment, and I am grateful that my colleagues from Indiana and Vermont are willing to accept the amendment.

Very simply, then, my amendment makes explicit an exclusion for certain State and Federal energy assistance payments, including those made to repair or replace broken furnaces, or to

weatherize homes by weatherstripping leaky windows and doors, by installing insulation, or by taking other steps as necessary to protect families from the cold. By excluding from income measurement all such one-time repair or weatherization payments, as distinguished from regular, ongoing LIHEAP utility payments, from the calculation of eligibility for food stamp benefits, of course I do not intend to have counted as income assistance payments made in situations where a family's furnace may need repair more than once in a winter, or may need certain types of weatherization more than once in a year. It is basically to exclude from income calculation energy assistance payments or allowances that are occasional and urgent, like a furnace repair, not those which are regular and ongoing, like a regular LIHEAP subsidy.

It is very simple, and will ensure that families are not, by a quirk of the bureaucratic rules, forced off the food stamp rolls because their furnace explodes, or goes off in the middle of a dark, cold night, and they replace it with help from LIHEAP. This amendment will prevent this bizarre result. When it is 30 degrees below zero, Mr. President—not uncommon in my State—that is a real emergency. And it must be dealt with immediately. We should make sure we do not build into the system disincentives for people to get furnaces fixed in a crisis, or incentives for elderly people or parents to risk themselves and their families in dangerous situations with unventilated space heaters or other hazards, simply because they are unable to afford, for example, modest furnace repairs.

As my colleagues from cold-weather States know, furnace repair and replacement can be very expensive, often costing several thousand dollars. This large and unexpected expense should not knock otherwise eligible families off the food stamp rolls simply because they need help for LIHEAP. We do not want to have people heating their kitchens with their stoves, or with leaky and dangerous kerosene space heaters, or with charcoal grills—all of which is done—because they could not afford to get their heat turned back on, or their furnace repaired or replaced, in the face of bitter cold weather. Each winter we read in the papers of people who die in such tragic situations. We must do all we can to ensure that does not happen, and this amendment takes another step in that direction.

Finally, let me say that I am still very concerned about the impact of the general provision in this bill, which repeals altogether the exclusion for ongoing, regular LIHEAP fuel subsidies for food stamp calculations, on thousands of people in my State. In Minnesota, LIHEAP does not even come close to paying the average $1,800–$2,000 costs of heating a home in the winter; people are still carrying most of these costs. But this particular amendment is crafted more narrowly, to meet the objections of those who insist that the general LIHEAP exclusion for food stamps be repealed outright. It is designed to make explicit an exclusion for that narrow category of energy assistance payments that are for the purposes I have described. I believe it is a real improvement to the bill, and I urge its adoption.

Mr. FEINGOLD. Mr. President, I am pleased that this amendment offered by my colleague from Minnesota [Mr. WELLSTONE] is being accepted, and am proud to join him as an original cosponsor. I believe that this amendment clarifies the bill to specifically exclude one-time capital improvement payments for home weatherization or repair or replacement of unsafe and inoperative heating and cooling equipment from counting as income when figuring food stamp benefits.

Under the Dole proposal as originally drafted there may have been ambiguity as to whether LIHEAP moneys received by individuals for one-time capital improvements count as income when figuring food stamp benefits. With this amendment, it is clear that this bill does not intend to affect such payments. LIHEAP is perhaps best known as the program that assists eligible individuals by subsidizing a portion of the costs of their home utility bills. However, as many in this body whose States have active LIHEAP programs are aware, LIHEAP moneys are also used by States, such as my home State of Wisconsin, in emergency situations to purchase new home heating and cooling devices and to weatherize homes.

My State is involved in two capital improvement programs funded by LIHEAP. Participants in these two programs would have been dramatically affected by the underlying bill if it were not amended. About $5.9 million of the LIHEAP grant funds received by my State of Wisconsin, about 15 percent of the total received, are combined with State funds and other Federal funds from the Department of Energy's weatherization program into a pool to conduct audits of eligible homes for one-time weatherization improvements, such as window replacement and weather stripping. At the same time these home weatherization audits are being undertaken, the State might also act to replace or repair a furnace which is found to be in disrepair. In fiscal year 1994, the last full year for which data are available, 5,800 homes were audited in Wisconsin, and of those 1,600 had their heating systems replaced.

In addition, the LIHEAP program in my State keeps $1 million in reserve, which it matches with oil overcharge funds, to conduct emergency activities in homes that it has not audited under its more routine audit program. In fiscal year 1994, 1,440 dangerous or inoperative furnaces were repaired or replaced on an emergency basis. This past summer, Mr. President, it was this program that responded to the blistering heat in the upper Midwest that claimed the lives of so many this summer.

This amendment is very simple, and I believe it makes a substantive improvement in the underlying proposal. Someone should not become ineligible for food stamps in a given program year, Mr. President, because their furnace breaks and the price of a new furnace, paid for by the LIHEAP program, would push them out of the eligible income bracket. Furnaces are extremely costly purchases for anyone, Mr. President. Even an average middle class Wisconsin family would have to budget in order to afford to replace one. Last year, the average cost of a new furnace provided by the LIHEAP program was $2,000. This expense could bump people on the margins out of the program, while their living standard, except for the fact that they may have averted both a house fire and personal injury by replacing their furnace, does not change at all.

I joined with my colleague from Minnesota because I am concerned that the counting of one-time LIHEAP payments as income may create a disincentive among food stamp recipients to undertake needed emergency repair activities. Some have argued throughout the debate on welfare reform that individuals receiving food stamp, AFDC, and other benefits make behavioral decisions that affect their benefit level. By their nature, Mr. President, these capital improvements are often unplanned and unpredictable. Every Senator in this body should be sensitive to the fact that sometimes the furnace just stops working, and these families, as hard as they might be working and trying to comply with the program as proposed, simply would not have the extra funds on hand to cover the repair. We should be very mindful of that fact that as individuals begin to move from welfare to work, as proposed by the measure before us, they are generating the primary support for them and their families—not savings. Without LIHEAP support there may be no other source of funds to act in these emergency situations.

While I am concerned about including LIHEAP utility bill subsidies as additions to income, I understand that excluding these rate subsidy payments would be a very controversial proposal. In my State, as in many others, LIHEAP never pays the whole heating bill. The amount of the bill paid ranges from 18.5 to 72 percent of the total, the individual always has the responsibility to pay a portion of the bill. Because they pay a portion, recipients are encouraged to conserve and to maintain a responsible payment schedule. As it is, Mr. President, in my home State of Wisconsin, the average LIHEAP household heating fuel cost is 10.6 percent of the recipient's total income, and after receiving assistance it is 5.7 percent of income; the average Wisconsin citizen's household heating fuel cost is 2.6 percent of their income.

To address the concerns that some have about the LIHEAP utility bill subsidy, however, this amendment is narrowly crafted to just address the issue of one-time LIHEAP payments. I believe that for safety reasons this amendment is also justified. As my colleagues know, old furnaces are extremely dangerous, as are the alternatives, such as space heaters. In crisis situations, my State LIHEAP program informs me, individuals resort to a whole host of heating techniques, including using charcoal grills indoors and relying on an electric or gas stove as a primary heat source. Despite the fact that this is 1995, Mr. President, 4 percent of Wisconsin LIHEAP program homes, or 5,720 households, are still wood heated, and 10 percent are trailer housing dependent upon propane tanks for their heat, another 14,300 households. Additionally, there is the concern of in-home carbon monoxide poisoning which, according to an article in the New York Times on May 14, 1995, sends 5,000 people each year to the emergency room with nonfatal illnesses and claims the lives of 250 people annually.

I think, Mr. President, that just as some in this body believe it would be a failed reform of the welfare system to continue to encourage people on the margins to engage in certain behaviors to increase their benefits, it would also be a failed reform if we were to encourage unsafe behavior by individuals for fear of losing benefits. This amendment avoids the classic heat or eat dilemma by clarifying that the Senate does not intend for one-time energy improvement payments to count as income, and I am pleased that it will be added to the underlying measure.

Mr. DOLE. Mr. President, I think we have made a lot of progress in the last hour, hour and a half. We have taken a lot of amendments, and I think right now I understand some of our colleagues are negotiating certain aspects of the bill. It is my understanding the Democratic leader would like to have us at this point have a quorum call so we would not be engaged in any—unless somebody wished to speak. We do not want any rollcall votes.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. I ask unanimous consent that the two amendments that were laid aside yesterday, the Faircloth amendment No. 2608 and the Daschle amendment No. 2672, be considered in order postcloture under the same restraints as previously agreed to.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. I thank the Chair. I suggest the absence of a quorum.

Mr. President, may I say we do not anticipate votes between now and 2 o'clock.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DORGAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DORGAN. Mr. President, I ask unanimous consent to speak for 5 minutes as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator is recognized for 5 minutes.

MEDICARE

Mr. DORGAN. Mr. President, the minority leader, Senator DASCHLE, and myself and some others held a press conference this morning to talk about Medicare and the plan that is to be unveiled by Speaker GINGRICH, Senator DOLE, and others to cut spending on Medicare. It was interesting, at the press conference the first question that was asked after a presentation was by a reporter, who said to Congressman GEPHARDT: "Speaker GINGRICH just indicated today in his remarks that you lied; he, on three occasions, said you, Congressman GEPHARDT, lied about a portion of the Medicare debate."

I thought to myself when the reporter asked that question, it is an interesting technique, again, to see if maybe the story for the next day will be about someone calling someone else a liar in their response, as opposed to the issue of what is going to happen with respect to Medicare. That is what most of us are concerned about. These debates should never be about the question of lying; the debate ought to be about truth. And the issue of truth and the question of Medicare is a very simple proposition.

I am going to offer on the next bill that comes to the floor of the Senate, which will be the appropriations bill on Commerce, State, Justice, a sense-of-the-Senate resolution. It is going to be very simple. I do not happen to think, by the way, we ought to have a tax cut proposal on the floor of the Senate at this point because I think until we get the budget balanced in this country, we ought not to be talking about tax cuts. But it is going to say if the majority party brings a tax cut to the floor of the Senate, that they limit that tax cut to those earning $100,000 or less, and use the savings from that—as opposed to the current proposal, which will give the bulk of the benefits to the most affluent in America—use the savings from that to reduce the proposed cuts in Medicare.

I want to ask people to vote on that because I think the question is, is it not a fact, no matter how much you try to tiptoe, dance, dodge, or weave, that the $270 billion proposed cuts in Medicare are designed in order to try to accommodate and accomplish a $245 billion tax cut, the bulk of which will go to the wealthiest Americans? The answer to that is clearly yes.

We were told earlier this year by the majority party, who advanced the $270 billion proposal to reduce Medicare funding, that they would provide details later. Today was the day to provide the details, and we have discovered that there really are not details that they want to disclose because those details will be enormously troublesome.

I indicated this morning that it is very hard for elephants to walk on their tiptoes. It is very hard to tiptoe around the details of a Medicare reduction of $270 billion and what it means to senior citizens, many of whom live on very, very modest incomes and who will, as a result of this, receive less health care and pay more for it. Why? So that some of the wealthiest Americans can enjoy a tax cut.

I think we ought to start over. I do not think we ought to have leadership calling anybody else liars. We ought to start over and talk about truth. The truth is this country is deep in debt. We ought to balance the budget before anybody talks about big tax cuts. It may well be very popular to be for tax cuts. But it seems to me that it is the right thing to be for balancing the budget. We had a debate about whether we should put that in the Constitution. We do not have to put that in the Constitution. All you have to do is balance the budget by changing revenue and expenditure approaches to provide a balance.

So I hope we will start over and decide no tax cut until the budget is balanced. When we deal with Medicare, as we must in order to make the adjustments necessary to keep it solvent for the long term, let us do that outside of the issue of whether the savings from Medicare should finance tax cuts. The answer to that is obvious. Of course, it should not finance a tax cut. Whatever we do to Medicare ought to be done to make it financially solvent for the long term.

THE FARM BILL

Mr. DORGAN. Mr. President, let me attend to one other item as long as the Senate is waiting on the welfare reform bill.

I would like to comment on the issue of the farm bill. We had some comments yesterday by the chairman of the Senate Agriculture Committee in which the chairman indicated that it was very difficult, if not impossible, to get a majority on the Senate Agriculture Committee to vote for some kind of a farm bill.

What is happening is that it is becoming evident to everyone that some have painted themselves into a corner on this question of agriculture. The proposed $14 billion cut in agriculture is way beyond what agriculture should bear in cuts. I have supported budget

lenders, guarantors, secondary markets, and other program participants could threaten the very stability and the very viability of the entire loan program. Adverse changes could well threaten student access to the loans they need and must have.

Further, I believe we should keep the agreement we reached in conference 2 years ago with respect to the direct student loan program. More than anything else, that agreement has worked to the benefit of students, and it is aid to students that should be our main concern.

Mr. President, I wish to make it as clear as I can that enough is enough. It is time we left the loan program alone. It is time we considered changes solely on their merits and not because they appear to save sufficient money to meet our meticulous reconciliation instructions. It is time we understood, once and for all, that the best way to reduce the deficit which hangs over us is through a strong economy supported by a well educated and well trained work force.

I favor bringing the deficit down. We all do. But I do not favor doing that on the backs of those who need our help the most—the elderly, the poor, the middle-income wage earner, and I think, most importantly, the students upon whom we must all eventually depend to keep our Nation strong and vibrant. In particular, I do not favor making cuts in the loan program or other valuable programs just to pay for a tax cut.

To my mind, the time has come for us to say no to the instructions given the Labor Committee. It is time to say no to cuts in the student loan program. It is time we took students out of harm's way.

Mr. President, I yield the floor.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. SANTORUM. Mr. President, I ask unanimous consent that further proceedings under the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXTENSION OF TIME FOR MORNING BUSINESS

Mr. SANTORUM. Mr. President, I ask unanimous consent that morning business be extended until 4 p.m., under the same provisions of the previous unanimous-consent request.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. SANTORUM. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

REPEATING A MISBEGOTTEN AND SHAMEFUL ERA

Mr. MOYNIHAN. Mr. President, as we contemplate the compromise by which we can agree to end the entitlement under the Social Security Act, title IV-A for States to receive a share of the costs for providing for dependent children, I would like to share simply for the RECORD a portion of a letter from Irwin Garfinkel, Alfred Kahn, and Sheila Kamerman of the Columbia University School of Social Work who are so concerned with what we may be doing here, and they write:

> As we are sure you know, a similar madness pervaded the nation at the close of the 19th century. Then, of course, relief policy was—aside from Civil War veterans and their survivors—strictly a state, and in practice, mostly a local responsibility. As a consequence of the severe cutback in relief—

And here I interpolate that the Charity Organization Society managed to get hold of the effective control of local private agencies in many parts of the country.

> as a consequence of the severe cutback in relief, we began sending large numbers of children of single mothers to orphanages. The children were referred to as half-orphans. In reaction, 40 states established mothers pensions, the forerunner of ADC. Though we take some comfort from the reaction, our hope—that 100 years later the Nation might be spared another such misbegotten and shameful era before regaining its senses—grow dim.

I will just repeat that:

> . . . our hope—that 100 years later the Nation might be spared another such misbegotten and shameful era before regaining its senses—grow dim.

I will say, Mr. President, that what happened in 1935 was that the State mothers' pensions were increasingly difficult for the State governments to maintain, and so they were taken over under the title IV-A, Aid to Dependent Children, which was just children at that time.

In 1939, the mother was entitled to a benefit, and it became aid to families with dependent children, the program we are evidently intent upon abolishing and repeating "a misbegotten and shameful era."

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. FAIRCLOTH). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. INHOFE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

A MISSED OPPORTUNITY

Mr. INHOFE. Mr. President, I think earlier today we missed an opportunity. It seemingly went by unnoticed when an amendment was offered that addressed a very sensitive area and an essential element of welfare reform, and that is a recognition that it has become a snowballing effect that a family that has welfare problems, or is on the welfare rolls, quite often the next generation comes down and is also inflicted with this same problem.

This was in the amendment offered by Senator FAIRCLOTH, No. 2609. I regret that it only received 17 votes on the floor of the Senate, and yet, I do recognize it is a very sensitive issue to deal with.

We have become and found ourselves in a situation in this country where it is a welfare trap and snares not only current recipients, but their children as well. Young women who grow up in welfare families are more than twice as likely to receive welfare themselves as their counterparts whose parents received no welfare.

I have three very short cases I will identify. These happen to come from the State of Oklahoma. They will only be identified by the individual's first names.

There is Marie, a 43-year-old, has nine kids by five different fathers. The mother was on welfare for 30 years. Marie's own daughters are unwed teen mothers on welfare.

Denise, 29 years old, had her first child at 16. She now has an additional four daughters, all born under the welfare system. Both her sisters are unwed welfare mothers with eight children.

Jacqueline, 37 years old, a mother at 15. She was born to a welfare family of 12 children. Her unwed daughter had four illegitimate children by the time she was 20.

Out-of-wedlock births and single parenthood are quickly becoming a normal lifestyle in this country. I am not sure that the Faircloth amendment was worded quite properly, but at least it did address a very serious problem that we are going to have to, sooner or later, address in this body.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. INHOFE). Without objection, it is so ordered.

ABANDONING A COMMITMENT

Mr. MOYNIHAN. Mr. President, early today—well, at 10 o'clock this morning—we were to have commenced a series of votes that had been agreed on yesterday. There was, necessarily, a delay as Members on the other side were at a meeting with their House counterparts on, I believe, Medicare. We had a half an hour in which to talk about whatever came to mind.

I took the occasion to read a passage from the first page of the New York

Times which described the White House as "exceedingly eager to support a law that promises to change the welfare system," which is to say abolish title IV-A, Aid to Families with Dependent Children.

It went on to say the White House was "sending increasingly friendly signals about the bill."

This is a bill which three professors at the Columbia School of Social Work, including the revered Alfred Kahn, said would recreate the turn-of-the-century era in which the children of single mothers were referred to as "half orphans" and sent to orphanages.

In reaction, 40 States established mothers' pensions, the forerunner of aid to dependent children. The 1935 legislation created aid to dependent children. In 1939 the mother was entitled to a benefit, hence family with dependent children.

They said, "It is our hope that 100 years later the Nation might be spared another such misbegotten and shameful era."

Mr. President, I spoke this morning not only about the New York Times this morning but rather of yesterday's statement, a statement by Rahm Emanuel, a White House spokesman, who said as the bill headed toward a vote on final passage, Rahm Emanuel, a White House spokesman said it was "moving in the right direction." "Moving in the right direction," is moving in the direction of the misbegotten and shameful era which took place at the turn of the century from which we gradually recovered our senses.

I have since been in touch with the White House. I have talked to persons there and asked, can it be that this is the disposition of the White House? I am told that, yes, Mr. Emanuel, who I believe was the fundraiser for the 1992 Presidential campaign of Mr. Clinton and then was political director in the White House, that he is in charge of this matter now and that it is his view that the Democratic Party should abandon its commitment 60 years in place—a commitment Republican Presidents have been just as firm in—to a Federal provision of aid to dependent children.

Mr. President, Rahm Emanuel is of that view, and obviously he is, he does not disguise it. I wonder about what other political advice he is giving in the White House.

I will not speculate. I will state my alarm. No one can foresee the future. I do not. Yet we have seen something like this happen before. I can say again, when Irwin Garfinkel, Alfred Kahn, and Sheila Kamerman refer to the possibility that "100 years later the Nation might be spared another such misbegotten and shameful era before regaining senses," they say that hope grows dim.

If this is the advice the President is getting, that hope is dim, indeed. I say this with great reluctance, Mr. President, but something of great importance, in my view, is at stake. I yield the floor.

EXTENSION OF TIME FOR MORNING BUSINESS

Mr. SANTORUM. Mr. President, I ask unanimous consent that the period of time for morning business be extended until 4:30 under the previous unanimous consent request.

Mr. DODD. Reserving the right to object, may I inquire as to how much longer that will go? Are we going to have some sense of——

Mr. SANTORUM. My understanding is the two leaders are meeting. In fact, I believe they may be meeting as we speak, and we are trying to find an agreement on the legislation before the Senate.

The PRESIDING OFFICER (Mr. GREGG). Without objection, it is so ordered.

Mr. SANTORUM. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. SANTORUM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXTENSION OF TIME FOR MORNING BUSINESS

Mr. SANTORUM. Mr. President, I ask unanimous consent that a period for the transaction of morning business be extended until 5 p.m. under the same rules governing the previous unanimous consent agreement.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. SANTORUM. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DODD. Madam President, I ask unanimous consent that the call for the quorum be rescinded.

The PRESIDING OFFICER (Mrs. HUTCHISON). Without objection, it is so ordered.

Mr. DODD. Madam President, parliamentary inquiry.

Are we in morning business, as I understand it?

The PRESIDING OFFICER. That is correct.

CHILD CARE

Mr. DODD. Madam President, I will take advantage of this time while we are waiting here. Let me explain. People are wondering what is going on—I have a podium in front of me and papers in front of me. I am prepared at some point to offer an amendment on child care. We had one vote already several days ago and made an effort here to try to come to some accommodation, a compromise position on child care. That may still happen. I was hopeful that the arrangement put together would work—and it may still work.

I am prepared to offer the amendment. I have been here on the floor now for virtually the last 2½, 3 days, trying to find a compromise. I am trying hard to find a welfare reform package I can vote for. I mean that very sincerely and deeply. I think the President would like to have a bill he could sign. And largely what happens, I suppose, in the next couple of hours might determine whether or not we will have a bipartisan bill.

My own view, Madam President—I will not take a lot of time here because people have heard this debate on numerous occasions in days past, weeks past, months past. Senator HATCH of Utah and I offered, back some 6 or 7 years ago, the child care and development block grant bill, which became the law of the land in 1990. Five years ago, we provided child care assistance to people in the country, particularly to the working poor families to keep them off welfare and allow them to work. It allowed them to get some child care assistance—it does not take care of everybody—it provides some help to some people. There are long waiting lists in many States for this assistance. In fact, I recall now—having recited these statistics so many times, I can almost call them State by State.

As the presiding officer is from the great State of Texas, I think the waiting list in Texas is about 20,000 people. In the State of Georgia, it is 41,000 people. The numbers are in that range. And the 36 States that keep data on child care slots—not every State keeps waiting lists—but 36 States tell us that they have long lists. There is a tremendous need and demand out there.

Again, I think the central point of the Dole welfare reform bill is, of course, to get people from welfare to work. And again I think most people accept the fact that 60 percent of the people on welfare have children under the age of 5. Of the 14 million people on welfare, 5 million are adults, 9 million or 10 million are children. So what we are talking about here is a simple enough notion; that is, to provide some sort of a safe setting for children as we move their parent or parents into the work force.

To do that requires resources. We are told by the Department of Health and Human Services that to fill the 165-percent increase in demand that would occur as a result of the bill that the majority leader has presented to us, it would require some $6 billion over 5 years to accommodate that demand.

I offered an amendment in that amount a few days ago. It failed by a single vote here. Then, over the last 2½ days, in consultations with interested parties here—and I will not go into names of people—we were able to work out a compromise, a bipartisan compromise, on the issue. The compromise

I think all of us in this body are fortunate enough to have a day-care center that was developed in a bipartisan way in the Congress. We have the kind of day care available for employees of the Senate that we are denying to so many others who are attempting to work for a great deal less than we are receiving, in terms of salaries, trying to make ends meet.

We hear a great deal, as we did in the early part of the year, Washington does not get it because the laws we pass we do not apply to ourselves. Remember that? We went through a whole discussion and debate about that. And we should apply the laws that we pass for others to ourselves.

But the other shoe fits, too, and that is what we do for ourselves we might think about doing for others. What we have done is afforded the child care program, and now we are being asked to try and move people off welfare and basically avoid the fundamental commitment of trying to provide some child care to those individuals.

As Senator DODD and Senator MOYNIHAN understand very completely, that program just will not work. That just will not work. The idea that you are going to be able to take these resources, which is flat funding over a period of time, when about 85 percent of those resources are being used for benefits, and think that you are going to be able to scrape some funding out for child care, I think, does not hold water.

We have seen very little indication, given what has happened in the States, as the Senators from Connecticut and New York have pointed out, that is happening today and why we ought to expect it to happen in the future.

So, Mr. President, this is really about the priority of children. Every day so many speeches are made about children and about the most vulnerable. We have an opportunity to address those needs with the Dodd amendment. I think all of us should be impressed by the seriousness of the redressing of this issue.

It has been as a result of a long, painstaking, tireless effort by the sponsor of this amendment to try and broaden out and to work this process in a way that would have bipartisan support and would make a very important and significant improvement in the legislation. I am hopeful that when it is offered, that it will succeed. I think this will certainly be one of the most important votes that we will have in this session.

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER (Mr. ABRAHAM). The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I have heard some speeches on the floor of the Senate and this ranks right up there. I do not know how you say—when the leader here is negotiating, in good faith, to in fact add more money into the child care fund—that somehow or another we are denying the fact that we need child care, and have Members on the other side who insist on having their name sketched next to the child care money, to throw out an agreement to do just that. I think that is not cooperation by any stretch of the imagination.

To also suggest that somehow we provide day care for workers here in the U.S. Congress and that we are not willing to do so in the welfare bill—maybe the Senator does not know it, but the people who have children in day care pay for that with the hard-earned dollars that they work for.

Mr. KENNEDY. Will the Senator yield?

Mr. SANTORUM. No, I will not yield. They work for it with their hard-earned dollars. What you are suggesting is to give money to people to go to work, to give them child care to go to work.

Mr. DODD. Will the Senator yield?

Mr. SANTORUM. No, I will not yield. The fact of the matter is that what the Senator from Connecticut is doing is trying to block an agreement from happening by insisting on an amendment on day care, which we are willing to sit—and have been for hours—and try to put together.

I am hopeful that we can get through the partisanship on this and move forward in a bipartisan way. And I know there are many Members on the other side of the aisle that want to work in a bipartisan fashion to get this bill through, to get day care money funded, because it is a sincere interest, I know, of the leader and of other Members on our side to get this legislation through with additional day care funds.

Mr. DODD. Will the Senator yield?

Mr. SANTORUM. We will and have been working. I object to the fact that the Senator from Massachusetts stands up and says we are giving free day care here in the Congress, and we are providing it for our folks when, in fact, they pay for that day care, and that we are unwilling to give it to people on welfare, when, in fact, we are going to be giving day care to people on welfare.

I just think you are mixing who is paying for what. The fact of the matter is, people working here paying for their day care are paying taxes to subsidize the people that we want to provide day care for under the welfare bill. Let us get it straight.

I am willing, as other Members on this side are, to put some more money in for day care so that people can get off of welfare. But do not try to suggest that somehow we are providing perks to Members here that we are unwilling to give on welfare. Exactly the opposite is the truth.

I yield the floor.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader.

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

Mr. DOLE. Mr. President, I am going to propound a unanimous-consent request as soon as it has been cleared by the Democratic leader. I intend to finish this bill today one way or the other, even if there is not going to be a welfare bill. We have been at this for several hours in good faith. In the offer we made, which was rejected by the Senator from Connecticut, there is, over 5 years, $3 billion. I think his amendment was 5——

Mr. DODD. That was not the offer.

Mr. DOLE. We just changed it. He had $5.7 billion over 5 years. We said, OK, we will go more than halfway, to $3 billion over 5 years.

Mr. DODD. That is the first time this Senator heard that offer.

Mr. DOLE. My view is that is what the Senator wanted.

Mr. DODD. I will be glad to look at that. We can put in a quorum call. I say that with all due respect to the Senator.

Mr. DOLE. We changed it about an hour ago. As I understand it, it is more than halfway to where the Senator was with his amendment the other day. We checked it with some others, and they think this is a very generous, responsible offer. That would be $8 billion over 5 years set aside for child care

Mr. DODD. If the Senator will yield. We know each other very well, and I just say that offer was not presented to me. I would not say that if it were not the case.

Mr. DOLE. Then I will present it to you now.

Mr. DODD. Let us put in a quorum call and see if we can get the details.

Mr. DOLE. I do not think we have a problem here.

Mr. DODD. We may not.

Mr. DOLE. We have taken care of maintenance of effort and the job training. We are going to make it free-standing, under a time agreement. And contingency grant funds, which we did not have in our bill, was sponsored by the Senator from Ohio, Senator DEWINE. He thought about $530 million was appropriate. We made it $1 billion. So if some State has a calamity, they do not have to pay it back. We kept the loan funds of $1.7 billion, and we have accepted some of the triggers suggested. The work bonus program, that has been done.

On the vouchers, we have not reached an agreement, but we have increased the hardship exemption in the bill from 15 to 20 percent. We have added $75 per year for abstinence education, which has broad support. And program evaluation, of interest to the Senator from New York, and others, $20 million to evaluate the program. If that is not enough, we can raise it to $25 million.

I talked to Dick Nathan, who suggested that amendment; he is a well-respected academic. Food stamps, which we have discussed with the Democratic leader, has certain escape hatches. We do not think it punishes anybody.

We think it is a good package, and we think we can complete this whole bill in a couple of hours.

Mr. DODD. If the majority leader will yield—and I say this with great respect

and friendship, because that is the case—the offer presented to me was $3 billion over 7 years, along with a check on the financing schemes. I say, in fairness, that in my conversation with the Senator from Utah we talked about this, and I counteroffered with the proposal of $3 billion over 5 years. I was told it was rejected.

Under the circumstances, let us find out about where we are. If that is the case, I am prepared to sit down and take a good hard look at it. I was told something different, and that can happen around here as these offers go back and forth. I urge that maybe those involved look at the child care piece. I am not as familiar with the other pieces the majority leader described.

Mr. DOLE. I will say that the Democratic leader, Senator DASCHLE, gave me a list of six or seven items yesterday, and we have been able to accommodate part of each of those, with the exception of one where there was a time limit. Even there, we increased the percentage on exemption, hardship exemption, from 15 to 20 percent, which would cover that concern.

If the Democratic leader wishes to speak, I am happy to go over this with the Senator from Connecticut. We believe it is a responsible, reasonable effort. I might point out that we only save $5 billion in AFDC over 5 years and only $9 billion over 7 years. Total savings in the Senate bill, which are going to be reduced because of some of the things we have agreed to do, over 5 years, is $44 billion; the House bill is $75 billion. Over 7 years, ours is $71 billion; the House is $122 billion. So there is a vast difference between this and the House bill, as far as savings are concerned. We would like to complete action on this bill and go to conference.

Mr. DASCHLE. Mr. President, I wonder if we might suggest a quorum call for a brief period of time for us to be able to see if we can finalize some of the understandings as it relates to this agreement.

I think there are some misunderstandings here that may be clarified that could accommodate this agreement, even now.

I thought we had exhausted all possibilities, but maybe not. If that is the case, I think it is worth one more quorum call to see if we can resolve it.

Mr. HATCH. If leaders would withhold for a second, I think that the settlement on child care is utterly reasonable, something that can bring us together.

I commend both leaders for trying to bring this about. It is my understanding that the Hatch language on child care will also be part of that.

Mr. DASCHLE. That is what we will find out.

Mr. DOLE. The fencing will be but I am not sure about anything else.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I have been in discussion with the distinguished Democratic leader and other colleagues on both sides. I think we have the framework of an agreement. We do not have it drafted. Nobody has signed off on it finally. But I think in the interest of time it has occurred to me and the Democratic leader, Senator DASCHLE, that maybe those who have outstanding amendments could come to the floor now and offer those amendments, hopefully in a very short period of time because we hope to go and will go to third reading hopefully by midnight tonight. But we are going to go to third reading on welfare reform between now and sometime, and we would rather do it by midnight if we could. I know there are a number of amendments we have looked at people can accept. We will try to be as accommodating as we can with our colleagues.

But I think that is the view of the distinguished Democratic leader; is that correct?

Mr. DASCHLE. Mr. President, I concur entirely. I think we have gotten to the point now where it may just be a matter of a period of time before we can submit the agreement and have a vote. But this is valuable time we are losing, and I know a lot of Members have come to me throughout the day expressing an interest in offering their amendments. I do not want to preclude them from doing so. I think they ought to come to the floor.

I have agreed that we can go at some point tonight to third reading. So we will finish this bill tonight at some point.

So to accommodate Senators who still have amendments, to ensure that we maximize what time we have left, whatever time it is going to take before we go to third reading, I encourage all of our colleagues to come over if they have amendments.

As the distinguished majority leader said, working with our ranking member, who has done a remarkable job—he deserves an award for sitting in the Chamber as long as he has—we are ready to go to work. We would like to finish with those amendments that are not part of this agreement, and there are many of them. So come to the floor as quickly as you can and see if we can resolve these outstanding issues.

Mr. BREAUX. Will the majority leader yield?

Mr. DOLE. Could I just say one word because the Democratic leader reminds me we are talking about amendments that would not impact on what we hope to have as an agreement here, child care—any amendment in the area we are looking at we hope would not be offered. We do not have an agreement yet. We hope there is. It may not be possible. So we hope Members would not offer amendments that would affect the agreement we hope to achieve.

Mr. BREAUX. Will the majority leader yield?

Mr. DOLE. Yes.

Mr. BREAUX. I thank the Senator for yielding. And I ask maybe our leader, both leaders actually. A great deal of work has been done, a lot of back and forth, and I think a good compromise has potentially been reached here. I am concerned, as our leader is, that there are a lot of other amendments—I do not know whether we have 30, 40 amendments that are still posted out there, and I am just concerned, is it the intent to finish the bill tonight, I ask both leaders?

Mr. DOLE. We hope to go to third reading this evening. We hope it is this evening. It may be tomorrow morning.

Mr. DASCHLE. I believe, if the majority leader will yield, in answer to the question, having had the chance to look at the amendments, most Senators would agree to relatively short time limits, and I do not think there is any reason why we cannot complete work on the remaining amendments tonight.

So I would again encourage Senators because it is 10 minutes to 6. There is some good time left tonight for us to accommodate Senators who come to the floor. And we will see what the list looks like. I expect it is going to be a lot less than 40. A number of these amendments will fall if they get this agreement. And we will just work through whatever remaining amendments Senators wish to offer, but we cannot do that if they do not come to the floor.

Mr. DOLE. It is still possible, I might add—I will certainly consult the Democratic leader. One way to eliminate some of the amendments would be with a cloture vote. Of course, you still have 91 amendments, but I think those would all be—there would not be any amendments to expand this program. They would be amendments to limit the program, so they might be good amendments. But we hope if we get some cooperation in the next hour or so that would not be necessary.

Mr. WELLSTONE. Mr. President, might I ask the majority leader a question? I certainly, first of all, know there has been a lot of difficult negotiation. And I respect that process very much.

But as I have listened to the majority leader, was he saying that built into this unanimous-consent agreement would be an understanding that there could be no amendments in the same areas in which you have reached agreement with amendments? And if that is the case, then would Senators have an opportunity to at least, as opposed to that being hammered out back in our offices, have an opportunity to look at what that means?

Mr. DOLE. Right.

Mr. WELLSTONE. I know without looking at the areas, it is difficult to say whether you would agree or not.

Mr. DOLE. Child care is one thing we are working on. Maintenance of effort has already been taken care of.

Job training. We have an agreement, if we have an overall agreement, to take the job training provisions out of this bill and have a freestanding bill. That agreement has already been reached between Senator KASSEBAUM and Senator KENNEDY. We will take that up sometime after the appropriations bills are done.

Contingency grant fund. That is in response to a request by Senator DASCHLE and the Governors and Senator DEWINE, and certain things that must happen about matching and when it is triggered.

Work bonus. That has been done. Some question about vouchers. We have not reached an agreement on that, but we have agreed to expand the current hardship exemption from 15 to 20 percent.

Abstinence education; $75 million per year earmarked for abstinence education.

Program evaluation was, I guess, a concern of the Senator from New York and others. We authorized $20 million. I think that is adequate. If not, it can be, I assume, adjusted.

Then we have been working on a savings provision with reference to food stamps. That has not been agreed to yet.

So those are the general areas. There are others that I do not—I know Senator COHEN and Senator BINGAMAN have an interest in SSI. The thing is, we need to find offsets for these. That is what we are trying to do this afternoon.

Mr. WELLSTONE. Mr. President, if I could just say to the majority leader and the minority leader, if you would be willing to give Senators some advance notice as to when you come out with the agreement. I would just like to have those areas and just sort of understand what is in the agreement before agreeing that there would be no amendments in this area. I am sure that I would agree to that, but I would just like to know what it is we are talking about since I was not part of the actual negotiation.

Mr. DASCHLE. I am sure we can accommodate the Senator.

Mr. WELLSTONE. I thank the Senator.

Mr. MOYNIHAN. Mr. President, pending the arrival of Senators wishing to offer amendments, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PRYOR. Mr. President, I ask unanimous consent that the proceedings under the quorum call be dispensed with.

The PRESIDING OFFICER (Mr. BENNETT). Without objection, it is so ordered.

Mr. WELLSTONE. Mr. President, might I ask the majority leader a question? I certainly, first of all, know there has been a lot of difficult negotiation. And I respect that process.

Mr. PRYOR. Mr. President, I thank the Chair for recognizing me.

PRIVILEGES OF THE FLOOR

Mr. PRYOR. Mr. President, on behalf of Senator BIDEN of Delaware, I ask unanimous consent that Peter Jaffe, a detailee on the staff of the Senate Judiciary Committee, be granted floor privileges for the remainder of the 104th Congress.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PRYOR. Thank you, Mr. President.

AMENDMENT NO. 2495, AS MODIFIED

Mr. PRYOR. Mr. President, at this time I call up amendment No. 2495 and ask unanimous consent that the amendment be sent to the desk and that it be modified to reflect the language in this amendment.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The amendment, as modified, is as follows:

On page 52, lines 4 through 6, strike "so used, plus 5 percent of such grant (determined without regard to this section)." and insert "so used. If the strike does not prove to the satisfaction of the Secretary that such unlawful expenditure was not made by the State in intentional violation of the requirements of this part, then the Secretary shall impose an additional penalty of 5 percent of such grant (determined without regard to this section).".

On page 56, strike lines 11 through 14, and insert the following:

"(1) IN GENERAL.—The penalties described in paragraphs (2) through (6) of subsection (a) shall apply—

"(A) with respect to periods beginning 6 months after the Secretary issues final rules with respect to such penalties; or

"(B) with respect to fiscal years beginning on or after October 1, 1996;

whichever is later.

On page 122, between lines 11 and 12, insert the following:

SEC. 110A. CORRECTIVE COMPLIANCE PLAN.

(a) IN GENERAL.—

(1) NOTIFICATION OF VIOLATION.—Notwithstanding any other provision of law, the Federal Government shall, prior to assessing a penalty against a State under any program established or modified under this Act, notify the State of the violation of law for which such penalty would be assessed and allow the State the opportunity to enter into a corrective compliance plan in accordance with this section which outlines how the State will correct any violations for which such penalty would be assessed and how the State will insure continuing compliance with the requirements of such program.

(2) 60-DAY PERIOD TO PROPOSE A CORRECTIVE COMPLIANCE PLAN.—Any State notified under paragraph (1) shall have 60 days in which to submit to the Federal Government a corrective compliance plan to correct any violations described in such paragraph.

(3) ACCEPTANCE OF PLAN.—The Federal Government shall have 60 days to accept or reject the State's corrective compliance plan and may consult with the State during this period to modify the plan. If the Federal Government does not accept or reject the corrective compliance plan during the period, the corrective compliance plan shall be deemed to be accepted.

(b) FAILURE TO CORRECT.—If a corrective compliance plan is accepted by the Federal Government, no penalty shall be imposed with respect to a violation described in subsection (a) if the State corrects the violation pursuant to the plan. If a State has not corrected the violation in a timely manner under the plan, some or all of the penalty shall be assessed.

Mr. PRYOR. Mr. President, the amendment does not have to be read, as I understand it.

The PRESIDING OFFICER. That is correct.

Mr. PRYOR. I thank the Chair.

Mr. President, I rise today to offer this amendment on behalf of myself and Senator GRAHAM of Florida. This is an amendment that I think speaks to some real need for a common sense approach to the issues of penalties that this legislation could burden our States with.

This amendment will give some flexibility to the penalty section that the States will be subjected to if they fail to quickly comply with the numerous requirements of this legislation.

Mr. President, this amendment has the support of the National Governors' Association, the National Conference of State Legislatures, and the American Public Welfare Association. I would like to take this opportunity to publicly thank these fine groups for endorsing and supporting this amendment.

Under the bill before us, Mr. President, as the States move to a more flexible block grant welfare system—and it appears that that is what is going to happen—the States of our Union are going to be subjected to harsh, inflexible penalties.

These penalties should be designed to encourage States to play by the rules, not to injure them for unintentional mistakes made while they are trying to recreate their entire welfare systems with very, very limited resources and very little time to do it.

This bill states that our States in our Union can be penalized by up to 5 percent of their block grant for each of the following violations. Let me reiterate, for each of the following violations: If a State, one, fails to submit a required report—any required report; if a State fails to use the income and eligibility verification system; if the State fails to comply with the increased paternity establishment and child support enforcement requirements; and if a State fails to meet work participation rates.

The Congressional Budget Office says that most States will not be able to meet these work participation rates in the short time allowed by the proposed legislation.

These penalties are very, very harsh. They are inflexible, and alone they could add up to 20 percent of a State's block grant.

But a State can be penalized an additional 5 percent under this proposal for the improper use of funds, even if that misuse is not intentional.

If I might cite a hypothetical example. If the State of Texas, for example,

unknowingly and by mistake erroneously paid $184 in welfare payments to a person who has violated his prison parole, the penalties would be as follows, Mr. President: The $184 that was improperly used, that would be a part of the penalty, plus 5 percent of the State's total block grant value which works out to be $25 million in penalties for the State of Texas.

In addition, the State of Texas would have to use State funds, not Federal funds but State funds, to make up this entire penalty. I am certain that this is a classic case of unintended consequences, and I feel very certain, Mr. President, that the authors of the original bill had no intention of penalizing our States in this manner.

In short, a State would be penalized in this situation, in this hypothetical condition, over $25 million for an unintentional $184 violation, and that is only for one violation, unintentional as it might be.

This amendment further solves a problem by applying a penalty of 5 percent only—only—if the improper use is judged to be intentional. If it is the result of an honest mistake, the State would still have to repay the amount misused, plus an additional amount of State funds to maintain the block grant.

An additional part of this amendment gives the State the necessary transition time that the States are going to need to put their welfare systems in place, while not delaying reforms in areas where the State is ready to move ahead. It will postpone the penalties of all but improper use of funds until 6 months after Health and Human Services issues the final rules. In the absence of final regulations, the States that try to interpret and meet the requirements of a statute in good faith may still be subject to penalties when the details of the law are fleshed out by Federal regulations.

Finally, Mr. President, the amendment I offer today, once again, in behalf of myself and Senator GRAHAM of Florida, the amendment that we offer will allow the States to enter into an agreement with HHS called a corrective compliance plan which spells out how the State will improve its systems and comply with the requirements of the act.

This section of my amendment incorporates many of the ideas that were embodied in an earlier amendment by the Senator from Arizona, Senator MCCAIN. It is similar to a provision in the current law that we now operate under. The penalties are suspended as long as the State continues to follow the plan.

If the Secretary of HHS finds that a State is not working to improve its system, then the Secretary may impose all or some of the original penalties, depending on how much progress that particular State has made.

This amendment does not weaken the Federal oversight on States. In fact, even with these changes, the penalties on States in this legislation will be far more strict than those penalties in the House bill. It is narrowly drawn to be fair. It is drawn to be flexible, and it is drawn to meet the test of common sense.

The Congressional Budget Office estimates that there are no costs—no costs—associated with this amendment. I am very proud to say that this amendment has, we believe, bipartisan support in the U.S. Senate. And once again, I wish to thank the American Public Welfare Association, the National Conference of State Legislatures, and the National Governors' Association for the splendid assistance they have given us in preparing this amendment.

I also appreciate the understanding shown and hopefully the ultimate acceptance of this amendment by not only the majority but also the ranking manager of this legislation.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Is there further debate on the amendment?

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. We are prepared to accept the amendment of the Senator from Arkansas.

The PRESIDING OFFICER. The question is on agreeing to amendment 2495, as modified.

The amendment (No. 2495), as modified, was agreed to.

Mr. MOYNIHAN. I move to reconsider the vote.

Mr. PRYOR. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, as I understand, the Senator from Alabama is prepared with an amendment, 40 minutes equally divided; the Senator from Maryland, Senator MIKULSKI, is prepared to offer her amendment, 20 minutes equally divided; the Senator from California would follow the Senator from Maryland.

AMENDMENT NO. 2614

Mr. DOLE. I think amendment 2614, as drafted, is acceptable.

Mr. MOYNIHAN. It is acceptable.

Mr. DOLE. I send amendment 2614 to the desk.

The PRESIDING OFFICER. Amendment 2614 is the pending question. The question is on agreeing to amendment numbered 2614.

The amendment (No. 2614) was agreed to.

Mr. DOLE. I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mrs. FEINSTEIN. Mr. President, I believe I need a very short time for my amendment. I believe Senator SIMPSON would like to speak on the deeming amendment for 10 minutes, and it would be agreeable to have 10 minutes on my side on that amendment.

On the other amendment, 10 minutes is enough. Senator KENNEDY would like to speak on the deeming amendment as well.

Mr. DOLE. As I understand, there are two amendments.

Mrs. FEINSTEIN. There are two amendments.

Mr. DOLE. Naturalization and deeming?

Mrs. FEINSTEIN. That is correct.

Mr. DOLE. Twenty minutes on each amendment?

Mrs. FEINSTEIN. That is fine.

Mr. DOLE. We have Senator SHELBY, Senator MIKULSKI, two amendments by Senator FEINSTEIN, and then in our rotation plan it would come back to this side unless we have an agreement we can accept.

Once the Senator from North Dakota has his worked out——

Mr. CONRAD. Mr. Leader, we think we have achieved agreement, so if we could get in the queue, we think we have that all taken care of.

Mr. DOLE. Following Senator FEINSTEIN.

Mr. CONRAD. That certainly would be good. We could take 10 minutes.

Mr. DOLE. Ten minutes.

That will be four amendments by my colleagues on the other side. I assume we can have an equal number on this side.

Mr. MOYNIHAN. Yes.

Mr. DOLE. I thank the Chair.

The PRESIDING OFFICER. Is there objection to the request of the majority leader?

Without objection, it is so ordered.

AMENDMENT NO. 2526

Mr. SHELBY. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. Amendment 2526, offered by the Senator from Alabama, is now the pending business.

Mr. SHELBY. Mr. President I ask unanimous consent to add the following Senators as original cosponsors of the amendment: Senators SANTORUM, GRAMS, HELMS, GRAMM of Texas, COATS, and LOTT.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SHELBY. Mr. President, along with the Senators that I have just mentioned as cosponsors, that is, namely, Senators CRAIG, LOTT, HATFIELD, COATS, SANTORUM, GRAMS, HELMS, and GRAMM of Texas. I am introducing an amendment that we believe will help strengthen the role of the family in America.

The out-of-wedlock birthrate in America is projected to reach 50 percent by early next century, and I am concerned that this trend will result in a dramatic increase in the number of children abused and neglected. There are now close to 500,000 children in the

foster care system, but only 50,000 are placed for adoption each year. Our amendment would effectively find homes for many children who need parents and find children for parents who need families. The objective of this amendment is to provide an appropriate incentive to encourage a policy which should be embraced by all Americans.

Adoption is a positive event that benefits everyone involved. Obviously a loving, caring family for a parentless child is the primary benefit of adoption. Studies show the adopted child receives a strong self identity, positive psychological health and a tendency for financial well-being.

Parents who adopt children also benefit. They receive the joy and responsibility of raising a child as well as the love and respect only a child can give. The emotional fulfillment of raising children clearly contributes to the fullness of life.

Lastly, we should not forget the advantages to communities as a whole in America. Society is unambiguously better off as a result of adoption. Statistics show time and again that children with families intact are more likely to become productive members of the community than children without both parents.

Unfortunately more times than not, a financial barrier stands in the way of otherwise qualified parents. The monthly cost of supporting the child is not the hurdle, but instead the initial outlay to pay for the adoption. There are many fees and costs involved with adopting a child, which include maternity home care, normal prenatal and hospital care for the mother and child, preadoption foster care for infant, home study fees, and legal fees. These costs can range anywhere from about $13,000 to $36,000, according to the National Council for Adoption.

Like the person who wants to buy a home, but cannot because the financial hurdle of a down payment stops them, potential parents often cannot adopt a child because of the substantial initial fees, fees that could actually exceed the cost of a down payment for a home. As a result, children are denied homes, and parents denied children.

Our amendment seeks to address this problem. It would allow a $5,000 refundable tax credit for adoption expenses. This credit would be fully available to any individual with an income up to $60,000 and phased out up to an income of $100,000. Other adoption tax credits have been put forth, but the key element of our adoption tax credit is its full refundability. This provision will allow many couples who may not have a tax liability in a given year to be able to afford to open up their home to a parentless child.

A fully-refundable adoption tax credit is an essential part of any welfare reform measure like the one we have before us.

Our amendment would also provide that employer-provided adoption assistance would be excluded from gross income for taxable purposes. Those receiving assistance from their employer to cover costs over and above the first $5,000—which would be taken care of by the credit—would not have to count that assistance as income. Finally, the amendment provides that withdrawals from an IRA can be made penalty-free and excluded from income if used for qualified adoption expenses. Representative JOSEPH KENNEDY and others are advocating a proposal similar to this in the House.

I believe these changes will go a long way in making adoption a reality for many children and helping them find the loving homes they so desperately need in America. This amendment has the strong support of 14 adoption organizations, which represent more than 1,000 adoption agencies and practitioners. Mr. President, I hope my colleagues will join us in reaching out to families in order to provide a better, brighter future for our children and a heightened degree of appreciation for the potential that adoption holds for our society. I urge my colleagues to support this amendment.

The PRESIDING OFFICER. Is there further debate? The Senator from Idaho.

Mr. CRAIG. Mr. President, I am pleased to join my colleague from Alabama [Senator SHELBY] in offering this amendment to provide for a refundable tax credit for adoption expenses.

The PRESIDING OFFICER. If the Senator will suspend, we are under time control. Who yields time to the Senator?

Mr. CRAIG. Excuse me, Mr. President.

Mr. CHAFEE. What is the time situation here?

The PRESIDING OFFICER. The proponents of the amendment have 13 minutes and 33 seconds; opponents, 20 minutes.

Mr. CHAFEE. How much time does the Senator want?

Mr. CRAIG. Five minutes.

Mr. CHAFEE. Fine.

The PRESIDING OFFICER. The Senator from Idaho is recognized for 5 minutes.

Mr. CRAIG. Mr. President, as I said—and I thank the chairman for yielding—I am pleased to join my colleague from Alabama [Senator SHELBY] in offering this amendment to provide for a refundable tax credit for adoption expenses.

In short, Mr. President, this amendment will amend the Internal Revenue Code of 1986 to provide a refundable tax credit for adoption expenses. This provision will exclude from gross income employee and military adoption assistance benefits and withdrawals from IRA's for use toward adoption expenses.

Some people may ask, "What does this have to do with welfare?" It has very little to do with our current welfare system, but a great deal to do with a dramatically reformed system similar to that envisioned in the leader's bill.

Through the use of block grants and other reforms, we are moving away from a welfare system that has created dependency, and into a system that encourages independence.

As part of that, we also hope to see greater strength in the American family, reduce out-of-wedlock births, control welfare spending, and reduce welfare dependence. It is my concern that as we move in this direction, that the Congress needs to make adoption a more viable option for families.

We all read the stories, both happy and tragic, of efforts couples have made to adopt a child. It is my hope that our work here will lead to more happy stories and fewer heartbreaking reports, of the tens of thousands of dollars spent traveling around the world by couples in search of children to adopt to make them a part of their family.

I know this firsthand. Not that I suffered those hardships, but I am an adoptive parent and I adopted the children of my wife and we brought together a family unit. Even then, when there were no obstacles in front of us, the process was challenging in all of the hoops and hurdles that we had to go through to make sure it was done right.

This amendment will give adoptive families a fairer shake. I have introduced similar legislation with other colleagues here in the Senate and hope that they will support this amendment.

Adoption is a viable option that results the best of all worlds: Uniting a wanted child and a loving family. I think we need to keep focused on that fact, and continue our efforts to improve the adoption and foster care approaches that this Senate is so supportive of.

Mr. President, before closing, I want to take a moment to discuss something that was not included in the Republican leadership welfare reform bill.

There is good reason to highlight this item that was excluded, because it will have a big impact on our ability, as a nation, to ensure that there is a safety net to take care of children.

The item that was excluded is the creation of a block grant of the title IV-E foster care and adoption assistance programs.

In fact, both the GOP leadership bill, the Work Opportunity Act of 1995, and the conservative consensus package maintain the title IV-E foster care and adoption assistance programs as entitlements.

Mr. President, we need dramatic reform of our welfare system. And of all of us who have been engaged in that debate here for the last good number of days, the current one-size-fits-all approach of a federally designed and implemented program simply has not served this Nation well nor served those who find themselves in poverty and in need of welfare.

It has also been unsuccessful in relieving poverty. Instead, it finds that

we put families in it and somehow they stay there. Here is an opportunity, as we move out to independence to assure greater chances for children without families, to find those families and families without children—to find those children.

Instead of a program that reaches out to people and families to give them a hand up, we have a program with a hand out that constantly pushes people down and keeps them in the welfare cycle.

The bill we have before us today will provide some of that needed dramatic reform. Changes in programs like aid to families with dependent children [AFDC] may have an impact on foster care services. This will be especially prevalent during the implementation and transition into the reformed welfare system.

The impact of any changes to our welfare system is somewhat unpredictable. Therefore, Republicans here in the Senate have acknowledged that fact, and the need to maintain a safety net for children by maintaining title IV-E as an entitlement.

Mr. President, this issue has been a concern of mine for some time. In Idaho, we have a number of excellent facilities that work with children in group home settings, with an emphasis on reuniting the family when possible. I have been to these facilities, my staff have seen them. The work they do there is nothing short of remarkable.

My concern, Mr. President, is that we have a safety net available to ensure that the children who may be affected will be adequately taken care of through our foster care and adoption assistance programs. If these programs under title IV-E were converted into a block grant with a limited inflation adjuster, there would be little flexibility for States to meet the kind of unforseen demands that can shift children into these programs.

There are also issues outside of welfare reform that affect these programs, such as changes in the economy, demographics and natural disasters. For example, Idaho had a 16-percent increase in the number of child abuses cases last year; many of those children ended up in the foster care system. Again, these are things that cannot be planned for, but add to the burden of the system.

It is important to note that since the foster care and adoption assistance programs were established in 1980, there have been more than 90,000 children with special needs adopted in the United States.

Mr. President, there have been a number of references to those who are affected by what we do here.

I would like to take a moment to share a story about we've been able to accomplish in Idaho with these title IV-E moneys. The Idaho youth ranch runs a family preservation program.

Gina was a 7-year-old girl who was removed from her home by child protective services because her parent neglected to care for her. The goal of the referral was to see if the youth ranch could help the mother respond to the point that Gina and her two younger sibling could return home.

The youth ranch staff began an assessment of the family situation and developed a plan in conjunction with the Child Protective Services staff, mom, and the children.

Through the parent training, supportive services, and help the youth ranch provided, this family is now getting back on track. Mother is now working in a job close to home, has a healthy home environment set up, ready for the children's return, has the kids enrolled in school, and a responsible day care for her youngest child.

The staff at the youth ranch will continue their work after the reunification of the children. It is a happy ending for the family, for the State, and most important, for Gina.

Mr. President, that was quite a lengthy comment, but I felt it was important to note in this debate. In closing, I would just add that I hope my colleagues will support improving access to adoption, and will vote for the Shelby amendment.

So I am proud to support and to be a cosponsor of the amendment of my colleague, Senator SHELBY, and his concerted effort.

Mr. CHAFEE. Mr. President, I would like to ask the proponent of the amendment a question.

As I understand, this is going to cost $1.4 billion over 5 years. Has the Senator a method of paying for this?

Mr. SHELBY. Would the Senator from Rhode Island state the question again?

Mr. CHAFEE. It is my understanding that this amendment will cost, over 5 years, $1.4 billion.

Mr. SHELBY. The Senator is correct. The revenue loss is projected to be $1.4 billion over 5 years but the underlying bill will result in savings of over $40 billion over 5 years.

Mr. CHAFEE. I know we are going to have further discussion because I think there is a point of order that lies that is going to be raised. But I would point out that everything that comes in theory out of savings is something that the Finance Committee has to come up and pay for. We have just concluded a long meeting in connection with Medicare, and the difficulty of coming up with savings was made clear to us at that gathering.

So, Mr. President, if there is no further discussion, I suggest the absence of a quorum, and this will be charged equally against both sides.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SANTORUM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SANTORUM. Mr. President, I yield 3 minutes of time to the Senator from Texas, [Mr. GRAMM].

The PRESIDING OFFICER. The Senator from Texas is recognized for 3 minutes.

Mr. GRAMM. Mr. President, I rise in strong support of the Shelby amendment.

What the Shelby amendment does is it tries to provide tax equity to people who adopt children and in the process, provide a home and environment that represents our only sure-fire, guaranteed way to break the poverty cycle—allowing people the opportunity to escape from poverty and use their God-given talents.

One of the reasons I feel so strongly about not giving people more and more money to have more and more children on welfare is that I am convinced if we stopped giving people cash bonuses to have more children on welfare and adopt the Shelby amendment giving tax equity to people who adopt children on a par with people who are having them, then we have an opportunity to find a home for every child born in America. That can solve not only the welfare problem but many other problems in the country.

I do not know how our colleagues on the other side of the aisle are going to vote on this amendment, but I would simply like to note this paradox. In the compromises that have taken place in the last 2 hours in an effort to pass this bill, an initial agreement has been made which will spend $4 billion on programs that in all probability will do virtually nothing to help break the poverty cycle and will do virtually nothing to guarantee that people see an improvement in their lives.

However, by giving tax equity to people who adopt children—up to $5,000 in tax credits to cover the costs they incur in adoption—we can guarantee that people will be able to adopt more children, bringing them into their homes, giving them love, and improving the lives of those children. I think this is an important amendment, and I think if we can follow it up someday with an amendment to streamline the adoption process, making it easier for people to adopt children, we can make a dramatic difference.

One of our colleague's wives was in Bangladesh—I ask for an additional minute.

Mr. SHELBY. I yield an additional minute.

The PRESIDING OFFICER. The Senator is recognized for an additional minute.

Mr. GRAMM. As I look at the Shelby amendment, it reminds me of a statement made by Cindy McCain, Senator MCCAIN's wife. When she was in Bangladesh, there was this baby girl who had been set aside to die because she had a cleft palate. Cindy McCain decided that she was going to bring that little girl back to the United States of America and adopt her. Her point was, I cannot solve the problems of every

child in the world, but I can solve this child's problem.

What the Shelby amendment does is let other people who want to solve this problem one child at a time, do it. So, I think, this is an important amendment. I hope it will be adopted, and I urge my colleagues to vote for it.

I congratulate the distinguished Senator from Alabama. This provision was in our original welfare bill that Senator SHELBY and other conservative Republicans and I put together. I think it is an important addition to this bill, and, quite frankly, of all the things we have talked about here, this is clearly welfare reform.

I thank the Chair for its indulgence.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. I would simply make the point as a member of the Finance Committee that we have not considered this measure. It is a new credit that would be created without the means to pay for it. The proposal would cost $3 billion in revenues over the next 10 years, and there is no provision to pay for it.

There is strong sentiment in favor of it; I can sense it. I understand that and share it, but it is a doubtful measure to be adopted at this point, and yet we have a long conference committee procedure before us and that may be the time to address it. I will leave it at that.

Mr. COATS. Mr. President, over the past 25 years there has been a dramatic increase in the number of children born out of wedlock, children being raised by single parents, and children entering the foster care system because of abuse, neglect, or abandonment. Family disintegration is widespread.

At the same time we have experienced an increase in family disintegration, we have seen a sharp decrease in the number of children being adopted, with formal adoptions dropping by almost 50 percent: from 89,000 in 1970 to a fairly constant 50,000 annually throughout the 1980's into the 1990's. On any given day, 37,000 children in foster care are legally free and waiting—to be adopted.

Why are children waiting? Why aren't families adopting? The reason, I propose, is not a lack of compassion on the part of families. Many thousands of families would be eager to adopt were it not for the costs can be prohibitive for working class families. The average cost of an adoption is $14,000 and it is not uncommon for this figure to reach upwards of $25,000.

Adoption is the compassionate response to children in need of a home. Yet, there is currently inequity in the tax system. While certain medical expenses related to the conception, delivery, and birth of a child may be deducted as medical expenses, no similar relief is available for adoptive families.

Mr. President, I, like many of my colleagues know the sacrifice required of parents. Children require 100 percent of us, 100 percent of the time. The financial burden can be significant. The time element, balancing the needs of work and family—these are all very significant. Yet there are thousands who make that sacrifice every day for children they have lovingly adopted into their family, and many thousands more who would—but for the costs. The Shelby amendment will put adoption within the reach of many families, and make an important public policy statement about the value and respect we have for the institution of adoption.

I've heard some say adoption tax credits should be limited to children with special needs. Well, I believe that every child in need of adoption is a child with a special need for a loving, and permanent home.

Money should never be a barrier to adoption. Adoption should be encouraged as a compassionate response to children of parents who find themselves unable or unwilling to care for them. These families deserve our support, and deserve to be treated the same as families formed biologically. The Shelby amendment sends a strong message that adoption is a valued way of building a family.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. CHAFEE. I yield——

Mr. DOMENICI. I do not need much time. One minute.

Mr. CHAFEE. Three minutes to the Senator from New Mexico.

The PRESIDING OFFICER. The Senator from New Mexico is recognized for 3 minutes.

Mr. DOMENICI. Mr. President, I commend Senator SHELBY for the amendment.

Frankly, I believe in this sea of problems with reference to unwed pregnancies and welfare children of this country, which are growing like a volcano erupting on America, this obviously attempts to address a very serious problem; that we are in need of more adoptions by good people who will raise children well in a good household. This amendment attempts to do that.

Frankly, it has a problem, a technical problem. I think that is well known. Senator MOYNIHAN expressed it. This is not a measure in which you can have tax credits and not pay for them. In a very real sense, it could be subject to a point of order. I, for one, believe we ought not raise it. We ought to vote on it, if that is what the distinguished Senator wants. And then it will take care of itself in terms of the tax provisions whether they will remain in the welfare bill or whether they will be taken care of in reconciliation as part of the tax bill. We can find out. We can wait and see. But essentially I think it is such a good idea that we ought to make sure it is done.

Now, if somebody raises the point of order, I would say tonight I would join in trying to waive it with my good friend from Alabama.

Mr. SHELBY. I thank the Senator.

Mr. DOMENICI. So I do not think we ought to do that. I hope we will not.

I compliment the Senator on the amendment and hope it passes here tonight one way or the other.

I yield the floor.

I thank Senator CHAFEE.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I think the distinguished ranking member of the Finance Committee made some good points, as has everybody else here today. This is a very commendable amendment. Although it is an amendment we have not had a chance to consider in the Finance Committee, it is a matter that will come before us when we are dealing with the tax provisions that we are surely going to get to later this year. And so, therefore, I am prepared to accept the amendment.

The PRESIDING OFFICER. Is there further debate on the amendment?

All those in favor——

Mr. GRAMM. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is not a sufficient second.

Mr. GRAMM. Mr. President, I suggest the absence of a quorum until there is a sufficient second.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. SANTORUM. Mr. President, I ask unanimous consent that further proceedings under the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SANTORUM. Mr. President, I ask for the yeas and nays on the Shelby amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. CHAFEE. Now, Mr. President, I would ask unanimous consent that the vote on the Shelby amendment be put off until 8 p.m.

Mr. PRYOR addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. PRYOR. A point of clarification, please, from the Chair.

Would the Mikulski amendment be the next amendment in order? Is there a Mikulski amendment?

The PRESIDING OFFICER. The Senator is correct.

Mr. PRYOR. And are we going to, on subsequent amendments—if I might ask the Chair, is it correct that we are going to basically stack the votes at approximately 8 p.m.?

The PRESIDING OFFICER. There has been no order.

There is a unanimous consent request pending that the Shelby amendment be voted on at 8 p.m.

Mr. PRYOR. For the benefit of our colleagues, I have been informed that

is merely the intention. But it is the intention to basically stack votes that are considered between now and 8 p.m., stack those votes at 8 p.m.

The PRESIDING OFFICER. Is there objection to the request that the vote on the Shelby amendment occur at 8?

Without objection, it is so ordered.

Mr. CHAFEE. Now, Mr. President, we have a list here. And Senator MIKULSKI is not here. I notice Senator FEINSTEIN is here.

Mr. President, is there any defined order that has previously been arranged?

The PRESIDING OFFICER. The Senator is correct. There is a defined order. The Mikulski amendment is the next pending business. It would require a unanimous consent agreement to set it aside to deal with the Feinstein amendment.

Mr. PRYOR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Ms. MIKULSKI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2669

Ms. MIKULSKI. Mr. President, I wish to send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The bill clerk read as follows:

The Senator from Maryland [Ms. MIKULSKI] proposes amendment numbered 2669.

Ms. MIKULSKI. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in the Friday, September 8, 1995, edition of the RECORD.)

Ms. MIKULSKI. Thank you, Mr. President.

Mr. President, my amendment deals with the role of men and how we can bring men back into the family, how we can eliminate marriage penalties and begin to really work toward two-parent households once again among the poor.

One of the missing discussions in this year's welfare debate is how we involve fathers with their families. We can do that through tougher child support laws and, yes, it is true we need to crack down on deadbeat dads. But you know, Democrats and Republicans all agree that we need to have major child support reform to do that. But, quite frankly, men, fathers are more than a child support check.

Our focus needs to be on the issues related to child rearing as much as child support. We need to get the men involved in the rearing of their own children and we do that by promoting two-parent families.

Earlier this year, the nonpartisan Casey Foundation, which I am proud to say is headquartered in Baltimore, released their 1995 report called "Kids Count." It focused exclusively on the need to promote fathers as part of our Nation's strategy to reform welfare.

One of the most compelling things that they outlined was the devastating effect on children when fathers are absent from the home. The Casey Foundation said this:

Children in father-absent families are five times more likely to be poor and 10 times more likely to be extremely poor.

Children of single mothers are twice as likely to become high-school dropouts. These kids are more likely to end up in foster or group care or, even worse, in juvenile justice facilities.

The Casey Foundation went on to tell us that:

Girls from single-parent families have three times greater risk of bearing children as unwed teenagers.

Often in the debate, and I know the Senator from New York, Senator MOYNIHAN, has often commented on the problems related to single-parent families, we often overlook the role of what happens to girls.

And boys whose fathers are absent face a much higher probability of growing up unemployed, incarcerated, and uninvolved with their own children.

During this welfare debate, we have heard about the staggering rise in illegitimacy and the households headed by single parents. Much of this rhetoric has focused on solving the problems through punishing the mother. They aim for the mother but, in turn, hit the child.

The proposed solutions do not get at the heart of why we have fewer two-parent families, which is simply the decline in jobs that pay a family wage and the penalties in our public policy that work against the two-parent family.

The chart next to me contains data from the "1995 Kids Count" report and it makes it graphically. Between 1969 and 1993, the percentage of children under 18 living in households headed by women jumped from 11 percent to 24 percent. During that same 23-year period, the number of men between the ages of 25 and 34 who did not earn enough to support a family of four jumped from 14 percent to 32 percent.

The link is clear. If employment opportunities do not exist for men who are poor, it is unlikely they will get married. In fact, the "Kids Count" report points out most women consider a stable income an important element in choosing someone to marry.

The Republican welfare bill is either silent on solutions or it focuses on the mother as the only solution, or actually it attacks the mother. In fact, it is what I have called "the parent trap." They say they want women on welfare to get married and require tougher work requirements for people who end up getting married. The Republican bill allows States to impose family caps, but it never asks States to develop programs that will bring families together.

Their bill also allows State welfare programs to cut families off if a father actually works too many hours. So we are going to penalize the father for being in the home, and we are going to penalize him for working too many hours. Hey, that is not the way to reform welfare or to move the poor out of poverty.

It also allows a father's child support check to go to a State bureaucracy instead of directly to the family.

We Democrats are serious about welfare reform, and we are serious about strengthening the family in this process. We aim for real reform by protecting the child, helping the mother and involving the father.

The amendment that the Senator from New Jersey and I have proposed seeks to end this "parent trap" and instead include real solutions that promote two-parent families. We will do this in our amendment by, first, job placement for noncustodial fathers. This amendment sets aside a very small amount of money in the welfare block grant for States to enroll unemployed fathers in job training and placement so they can meet their child support and family obligations. Employing these fathers is the most significant step we can take to promote two-parent families. In addition, the cost of this effort will be partially offset by increased child support payments as a result of the jobs which these fathers would have.

Second, our amendment prevents States from creating welfare rules that penalize marriage. The amendment prevents States from reenacting the current AFDC man in the house rule at the State level that pushes the man out of the family.

Third, it promotes marriage and not punishment.

And fourth, we pay child support to mothers, not State bureaucrats. What do I mean? It means that, first of all, we have a rule called the man in the house rule. If you are a father living at home and you work over 100 hours a month, regardless of what you earn, your family is cut off from assistance.

This is unacceptable. We need to promote and require work, and eligibility for assistance should be based on what you earn, not the number of hours it takes to earn it.

Third, promote marriage. For those States that impose a family cap, the amendment would require them to come up with some incentives that promote marriage. If we are serious about strengthening families, let us not just cut people off and make no effort to encourage marriage.

And fourth, pay child support to mothers not State bureaucrats. In my own State of Maryland, I had a roundtable with dads who are meeting their family obligations, but they told me how frustrating it was when they wrote their child support check it went into some big bureaucracy and when they went to visit their child, there had been no linkage between dad being the

provider and their family actually experiencing that and the check still coming from the welfare department.

As a result, our amendment requires States to pass through the first $50 in a monthly child support payment to the family.

Mr. President, my amendment has many other components to it. I could speak on many elements in this program. We deal particularly with helping interstate child custody orders and others. But I want to say this. Our amendment is good for fathers and their children. It recognizes that men are not only child support checks, but they must be involved as fathers. I want them not only paying child support, I want them to be a link within the family itself. The dad is not in the home, but still there is a relationship.

Second, where possible, to be able to promote the family and get the dad back in the home.

Mr. President, I know that the Senator from New Jersey wishes to speak on this amendment. How much time do we have left on our side?

The PRESIDING OFFICER. One minute and twelve seconds.

Mr. CHAFEE. Mr. President, let me say this. We are not going to consume our full 10 minutes. Does the Senator from New Jersey want a couple minutes from us? Three minutes for the Senator from our allotment of time.

The PRESIDING OFFICER. The Senator from New Jersey is recognized for 4 minutes.

Mr. BRADLEY. Mr. President, I rise in support of this amendment. I thank the Senator from Maryland for offering it. I think it makes one very clear point, and that is children that grow up in two-parent families have a better chance than children who grow up in single-parent families. That does not mean that there are not a lot of single mothers who do a heroic job out there raising children against the odds, who teach them how to work hard and how to advance. It simply means that two incomes are better than one and that two supervisors are better than one.

It is very interesting, because in the course of this debate, we discussed the family cap which says if you have an additional child, if you are on welfare, that child does not receive a payment.

In my State of New Jersey, that would mean about $64 a month. We have the only family cap experiment in the country in New Jersey, and we deny a benefit to an additional child to a mother who is on welfare. But we also have a provision in the law that rewards marriage. It says that if a woman on welfare is married, her husband's income will not push her off of eligibility for welfare, up to about $21,000 in combined income.

So what the distinguished Senator from Maryland is stating with this amendment is that we should have incentives in the welfare system for single parents to get married. We have that in the experiment in New Jersey at the moment. It is only a year old, so we do not have any conclusive results. I think it is an important amendment. That, then, underlines the deeper point the Senator from Maryland is making, which is that it is important in every child's life to have a father as well as a mother, a father involved with time and resources. It is very important.

So I salute the Senator, and I cosponsor the amendment and hope that it will be adopted.

Ms. MIKULSKI. Mr. President, I thank the Senator from New Jersey. I also thank the Senator from Rhode Island for yielding him some time. I will ask for the yeas and nays, but I presume the Senator from Rhode Island wants to speak.

Mr. CHAFEE. Yes, obviously, on my time. I have a couple of questions. This is an interesting amendment and rather a broad one, as I understand it. I think the Senator from Pennsylvania has some comments that will delve into matters that otherwise I might have covered.

I have two questions. One, does the Senator from Maryland know what this would cost?

The second question is, Does she have some way of paying for it?

Ms. MIKULSKI. I believe this will cost $920 million over a 7-year period. We hope that part of the money will come from, first of all, child support itself. No. 2, by bringing men back into the family, which will decrease the need for public assistance. I am looking at the memo here on exactly where that comes from. I do not have an offset for this. I believe we were going to accept an adoption amendment which will cost $3 billion—and, by the way, I was a foster care worker and also involved in adoption work many years ago. So I support that amendment. But, there is not a cost that you can put on bringing a dad back into the home. If it is going to cost us a couple of bucks to do that, I think the long-term savings—you might think it is amusing, but I do not think it is.

Mr. CHAFEE. I remind the Senator that she is on my time.

Ms. MIKULSKI. You know what? I am.

Mr. CHAFEE. I know the Senator is being facetious. I do not want to take her up on it too much. But a billion dollars is really what it is. She was being facetious when she used the words "a couple of bucks," but I am not going to dwell on that.

But we have a real problem here, Mr. President. Everybody is coming forward with amendments—wonderful amendments and good things, undoubtedly. But there is no method of paying for them. All that means is that those of us on the Finance Committee have to somehow come and make up that money. We are having terrible times coming up with amounts that we are designated to provide anyway. We have to come up with $530 billion, and to load on $1 billion more in this bill—and other moneys have been expended in other measures that come before us.

So I am, reluctantly, going to have to oppose the Senator's measure. I know the Senator from Pennsylvania has comments.

Mr. SANTORUM. I thank the Senator.

I just say that in addition to the billion dollars this spends, I question the rationale behind this. What this amendment says is, if you are a noncustodial parent you are eligible to participate in the job training and employment programs of the State. And you are eligible, if your child is receiving welfare, or if you are a noncustodial parent that owes past child support, even if you are a deadbeat dad. So if you are a father who does not support his kids and they are on welfare, or you do not pay child support, we will put you in a job training program or give you a job. I question that we are going to spend $650 million of new money on providing job training for deadbeat dads.

You can say we are going to bring families together. This is a nice benefit for someone who is doing something you do not want them to do. I do not think we should be rewarding people who are turning their backs on their children. I think that is questionable.

The other portion of the bill—and I know this is a lengthy amendment and has many different sections. I know there is one here that has the $50 pass-through, which is the first $50 of child support paid by a father, who is in arrears on his child support, goes directly—excuse me, the mother is on welfare, goes directly to the mother, not the State, to offset the benefits the State is paying the mother. This is something that is in current practice. Every State child support agency tells us that this is not a good provision. It does not help fathers or encourage fathers to pay any of this child support. It is simply $50 that the State does not get that they are now paying as an offset for AFDC. This is not proven to be incentive. It does not work. It is something that we, at their suggestion, have dropped in the Dole amendment, and now they are trying to put it back in, and it costs money and does not provide incentive to pay back child support or child support to somebody on welfare.

The cost is a billion dollars. We are going to be providing jobs and job training to deadbeat dads, fathers who allow their children to go on welfare. And there is the $50 pass-through. I think this, again, may be well-meaning. We may want to help fathers get back with their families and bring families together, but I do not think providing money to deadbeat dads for job training is the way I would go about doing it.

Ms. MIKULSKI. Will the Senator yield for a question?

Mr. SANTORUM. On whatever time I have remaining, I will do so, sure.

The PRESIDING OFFICER. The Senator has 1 minute 7 seconds.

Ms. MIKULSKI. Does the Senator think that simply because a father is

in arrears on child support, he is a deadbeat and wants to abdicate his responsibility? Because, for whatever reason, earlier in their life, maybe he did not complete school, and he needs job training to get back into the labor market in order to assume his responsibility. That is what is behind our motivation in that part.

Mr. SANTORUM. I understand there may be such cases that you mention. But I think the broader point is whether, when we have people who have violated their responsibilities to their children, we should now create a separate Government program to train them for jobs or create jobs for them. I understand there may be circumstances where people, well-meaning, could not pay their child support. But at the same time, you want to set up a program because they have done that, apart from someone else who may be paying their child support and working two and three jobs to make sure they keep up. We do not help them at all, or train them, or do anything for them. That is a bad precedent. We should not be providing this kind of money for people who are shirking the responsibilities of their children.

The PRESIDING OFFICER. All time of the opponents has expired.

Ms. MIKULSKI. Mr. President, I ask for the yeas and nays and that the vote occur in whatever order or whatever time that was in the unanimous-consent agreement.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The vote will occur as indicated.

Mr. CHAFEE. Mr. President, subject to changes in the future, that vote on the Mikulski amendment would occur after the vote on the Shelby amendment which is scheduled to occur at 8 o'clock.

Next on our list, we have Senator FEINSTEIN who I understand has two amendments, each with 20 minutes equally divided. If the Senator would be good enough to identify which amendment she is discussing.

AMENDMENT NO. 2478

Mrs. FEINSTEIN. Mr. President, to the managing Senator, the amendment I call up is amendment No. 2478.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from California [Mrs. FEINSTEIN] proposes an amendment numbered 2478.

Mrs. FEINSTEIN. Mr. President, I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in the Friday, September 8, 1995, edition of the RECORD.)

Mrs. FEINSTEIN. Mr. President, I ask unanimous consent that Senator KENNEDY be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. FEINSTEIN. Mr. President, this amendment strikes the language in the Dole bill which precludes a naturalized citizen from obtaining at any time any cash or noncash welfare benefit.

The language in this bill, as presently drafted, is the first time in the history of the United States that naturalized citizens would be treated differently than native-born citizens.

The Constitution of the United States says that there is only one instance where there is a difference between the two; that is, one who seeks the Presidency of the United States.

My mother became a naturalized citizen. My mother had very little formal education. She had difficulty reading and writing. She had to take the test three times before she became a citizen. I have to say the day she was naturalized she was prouder than any time in her life that I can remember. It meant a great deal because she was as good as any American citizen in her eyes. That is a very big thing.

The amendment I am proposing is supported by the Department of Justice. I ask unanimous consent that a letter to Senator KENNEDY from Justice, pointing out serious concerns about section 204's constitutionality as applied to naturalized citizens, be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit No. 1.)

Mrs. FEINSTEIN. It is supported by the National Governors' Association, the National Conference of State Legislatures, and the American Bar Association.

Mr. President, I ask unanimous consent that a letter from the Bar Association and the Governors' Association be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit No. 2.)

Mrs. FEINSTEIN. It is supported by the National Association of Counties, the National League of Cities, the U.S. Catholic Conference, and the Leadership Conference on Civil Rights, as well as several other organizations.

I believe that we are essentially a nation of immigrants. I sit as a new member of the Immigration Subcommittee and I know there is a legitimate reason that the Government should try to dissuade, in any way we can, people from becoming naturalized simply to gain welfare. There is no question about it. I believe the immigration bill that we have marked up in the Immigration Subcommittee deals with that.

What this bill does is it says that if you are a naturalized citizen—and let me give some specific examples. Take my mother's case and put it in the present day. My mother came to this country at the age of 3. Supposing her mother was naturalized, that would make her a naturalized citizen. Then supposing my mother did want to go to college, which she never had an opportunity to do, she would be eligible for a loan program. Under this bill, as drafted, my mother would never be eligible as a naturalized citizen for a program. Even Medicaid, she would not be eligible for it.

Taking my mother again, say my mother came to this country as a spouse, never worked, was naturalized, was a naturalized citizen for 20 years. Say my father left her and she was destitute. She would not have access to any aid program, cash or noncash, the way the bill is presently drafted. The language before the Senate simply deletes this language and keeps a class of "American citizen" as one class. If you are naturalized, you are as good as someone who is born anywhere in this great country.

I yield the floor.

EXHIBIT 1

U.S. DEPARTMENT OF JUSTICE,
OFFICE OF LEGISLATIVE AFFAIRS.
Washington, DC, July 18, 1995.

Hon. EDWARD M. KENNEDY,
U.S. Senate,
Washington, DC.

DEAR SENATOR KENNEDY: This letter follows your question to Attorney General Janet Reno regarding the constitutionality of the deeming provisions in pending immigration legislation at the Senate Judiciary Committee's oversight hearing on June 27.

You have asked for our views regarding the "deeming" provisions of section 204 of S. 269, Senator Simpson's proposed immigration legislation. Our comment here is limited to the questions raised by application of section 204 to naturalized citizens.

We have serious concerns about section 204's constitutionality as applied to naturalized citizens. So applied, the deeming provisions would operate to deny, or reduce eligibility for, a variety of benefits including student financial assistance and welfare benefits to certain United States citizens because they were born outside the country. This appears to be an unprecedented result. Current federal deeming provisions under various benefits programs operate only as against aliens, (see e.g., 42 U.S.C. §615 (AFDC); 7 U.S.C. 2014(i) (Food Stamps) and we are not aware of any comparable restrictions on citizen eligibility for federal assistance. As a matter of policy, we think it would be a mistake to begin now to relegate naturalized citizens—who have demonstrated their commitment to our country by undergoing the naturalization process—to a kind of second-class status.

The provision might be defended legally on the grounds that it is an exercise of Congress' plenary authority to regulate immigration and naturalization, or, more specifically, to set the terms under which persons may enter the United States and become citizens. See *Mathews* v. *Diaz*, 426 U.S. 67 (1976); *Toll* v. *Moreno*, 458 U.S. 1, 10-11 (1982). We are not convinced that this defense would prove persuasive. Though Congress undoubtedly has power to impose conditions precedent on entry and naturalization, the provision at issue here would function as a condition subsequent, applying to entrants even after they become citizens. It is not at all clear that Congress' immigration and naturalization power extends this far.

While the rights of citizenship of the native born derive from §1 of the Fourteenth Amendment and the rights of the naturalized citizen derive from satisfying, free of fraud, the requirements set by Congress, the latter, apart from the exception noted [constitutional eligibility for President], becomes a member of the society, possessing all the

rights of a native citizen, and standing, in the view of the constitution, on the footing of a native. The constitution does not authorize Congress to enlarge or abridge those rights. The simply power of the national Legislature, is to prescribe a uniform rule of naturalization, and the exercise of this power exhausts it, so far as respects the individual.

Schneider v. *Rusk*, 377 U.S. 163, 166 (1964) (internal quotations omitted) (statutory restriction on length foreign residence applied to naturalized but not native born citizens violates Fifth Amendment equal protection component).

Alternatively, it might be argued in defense of the provision that it classifies not by reference to citizenship at all, but rather on the basis of sponsorship; only those naturalized citizens with sponsors will be affected. Again, we have doubts about whether this characterization of the provision would be accepted. State courts have rejected an analogous position with respect to state deeming provisions, finding that the provisions constitute impermissible discrimination based on alienage despite the fact that they reach only sponsored aliens. See *Barannikov* v. *Town of Greenwich*, 643 A.2d 251, 263-64 (Conn. 1994); *El Souri* v. *Dep't of Social Services*, 414 N.W. 2d 679, 682-83 (Mich. 1987). Because the deeming provision in question here, as applied to citizens, is directed at and reaches only naturalized citizens, the same reasoning would compel the conclusion that it constitutes discrimination against naturalized citizens. *Cf. Nyquist* v. *Mauclet*, 432 U.S. 1, 9 (1977) ("The important points are that [the law] is directed at aliens and that only aliens are harmed by it. The fact that the statute is not an absolute bar does not mean that it does not discriminate against the class.") Invalidating state law denying some, but not all, resident aliens financial assistance for higher education.

So understood, the deeming provision, as applied to citizens, would contravene the basic equal protection tenet that "the rights of citizenship of the native born and of the naturalized person are of the same dignity and are coextensive." Schneider, 377 U.S. at 165. To the same effect, the provision might be viewed as a classification based on national origin: among citizens otherwise eligible for government assistance, the class excluded by operation of the deeming provision is limited to those born outside the United States. A classification based on national origin, of course, is subject to strict scrutiny under equal protection review, see *Korematsu* v. *United States*, 323 U.S. 214 (1944), and it is unlikely that the deeming provision could be justified under this standard. See Barannikova 643 A.2d at 265 (invalidating state deeming provision under strict scrutiny); El Souri, 414 N.W.2d at 683 (same).

The Office of Management and Budget has advised that there is no objection to the submission of this letter from the standpoint of the Administration's program.

Sincerely,

ANDREW FOIS,
Assistant Attorney General.

EXHIBIT 2

CITY OF NEW YORK,
OFFICE OF THE MAYOR,
New York, NY, September 12, 1995.

Hon. DIANNE FEINSTEIN,
U.S. Senate,
Washington, DC.

DEAR SENATOR FEINSTEIN: As the Senate moves to consideration of welfare reform legislation, I want to share my serious concerns with you about the legal immigrant provisions included in this bill. As the Mayor of New York City, a city that has benefited immensely from the economic, cultural, and social contributions of immigrants, I am particularly troubled by unprecedented efforts to limit benefits to legal immigrants and unfairly target them.

The Senate welfare reform package, for the first time, would impose extraordinary restrictions on qualified immigrants' access to many federal benefit programs. The Senate proposal would also extend sponsor deeming to a broad range of programs not presently covered by deeming restrictions. This proposal is likely to restrict benefits to some legal immigrants even after they become naturalized citizens, thereby creating a second class of U.S. citizenship. Like yourself, I believe that extending deeming beyond citizenship is unwise public policy and may prove unconstitutional, and I support your efforts to end deeming upon citizenship. In addition, I also support your attempts to limit deeming to cash assistance programs only and not to Medicaid or other non-cash assistance programs.

While the denial of benefits to legal immigrants is patently unfair to taxpaying residents, it will also result in considerable cost-shifting to local and state governments. Because the federal government has sole responsibility over immigration policy, it must bear the concomitant responsibility of serving the legal immigrants it permits to enter states and localities. I am deeply concerned that denying benefits to legal immigrants or extending deeming beyond citizenship will not eliminate needs and, subsequently, force state and local governments to bear the financial consequences of unwise policy decisions. The Senate welfare reform package fails to provide states and localities with funding for expected high administrative costs associated with implementing this proposal, and is an unfunded mandate that New York and other cities should not have to bear.

Finally, I am concerned about potential efforts to amend the Senate bill and federalize many of the harshest provisions from California's Proposition 187. Such an approach would deny services to illegal immigrants without regard to the dangers it would create for American cities. The problems of illegal immigration in our country is the result of the federal government's inability to patrol its borders and implement an effective deportation strategy. Adoption of a federal Proposition 187 will do nothing to address the overall problem of illegal immigration, but instead will further highlight the federal government's failure to enforce adequately our nation's immigration laws and policies.

If California's Proposition 187 becomes the law of the land, the results for cities heavily impacted by illegal immigration, such as New York, would be catastrophic. I urge you to consider these possible scenarios. Faced with the threat of deportation, many families would forego needed medical care, keep their children out of school, and refuse to report crime, or act as a witness in criminal cases. Immigrant children kept out of school would be denied their only chance at assimilation and productive futures, and, as a result, many turn to the streets, and illegal activities. Communicable diseases might well would go untreated if immigrants are denied access to treatment. In addition, many crimes would go unreported by illegal immigrants desperate to avoid contact with the police.

As the Senate debates welfare reform legislation over the coming days, I am hopeful that the Senate will approve your amendments and remove the bill's burdensome restrictions placed on legal immigrants, and oppose any efforts to federalize Proposition 187. Thank you for your good work on this bill and for your consideration of New York City's views on this important legislation.

Sincerely,

RUDOLPH W. GIULIANI,
Mayor.

NATIONAL CONFERENCE OF STATE LEGISLATURES, NATIONAL GOVERNORS' ASSOCIATION, NATIONAL ASSOCIATION OF COUNTIES, NATIONAL LEAGUE OF CITIES,
September 6, 1995.

DEAR SENATOR: The National Conference of State Legislatures (NCSL), the National Governors' Association (NGA), the National Association of Counties (NACo) and the National League of Cities (NLC) firmly believe that the federal government is responsible for providing funds to pay for the consequences of its immigration policy decisions. As you consider welfare reform legislation on the Senate floor this week, we urge you to support amendments which will protect states and localities from immigration cost-shifts and unfunded mandates. State and local governments cannot and should not be the safety net for federal policy decisions. The federal government has sole jurisdiction over immigration policy and must bear the responsibility to serve the legal immigrants it allows to enter states and localities.

Eliminating benefits to legal immigrants or deeming for unreasonably long periods will not eliminate needs. State and local budgets and taxpayers will bear the burden under either of these options. Denial of services to legal immigrants by states and localities appears to violate both state and federal constitutional provisions. As a result of the 1971 Supreme Court decisions *Graham* v. *Richardson*, states and localities may not exclude persons from participating in their welfare programs on the basis of lawful alienage. Although the federal government has the option to drop legal immigrants from its welfare rolls, states and localities may not. We continue to support making affidavits of support legally binding and imposing a limited deeming period.

We understand that welfare reform proposals are likely to extend sponsor deeming over a broad range of programs not presently covered by deeming restrictions. These proposals are also likely to restrict benefits to some legal immigrants even after they become naturalized citizens. We believe that sponsor deeming should be used in a more targeted fashion to limit the financial and administrative burdens states and localities will face in implementing an extended deeming policy. First, deeming should end when an immigrant becomes a naturalized citizen. Second, deeming should cover cash assistance programs only and not be extended to Medicaid, child protective services, or other non-cash assistance programs. Lastly, certain groups of immigrants should not face deeming under any circumstances, specifically legal immigrants over the age of 75 and those who are victims of domestic violence.

Sincrely,

WILLIAM T. POUND,
Executive Director, National Conference of State Legislatures.
RAYMOND C. SCHEPPACH,
Executive Director, National Governors' Association.
LARRY NASKE,
Executive Director, National Association of Counties.
DONALD J. BORUT,
Executive Director, National League of

Mr. SIMPSON. Mr. President, I believe I have 10 minutes to speak in opposition to the amendment of Senator FEINSTEIN.

I admire the Senator greatly. She has contributed so much, so vigorously, to my efforts and members of the subcommittee.

This is an issue of an honest difference of opinion. I oppose the amendment for several reasons. I hope that my colleague will hear them clearly.

To begin, I want to put to rest some serious misconceptions about the sponsor alien deeming—the "deeming" provisions in this bill.

Please know that the bill's immigrants provisions do not affect anyone in the United States who is already a naturalized citizen. Please hear that.

Similarly, noncitizens within the United States who become citizens will also be wholly unaffected by the bill's immigrants provision.

Deeming provisions which the Feinstein amendment seeks to alter affect only those who immigrate after enactment. This Nation's policy on welfare used by immigrants should conform, in my mind, to three basic principle: First, the newcomers should be self-supporting. That is our Nation's first general immigration law. That was put on the books in 1882. It prohibited the entry of individuals likely to become a public charge. To this day our law prevents the immigration of those who are "likely at any time" to become a public charge or to use welfare. That is the language—"likely at any time."

Second, if a friend or a relative has promised to the U.S. Government that the newcomer will not require public assistance as a condition of that person's entry into the United States, and that is the condition, then it is the responsibility of that sponsor, that friend or relative who has promised the support, to provide aid before the newcomer turns to the American taxpayers for relief.

Third, the welfare system should not induce immigrants to naturalize for the wrong reasons; for example, to obtain access to welfare. We should avoid provisions which would enable a recent immigrant to obtain a benefit or a sponsor to avoid responsibility solely by naturalizing.

If we do not require the sponsored individual to disclose this particular asset in this situation—and that is the sponsor's contract to provide financial support and have it considered in the welfare determination—then we are treating the naturalized citizen better than we do the native-born citizen.

I hope my colleague will hear that. When native-born citizens apply for welfare, they have to disclose their assets and their income, including court-mandated payments such as alimony or child support, or any contractual obligation.

Under the welfare reform bill, a native-born citizen and a naturalized citizen would be treated exactly the same. There is no second-class citizen status. Both would be required to disclose all assets and income which reduce "the need" for public assistance.

If naturalization enables both the sponsored individual and the welfare provider to ignore an individual's right to receive support from the sponsor, then the taxpayers will be much more likely, and, of course, the sponsors less likely, to provide the needed assistance.

Also, immigrants would have a very strong incentive to naturalize for all of the wrong reasons, and the wrong reasons are to receive public assistance.

One of the principal reasons for the general animosity toward immigrants' use of welfare is that many naturalized citizens have brought their elderly parents to the United States where after 3 to 5 years, a period of deeming, the immigrant's parents receive SSI for the elderly. These elderly parents, who have never contributed to our system in any way, then receive a generous pension for the rest of their lives from the American taxpayer. And if deeming is ended, simply by naturalization, then the immigrants could receive the welfare just as if the sponsor's legalization, or legal obligation, never existed—and as early as 5 years after entry, to boot.

Immigrants, I think, should naturalize because of a personal commitment to the democratic ideals and constitutional principles that America represents, and that, namely, is liberty and democracy and equal opportunity—not in order to find access and enter into the welfare system.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

The Senator from California.

Mrs. FEINSTEIN. Mr. President, may I ask how many minutes are remaining of my time?

The PRESIDING OFFICER. The Senator from California has 5 minutes and 46 seconds.

Mr. KENNEDY. Mr. President, I rise in support of the amendment of the Senator from California, which would require that the immigrant deeming requirements of the Dole bill end once the immigrant becomes a U.S. citizen.

One of the fundamental principles of our Constitution is the equal treatment of all American citizens, regardless of race, sex, creed, or national origin. It is enshrined in the Bill of Rights and the 14th amendment. The Supreme Court has held repeatedly that there is only one area in which naturalized citizens do not have the same rights and privileges as the native-born—and that is in becoming President.

The Dole bill departs from this basic American principle. It says that if you are a naturalized citizen of this country and fall on hard times, the welfare rules that applied to you as an immigrant could still apply. The income of your sponsor can be deemed as your own income in determining your eligibility for assistance, even though you are now an American citizen.

This is second-class citizenship. This rule does not apply to native-born citizens—only naturalized Americans. If you native-born mother or brother needs Medicaid, the Government does not consider your income in deciding whether they are eligible. But under this bill, if they are naturalized citizens, and if you sponsored them in coming to the United States—even if you did so years ago—the government could still count your income in determining their eligibility for help.

At a Justice Department oversight hearing on June 27, I asked Attorney General Janet Reno about this proposal. She responded, "Our Office of Legal Counsel has examined this provision * * * and it has very serious concerns about its constitutionality as applied to naturalized citizens."

An opinion I received from the Justice Department on July 18 elaborates on the Attorney General's statement. It says:

> Because the deeming provision in question here as applied to citizens, is directed at and reaches only naturalized citizens, (this) compels the conclusion that it constitutes discrimination against naturalized citizens.

The opinion further states that:

> As a matter of policy, we think it would be a mistake to begin now to relegate naturalized citizens—who have demonstrated their commitment to our country by undergoing the naturalization process—to a kind of second-class status.

The Supreme Court has clearly said that distinctions between native-born and naturalized citizens are unconstitutional. In 1964, in Schneider versus Rusk, the Court emphasized that "the rights of citizenship of the native born and of the naturalized person are of the same dignity and are coextensive."

Some argue that in bringing an immigrant to this country, the sponsor enters into a contract, promising to assist the immigrant for a specified period, whether or not the immigrant becomes a citizen in the meantime. They argue that this contractual commitment is like a trust—and that a trust is considered in determining eligibility for welfare, whether or not the applicant is a native-born citizen or naturalized.

However, the fact remains that this kind of arrangement—the deeming of a sponsor's income—is one which would only apply to naturalized citizens. For this reason, the Justice Department regards it as national origins discrimination, since—

> Among citizens otherwise eligible for government assistance, the class excluded by operation of the deeming provision is limited to those born outside the United States.

Those who naturalize and become citizens have made a substantial commitment to this country. They will have been here for at least 6 or 7 years—5 years to qualify for citizenship and 1 to 2 years to complete the naturalization process. They are required under our laws to have demonstrated

good moral character for the years preceding their naturalization. Most likely, they have worked and paid taxes throughout this period. And they have chosen America as the place to raise their children and build their futures.

American citizens are American citizens, whether by birth or by choice. We should not undermine this fundamental principle of our Constitution. I urge the adoption of the amendment of the Senator from California to ensure that when American citizens fall on hard times, their Government will be there to help—whether they were born as Americans or are naturalized Americans.

Mrs. FEINSTEIN. Mr. President, this is a very hard argument for me because I very much respect the Senator from Wyoming. He is my chairman on the committee. I do not think anyone in this body knows more about immigration. I doubt that he drafted the actual language in this bill.

All I can say is our reading, and the reading of others of the bill itself, indicates to us that the way it is worded, it would in fact affect people in this country at this time. The Bureau of the Census has identified 121,000 spouses and children of U.S. citizens who came into this country between 1990 and 1994 who, for starters, would be most definitely affected by this bill.

I mentioned earlier that I do not believe that anyone should come to the oath of being an American citizen and take that oath because they want welfare, whether it is cash or noncash. I would support any legislation to toughen the sponsorship requirements to provide for bona fide sponsorship. As a matter of fact, when the immigration bill is on the floor, I will offer an amendment to the bill which will provide that a sponsor must be responsible for health insurance for a person they are sponsoring to this country. So I fully believe that a sponsor should be responsible.

Where I have the difficulty is in the creation of two classes of citizens, because once it starts, once the camel's nose is under the tent, it will not end. And the fact is that a naturalized citizen is entitled to all of the rights of citizenship; that is a clearly established constitutional principle. I believe it will really jeopardize the constitutionality of this entire bill. It is a major point, I believe.

So I say, toughen sponsorship, toughen the naturalization process, do what you have to do to prevent somebody from using naturalization as a guise for some of these things. But once they get there, it must mean just what it means for every other citizen.

It has been said that an affidavit of support is an asset like a child support order. I do not believe that is true, because having assets means one is ineligible for welfare. A child support order is not an asset when determining eligibility for welfare. The welfare caseload is swollen with mothers who cannot collect on child support orders. Approximately 25 percent of the existing caseload is comprised of mothers who cannot collect on child support orders.

It has been said that people are not denied welfare because they have this asset. They are eligible for welfare benefits, the cost of which is only recovered if the Government is able to collect from the delinquent parent. If naturalized citizens could receive benefits while the Government attempts to collect from the sponsor, then the situation would be analogous. But that is not what the Dole bill says. And even if it did say that, it would still be treating naturalized citizens differently from native-born citizens. Denying assistance because there is an uncollected asset is not equal treatment under the law.

So let me repeat: A native-born citizen is denied welfare benefits only if there are assets available to the applicant. Just as a child support order which is uncollected is not an available asset, an affidavit of support on the naturalized citizen which is unable to be collected would not be an available asset. True, the Government could attempt to collect later, as with a child support order, but in the meantime, under the Dole bill, the applicant who is now a U.S. citizen would be denied assistance. So I believe that is wrong.

Let me speak for a moment to the 40 quarters of work and the contribution to the system. This affects the homemaker who does not work in a two-parent family. If the mother does not work, is supported by her husband, and her husband leaves, it is a major problem. Similarly, if you were an infant when your parents immigrated, you would not be eligible for benefits until you reached your 30's. That is hardly equal treatment.

Mr. President, I believe I have used my time. I thank the Chair and I yield the floor.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. SIMPSON. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 4 minutes and 25 seconds.

Mr. SIMPSON. Mr. President, I really appreciate the thoughts of my friend from California and will look forward to working with her on the issues of the sponsorship. I think that is a key thing. I think we can strengthen that, and I will look forward to working with her on that and on things such as insurance or support, releasing those who are not able to pay or be sponsors, perhaps setting a poverty level there. We can do those things.

But I emphasize, too, we always get into immigration matters. Every one of us is a child or a grandchild or a great-grandchild of immigrants. That is my history, my heritage, my roots. And it is most interesting to me when I hear the discussion of the second-class citizen. I agree totally with my friend from California; there is no distinction between a naturalized citizen and a native-born citizen except the Constitution. This certainly does not draw the distinction. If there is a difference here, it is a difference expressed only by the sponsor of the amendment, because we are treating them exactly the same. We are treating the naturalized citizen and the native-born citizen exactly the same under this.

I agree we should not in any way treat them differently, treat them as second-class citizens. Treat them the same. So here, in this case, as the bill is drafted, a native-born citizen today must disclose all assets when applying for welfare and the naturalized citizen should also, likewise, disclose all assets as well.

One of the assets of the person to be naturalized is a contract of their sponsor that they will take care of them. It is the same as a court-ordered sponsor agreement. It is the same as any other thing, any other obligation of life. The sponsor's contract of support is an asset of the naturalized citizen, just as alimony or a child support agreement is an asset that must also be considered.

We treat the naturalized citizen no differently than we do the native born. Both must present all of their assets while seeking public assistance. That is the intent of the legislation in its original form. If the sponsor loses his or her assets and income—please hear this—the deeming period is over. If the sponsor dies, the deeming period is over. If the sponsor has too little wherewithal or assets to assist the immigrant, to help with school or whatever, the deeming then will not reduce the applicant's ability to receive this assistance. It is very critical that we hear these distinctions.

What is the remainder of my time?

The PRESIDING OFFICER. One minute 11 seconds.

Mr. SIMPSON. Mr. President, I look forward to working with Senator FEINSTEIN. I welcome these expressions to toughen the sponsor's promise that he or she will "not at any time"—that is the law—permit the sponsored immigrant to become a public charge. That, in my mind, is a very key phrase. To me in this debate it means before naturalization and after naturalization.

I thank the Chair.

I yield the remainder of my time.

Mrs. FEINSTEIN. Mr. President, I ask unanimous consent to add Senators SIMON, KOHL, and GRAHAM as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. FEINSTEIN. Mr. President, I ask for the yeas and nays and for the vote to be set in the order of voting.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Without objection, the vote is set for 8 o'clock in sequence.

Mr. CHAFEE. Mr. President, I ask that the votes that we originally asked

for to occur starting at 8 be postponed until 8:30.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. CHAFEE. Mr. President, therefore, at that batting order, we will have the Shelby, Mikulski, and Feinstein amendments. And I know the Senator from California has another amendment, followed by Senator CONRAD. But I want to work in a Republican. Senator DEWINE was available. I do not see him now. So why do we not go with the second Feinstein amendment, and then work in a Republican Senator, Senator DEWINE, and then Senator CONRAD, if that is agreeable?

I say to everybody that it is not necessary to prove one's credentials by having an amendment. Everybody is a full-fledged Senator, and we recognize that. We will continue to recognize that even though they do not come forward with an amendment on this piece of legislation. At the rate we are going, we are going to be here a long, long time. I mean this evening a long time. Every time I turn around somebody comes up with an additional amendment. Usually Senators stand here and say, "Bring over your amendments. We are waiting to do business." Well, we have too much business to do here. So we are not seeking additional amendments. So everybody just call a halt to the amendment business so we can get to final passage.

I see the Senator from Ohio has arrived. So if the Senator from California will just delay, we will go ahead with Senator DEWINE's amendment.

Mr. President, how much time is he asking for?

Mr. DEWINE. Ten minutes.

Mr. CHAFEE. I ask that we have 20 minutes equally divided.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. MOYNIHAN. I am not sure who will speak on this side. But it is agreed.

Mr. CHAFEE. I do not know what the amendment is. Maybe somebody on this side will oppose it.

Mr. CONRAD. Do I understand from the acting manager that after we have disposed of the DeWine amendment and the final Feinstein amendment, we would then go to the Conrad-Lieberman amendment and dispose of that?

Mr. CHAFEE. That is right.

Mr. MOYNIHAN. Mr. President, I believe we erred in the description of the Senator from Rhode Island as an acting manager. I think he is very much a manager.

Mr. CHAFEE. Titles mean nothing.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

AMENDMENT NO. 2517, AS MODIFIED

Mr. DEWINE. Mr. President, I ask unanimous consent to modify my amendment No. 2517, and I send the modified amendment to the desk.

The PRESIDING OFFICER. Without objection, the amendment is so modified.

The amendment (No. 2517), as modified, is as follows:

On page 637, line 17, strike the period and insert ", as provided pursuant to agreements described in subsection (a)(18).

On page 712, between lines 9 and 10, insert the following:

SEC. 972. FINANCIAL INSTITUTION DATA MATCHES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 915, 917(a), 923, 965, 969, and 976 is amended by adding at the end the following new paragraph:

"(18) Procedures under which the State agency shall enter into agreements with financial institutions doing business within the State to develop and operate a data match system, using automated data exchanges to the maximum extent feasible, in which such financial institutions are required to provide for each calendar quarter the name, record address, social security number, and other identifying information for each absent parent identified by the State who maintains an account at such institution and, in response to a notice of lien or levy, to encumber or surrender, as the case may be, assets held by such institution on behalf of any absent parent who is subject to a child support lien pursuant to paragraph (4). For purposes of this paragraph, the term 'financial institution' means Federal and State commercial savings banks, including savings and loan associations and cooperative banks, Federal and State chartered credit unions, benefit associations, insurance companies, safe deposit companies, money-market mutual funds, and any similar entity authorized to do business in the State, and the term 'account' means a demand deposit account, checking or negotiable withdrawal order account, savings account, time deposit account, or money-market mutual fund account.

Mr. CHAFEE. Mr. President, as we are modifying amendments, I wonder if we might also modify an amendment that Senator GRAMM submitted earlier. That is a modification to amendment No. 2280.

Mr. President, I withhold that request. The Senator from Ohio may go ahead.

Mr. DEWINE. Mr. President, one of the reasons that our welfare costs today are so high is the number of absent deadbeat parents who, in spite of a court order, in spite of judicial determination that they owe weekly or monthly child support, still flagrantly refuse to pay child support. This amendment goes a long way, I believe, to help deal with this problem.

Let me take just a moment, if I could, to congratulate Senator DOLE and to congratulate everyone else who has been directly involved in this bill because the child support enforcement section is a very good section. It was written after consultation with experts in the field, people who deal with this every day out in the 50 States who have to face the problem of trying to track down these deadbeat parents and then after they find them trying to figure out how to get money from them.

This particular amendment that I am offering was also based on our consultation with experts in the field, particularly the State of Massachusetts, which has some very, very good success. In fact, this particular amendment was modeled after what Massachusetts is doing.

The purpose of this amendment is to make it easier for States to crack down on deadbeat parents. We, of course, are all aware, Mr. President, that one of the key causes of our social breakdown is the failure of parents to be responsible for their own children. The family ought to be the school for citizenship, preparing the children for a responsible and productive life. Too often it is just the opposite, and parents do not do that. When they do not pay their child support, it is certainly very difficult for society to step in and fill the gap. We need to reconnect parenthood and responsibility, and making absent parents pay is one way that we can do it. We need to help States locate deadbeat parents and help States establish support orders for the children, and then finally enforce these orders. My amendment attempts to address this problem by providing for a more timely sharing of information with the States.

As I said at the beginning, it is good to get the child support order. It is good to locate the parent. But if you cannot figure out where the parent's assets are, it does not do anyone any good. It does not do the children any good. It does not do society any good. So what this amendment is aimed at doing is making it easier to locate the assets of the parents.

Today, Mr. President, the Federal Parent Locater Service in the U.S. Department of Health and Human Services gives the States banking and asset information about potential deadbeats on an annual basis—once a year.

Now, if you go out into the States and talk with people who have to track down these deadbeats, they will tell you how difficult that whole process is. I first became involved in this a number of years ago, in the early 1970's when I was a county prosecuting attorney. I cannot tell you how frustrating it was. You got a support order. You got a judge to say the person owed so much money. And then they took off. You could not find them. Then after you found them, you could not figure out where their assets were.

This amendment will help in that area. If you have to wait, Mr. President, a whole year to get the information about the bank assets of an individual, sometimes a year and a half, obviously many times that information is stale and many times that information does not give you the true information you really need. The person may have moved. They may have changed banks. They may not have any assets in the bank, et cetera.

My amendment will allow States to enter into agreements with the financial community in their States to match financial data with child support delinquency lists on a more frequent basis. Not only will States get information on an annual basis, this

amendment will allow for more timely information on a quarterly basis.

This quarterly system has already been implemented in the State of Massachusetts and the results have been nothing short of phenomenal, which this chart indicates. In 1994, Massachusetts child support enforcers collected $2.7 million in past due child support. This year, Massachusetts began a quarterly reporting system, and collections have dramatically increased. At the current rate, their child support collections for 1995 will be at $9.6 million. That, Mr. President, is more than three times what they collected last year. The year before, $2.7 million; this year, $9.6 million.

Let me congratulate and also thank Marilyn Smith, who is the director of the Massachusetts Child Support Enforcement Agency, who worked with my office and with Dwayne Sattler of my office and the rest of my staff to really get the language down so that other States would be able to do what Massachusetts has done.

So, Mr. President, when you are looking at what works and what does not work, this works. In short, when child support enforcers have timely information, they can make deadbeat parents pay what they owe, and that means more parents responsible for their children.

We have received the CBO scoring on this amendment, and it will be at least revenue neutral. As someone who has worked in this field and did this for a number of years, let me tell you my guess is it is going to be a lot better than revenue neutral. This is going to be a very positive thing for each State. I believe it will save money for the Federal Treasury as more and more parents own up to their financial responsibility of having children.

This amendment is cost-effective and it is necessary. The child support enforcers are doing a very tough and difficult job, facing horrible obstacles every single day. I think we should cut by 75 percent, which is what this amendment does, the amount of time they have to wait to get this valuable information. Information is power, they say, but in this case information is money. So if you get the information on time, you take the court order, you go in, slap a lien on the bank account, you draw the money out, and guess what? That deadbeat parent has now started contributing his or her fair share not just to that family, which is the most important thing, but also to society as well.

That is why I believe my amendment will do a great deal of good. I urge it be adopted.

Mr. President, let me just clarify for the record that the amendment that I am modifying is amendment 2517 and not 2519.

I thank the Chair.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Mr. President I would like to ask the sponsor of the amendment a couple of questions.

Under the amendment as I read it, it is an option for the State; it is not mandatory. Is that correct?

Mr. DEWINE. That is correct.

Mr. CHAFEE. Second, the amendment says that the State shall enter into agreements with financial institutions to develop and operate a data match system.

I understand under this the State would bring a list of those who are delinquent to the bank instead of the bank having to provide the State with the name of everybody who had a deposit in that bank. Is that correct?

Mr. DEWINE. That is correct.

If the Senator will yield, what we have done with this is to try to model the Massachusetts program. What Massachusetts has been able to do is to work out, it is my understanding, an agreement between the private banking community and the State to have a system that is not overly burdensome on the banking community; it is something that they can live with but something also that gives the information to the people who need it and give it in a very timely fashion.

Let me just say that one of the things we did, Mr. President, is we checked with the Ohio banking community, just to try it out. We said, would you be willing to do something like this? And the answer was, we are citizens of the State and we want to be good corporate citizens. We want to help out. It is something we can live with. If it is not overly burdensome and is directed at dealing with the problem, we are more than happy to comply.

What will happen, as the Senator knows, many times people move from State to State. With all States doing this, we will have in the law the system where the States can share information.

And so what I would anticipate once this system is fully up is that not only in Ohio would you basically get this information, but if a person took off and went to Connecticut or Rhode Island or Arizona, that information could be shared by cooperating with that State.

Mr. CHAFEE. As I read the amendment, it is not optional for the bank to participate if the State decides that they want the bank to participate. In other words, as I read the amendment, it says that the State shall work out agreements with the banks to develop a data match system in which such institutions are required to provide every quarter, et cetera.

So it is not just an encouragement. It is a requirement if the State so chooses.

Mr. DEWINE. That is correct. The Senator is correct.

Mr. CHAFEE. I can see this being extremely burdensome for the bank if each quarter they have to come up with everybody who has a deposit in the bank that appears on some list the State submits to them.

I presume the banks are permitted to charge something for all this.

Mr. DEWINE. Absolutely. What will happen on a practical basis is what has happened in Massachusetts and what I am sure would happen in Ohio, and that is, quite frankly, the State officials would enter into an agreement with the banking association, whoever represents all the banks in the State, for something that is actually very, very workable.

As someone who has dealt with this at the local community level, if you do not have the cooperation of a bank, if they do not want to do this, you are going to have a lot of problems. And so you have to have the good will of the bank. And to get the good bill of the bank, what you simply do is work out something that they clearly can in fact live with.

The other point I would make to the Senator is that we are not talking about huge lists being supplied to a bank. We are talking about basically a single shot where you go in with a limited list and that would only be triggered basically once the parent locater, whatever that agency was in the State, had information that that person might be in that bank's jurisdiction.

Mr. CHAFEE. Well, I am not sure it is so simple as all that. It comes up every quarter, four times a year. But I am not on the Banking Committee. This is the kind of thing that I really wish had gone through the Banking Committee and let them have hearings on it, and let them know what the costs are and what the problems are that arise under it.

I do not know whether anybody else wants to speak on this. Does the Senator want a vote on this?

Mr. DEWINE. If I just could say, we have worked closely with people in the banking community. And I do appreciate the Senator's comments about not having a hearing on it. I understand that. But this amendment is based on matching computer tapes, basically a computer match with tapes, which we are told is not, with today's technology, really much of a burden. It is not the creation and not asking for the creation of a new list. It is a computer match with tapes to get this particular job done.

I also say that if a person wanted to get a court order in every case, they could go in and get a court order for the bank records anyway on a case-by-case basis. That is not the right way to do it. This, we believe, is the right way to do it.

Mr. CHAFEE. I tell you what. We may be in a position to take this amendment. Why does not the Senator ask for the yeas and nays? And if he would be willing to vitiate those yeas and nays, if we can take it. We have got to check. Why not ask for the yeas and nays?

Mr. DEWINE. I will at this point, Mr. President, ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Do the Senators yield back the remaining time?

Mr. CHAFEE. I do.

Mr. DeWINE. I do, Mr. President.

The PRESIDING OFFICER. All time is yielded back.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Now we will go to the second amendment of the Senator from California.

Mrs. FEINSTEIN addressed the Chair.

The PRESIDING OFFICER. The Senator from California.

Mrs. FEINSTEIN. Thank you, Mr. President.

The PRESIDING OFFICER. The Senator is recognized for 10 minutes.

Mrs. FEINSTEIN. And I thank the bill manager.

AMENDMENT NO. 2513

Mrs. FEINSTEIN. Mr. President, this amendment involves deeming. It is a complicated issue. Let me try and explain it simply. It only involves legal aliens.

Presently, deeming only applies to cash programs, AFDC, SSI, food stamps. This amendment would remove the deeming requirements for Federal programs not traditionally considered Federal welfare programs. It would retain the deeming for the three principal Federal cash welfare programs: AFDC, SSI, and food stamps.

Under the bill, a child of a legal immigrant would not have access to Head Start; a legal immigrant would not have access to Medicaid, would not have access to child protective services, would not have access to maternal health services, would not have access to foster care, would not have access to custodial care. All of these programs deemed—excuse me, not deemed—but all these programs which are noncash programs would not be available for anyone who was in this country legally.

The amendment also provides that no one in this country legally who is a battered wife could ever make use of a domestic abuse program, a battered wife shelter. There are actually some 80 programs that provide noncash assistance, and I have named most of them. The most important one of these is Medicaid.

Everyone in this room has heard Governors across this Nation bellow that the Federal Government is not dealing with the costs of immigrants to the States. Every one of them says this, that has the program.

Essentially, the way the bill is drafted, it is a massive cost-shift to States because it says that the county then has to pick up these costs. The county would have to pick up the costs of Head Start if a youngster was going to go into it. The county would have to pick up the costs of Medicaid or the State. The county would have to pick up the costs of child protective services or foster care or any of those items.

It is a major item. And I will be candid and frank with you; it falls most heavily on four States. It falls heavily on Texas, it falls heavily on Florida, it falls heavily on New York, and it falls heavily on California. And that is because that is where the largest percentages of these legal immigrants are.

Now, as I mentioned earlier in the earlier discussion, I believe we should tighten the sponsorship requirements. I believe we should see that they are secure, even verify what they say. And I intend to introduce legislation that would provide that sponsors of immigrants must provide health insurance for those immigrants. But here we are with a situation that exists really creating a massive unfunded mandate, particularly in the area of legal immigration.

This amendment is supported by the National Governors' Association, the National Conference of State Legislatures, the National Association of Counties, the National League of Cities, the United States Catholic Conference, the Leadership Conference on Civil Rights, Mayor Giuliani, Mayor Riordan, and many other people as well.

I ask unanimous consent to have printed in the RECORD the letter from the National Governors' Association.

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

NATIONAL GOVERNORS ASSOCIATION,
Washington DC, September 13, 1995.

DEAR SENATOR, As the Senate considers amendments to the Work Opportunity Act of 1995, the National Governors' Association [NGA] urges you to support increased flexibility that will enable states to build upon the experiences of state welfare reform efforts around the country and to design programs in accord with their particular needs and priorities. We have provided below a partial list of amendments that are supported by the NGA. This list is not meant to be exhaustive, and there may be other amendments Governors support that are not on this list.

We urge you to support these amendments based on the recommendations of the nation's Governors, who will have direct responsibility for meeting the challenge of designing successful welfare-to-work and child care systems:

State penalties under cash assistance block grant. (Pryor #2495, McCain #2542) Delays the implementation of penalties until October 1, 1996 or six months after the date the Secretary issues the final rule, whichever is later. Provides that the five percent penalty for unlawful use of funds can only be imposed if the Secretary determines the violation was intentional. Permits states with penalties to submit to the federal government a corrective action plan to correct violations in lieu of paying penalties under the cash assistance block grant.

Technical amendments. (D'Amato #2577, 2578, 2579) Technical amendments relating to the date for determining FY 1994 expenditures, claims arising before effective dates and efforts to recover funds from previous fiscal years.

Equal treatment for naturalized citizens. (Feinstein #2478, Kennedy #2563) Provides for equal treatment for naturalized and native-born citizens so that once an individual becomes a citizen he or she will be eligible for benefits whether or not the deeming period has expired.

Sponsor deeming. (Feinstein #2513) Limits deeming of sponsors' income to those programs for which deeming is now required under current law (AFDC, Food Stamps and SSI). Additionally exempts legal immigrants who have been victims of domestic violence from the 1) ban on SSI assistance and 2) deeming requirements for all programs.

Prospective application of legal immigrant provisions. (Graham #2569) Provides that any changes with respect to legal immigrants made by this bill will not apply to noncitizens who are lawfully present in the United States and receiving benefits under a program on the date of enactment. (Simon, #2509) Eliminates retroactive deeming requirements for legal immigrants already in the U.S.

"Good cause" hardship waiver. (Rockefeller #2492) Gives states the option of granting exceptions to the 5-year life-time limit and the participation rate calculation for individuals who are ill, incapacitated, or elderly, as well as for recipients who are providing full-time care for their disabled dependents.

High unemployment areas exemption. (Rockefeller #2491) Gives states the option of waiving time limits in area of high unemployment (ten percent or more). Recipients must participate in workfare or community work to continue benefits.

Vocational educational training. (Jeffords #2557) Changes the definition of work activities to allow vocational education to count as an eligible activity of up to 24 months.

Data reporting requirements. (McCain #2541) Provides that states are not required to comply with excessive data collection and reporting requirements, as determined by GAO, unless the federal government provides sufficient funds to meet the costs.

Work supplementation. (McCain #2280) Removes the six month limit for an individual's participation in a work supplementation program under the food stamp program.

Cash aid in lieu of food stamps. (Faircloth #2600) Allows a state agency to make cash payments in lieu of food stamps for certain individuals.

Hardship waiver. (Kennedy #2623) Permits states to apply for waivers with respect to the 15 percent cap on hardship exemptions from the five-year time limit.

Assistance to children. (Kennedy #2624) Permits states to provide non-cash assistance to children ineligible for aid because of the five-year time limit.

Modification of participation rate (DeWine #2518) Permits a pro rata reduction in a state's participation rate due to caseload reductions not required by federal law or due to changes in a state's eligibility criteria.

Sincerely,

GOV. BOB MILLER,
State of Nevada.

Mrs. FEINSTEIN. I thank the chair.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I suggest the absence of a quorum, and the time to be equally charged against—

Mr. SIMPSON addressed the Chair.

The PRESIDING OFFICER. Will the Senator yield time to the Senator from Wyoming?

Mr. CHAFEE. Yes.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. SIMPSON. I just came to the floor many minutes ago to debate a different amendment. But I see apparently there is no one on the other side of this, and that should not go untended. If I may then speak in opposition to the amendment, that, first of all, this amendment is not about domestic violence and the other tragedies that visit upon our Nation.

I have found—and I share with my colleague from California that on these issues of immigration, filled with emotion, fear, guilt and racism, your colleagues during the entire day say, "Alan, we are very pleased to assist you in all this work." But when it comes time to stand on the floor, they are absent in great droves—droves—I have found, because these are not popular issues.

How about cash assistance, noncash assistance? The Senate has already accepted an amendment from Senator WELLSTONE which will address all concerns about violence, domestic violence, all that. That is clear. That has already been done somewhere along the line. This amendment exempts all noncash programs from all of the immigration-related provisions within this entire welfare bill.

The cost of it is $707 million. We are never going to reach the reconciliation instructions with this welfare bill. And the Finance Committee has now been charged—there are some on the floor. Senator BRADLEY serves on that committee. Of all the savings to be obtained in reconciliation, $607 billion are to be saved. And the Finance Committee is supposed to find a way to save $503 billion or $530 billion of that.

This welfare bill has already taken us over the jumps. Senator SANTORUM will tell you that, the occupant of the chair—yes, yes, the occupant of the chair will tell you that we are a little bit over our mark. And we have done that out of charity and kindness and caring. And that is fine; those are good motives. But we are way over the target with this bill.

Now, this amendment exempts all noncash programs and, as I say, all of the immigration-related provisions within this bill.

Before a prospective immigrant may enter the United States, that person must guarantee that he or she will not use public assistance, I say to my colleagues. That has been the law of the United States since 1882. It never worked because the court systems, in their interpretation of it, made it simply a neutered statute.

So you could not prove anything. The deeming was overturned and sponsoring agencies scoffed at it, relatives scoffed at it. So what was a very precious thing—and it is still on the books, since 1882, that a person will not become a public charge when they come to the United States of America. That person indicates by oath that they will not, and the sponsor is indicating that they will not allow that usually precious relative to become a public charge.

So, finally, in the Finance Committee, we corrected this abuse, a terrible abuse of the system, the kind of thing that makes people sour on immigration, sour on our precious heritage. That is what happens here.

So, in turn, we have this measure which requires immigrants to look first to the sponsor, this friend or this relative who guaranteed this support. They did this. They could not bring them unless they did this.

So we were saying in the bill, before receiving any public assistance, the sponsor is responsible for you, and his income is deemed to be yours for purposes of this. In the public's interest, the Dole bill then exempted certain limited programs, such as childhood immunizations and school lunch. I have no problem with that at all.

Senator FEINSTEIN's amendment would exempt all noncash programs. This includes Medicaid, public housing, job training and any other program which does not provide cash assistance to the recipient.

That is where we are. I have a hunch where this amendment will go. It will be well received, but it is $707 million, and we are going to have to go find that somewhere in this process. Guess where it will come from, very likely? Medicaid. That is where it will come from, unless someone can tell me another approach to it.

So here we are again with an immigration-related issue which has to do with compassion, kindness, tenderness. I know those things. Those are emotions not foreign to me, but I also know how this works. It is a great infertile field to just add and add and add. Sponsors have committed that the sponsored immigrant will neither require nor use assistance from the taxpayers of this country from any Federal welfare program, and that is the law of the United States of America.

To be consistent, all Federal welfare programs should require the sponsored immigrant to look to this friend or this relative or this sponsoring agency for assistance before turning to the American taxpayer for support.

We are not talking about illegal, undocumented persons who we care for with emergency medical assistance and hospital assurance. We are talking about people who are playing on the up and up when they came, sponsors who were playing on the up and up when they came, which was a very simple procedure: "You come, I'll take care of you until you become self-supporting." That is the law of the United States of America.

You keep making these exemptions, and now we have to go find $707 million. I wish it were not a money item. It certainly is more than a money item. It is called responsibility for those you bring to the United States of America as a sponsor under the law of the United States.

I reserve the remainder of my time.

Mrs. FEINSTEIN addressed the Chair.

The PRESIDING OFFICER. The Senator from California.

Mrs. FEINSTEIN. Mr. President, how much time do I have?

The PRESIDING OFFICER. Five minutes 9 seconds.

Mrs. FEINSTEIN. I thank the Chair.

Mr. President, bottom line, this bill as drafted, without this amendment, is a massive cost shift. As I said, the costs are shifted essentially to four States: Texas, Florida, New York, and California.

What this bill says presently is no one in this country legally who is not a citizen can send their child to a Head Start Program, can be on Medicaid. It is not prospective. It affects everybody presently. That is why it is a cost shift. It would be one thing if it were prospective and said in the future, but it does not. It says to every legal immigrant's child out there that is in a Head Start class, "Next year, forget it, you are no longer there." That is essentially the bottom line. Or somebody in the State has to pay for it, either the State or the county.

California has a huge deficit. According to the General Accounting Office, California also has 38.2 percent of all legal immigrants, but 52.4 percent of all immigrants receiving Federal welfare. New York has 12.6 percent; Florida, 8.9 percent; Texas, 8.6 percent; and other States, 31.7 percent. So you see, there is a huge cost shift in dollars from the Federal Government to the States.

That involves adoption assistance, it involves foster care, it involves child protective services. Can you believe it? If a child is being abused, the protective services are not going to be available if they are a legal immigrant? We passed legislation earlier—Senator EXON's amendment—overwhelmingly for people here illegally, and I agree with that. But these people are here legally and, therefore, I find the bill egregious as it stands right now.

Again, I am hopeful—and I would say, toughen sponsorship, look at people coming more carefully in this regard. I do not have a problem with that. But this is going to affect large numbers of people who are already in this country.

Eighty-three percent of all the immigrants receiving SSI or AFDC resided in the four States. AFDC and SSI are not covered by this amendment. It is only the noncash benefits, and I think I have spelled those out.

I do not know if there is anyone who would like to speak on this.

Mr. KENNEDY. Will the Senator yield for a brief question?

Mrs. FEINSTEIN. I will be happy to.

Mr. KENNEDY. The implications of this are extremely significant with regard to the urban hospitals, are they not, especially where there are major

groupings of urban hospitals that primarily take care of the poor, the disadvantaged and many of the immigrants as well? We find situations where even though there are relatives and other members of the family that might be able to participate in helping to offset the costs, an increasing number of people are becoming uninsured, through no fault of their own. Therefore, their relatives do not have the ability to extend the coverage to these individuals. That is taking place among immigrants who are here legally. And in many instances, sponsors have abandoned them, even though they have a responsibility toward the immigrants they sponsor, and these immigrants are really left holding the bag. As a result, the urban hospitals and health providers will be left holding the bag as well.

Does the Senator agree with me that without the Senator's amendment, there will be extreme additional stress placed on the health care providers, particularly in some of the neediest areas of the country?

Mrs. FEINSTEIN. I certainly agree with the Senator from Massachusetts. I think particularly the public hospitals in the urban centers are going to be whacked in the head unless this amendment is adopted, because a large percentage of patients comprise this population and there would be no reimbursements, no Medicaid.

Mr. KENNEDY. Who will end up paying for it then?

Mrs. FEINSTEIN. The county or the State would have to find a way. It is a cost shift.

Mr. KENNEDY. I thank the Senator.

The PRESIDING OFFICER. The Senator's time has expired.

Who yields time?

Mr. CHAFEE. Mr. President, I ask that the vote scheduled for 8:30 be postponed until the conclusion of this debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHAFEE. Mr. President, it is my understanding—and I would like to ask the Senator from Wyoming this—in the case of domestic violence inflicted by the "deemor," that has been taken care of, as I understand it, by the Wellstone amendment.

Mr. SIMPSON. Oh, yes, that is true. The Wellstone amendment took care of battered women and foster children, without question.

Mr. CHAFEE. Am I also correct that the suggestion was made by the Senator from California that it would be impossible for a legal alien's child to be in a Head Start program? As I understand it, if the "deemor's" assets were not of significant value, the child is not prevented from being in a Head Start program, is he or she?

Mr. SIMPSON. That was taken care of very nicely by Senator KENNEDY. We agreed to exempt Head Start and soup kitchens. That has been done.

Mr. KENNEDY. Will the Senator yield?

Mr. CHAFEE. If I might complete my questions. In connection with the foster care problems, the Boxer amendment, I believe, addressed them, am I correct?

Mr. SIMPSON. Mr. President, as far as I know, that, too, is also true, yes. But, Mr. President, there is another issue. The bill itself provides that there is a year period—an entire year—if a person is abused, if there is no money, if the sponsored individual is not there, or whatever may happen, it says that in the absence of assistance provided by the agency, if someone is unable to obtain food and shelter, taking into account the individual's own income, plus any cash, that is taken care of in this measure for 12 months—without question, whatever the reason. So this is not a case of some draconian business where we delight in taking people and waiting and suddenly see them fall into disarray and then whacking them or hitting them in the head. What will get hit in the head is Medicaid with this one.

Mrs. FEINSTEIN. Mr. President, do I have any time remaining?

The PRESIDING OFFICER. All time has expired on the amendment.

Mr. CHAFEE. Does the Senator from California want a vote on her amendment?

Mrs. FEINSTEIN. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. CHAFEE. Mr. President, we were to vote at 8:30. I ask that it be delayed for 10 minutes so the Senator from North Dakota, who has been patiently waiting for his amendment, might present it.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

AMENDMENT NO. 2528, AS MODIFIED

Mr. CONRAD. Mr. President, I call up my amendment No. 2528, the Conrad-Lieberman amendment.

The PRESIDING OFFICER. That amendment is now pending.

Mr. CONRAD. I ask unanimous consent to modify the amendment, as per the agreement.

The PRESIDING OFFICER. Is there objection?

Mr. CHAFEE. Mr. President, I ask if the Senator will withhold on that for a second.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CHAFEE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHAFEE. Mr. President, we can return to Senator CONRAD's amendment.

Mr. CONRAD. I thank the Senator from Rhode Island.

I ask unanimous consent to modify my amendment, as per the previous agreement.

The PRESIDING OFFICER. Without objection, the amendment is so modified.

The amendment (No. 2528), as modified, is as follows:

On page 50, strike line 6 and all that follows through page 51, line 11, and insert the following:

"(d) REQUIREMENT THAT TEENAGE PARENTS LIVE IN ADULT-SUPERVISED SETTINGS.—

"(1) IN GENERAL.—

"(A) REQUIREMENT.—Except as provided in paragraph (2), if a State provides assistance under the State program funded under this part to an individual described in subparagraph (B), such individual may only receive assistance under the program if such individual and the child of the individual reside in a place of residence maintained by a parent, legal guardian, or other adult relative of such individual as such parent's, guardian's, or adult relative's own home.

"(B) INDIVIDUAL DESCRIBED.— For purposes of subparagraph (A), an individual described in this subparagraph is an individual who is—

"(i) under the age of 18; and

"(ii) not married and has a minor child in his or her care.

"(2) EXCEPTION.—

"(A) PROVISION OF, OR ASSISTANCE IN LOCATING, ADULT-SUPERVISED LIVING ARRANGEMENT.—In the case of an individual who is described in subparagraph (B), the State agency shall provide, or assist such individual in locating, a second chance home, maternity home, or other appropriate adult-supervised supportive living arrangement, taking into consideration the needs and concerns of the such individual, unless the State agency determines that the individual's current living arrangement is appropriate, and thereafter shall require that such parent and the child of such parent reside in such living arrangement as a condition of the continued receipt of assistance under the plan (or in an alternative appropriate arrangement, should circumstances change and the current arrangement cease to be appropriate).

"(B) INDIVIDUAL DESCRIBED.—For purposes of subparagraph (A), an individual is described in this subparagraph if the individual is described in paragraph (1)(B) and—

"(ii) such individual has no parent, legal guardian or other appropriate adult relative as described in (ii) of his or her own who is living or whose whereabouts are known;

"(iii) no living parent, legal guardian, or other appropriate adult relative who would otherwise meet applicable State criteria to act as such individual's legal guardian, of such individual allows the individual to live in the home of such parent, guardian, or relative;

"(iv) the State agency determines that—

"(I) the individual or the individual's custodial minor child is being or has been subjected to serious physical or emotional harm, sexual abuse, or exploitation in the residence of such individual's own parent or legal guardian; or

"(II) substantial evidence exists of an act or failure to act that presents an imminent or serious harm if such individual and such individual's minor child lived in the same residence with such individual's own parent or legal guardian; or

"(v) the State agency otherwise determines that it is in the best interest of the minor child to waive the requirement of paragraph (1) with respect to such individual or minor child.

"(C) SECOND-CHANCE HOME.—For purposes of this paragraph, the term 'second-chance

home' means an entity that provides individuals described in subparagraph (B) with a supportive and supervised living arrangement in which such individuals are required to learn parenting skills, including child development, family budgeting, health and nutrition, and other skills to promote their long-term economic independence and the well-being of their children.

"(3) ASSISTANCE TO STATES IN PROVIDING OR LOCATING ADULT-SUPERVISED SUPPORTIVE LIVING ARRANGEMENTS FOR UNMARRIED TEENAGE PARENTS.—

"(A) IN GENERAL.—For each of fiscal years 1998 through 2002, each State that provides assistance under the State program to individuals described in paragraph (1)(B) shall be entitled to receive a grant in an amount determined under subparagraph (B) for the purpose of providing or locating adult-supervised supportive living arrangements for individuals described in paragraph (1)(B) in accordance with this subsection.

"(B) AMOUNT DETERMINED.—

"(i) IN GENERAL.—The amount determined under this subparagraph is an amount that bears the same ratio to the amount specified under clause (ii) as the amount of the State family assistance grant for the State for such fiscal year (described in section 403(a)(2)) bears to the amount appropriated for such fiscal year in accordance with section 403(a)(4)(A).

"(ii) AMOUNT SPECIFIED.—The amount specified in this subparagraph is—

"(I) for fiscal year 1996, $25,000,000;

"(II) for fiscal year 1997, $25,000,000; and

"(III) for each of fiscal years 1998, 1999, 2000, 2001, and 2002, $20,000,000.

"(C) ASSISTANCE TO STATES IN PROVIDING OR LOCATING ADULT-SUPERVISED SUPPORTIVE LIVING ARRANGEMENTS FOR UNMARRIED TEENAGE PARENTS.—There are authorized to be appropriated and there are appropriated for fiscal years 1998, 1999, and 2000 such sums as may be necessary for the purpose of paying grants to States in accordance with the provisions of this paragraph.

"(e) REQUIREMENT THAT TEENAGE PARENTS ATTEND HIGH SCHOOL OR OTHER EQUIVALENT TRAINING PROGRAM.—If a State provides assistance under the State program funded under this part to an individual described in subsection (d)(1)(B) who has not successfully completed a high-school education (or its equivalent) and whose minor child is at least 12 weeks of age, the State shall not provide such individual with assistance under the program (or, at the option of the State, shall provide a reduced level of such assistance) if the individual does not participate in—

"(1) educational activities directed toward the attainment of a high school diploma or its equivalent; or

"(2) an alternative educational or training program that has been approved by the State.

On page 51, strike "(e)" and insert "(f)".

At the appropriate place, insert the following:

SEC. ___. ESTABLISHING NATIONAL GOALS TO PREVENT TEENAGE PREGNANCIES.

(a) IN GENERAL.—Not later than January 1, 1997, the Secretary of Health and Human Services shall establish and implement a strategy for—

(1) preventing an additional 2% of out-of-wedlock teenage pregnancies a year, and

(2) assuring that at least 25 percent of the communities in the United States have teenage pregnancy prevention programs in place.

(b) REPORT.—Not later than June 30, 1998, and annually thereafter, the Secretary shall report to the Congress with respect to the progress that has been made in meeting the goals described in paragraphs (1) and (2) of subsection (a).

(b) OUT-OF-WEDLOCK AND TEENAGE PREGNANCY PREVENTION PROGRAMS.—Section 2002 of the Social Security Act (42 U.S.C. 1397a) is amended by adding at the end the following new subsection:

"(2) The Secretary shall conduct a study with respect to the State programs implemented under paragraph (1) to determine the relative effectiveness of the different approaches for preventing out-of-wedlock and teenage pregnancy utilized in the programs conducted under this subsection and the approaches that can be best replicated by other States.

"(3) Each State conducting a program under this subsection shall provide to the Secretary, in such form and with such frequency as the Secretary requires, data from the programs conducted under this subsection. The Secretary shall report to the Congress annually on the progress of the programs and shall, not later than June 30, 1998, submit to the Congress a report on the study required under paragraph (2).".

SEC. ___. SENSE OF THE SENATE REGARDING ENFORCEMENT OF STATUTORY RAPE LAWS.

It is the sense of the Senate that States and local jurisdictions should aggressively enforce statutory rape laws.

Mr. CONRAD. Mr. President, I ask unanimous consent that Senators PRYOR, BRADLEY, and KERRY of Massachusetts appear as original cosponsors in addition to Senator LIEBERMAN.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CONRAD. Mr. President, this amendment promotes a comprehensive strategy that prevents teen pregnancy. Mr. President, if there is one agreement on both sides of the aisle, it is that teen pregnancy is a crisis in America. One out of three children being born today are born out of wedlock. In some cities of America, two out of three children being born are born out of wedlock. Here in the Nation's capital, this year, more than two out of three children are being born out of wedlock.

Teen pregnancy is a critical challenge. It is a tragedy for America. It is a tragedy for the children. It is a tragedy for the young women. It is a tragedy for our entire country.

Mr. President, in 1992, there were more than a half million births to teenagers, and 71 percent of those births were to unmarried parents. The Conrad-Lieberman amendment is designed as a comprehensive strategy to take on this challenge.

Mr. President, the Conrad-Lieberman amendment does the following:

It provides $150 million over 7 years for States to develop adult-supervised living arrangements. I call them "second-chance homes." They are places where young, unmarried mothers can get the structure and supervision they need to turn their lives around.

It retains the requirement that teen parents live with their parents or another responsible adult.

It requires that they stay in school.

It establishes a national goal to prevent out-of-wedlock pregnancy to teens by 2 percent a year.

It encourages communities to establish their own teen pregnancy prevention goals.

Finally, it calls for the aggressive prosecution of men who have sex with girls under the age of 18.

Mr. President, I think the most compelling testimony before the Finance Committee was from Sister Mary Rose McGeady, the head of Covenant House. She has been in the trenches, she has fought this battle, and she has been succeeding. They have dealt with hundreds of young mothers who have come into their facilities and have had the structure, the support, and the discipline, and the help in seeing themselves as having a future, the vision to see that they could do something more with their lives, if they did not have another child before they were able to care for it. Sister Mary Rose reported that they have been very successful in preventing those young women from having another child.

Mr. President, I read in the RECORD yesterday the statement of Elena, a young woman in New York who was in one of these second-chance homes. I will repeat her statement:

I feel this is a place where I can get my life together. I am getting my education and learning to work. My mother never cared if I went to school, and she never told me about having babies or being a parent. The people here and the programs here are helping me. I am learning to be a teacher's assistant so that I can go to college and start my own business and get off of public assistance. I needed this chance.

Elena is not alone. There are others like her that need a chance.

Mr. President, I ask to have printed in the RECORD a statement of Bishop John Ricard, Chairman of the Domestic Policy Committee, United States Catholic Conference, a statement of Catholic Charities USA also be printed in the RECORD, and a National Council of Churches of Christ in the USA, a statement in support of the amendment, also be printed in the RECORD.

There being on objection, the material was ordered to be printed in the RECORD, as follows:

STATEMENT OF BISHOP JOHN H. RICARD, SSJ, CHAIR, DOMESTIC POLICY COMMITTEE, UNITED STATES CATHOLIC CONFERENCE

We are pleased to offer our support and encouragement to the efforts of Senator Conrad and others to provide education, training and adult supervision to teen parents as part of welfare reform in the Senate. We are hopeful that this approach will be adopted rather than the cut-off of all benefits to teen parents which some Senators are proposing. We opposed such measures in the House welfare reform bill.

In its March 1995 welfare reform statement, the Catholic Bishops' Conference Administrative Board urged that alternatives be proposed "which safeguard children but do not reinforce inappropriate or morally destructive behavior." The Bishops went on to state that the Catholic Church works every day against sexual irresponsibility and out-of-wedlock births and they do not believe that teenagers should be encouraged to set up their own households. At the same time, however, the statement criticized legislation which would deny benefits to children born to teen parents, especially in states that pay for abortions. We believe that the Conrad Amendment goes a long way towards providing appropriate options for teen parents who

are eligible for assistance without encouraging them to resort to abortion.

NATIONAL COUNCIL OF THE CHURCHES OF CHRIST IN THE USA,
Washington, DC.

STATEMENT ON PROVISIONS RELATED TO TEEN PREGNANCY IN WELFARE REFORM LEGISLATION

(By Mary Anderson Cooper, Associate Director, Washington Office)

As people of faith and religious commitment, we in the churches are called to stand with and seek justice for people who are poor. We share a conviction, therefore, that welfare reform must not focus on eliminating programs but on eliminating poverty and the damage it inflicts on children (who are ⅔ of all welfare recipients), on their parents, and on the rest of society.

We are particularly concerned that children not be victimized by attempts at welfare reform. We reject proposals which would deny benefits to children born to unmarried mothers under the age of 18 in the name of preventing teen pregnancy. Although such proposals are focused on the desirable goal of reducing pregnancy outside of marriage, we believe that they would result in punishing children and their parents. Denying cash benefits for such families will inevitably mean that the children and their mothers will eat less well and live less well than they would have if they had received cash benefits, and that their health will be undermined. Whatever we may feel about the behavior or situation of their parents, as a nation we must not allow children to become the victims of a drive to reduce federal spending or to punish their parents for conduct deemed inappropriate by Congress.

While we oppose denial of benefits to children born to unmarried mothers, we do not believe that remaining silent on the issue of teen pregnancy is helpful. The bearing of children outside of marriage has reached nearly epidemic proportions in this country. Both children and their parents suffer as a result of this situation. There is much scholarly evidence to suggest that despair about the future is one of the things that leads young women to give birth before they are able to care for their children in a stable family setting. It is our belief that providing young people with genuine hope for their futures is one key way of discouraging adolescent pregnancies. Education, job training, and creation of employment opportunity are components of that hope, as is having the chance to relate to caring adults.

The amendment being proposed by Sen. Conrad and his colleagues goes a long way toward meeting our concern about providing education and a chance at a decent future and discouraging future pregnancies outside of marriage. By providing cash benefits to allow young mothers to stay at home with their parents and finish high school, the amendment removes the incentive for them to set up separate, unsupervised living arrangements. Their is legitimate concern about the safety of young mothers who are in abusive households; but Sen. Conrad's amendment contains thoughtful provisions to allow such individuals to leave inappropriate homes to live in other supervised setting with caring adults. We particularly commend this flexibility.

We recognize that the federal deficit must be reduced. Nonetheless, we believe that reducing welfare costs by denying benefits to teenaged mothers and their children is shortsighted and will lead to the creation of a human deficit that will ultimately be more damaging to our country than an unbalanced budget could ever be.

A STATEMENT OF SHARED PRINCIPLES ON WELFARE REFORM—INTRODUCTION

As people of faith and religious commitment, we are called to stand with and seek justice for people who are poor. This is central to our religious traditions, sacred texts, and teachings. We share a conviction, therefore, that welfare must not focus on eliminating programs but on eliminating poverty and the damage it inflicts on children (who are ⅔ of all welfare recipients), on their parents, and on the rest of society.

We recognize the benefit to the entire community of helping people move from welfare to work when possible and appropriate. We fear, however, that reform will fail if it ignores labor market issues such as unemployment and an inadequate minimum wage and important family issues such as the affordability of child care and the economic value of care-giving in the home. Successful welfare reform will depend on addressing these concerns as well as a whole range of such related issues as pay equity, affordable housing, and access to health care.

We believe that people are more important than the sum of their economic activities. Successful welfare reform demands more than economic incentives and disincentives. It depends on overcoming biased assumptions about race, gender and class that feed hostile social stereotypes about people living in poverty and suspicions that people with perspectives other than our own are either indifferent or insincere. Successful welfare reform will depend ultimately upon finding not only a common ground of policies but a common spirit about the need to pursue them for all.

The following principles do not exhaust our concerns or resolve all issues raised. The principles will serve nonetheless as our guide in assessing proposed legislation in the coming national welfare debate. We hope they may also serve as a rallying point for a common effort with others throughout the nation.

PRINCIPLES

An acceptable welfare program must result in lifting people out of poverty, not merely in reducing welfare rolls.

The federal government should define minimum benefit levels of programs serving low-income people below which states cannot fall. The benefits must be adequate to provide a decent standard of living.

Welfare reform efforts designed to move people into the work force must create jobs that pay a livable wage and do not displace present workers. Programs should eliminate barriers to employment and provide training and education necessary for inexperienced and young workers to get and hold jobs. Such programs must provide child care, transportation, and ancillary services that will make participation both possible and reasonable. If the government becomes the employer of last resort, the jobs provided must pay a family-sustaining wage.

Disincentives to work should be removed by allowing welfare recipients to retain a larger portion of wage earnings and assets before losing cash, housing, health, childcare or other benefits.

Work-based programs must not impose arbitrary time-limits. If mandated, limits must not be imposed without availability of viable jobs at a family-sustaining wage. Even then, some benefit recipients cannot work or should not be required to work. Exemptions should be offered for people with serious physical or mental illness, disabling conditions, responsibilities as caregivers for incapacitated family members, and for those primary caregivers who have responsibility for young children.

Welfare reform should result in a program that brings together and simplifies the many efforts of federal, state and municipal governments to assist persons and families in need. "One-stop shopping centers" should provide information, counseling, and legal assistance regarding such issues as child support, job training and placement, medical care, affordable housing, food programs and education.

Welfare reform should acknowledge the responsibility of both government and parents in seeking the well-being of children. No child should be excluded from receiving benefits available to other siblings because of having been born while the mother was on welfare. No child should be completely removed from the safety net because of a parent's failure to fulfill agreements with the government. Increased efforts should also be made to collect a proper level of child support assistance from non-custodial parents.

Programs designed to replace current welfare programs must be adequately funded. They will cost more in the short-term than the present Aid to Families with Dependent Children; but if welfare reform is successfully implemented, they will cost less as the number of families in need of assistance diminishes over the long-term. Funds for this effort should not be taken from other programs that successfully serve poor people.

NATIONAL ENDORSING ORGANIZATIONS

Adrian Dominican Sisters; American Baptist Churches, USA; American Ethical Union, Inc., National Leaders Council (AEU); American Friends Service Committee; Bread for the World; Church of the Brethren, Washington Office; Church Women United; Columban Fathers Justice and Peace Office; Episcopal Church; General Board of Global Ministries, United Methodist Church, Institutional Ministries; General Board of Church and Society, United Methodist Church; Interfaith IMPACT for Justice and Peace; Jesuit Social Ministries, National Office; Evangelical Lutheran Church in America; Maryknoll Society Justice and Peace Office; Mennonite Central Committee, Washington Office; Committee on Church and Society, Moravian Church, Northern Province; National Council of Churches; National Council of Jewish Women; NETWORK, A National Catholic Social Justice Lobby; Presbyterian Church (USA), Washington Office; Union of American Hebrew Congregations; Unitarian Universalist Service Committee; United Church of Christ, Office for Church in Society.

CATHOLIC CHARITIES USA,
August 4, 1995.

DEAR SENATOR: As the Senate takes up welfare reform, we urge you to adopt provisions to strengthen families, protect children, and preserve the nation's commitment to fighting child poverty.

Across this country, 1,400 local agencies and institutions in the Catholic Charities network serve more than 10 million people annually. Last year alone, Catholic Charities USA helped more than 138,000 women, teenagers, and their families with crisis pregnancies. Because Catholic agencies run the full spectrum of services, from soup kitchens and shelters to transitional and permanent housing, they see families in all stages of problems as well as those who have escaped poverty and dependency.

This broad experience, along with our religious tradition which defends human life and human dignity, compels us to share our strong convictions about welfare reform.

The first principle in welfare reform must be, "Do no harm." Along with the U.S. Catholic Conference, the National Right-to-Life Committee, and other pro-life organizations, we have vigorously opposed child-exclusion provisions such as the "family cap"

and denial of cash assistance for children born to teenage mothers or for whom paternity has not yet been legally established.

We are also convinced that the idea of rewarding states for reducing out-of-wedlock pregnancies is well-intentioned but dangerous in light of the fact that the only state experiment in this regard, the New Jersey family cap, already has increased abortions without any significant reduction in births. The "illegitimacy ratio" may well encourage states to engage in similar experiments that would result in more abortions and more suffering.

We also support Senator Kent Conrad's amendment, which not only would require teen mothers to live under adult supervision and continue their education, but also would provide resources for "second-chance homes" to make that requirement a reality.

The second principle should be to protect children. We are very concerned that the new work requirements and time limits for AFDC participation will leave children without adequate adult supervision while their parents are working or looking for work. The key to successful work programs is safe, affordable, quality day care for the children. The bill before the Senate does not guarantee or increase funding for day care to meet the increased need associated with the work requirements and time limits. Please, support amendments by Senators Hatch, and Kennedy to guarantee adequate funding to keep children safe while their mothers try to earn enough to support them.

The third principle should be to maintain the national safety net for children. We oppose block granting Food Stamps, even as a state option, because the Food Stamp program is the only national program available to feed poor children of all ages with working parents as well as those on welfare. On the whole, the Food Stamp program works well, ensuring that children in even the poorest families do not suffer from malnutrition.

We are encouraged by the fact that Senator Dole's bill does not seek to cut or erode federal support for child protection in the child welfare system. Proposals to block grant these essential protections are ill-advised and dangerous to children who are already abused, neglected, abandoned, and totally at the mercy of state child welfare systems. Federal rules and guarantees are essential to the safety of children.

The fourth principle should be fairness to all citizens. Certain proposals before the Senate would create a new category of "second-class citizenship," making immigrants ineligible for most federal programs, even after they become naturalized Americans. We urge you to reject this and other proposals that would leave legal immigrants without the possibility of assistance when they are in genuine need.

The fifth principle should be to maintain the national commitment to fighting child poverty. In exchange for federal dollars and broad flexibility, states should be expected to maintain at least their current level of support for poor children and their families. We understand that Senator Breaux will offer such an amendment on the Senate floor. Please give it your support.

In our Catholic teaching, all children, but especially poor and unborn children, have a special claim to the protection of society and government. Please vote for proposals that keep the federal government on their side.

Sincerely,

FRED KAMMER, SJ,
President.

Mr. COATS. Mr. President, each year, over 1 million teenagers become pregnant. For many, the birth of the child signals the beginning of the cycle of welfare dependency. In 1993, the U.S. Department of Health and Human Services reported at least 296,000 unmarried teen mothers on welfare, 67,000 under the age of 18.

The current system of providing cash under AFDC to young teenage parents has failed. It has undermined families and provided the economic lifeline for generations of welfare dependency. It was wrong from the beginning for Government to provide checks to 15-year-old girls on the condition that they leave home and remain unmarried.

But as this destructive policy is reconsidered, many young, pregnant women are still in need, not of cash, but of direction, compassion and support. Ending AFDC could have the perverse effect of encouraging these women to have abortions, which would compound the tragedy, not solve it. Neither the status quo, nor a total cutoff, are good options. Creative ways must be found to give women in crisis pregnancies compassionate help in their own communities.

Private and religious maternity homes, also known by some as second chance homes, provide that help. They are a one-stop supportive environment where a young woman can receive counseling, housing, education, medical services, nutrition, and job and parenting training that gives them real opportunity for growth and decision making. Whether a pregnant mother makes a decision to parent themselves or to place the child up for adoption, she will receive important care, training, and life management skills to enable her make effective choices that will place her on the road to self-sufficiency.

Studies have shown that the infant mortality rate of babies born to residents of maternity homes is much lower than the national average. In addition, residents are more likely to complete their education and receive better paying jobs than teens who continue in regular schools through their pregnancies. Those teens who choose to parent are provided intensive parenting courses so that their children are at less risk for abuse and neglect.

Maternity homes are proven success stories. St. Elizabeth's Regional Maternity Center of New Albany, IN, is a prime example. Their mission is to "address the needs of women and families that are in a crisis pregnancy by offering physical, emotional and spiritual support to ensure the physical and emotional health of the mother and the health of the baby." The results of St. Elizabeth's, like many other maternity homes, is impressive. Seventy percent of the women enrolled in their program have moved from welfare to self-sufficiency. Eighty-five percent have earned a diploma or GED.

Mr. PRYOR. Mr. President, I rise today to voice my support for the Conrad teen parent amendment and to take a few minutes to discuss a serious social problem that must be addressed—teenage pregnancy.

Senator CONRAD's amendment allows all States to do what my home State of Arkansas is already doing. Currently, Arkansas has a waiver to operate two programs for teen parents. The first requires minor parents to remain in their parents' or guardian's household in order to receive AFDC benefits. If a teenage parent is unable to live at home, the State places the young woman in an adult-supervised living arrangement. Teens should not be on their own raising a child. They need supervision, education, and support.

The second, requires teenage parents who have not finished high school to attend school or another training program to receive benefits, the point being that these teen mothers will never become self-sufficient if they drop out of school. However, the benefits are two-fold. The parent gets the education and skills she needs to become self-sufficient, and the children of these teen parents have a better chance of completing school themselves.

Mr. President, I cannot stress enough the need for programs that will educate these mothers and their children. It may be the only way we can decrease the welfare rolls. By teaching young adults about the consequences of teen pregnancies and the importance of an education, we can keep these young people out of welfare lines and focused on improving their future. Our Nation must work together to fight teen pregnancy. We should involve businesses, schools, religious institutions, and community organizations in order to bring together all facets of society in an organized effort to combat teen pregnancy both now and in the next generation.

Although birth rates among all teenagers are lower now than during the 1950's, the birth rate among unmarried teenagers has risen sharply over the last 30 years. In 1970, 70 percent of births to teens were to married teens. Now, 70 percent of births are to unmarried mothers. I find this statistic frightening.

My home State of Arkansas runs a close second to Mississippi for highest level of teen pregnancies. Among women ages 15 through 19, 80 out of every 1,000 give birth. In fact, in 1992, teenagers gave birth to more than 7,000 children in Arkansas. These facts cannot be ignored.

Another fact that cannot be ignored: teens from poor and educationally disadvantaged families are more likely to become pregnant than those from more affluent and highly educated parents. A recent study indicated that education is the number one predictor of teen pregnancy. Teenagers whose mothers have at least a high school education are half as likely to become teen mothers themselves. I am convinced that education is the key to our teen pregnancy problem. I realize that this is not a cheap solution, nor is it a quick

one. It could take a generation to reduce teen pregnancies significantly. The point is, of the limited amount we know about teen pregnancy prevention, we do know that education works. We should require young women who get pregnant to stay in school. It is the only chance they have to be able to provide a future for themselves or for their child.

Although teenage parents make up only a very small percentage of the current AFDC caseload, many older women on welfare had their first child as teenagers. Almost half of all adolescent mothers, both married and unmarried, began receiving AFDC within 5 years of giving birth for the first time. For unmarried adolescent mothers, this number increases to three-fourths. The fact is that the birth of a child compounds the disadvantages that many young people face and makes it more likely that they will live in poverty.

Mr. President, my State requires teen mothers to live with a responsible adult and to stay in school through waivers to the current AFDC program. These programs are effective because they say to these young parents that we, our society, and our Government, are willing to help them succeed, to help them learn, to allow them to have the opportunities that they, as American citizens, deserve. I do not believe that Arkansas is the only State which would benefit from such programs. This is why I support Senator CONRAD's teen parent amendment, and I urge my colleagues to join me in this support.

Mr. DOLE. Mr. President, I have been trying to work out the amendment. I thought if we worked it out on the basis we would accept it and not be required to have a rollcall vote. As far as I know it is unanimous. I thought that is what part of the package was.

Mr. CONRAD. I just say this to the leader. I was hopeful we could do this without a vote. Others who have been involved in this have insisted on a vote, and I am duty bound to honor their request after all.

Mr. DOLE. I may not be duty bound to accept it. We will see what happens here. My view was we were trying to speed up the process. It is now 20 minutes of 9 o'clock. We have been working in good faith all day. I do not know who requested the vote. I wish they were there. We spent an hour on the amendment. We could have had three or four votes. We will reserve judgment on the amendment.

Mr. CONRAD. I thank the majority leader. I say I was hopeful we could avoid a vote, and perhaps that could still be done. Maybe we can hear from Senator LIEBERMAN.

Mr. CHAFEE. Could I say it is a tremendous amendment. Everybody is for it. I do not see why we do not accept it and get it over with.

I wonder if the Senator might do this. We have other amendments. If he could check with his cosponsors and see if they drop their objections as we are dealing with the other amendments, then we can at least pick up some time.

Mr. CONRAD. I hope maybe we could have Senator LIEBERMAN make a brief statement before we resolve it. The idea was to have a whole——

Mr. CHAFEE. All Senator LIEBERMAN can do is to lose now. Everybody is for the amendment.

I yield 2 minutes to the Senator from Connecticut.

Mr. LIEBERMAN. Mr. President, heeding the admonition, growing up in Connecticut State politics really always taught me when you got the votes call the roll.

I will be very brief and just say this: We have all talked about the problem of teenage pregnancy, of babies born out of wedlock and the extent to which that expands the welfare rolls; of the extent to which children born to poor, unwed mothers are born to a life that has very little hope in it; of the extent to which babies born to unwed mothers without a father in the house too often grow up to be the violent young criminals that disrupt, threaten, and hurt so many law-abiding people in our society.

On this bill I think we are beginning to do something about the problem of teenage pregnancy and illegitimate births. No one can claim any certainty about how to deal with, let alone solve, so profound and complicated a human problem. We have begun to offer some opportunities to the States particularly to make a difference.

Earlier today we sustained the part of this bill that deals with illegitimacy ratios and creates bonuses to States that are doing a good job at reducing the rate of illegitimacy.

Here in the amendment Senator CONRAD and I have crafted, which the Republican leader has worked with us on throughout the day, I think we make another constructive contribution.

We set up a national program with national goals. We recognize the startling fact that so many of the babies born to teenage mothers are actually fathered by adult men by calling on the States to once again enforce statutory rape laws, and we fund these very hopeful second-chance homes.

I thank all on both sides who have worked to put this amendment together. It is constructive. It can make a difference.

Let me say for the record I am not the one asking for the vote. I thank the Chair.

Mr. CHAFEE. I yield back the remainder of my time.

Mr. CONRAD. Might I ask for 15 seconds to resolve this matter?

Mr. President, we have checked with cosponsors who had made a commitment to ask for a vote on this matter, and we have persuaded them that the better part of valor is to have this accepted.

I ask unanimous consent that Senator ROCKEFELLER be listed as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CONRAD. I ask that the majority leader also be listed as an original cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHAFEE. The amendment is agreeable.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2528), as modified, was agreed to.

Mr. DOLE. I move to reconsider the vote.

Mr. CHAFEE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CHAFEE. I ask that the votes we are going to have be set aside for 10 minutes so the Senator from New Jersey can be heard.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2496

Mr. BRADLEY. I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment No. 2496 is pending. The Senator is recognized for 5 minutes.

Mr. BRADLEY. The purpose of this amendment is simply to put back into place the basic elements of a cash assistance program, which were left out, I hope inadvertently, from the bill. Without retaining at least the basic core of a system that assists poor families, we would have nothing to reform. It simply requires States to set their own rules for assistance and then follow those rules.

What is it we are trying to do here? I think, or I thought, that we were trying to change the welfare system to send clear messages about values, work, and responsible parenting. But if you wants to send a clear message, the rules have to be clear and firm. Parents have to know that if they violate the State rules, they will lose benefits, period. And if they follow the rules, look for work, take responsibility, they will be helped. Period.

Under the bill, States may use the grant in any manner that is reasonably calculated to accomplish the purpose of this part, and that purpose is defined simply as assisting needy families, which can mean anything. States could conceivably do no more than to refer needy families to a facility where some surplus cheese might be available for parents. States could operate a totally chaotic, arbitrary, discriminatory, or virtually nonexistent welfare system, while still collecting their funds under this block grant.

Governors have assured us that they will administer funds fairly and responsibly. I have no doubt that most of them will try to. But we also know that most States will face increasing financial pressure. Only a few States, according to the CBO, can afford to pay for the work requirements in this bill.

So even if States don't completely ignore whole populations, they might provide minimal assistance in one region of the State or put very needy applicants on a waiting list after the Federal funds run out.

The result will be the opposite of what is intended. Instead of imposing time limits on those who have been on welfare for a long time, we will put people who need help for the first time on a waiting list.

Without basic standards, work requirements would become meaningless, since there is no basic definition of who is eligible and therefore who should be in a work program. If a State has trouble meeting the work participation requirements under this bill, they can simply stop serving those who are having the most trouble finding work.

This amendment requires States to set basic eligibility standards, define categorical exceptions—such as time limits—and then follow those rules by assisting everyone eligible under those State rules. Everything in this debate suggests that this is what we expect States to do, so why not spell it out.

My amendment retains every aspect of State flexibility ever asked for by any Governor. States would be free to set eligibility standards and benefits. as they do now, and to set rules for income and assets. They could set short-time limits or deny benefits to unwed teen mothers or additional children born to women receiving benefits, as long as they apply the rules consistently.

I have also made clear in this amendment that States could also cut off benefits to any family under the terms of an individualized agreement with the family. The most innovative States, like Iowa and Utah as well as New Jersey, currently establish such contracts setting specific obligations for each family. A parent might agree, for example, to seek substance abuse treatment, and face a cutoff of benefits if he or she does not comply. This amendment makes clear that States can cut off benefits for failure to comply, as long as the rules are clear.

This amendment does not challenge any specific reasons a State might choose to cut a family off benefits, even though I have doubts about the merits of some of the categorical cutoffs in the House bill. What this amendment goes after is the arbitrary refusal to help a family: The waiting list. The neglected region of a State. The bureaucrat who has not gotten around to looking at the application. The agency that does not want the hassle of dealing with someone who will require more time to place in a job.

States could set any rules they like. But people have to know what the rules are. It's a very simple amendment, but without it, this bill is meaningless, empty, and potentially devastating news for families with children.

Rebuttal to claim that this amendment recreates entitlement.

This amendment does not entitle anyone to anything. It gives States total freedom to develop any kind of rule under which an individual can be cut off. If a State wants to say, you receive no benefits if you are seen jaywalking, they can do it.

Rebuttal to claim that this amendment is too prescriptive on States:

If Governors are concerned that this would prevent them from implementing some policy that they want to enact, I would like to know what that is. If Governors want to do something different from writing new rules and implementing them, I think they own us an answer about what it is they want to do.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2496) was agreed to.

Mr. DOLE. I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CHAFEE. Mr. President, I ask unanimous consent that there be 2 minutes between the second, third, fourth, and fifth rollcall votes—second, third, and fourth rollcall votes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHAFEE. And that after the first rollcall vote, the votes be 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

VOTE ON AMENDMENT NO. 2526

The PRESIDING OFFICER. The question occurs on amendment No. 2526, offered by the Senator from Alabama [Mr. SHELBY] in which the yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Tennessee [Mr. FRIST] is necessarily absent.

Mr. FORD. I announce that the Senator from Maryland [Mr. SARBANES] is necessarily absent.

The PRESIDING OFFICER (Mr. GRASSLEY). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 93, nays 5, as follows:

[Rollcall Vote No. 425 Leg.]

YEAS—93

Abraham	Conrad	Grassley
Akaka	Coverdell	Gregg
Ashcroft	Craig	Harkin
Baucus	D'Amato	Hatch
Bennett	Daschle	Hatfield
Biden	DeWine	Heflin
Bingaman	Dodd	Helms
Bond	Dole	Hollings
Boxer	Domenici	Hutchison
Bradley	Dorgan	Inhofe
Breaux	Exon	Inouye
Brown	Faircloth	Jeffords
Bumpers	Feinstein	Johnston
Burns	Ford	Kassebaum
Campbell	Glenn	Kempthorne
Chafee	Gorton	Kennedy
Coats	Graham	Kerrey
Cochran	Gramm	Kerry
Cohen	Grams	Kohl
Kyl	Murkowski	Shelby
Lautenberg	Murray	Simon
Leahy	Nickles	Simpson
Levin	Nunn	Smith
Lieberman	Pell	Snowe
Lott	Pressler	Specter
Lugar	Pryor	Stevens
Mack	Reid	Thomas
McCain	Robb	Thompson
McConnell	Rockefeller	Thurmond
Mikulski	Roth	Warner
Moseley-Braun	Santorum	Wellstone

NAYS—5

Bryan	Feingold	Packwood
Byrd	Moynihan	

NOT VOTING—2

Frist	Sarbanes

So the amendment (No. 2526) was agreed to.

Mr. SHELBY. Mr. President, I move to reconsider the vote.

Mr. CRAIG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. MOYNIHAN. May we have order, Mr. President.

Mr. DOLE. Mr. President, I have just had a discussion with the distinguished Democratic leader, Senator DASCHLE, and we would like anybody here who feels compelled—I underscore the word compelled—to offer an amendment tonight or sometime during the night to let us know during this next vote. We would like to wrap up this bill. We are working on a major amendment that we think will be acceptable. And I know some people think they need to offer every amendment, and some of these amendments are not really germane to this bill. But we would like to have some idea of how many amendments we have left.

So if you would either let me know, if it is a Republican amendment, or Senator DASCHLE know. or the managers know, between now and the time the next couple of votes end, we would appreciate it.

AMENDMENT NO. 2669

The PRESIDING OFFICER. The next order of business is the Mikulski amendment 2669, 2 minutes evenly divided.

Who yields time?

The Senator from Maryland.

Ms. MIKULSKI. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator has 1 minute.

Ms. MIKULSKI. This amendment is offered by Senator BRADLEY and myself. Its purpose is to bring men back into the family: No. 1, to have tough child support; No 2, to promote marriage, and, No. 3, to end the parent trap that is in the GOP welfare reform bill. The GOP welfare reform bill does nothing to restore men in families.

What this amendment does is provide job placement for noncustodial fathers, meaning if a dad wants a job and to go to work, if he does not have work, we work to place him in it.

No. 2, we prevent States creating welfare rules that penalize marriage

and push men out of the family, particularly where they work more than 100 hours a month.

We also promote marriage. It says that where there is a family cap, this amendment would require them to come up with incentives that promote marriage. The other is we would pay child support to mothers, not to child support.

The PRESIDING OFFICER. The time of the Senator has expired.

Ms. MIKULSKI. Our amendment is good for fathers, for kids, for America. I urge its adoption.

The PRESIDING OFFICER. Who yields time?

The majority leader.

Mr. DOLE. Mr. President, I know the Senator feels very strongly about this amendment.

Let me just say, we have tried to accommodate a number of major amendments—child care. We have lost some savings on this bill, and our savings are not nearly as much as the House side. This amendment would cost $920 million over the next 7 years. That is almost $1 billion. There is no offset. It would come right out of the savings. I hope it will be rejected.

The PRESIDING OFFICER. Does the Senator yield back the time?

Mr. DOLE. I yield to the Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, in addition to this amendment costing $1 billion, this sets up a job training and job search program for deadbeat dads and for people who let their kids go on welfare.

You have a hard-working parent who is trying to help their children, who is working in a job. They do not get any help from the Government. But if you have a deadbeat dad and you let your kids go on welfare, we are going to set up a job training and job search program for you. This is a misguided amendment.

The PRESIDING OFFICER. All time has expired. The question is on agreeing to the amendment. The yeas and nays have been ordered. This is a 10-minute rollcall vote. The clerk will call the roll.

The bill clerk called the roll.

Mr. LOTT. I announce that the Senator from Tennessee [Mr. FRIST] is necessarily absent.

Mr. FORD. I announce that the Senator from Maryland [Mr. SARBANES] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 34, nays 64, as follows:

[Rollcall Vote No. 426 Leg.]

YEAS—34

Akaka	Dorgan	Kennedy
Biden	Feingold	Kerry
Bingaman	Ford	Kohl
Boxer	Glenn	Lautenberg
Bradley	Harkin	Leahy
Breaux	Heflin	Levin
Conrad	Hollings	Lieberman
Daschle	Inouye	Mikulski
Dodd	Johnston	Moseley-Braun
Murray	Robb	Wellstone
Pell	Rockefeller	
Reid	Simon	

NAYS—64

Abraham	Faircloth	McConnell
Ashcroft	Feinstein	Moynihan
Baucus	Gorton	Murkowski
Bennett	Graham	Nickles
Bond	Gramm	Nunn
Brown	Grams	Packwood
Bryan	Grassley	Pressler
Bumpers	Gregg	Pryor
Burns	Hatch	Roth
Byrd	Hatfield	Santorum
Campbell	Helms	Shelby
Chafee	Hutchison	Simpson
Coats	Inhofe	Smith
Cochran	Jeffords	Snowe
Cohen	Kassebaum	Specter
Coverdell	Kempthorne	Stevens
Craig	Kerrey	Thomas
D'Amato	Kyl	Thompson
DeWine	Lott	Thurmond
Dole	Lugar	Warner
Domenici	Mack	
Exon	McCain	

NOT VOTING—2

Frist Sarbanes

So the amendment (No. 2669) was rejected.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. CHAFEE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MOYNIHAN. Mr. President, we must have order as a procedural matter is about to be discussed.

The PRESIDING OFFICER. Will the Senator suspend? The Senator from New York wants order. The Chair asks every Senator to pay attention to the Senator from Rhode Island who seeks the floor.

AMENDMENT NO. 2517, AS MODIFIED

Mr. CHAFEE. Mr. President, just to intervene here, we are prepared to accept the following amendment after the Feinstein amendment, which is the DeWine amendment. I know the Senator from Mississippi had some reservations, and there are some changes that we would make in that DeWine amendment before the conference. The other side is prepared to accept it, and we are prepared to accept the DeWine amendment.

The PRESIDING OFFICER. Is the Senator from Rhode Island seeking to vitiate the yeas and nays on the DeWine amendment?

Mr. CHAFEE. Correct. I ask unanimous consent that the yeas and nays be vitiated on the DeWine amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the DeWine amendment No. 2517, as modified.

So, the amendment (No. 2517), as modified, was agreed to.

Mr. CHAFEE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2478

The PRESIDING OFFICER. The next issue before the Senate is the Feinstein amendment 2478, with 2 minutes evenly divided. Who yields time?

Mrs. FEINSTEIN addressed the Chair.

The PRESIDING OFFICER. The Senator from California is recognized for 1 minute.

Mrs. FEINSTEIN. I thank the Chair.

Mr. President, the bill, as presently drafted, would deny cash and noncash welfare benefits to naturalized citizens. The Constitution of the United States provides for one class of citizens, and the only place it diverges is with respect to the President of the United States.

In every other case, a naturalized citizen is as good as a native-born citizen. I believe it is extraordinarily important that this amendment be adopted. It is supported by the American Bar Association, by the Governor's conference, by the State legislatures, by Mayor Giuliani, by Mayor Riordan of Los Angeles, by virtually a whole host of organizations. It would be my hope that in this bill we do not, for the first time in American history, create two classes of American citizens.

The PRESIDING OFFICER. The Senator's time has expired. Who yields time? The Senator from Wyoming is recognized for 1 minute.

Mr. SIMPSON. Mr. President, as many of you know, through the years, we do immigration reform legislation. It is always materially dressed, and then when we come to tough votes, we do not stick. This is one of those. We are not making second-class citizens of anyone. We are saying that whether you are naturalized or whether you are native born, one of the assets that is considered as to whether you are a public charge should be a contract, should be a court-ordered support, and we think that one of the things that should be in there is the affidavit of support of the sponsor. That is all we are saying.

That does not make anyone a second-class citizen. If you do not include that, then, in my mind, you are going to induce people to naturalize so they can get into the public support system. That is why I object to this measure.

The PRESIDING OFFICER. All time has expired. The question is on agreeing to the amendment. The yeas and nays have been ordered. This is a 10-minute rollcall vote. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Tennessee [Mr. FRIST] is necessarily absent.

Mr. FORD. I announce that the Senator from Maryland [Mr. SARBANES] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 37, nays 61, as follows:

[Rollcall vote No. 427 Leg.]

YEAS—37

Abraham	Glenn	Mack
Akaka	Graham	Mikulski
Biden	Harkin	Moseley-Braun
Boxer	Hatfield	Murray
Bradley	Inouye	Pell
Breaux	Jeffords	Robb
Chafee	Johnston	Santorum
Cohen	Kennedy	Simon
Daschle	Kerry	Snowe
Dodd	Kohl	Specter
Feingold	Lautenberg	Wellstone
Feinstein	Leahy	
Ford	Levin	

NAYS—61

Ashcroft	Exon	McConnell
Baucus	Faircloth	Moynihan
Bennett	Gorton	Murkowski
Bingaman	Gramm	Nickles
Bond	Grams	Nunn
Brown	Grassley	Packwood
Bryan	Gregg	Pressler
Bumpers	Hatch	Pryor
Burns	Heflin	Reid
Byrd	Helms	Rockefeller
Campbell	Hollings	Roth
Coats	Hutchison	Shelby
Cochran	Inhofe	Simpson
Conrad	Kassebaum	Smith
Coverdell	Kempthorne	Stevens
Craig	Kerrey	Thomas
D'Amato	Kyl	Thompson
DeWine	Lieberman	Thurmond
Dole	Lott	Warner
Domenici	Lugar	
Dorgan	McCain	

NOT VOTING—2

Frist	Sarbanes

So the amendment (No. 2478) was rejected.

Mr. CHAFEE. Mr. President, I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CHAFEE. Mr. President, this is the last vote in this category. We have others coming after this. But the others have not yet been debated or rollcalls ordered. This is the last one in this group.

AMENDMENT NO. 2513

The PRESIDING OFFICER. The next order of business before the Senate is the Feinstein amendment numbered 2513. There are 2 minutes evenly divided.

Mrs. FEINSTEIN. Mr. President, under present law, deeming only applies to cash programs, AFDC, SSI and food stamps.

Without this amendment, there is a massive cost shift, particularly to four States: New York, Texas, Florida and California. That cost shift is literally hundreds of millions of dollars because it means that legal immigrants presently in this country today would not have access to Medicaid, to Head Start, to child protective services, to foster care, to any of those noncash programs.

Who would have to pick it up? The State or the local jurisdictions. It is a massive cost shift for four major States. I yield the floor.

Mr. DOLE. I say this is a $700 million reduction in the savings. I know it is a problem.

My view is we have already tried to accommodate a number of requests, and we believe we ought to protect the savings we have.

Mr. SIMPSON. Mr. President, we have already agreed to a Wellstone amendment which had to do with battered women and foster children, the exemption there. There was a Kennedy amendment with regard to Head Start, soup lines and kitchens. We have agreed to that.

This opens up this bill. This includes Medicaid, public housing, job training and any other program which does not provide cash assistance to the recipient.

We have a year's gap in the bill to take care of people in extremity who are broke or sponsors that cannot make it, or people who cannot make it and have no food and shelter. That is all in this bill. For a whole year we take care of those people.

This opens the gate for $707 million. I do not know where it is supposed to come from—maybe Medicaid.

The PRESIDING OFFICER. The question is on agreeing to the amendment No. 2513. The yeas and nays have been ordered. This is a is 10-minute rollcall.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Tennessee [Mr. FRIST] is necessarily absent.

Mr. FORD. I announce that the Senator from Maryland [Mr. SARBANES], is necessarily absent.

The result was announced—yeas 20, nays 78, as follows:

[Rollcall Vote No. 428 Leg.]

YEAS—20

Akaka	Graham	Moseley-Braun
Bingaman	Harkin	Moynihan
Boxer	Inouye	Murray
Daschle	Johnston	Simon
Dodd	Kennedy	Specter
Feinstein	Kohl	Wellstone
Glenn	Mikulski	

NAYS—78

Abraham	Exon	Lott
Ashcroft	Faircloth	Lugar
Baucus	Feingold	Mack
Bennett	Ford	McCain
Biden	Gorton	McConnell
Bond	Gramm	Murkowski
Bradley	Grams	Nickles
Breaux	Grassley	Nunn
Brown	Gregg	Packwood
Bryan	Hatch	Pell
Bumpers	Hatfield	Pressler
Burns	Heflin	Pryor
Byrd	Helms	Reid
Campbell	Hollings	Robb
Chafee	Hutchison	Rockefeller
Coats	Inhofe	Roth
Cochran	Jeffords	Santorum
Cohen	Kassebaum	Shelby
Conrad	Kempthorne	Simpson
Coverdell	Kerrey	Smith
Craig	Kerry	Snowe
D'Amato	Kyl	Stevens
DeWine	Lautenberg	Thomas
Dole	Leahy	Thompson
Domenici	Levin	Thurmond
Dorgan	Lieberman	Warner

NOT VOTING—2

Frist	Sarbanes

So, the amendment (No. 2513) was rejected.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote.

Mr. NICKLES. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MOYNIHAN. Mr. President, may we have order?

The PRESIDING OFFICER (Mr. MCCAIN). May we have order in the Senate? The Senate is not in order.

Mr. MOYNIHAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, I believe the Senator from Florida is next in our sequence. May I ask how much time the Senator will require, how little time the Senator will require?

The PRESIDING OFFICER. The Chair notes the distinguished majority leader is seeking recognition.

Mr. DOLE. Mr. President, I was going to ask the same question, if we could get some agreement on time, or get a voice vote. Some of these things could be disposed of on a voice vote, I think. Like an 80-to-20 vote, we could probably determine that by audible vote, if somebody wanted that. But if we could get a time agreement, that would be a start.

Mr. GRAHAM. Mr. President, 20 minutes, equally divided.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. There will be 20 minutes, equally divided.

Mr. DOLE. I yield to the Senator from West Virginia, Senator BYRD.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. BYRD. Mr. President, I hope Senators will take their cue from the majority leader and have voice votes. If it is any satisfaction to offer an amendment at this stage, just to offer it, get a voice vote on it. These amendments are not going anywhere. Most of these amendments are going to be dead on arrival when they get to conference. We are just wasting our time. There are not many Senators listening now. Look around these walls. Just look at the people stacked around the walls. We cannot get order in the Chamber. Who wants to speak when Senators cannot listen? We are just wasting our time, spinning our wheels.

We have had a good run for the bill. We have had a vote on the Democratic substitute. Several amendments have gotten good votes. I know that every person who offers amendments feels that they are good amendments. But we have reached a point now where the law of diminishing returns has set in.

I hope Senators will curb their appetites for rollcall votes and call up their amendments, have a voice vote. We are not going anywhere anyhow. Not many amendments are even going to carry.

We have been on this bill now for 12 session days. We have all had a good chance at it. We have had our run at it. Let us go home. I have a wife waiting on me and my little dog, Billy.

[Laughter.]

We have reached a point now where we are just looking foolish.

I thank the leaders and all Senators who have listened.

Mr. MOYNIHAN. Mr. President, with some temerity making a point and bringing attention to the rules and the presence of the ROBERT C. BYRD, may I say that if they voice vote and it is close, a Senator may ask for a division and get a count. It need not take 20 minutes.

UNANIMOUS-CONSENT AGREEMENT

Mr. DOLE. Mr. President, I want to say that perhaps we can help resolve it, too, if we can get this consent agreement. Let me read it for my colleagues, and everybody can decide.

I ask unanimous consent that the following amendments be the only amendments remaining in order, other than those cleared by the two managers; that they be debated this evening, and the votes occur on or in relation to the amendments tomorrow beginning at 9:30 a.m., with 10 minutes between each rollcall vote to be equally divided in the usual form:

Bingaman, No. 2483; Bingaman, No. 2484; Simon, No. 2468; Wellstone. No. 2503 and 2505; Kennedy. No. 2564; Kohl, No. 2550; Graham of Florida. No. 2509 and 2568; Gramm of Texas, No. 2615, as modified, and 2617; Levin-Dole modification No. 2486.

I further ask that following the votes, beginning at 9:30 a.m. on Friday. the two leaders be recognized to offer the compromise modification Dole amendment, with 40 minutes for debate to be equally divided in the usual form, and that following the conclusion or yielding back of time, the amendment be so modified.

I also ask that following the modification, it be in order for one amendment to be offered by the majority leader and one amendment to be offered by ten minority leader; and that following the disposition of the two leaders' amendments, if offered, the Senate proceed to the adoption of the Dole amendment 2280. as amended; and that following the disposition of the Dole amendment, the bill be advanced to third reading, and final passage occur at a time and day to be determined by the majority leader after consultation with the Democratic leader.

Let me explain what this would do. This would mean that those who do not have amendments would not have to stay here for debate. Debate would be completed this evening, and we will start to vote tomorrow.

That would also give additional time—because we do have a rather major drafting effort going on—to others to take a look at that tomorrow morning to see if it is satisfactory to people on both sides.

I think I inadvertently asked for a Bradley amendment, which might create a new entitlement program. I might need to strike that out. I did not read it carefully enough. I thank my colleague from New Jersey.

So I might do that tomorrow because they are going to score this, and I do not want to lose any additional money. We have lost a little today.

But that would be the UC agreement. I think we have protected everybody's rights.

Mr. DASCHLE. Mr. President, will the majority leader yield?

Mr. President, I must confess I looked at it—with one exception that I believe our staffs have looked at—and I am a little concerned on reflection that the 40 minutes may not be an adequate period of time for people to look at the larger compromise amendment. we want to give everybody a chance to do that. It could be that less than 40 minutes may be required. If we could just delete any reference to a period of time, that would satisfy us.

Second, if we could just have two amendments to be offered by the majority leader and the minority leader, I think that would take care of any concern that we have.

Mr. DOLE. Two by the majority and two by the minority.

I make those modifications.

I take out the following words: "With 40 minutes for debate to be equally divided in the usual form."

So the modification reads: To offer the compromise modification to the Dole amendment, and that following the conclusion or yielding back of time, the amendment be so modified.

Mr. WELLSTONE. Reserving the right to object, I shall not, I wonder whether on the Wellstone amendment 2503, I say to the majority leader, change that to "modified." I think that is OK with everyone.

Mr. DOLE. 2503, as modified. No problem. And 2505.

Mr. WELLSTONE. 2505 is fine.

Mr. DOLE. 2503, as modified.

Mr. WELLSTONE. As I understand the agreement, the time for vote on final passage is still left.

Mr. DOLE. Let me just assure everybody, I think this is a very important vote. Nobody wants to miss this vote. I know that some people are necessarily absent tomorrow. Some are necessarily absent on Monday.

I hope we could say, after the Tuesday luncheons, if everybody is in town.

Mr. DASCHLE. If I could just add not only that concern, but because we have made a lot of changes throughout the day, I think everybody ought to have plenty of opportunity to look at it prior to the time they are going to be casting their vote.

So for both reasons, I think it would be good if we held it over until next week.

Mr. DOLE. We want to get to third reading, have a vote, and we can start on appropriations tomorrow and wrap those up in a few days.

[Laughter.]

Mr. BINGAMAN. Mr. President, could I ask the majority leader, does the unanimous consent agreement contemplate some time tomorrow for some few minutes to discuss each amendment before the votes occur?

Mr. DOLE. Ten minutes. If you do not want to stay tonight, there are 10 minutes between each vote tomorrow.

Mr. BINGAMAN. I thank the majority leader.

Mr. DOLE. It might be better to do it tomorrow.

Is there objection?

The PRESIDING OFFICER. Is there objection?

Mr. BYRD. Reserving right to object, Mr. President, could we just have a better understanding as to when the final vote will occur?

Mr. DOLE. On the bill itself, final passage?

Mr. BYRD. Yes.

Mr. DOLE. It is my hope—I have not consulted with the Democratic leader—if all Members are in town, following the luncheons on Tuesday, we would vote following the luncheons on Tuesday.

Mr. BYRD. So is that part of the request?

Mr. DOLE. Yes. That is not part of the agreement in case somebody is ill or is not able to be here. I think we ought to make every effort to have everybody available.

Mr. BYRD. I thank the leader.

Mr. BRADLEY. Reserving the right to object. I understand what the majority leader said about the amendment that I offered. I wanted to assure him that the second part of the paragraph that I was reading explaining the amendment would have gotten to that aspect of the amendment. But the majority leader cut me off and moved to pass the bill.

So I appreciate what he said, and I look forward to tomorrow.

Mr. DOLE. I will strike out the second part, then.

[Laughter.]

But we will work it out. We will not have any problem.

Mr. KENNEDY. Mr. President, reserving the right to object, could I just say that the Senator mentioned amendment 2564. This was to make it agreeable with the Senator from Wyoming because it deals with a narrow element in terms of the refugees. He had agreed to changes on it. I would like to be able to modify that, if that is agreeable.

Mr. DOLE. Without objection, we would say 2564, as modified.

Mr. KENNEDY. I thank the leader.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. We have the agreement.

So Senator BINGAMAN is up now.

Mr. MOYNIHAN. I believe Senator GRAHAM was.

Mr. DOLE. Senator GRAHAM from Florida, excuse me.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. GRAHAM. Thank you, Mr. President.

AMENDMENT NO. 2509

Mr. GRAHAM. I call up amendment 2509.

Mr. President, this is another amendment that relates to the provisions in the bill having to do with that arcane subject of deeming. Deeming means that in calculating the financial status of an individual you deem to include in that individual's assets and income the assets and income of a third party. In this case, the individual who is affected is a person who——

The PRESIDING OFFICER. Will the Senator suspend?

Will the Senate please by in order?

The Senator from Florida is recognized.

Mr. GRAHAM. Mr. President, under this amendment, we are focused on one group of people, a finite. fixed number of individuals. Those are individuals who are in the United States lawfully as of the enactment date of this legislation. This is not an open-ended number of people which could be augmented by persons coming legally to the United States in the future.

What this amendment says is that for those people who are in the country legally today, legal aliens, they should be treated under the rules that exist today with one very major exception, and that is they would be treated in the legislation the majority leader would provide as it relates to supplemental Social Security income.

We are dealing in this amendment with a finite group of people, those who came into this country legally, who are in the country today, and who came here under certain rules and expectations. Frankly, one of those rules was that for many of these people they had a sponsor who sponsored their entry into the United States. Sadly, the fact is that by court ruling the sponsorships of legal aliens are extremely difficult to enforce. difficult to enforce by public agencies, difficult to enforce by private parties including the legal alien him or herself.

It seems to me extremely unfair, now that these people are in the country legally—and I underscore the word legally—to change the rules on them. It is particularly unfair for a specific group within this class that I would like to talk about, and that is those who have come here as relatively young people and are now enrolled in an educational program.

The largest community college in the country is Miami Dade Community College located in Miami. That one institution has some 20,000 legal immigrants within its student body, and 8,000 of those individuals are estimated to be ruled ineligible for student financial aid if an amendment such as the one that I have offered were not to be adopted.

Here are people trying to do exactly what the American dream is all about, to improve themselves by hard work, by education, by increasing their ability to contribute to the well-being of themselves, their families, their communities, and their Nation. With the failure to adopt this amendment, we would make it extremely difficult for many of these students to continue their education.

This legislation has the strong support of the American Association of Community Colleges and a variety of other State and local service providers who understand the implications of changing the rules for people who are in this country legally at the time this legislation goes into effect.

Mr. President, I appreciate your courtesy. I would like to yield time to actually the individual who was the original author of this legislation and who has been kind enough to allow me to join him in that effort, Senator SIMON of Illinois.

I wish to assure that Senator SIMON is fully listed as a sponsor of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHAFEE. Mr. President, is there a time agreement on this amendment?

The PRESIDING OFFICER. Ten minutes on either side.

Mr. CHAFEE. On both sides?

The PRESIDING OFFICER. Ten minutes on each side, 20 minutes equally divided.

Mr. CHAFEE. I have a question of the Senator from Florida. Is there any cost estimate on this?

The PRESIDING OFFICER. I remind the Senator from Rhode Island, questions are to be addressed through the Chair.

Mr. CHAFEE. I would ask the Chair——

The PRESIDING OFFICER. Or if the Senator from Rhode Island wishes unanimous consent to engage in colloguy with the Senator from Florida.

The Senator from Florida.

Mr. GRAHAM. The estimate is that over the 5 years the total cost is $600 million.

The PRESIDING OFFICER. Does the Senator from Florida yield time to the Senator from Illinois?

Mr. GRAHAM. I yield time to the Senator from Illinois.

The PRESIDING OFFICER. The Senator from Florida has 5 minutes and 46 seconds remaining.

The Senator from Illinois is recognized.

Mr. SIMON. Mr. President, I shall use less than 2 minutes.

I would like to have the attention of my fellow colleagues who are here. What this amendment does is simply says let us make this prospective. Let us apply it in the future. Let us not take people who have agreed to sponsor people for 3 years and all of a sudden we are going to say sorry, this contract is for 5 years. And to take people who are in a college situation, who are going to become citizens, and say sorry, you are going to have to leave school, I do not think that makes sense.

I hope that the distinguished Senator from Rhode Island and the distinguished Senator from Kansas might consider accepting this amendment. I think it does make sense to do this prospectively, not retroactively.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. CHAFEE. Mr. President, I ask if the proponents of the measure—we have gotten the cost of it—if they have an offset, any way of paying for it?

Mr. GRAHAM. We do not have an offset.

The PRESIDING OFFICER. Who yields time?

Mr. SIMPSON addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Rhode Island yield time to the Senator from Wyoming?

Mr. CHAFEE. Yes. Such time as he needs.

Mr. SIMPSON. I think 5 minutes would be adequate.

Mr. President, again, this is one of those areas of dealing with immigration and welfare and deeming provisions. Let us understand what deeming is. The sponsor brings you here to the United States, and his or her income is deemed to be yours. You as a sponsor are responsible for this person coming to the United States, for their assistance, their welfare. And you cannot come to the United States at any time if you are going to be a public charge. At any time you become a public charge while you are still in this category, you do not come on as a naturalized citizen. You must be self-sustaining. That has been the law since 1882.

So, again, we are at one of these impasses where I am surprised some of these have been successful. This is an ancient ritual. It is about people who say we want to do something about legal immigration, we want to do something about illegal immigration, and we want to do something about people who misuse the systems. But we do not.

Now, in the last Congress, we increased the deeming period for SSI to 5 years. We did that. We already did that. In his proposal—I hope you all hear this—President Bill Clinton in his proposed welfare reform bill raised the deeming period for AFDC and food stamps to 5 years. This President, President Clinton, has agreed that this is what we should do. That is what the Dole bill quite logically and properly then does. It sets a deeming period on all welfare programs at 5 years, in accordance with the directive and the wishes of the Justice Department and the President of the United States.

Please remember that the folks that are affected by this amendment were admitted as immigrants only—only—after they and their sponsors promised—promised—that they would not become dependent on public assistance at any time, period, not just for 5 years, but for any time.

Now, under this amendment, they would be permitted to access the public welfare systems of the United States after only as few as 3 years in the United States of America. The sponsor

would be off the hook, relieved of his promise of support, and the taxpayers would take over.

I think that is basically very wrong. I guess to paraphrase the words of Gertrude Stein: A sponsor is a sponsor is a sponsor. If you do not want to take care of someone when you bring them to the United States, do not sponsor them. If you bring them in as an immigrant, you have to. That is why people have misused the refugee programs. If you come here as a refugee, the Government takes care of all of it. So we have people coming here as refugees who do not qualify in any way as refugees.

We have presumptive refugees in certain areas of the world who wait 1½ years to come here after they have been designated as a presumptive refugee. You talk about gimmickry of the system. I have been at this game for 16 years, and there is plenty of it. And this amendment would cost $623 million over 7 years.

I want to say, too, that the students who the Senator has expressed concern for are sponsored immigrants who have been in the United States for less than 5 years. They are persons now seeking public assistance for college education who have a sponsor who promised, in order to get that immigrant admitted, to provide whatever assistance the immigrant might require in order to avoid becoming a public charge.

That is where we are. It is not pleasant in any way to continually year after year stand here and try to present the issues as they really are without being described as mean spirited, pinched, riven, uncaring.

That is not what we are talking about. We are talking about often people with a grand design of how to gimmick the systems. And if you really are watching, keeping your eye on the rabbit, this is not in any way helpful to the welfare system or to the immigration laws of the United States.

Mr. GRAHAM addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida.

Mr. GRAHAM. Mr. President, first, the question was asked do we have an offset? I answered we do not have an offset. We adopted other amendments here which create new entitlements, new benefits, new tax preferences without requiring an offset. This is the law today. What we are attempting to do is to retain the law today for those people who came here with the state of the law as it is. We are not trying to change the rules.

We are trying to say, if these people came here with certain statements as to what their obligations would be, if the sponsor has entered into commitments with certain expectations as to what their obligations would be, we should keep those for those people who are in the country today. We are not proposing to make this an ongoing new standard. If you want to change the rules, we can change the rules and make it applicable to those who come after the rules are changed.

Mr. President, this is not a particularly popular issue because, among other things, we are dealing with a small group of people. But we are dealing with people who embody what we as Americans most applaud—people who desire freedom, independence, who want to be like us. People who are the target of this amendment are trying to improve themselves so they can be even better Americans.

I think it is both shortsighted and unfair to change the rules on these people and deny them, among other things, the opportunity to get that education that is going to make them a more productive citizen. These people will repay in their lifetime much more than the $600 million that this amendment calls for to continue to do for the next 5 years for these people what we have provided for them in the past and what we have considered to be in America's best interest. It was then. It is now. And at least it will be for this current group of legal aliens who are in our country, particularly those who are utilizing the opportunities to extend their education.

Let me yield to the Senator from Illinois.

Mr. SIMON. I thank my colleague.

Let me tell you what it does. JOHN MCCAIN sponsors an immigrant named ALAN SIMPSON. And JOHN MCCAIN agrees he is going to be responsible for 3 years. All of a sudden we have an amendment here that says, "Sorry, JOHN MCCAIN. We have changed the law. You signed up for 3 years. We are going to make you responsible for 5 years."

Second, it is true, as Senator SIMPSON says, that if you take these young people out of college—some maybe are not young—that temporarily we are going to save money. But we know from all the statistics that, if you let them stay in college, they are going to be more productive, pay taxes, and do more for our country and make ours a more productive country.

I think the amendment is a good amendment, and I hope we will have the good sense to adopt it.

I yield the floor.

The PRESIDING OFFICER. The Senator from Rhode Island has 4 minutes 21 seconds. The Senator from Florida has 1 minute 5 seconds.

Mr. GRAHAM. Mr. President, I reserve my 1 minute 5 seconds.

The PRESIDING OFFICER. Does the Senator from Rhode Island seek recognition?

Mr. CHAFEE. Mr. President, I yield the remainder of my time to the Senator from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

Mr. SIMPSON. Mr. President, I have not much time left. I just want to say again that when a sponsor gives an affidavit of support—if we are talking about the things cherished in America, let us talk about keeping a promise. That would be a good place to start.

When a sponsor agrees to bring in an immigrant, they agree that that person will not become a public charge. Not just for 5 years or 3 years, but the law says at any time. That is what the law says. I did not invent it. It came on the books in 1882. It says at any time, not just 5 years, not just 3. It does not matter what was thought to be agreed to, the sponsor is deemed to have their assets considered the assets of the immigrant for a period of any time, and that is the law of the United States and a contract or an obligation to do that——

Mr. GRAHAM. Will the Senator from Wyoming yield?

Mr. SIMPSON. Yes.

Mr. GRAHAM. If that is the law, why do we need to change it? The statement that you have is that there are set periods of time in which a sponsor's resources are deemed to be part of the sponsor-legal immigrant's economic status. Those have been the law. If you are saying those were meaningless, in fact the 3-year periods we used to have in the past were inapplicable then, why do we need to change the law now?

Mr. SIMPSON. Mr. President, in the last Congress, we increased the deeming period for SSI to 5 years. The President of the United States, in his welfare reform package, revised the deeming period for AFDC and food stamps to 5 years. We are trying to follow the President of the United States and his viewpoint.

Then you wonder where the support is coming from. I can tell you where it is coming from: A small cadre of educational institutions. That is where it is coming from. We are not going to injure them in the process.

We are just saying that a sponsor's promise is a sponsor's promise. I have been in these things for years. I am not the expert in any way. I would not even indicate that. But I do know what interest groups are when you deal with immigration. They come out of the woodwork. They are all out here right now, I suppose. There will be cadres of them. But one of them here is the group of educational institutions who see this, if this can get done, as tuition money, paid for.

We have Pell grants, we have all sorts of things. We do take care of people in society. No one should miss the fact we are going to vote on a debt limit of $5 trillion in a few weeks, and Medicare will be broke and Social Security will be broke in the year 2031 and will go broke and start its decline, its swan song in 2013, and we will not even deal with that on the floor of the U.S. Senate, either party.

Talk about obligations. And then just trot up $623 million and no place to get it. That is my humble viewpoint of this pointed issue.

The PRESIDING OFFICER. The Senator from Florida has 1 minute 5 seconds. The Senator from Rhode Island has 24 seconds remaining.

Mr. GRAHAM. Mr. President, I think the issue here is fairly simple. We have had rules under which people have guided their lives as it relates to the status of sponsors and legal immigrants, people who are in this country

playing by the rules, trying to prepare themselves to become self-sufficient, contributing Americans.

They are doing the heinous thing to continue their education: They are attending a vocational school; they are attending a community college. I think that is an activity that we should not say is just a matter of some interest group. Would you say the GI bill was just an interest group of a few college and university administrators? Of course not. It was a great program, it is a great program that has benefited this country manyfold.

That is what the issue is in this amendment. I believe that we ought to say to these people, as part of their learning about America, that we play by the rules that were established when the game started. For you, we are going to complete the rules. If you want to change the rules for those in the future, that is perfectly permissible. I believe we should adopt this amendment as both an immediate and long-term contribution to a better America. Thank you.

The PRESIDING OFFICER. The time of the Senator from Florida has expired.

Mr. GRAHAM. Mr. President, I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Wyoming has 24 seconds remaining.

Mr. SIMPSON. Mr. President, again, the affidavit of support may be for 3 years. But the overriding understanding of the American people is that the immigrant will not become a burden upon the taxpayers or the public. That is the issue. There is no other issue, especially not in his or her first 5 years here. It never would have been allowed to take place if they knew they were going to access the public support systems in the first 3 years of their presence here. That is what this is about. That was the real condition of admission. We are forgetting something here.

The PRESIDING OFFICER. All time has expired. Under a previous agreement, the vote will be stacked until tomorrow morning.

Mr. SIMON addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

AMENDMENT NO. 2468

Mr. SIMON. Mr. President, I do not know if we have an agreed-upon order, but I have an amendment I will be happy to discuss briefly.

I offer this amendment in behalf of Senator BROWN, Senator Reid and myself.

The PRESIDING OFFICER. The clerk will report.

Mr. SIMON. This is a modification. Let me offer it as a modification of amendment No. 2468.

Mr. President, I ask unanimous consent to modify amendment No. 2468.

If I may say to my colleague from Mississippi, what I am doing is instead of having this a setaside—this is the community WPA Program—I am making it an authorization so that I think it may be acceptable. We have passed this as an authorization by voice vote. Senator BOREN was the sponsor about a year ago.

The PRESIDING OFFICER. Is there objection to the modification?

Mr. LOTT. Reserving the right to object, and I hope not to, Mr. President, but if I could address this question to the Senator from Illinois, has this been discussed or cleared, to his knowledge, with the managers?

Mr. SIMON. I have not had a chance. Senator BROWN indicated to me—I mentioned to him and to Senator REID that I was going to change it to an authorization because, frankly, the word was, as a setaside, it could be opposed on your side, but as an authorization, it might be approved. So that is the reason. I, frankly, have not had a chance to discuss it with the managers of the bill.

Mr. LOTT. Mr. President, has this been discussed with and cleared with the Senator's cosponsors, for instance, the Senator from Colorado, Senator BROWN?

Mr. SIMON. I discussed this with the Senator from Nevada and the Senator from Colorado, both of whom strongly support it. I might add that we had cosponsors of this, as independent legislation, from your side as well, and it was adopted by voice vote here earlier—not this session, but an earlier session—as part of a larger bill which was vetoed but had nothing to do with this.

Mr. LOTT. Mr. President, one final question, if I could. We do have a copy of the modified language?

Mr. SIMON. I have it at the desk. It just simply changes it from being a setaside to an authorization. Otherwise, there is no change.

Mr. LOTT. I wonder, Mr. President, if I can suggest to the Senator from Illinois, we have not had a chance to take a look at the legislation. As the Senator knows, some of the staff has already left. I wonder if it would be permissible, under the agreement we have, to wait and modify this in the morning. I feel like probably there will be no problem getting an agreement. As the Senator knows, I am filling in here, too. The Senator from Illinois can discuss the modification in the morning under the time agreement agreed to.

Mr. SIMON. That is perfectly satisfactory to me.

Mr. LOTT. I think what he has done is improved the prospects, and probably there will be no problem. At this time, without the managers here and without the staff directly involved not here, we would like to have a chance to look at it.

Mr. SIMON. The Senator's request is to withhold the request to modify?

Mr. LOTT. Right.

Mr. SIMON. OK. I will do that. Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Florida.

AMENDMENT NO. 2568

Mr. GRAHAM. Mr. President, I call up amendment No. 2568. It is one of the amendments under the unanimous consent agreement.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Florida [Mr. GRAHAM] proposes an amendment numbered 2568.

Mr. GRAHAM. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in the Friday, September 8, 1995, edition of the RECORD.)

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. GRAHAM. Mr. President, I do not wish to belabor this issue, because it is really an offshoot issue we debated at some length yesterday and the day before yesterday which related to the fact that there are very extreme differences in the amount of Federal resources that the 50 States will receive under this legislation.

I introduced two amendments in an attempt to deal with that disparity. One of those amendments has been accepted and will be included in the managers amendment. That was what I called the "embarrassment" amendment.

In this bill, there is a provision which states that there will be a periodic or annual evaluation of how the individual States are performing under this bill, how well they are doing in terms of achieving its objectives, particularly in getting people off of welfare and into work.

I would compare that standard to a series of football teams, some of whom are made up of professionals and others are junior high school players, because that is about the way in which the 50 States are being equipped to carry out these responsibilities.

In the case of the assistant majority leader, his State is going to have to spend 88 percent of all of its Federal money just to meet the mandates in this bill. There are other States that can meet the mandates with less than 40 percent of the Federal money.

So the first amendment, which, as I indicated, has been accepted for inclusion in a managers' amendment, will simply say that when we go through this embarrassment test of how well you have done, part of that evaluation will be: How many resources did the State have? We are not going to ask the State that has one-tenth the resources of another to necessarily perform at the same level. We are not going to subject that State to the ridicule of its inability to reach the same level of accomplishment.

This is another amendment in the same spirit. We have in this bill a series of national work participation rates. For instance, for a family receiving assistance under this, where there

is a single adult in the family, we are expecting 25 percent participation in 1996, up to 50 percent participation by the year 2000.

Again, I think it is unrealistic and unfair to expect the same standard of achievement for all States, given the fact that the resources available are unequal. So I provide in this amendment that the Secretary of Health and Human Services, after consultation with the States, shall establish specific work participation rate goals for each State, adjusting the national participation rate goals to reflect the level of Federal funds the State is receiving under this program and the average number of minor children in the families having income below the poverty line for that particular State.

This will mean that we will set the goalposts consistent with how much money we are prepared to make available to that State. Those States that are going to be richly endowed under this program will have a long goalpost to meet. Those that are more limited in their participation will have a less demanding standard. That seems to me to be imminently fair and reasonable in terms of what we are going to be providing to the States to accomplish the objectives of this act.

Mr. President, that is the amendment. I urge its adoption. I think it will be an amendment that the Senators who are on the floor today, who represent some of that diversity, would be very receptive to, and possibly even willing to accept.

Thank you, Mr. President.

The PRESIDING OFFICER. Is there further debate?

Mr. LOTT. Mr. President, I think this issue has been discussed, as the Senator pointed out, at great length. I do not think there is going to be an inclination to just accept it. But this will be resolved tomorrow. How much time do we have on our side?

The PRESIDING OFFICER. There is no time agreement on the amendment.

Mr. LOTT. Mr. President, I am prepared to move to close, unless there is any other Senator who wishes to speak at this point.

Mr. GRAHAM. Mr. President, in order to protect our interest, I would like to ask for the yeas and nays on this amendment, indicating that if we can arrive at an amiable resolution of this, I would be prepared tomorrow to ask to vitiate the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. KEMPTHORNE. Mr. President, after months of diligent work, the Senate is, at long last, debating the issue of welfare reform. This debate is simultaneously timely and long overdue. It is timely because so much attention has been focused on this issue for the last several months, and, in fact, for many months prior to the start of the 104th Congress. Members and staff have spent a vast number of hours reviewing concepts in welfare reform and developing legislation to meet our goals. Their work has lead to many well thought out proposals which are only now ready for full and vigorous debate on the Senate floor. It is overdue, however, because we have known for years that the welfare system in this country was flawed, and yet the status quo was maintained. We must act now to make the necessary changes, because we dare not look back on this time and tell our children we failed to take action when we had the opportunity.

As I was preparing for this debate, I became curious about the history of the word welfare. Upon looking it up, I was interested to note it comes from the Old English phrase "wel faran," which means, quite simply to go, or to fare, well. While it sounds like the word has changed little from its earlier days, in reality the difference between the Old English phrase and the modern word is dramatic. Most notably, under our current public assistance programs, Mr. President, no one is faring well.

In our society, three groups of people are more directly impacted by welfare than any others—the beneficiaries, the tax payers, and the case workers. Obviously, the beneficiaries themselves are the most immediately affected by our current system. And what has this system done for them? Generations have grown up without knowing the satisfaction of work and personal improvement. The value of family has been ignored, aiding the increasing rate of illegitimacy. And possibly worst of all, children have been raised without hope in a system that does more to perpetuate poverty than to break the welfare cycle. Obviously, some people have been able to get ahead and get off welfare. But for far too many, the system offers no incentives and no promise of a better future. Can anyone argue that these are positive results? I firmly believe we should avoid the attitude that this Nation owes people something simply because they reside inside our borders. But I do believe we owe those in need the chance to reach above their situations—a chance which the current system denies.

The taxpayers certainly should not be ignored in this debate. What the taxpayers of Idaho have been telling me is that they want to help those who truly are in need, but simply giving money away is not an answer. They also do not want a system which is open to fraud and abuse. Earlier this year, one of my constituents, Linda Murray-Donahue of Boise, cited a particularly glaring example of how the system was being abused. More significant than the example she sent were her comments. After noting her own difficulties in trying to raise two children after being laid off, she stated,

I am disturbed at the prospect of continuing to struggle for my boys and continue to make them sacrifice so that [welfare abusers] do not have to take responsibility for their own lives. . . I and others do not begrudge the truly needy. However, the [welfare abusers] need to be put on notice that we are demanding changes in their welfare way of life.

I believe this is an accurate representation of an attitude found throughout the Nation. People are not looking at welfare reform as a way to attack the unfortunate. Instead, they simply want to ensure that the truly needy are helped while those who can provide for themselves do so. In the process, they also want to know that their tax dollars are being used wisely and efficiently.

In between the taxpayer and the beneficiary are the case workers and social workers. They too are frustrated by a system which they see thwarting their efforts to truly help people. While they work diligently to move families into work and a lifestyle of self-sufficiency, too many of their efforts are focused on verifying eligibility. Even when they are able to help someone begin the transition from welfare to work, all too often they are stymied by a system which discourages people from trying to break the cycle of poverty. We owe it to the dedicated case workers and social workers to let them work under a system which will help, rather than hinder, as they try to give welfare recipients a chance to improve their situations.

In this regard, Idaho has already taken an active approach to welfare reform. Earlier this year, several members of the Department of Social Work at Boise State University released a report entitled, "Family Self Sufficiency: Welfare Reform in Idaho." I think many of the points which were made in that report are important to share with my colleagues. With regard to the state of affairs today, the report is clear. "The current strategy of alleviating poverty through unconditional grants-in-aid has failed because it fosters dependency, weakens self-reliance, lowers attachment to work, and excludes the poor from the participation in the labor market." The report sums up the major problem with our welfare programs quite simply, "[T]he system does not equip recipients with the means to leave poverty."

The introduction to that report, I believe, quite accurately describes the situation we now face, and the direction in which it may be best addressed. I would like to quote that portion of the report.

Welfare should be a "hand up" and not a "hand out." Programs that do not stress self sufficiency erode the work ethic. Policies that reduce the incentives for the maintenance of families break them up. Programs that do not encourage participation in the economy through training and education go against the fabric of America's belief system. At the same time, punitive programs diminish hope, hurt children, and foster long term poverty.

Welfare is not a right or an entitlement, it is an investment. The traditional generosity of the American people toward the poor and those who find themselves in difficult situations is sorely tested when welfare programs make no progress in either lifting clients out

of poverty or of reinforcing self-reliance. The benefits the public accords the poor, the destitute, the homeless, and the sick grow out of a democratic commitment to social justice, equal opportunity, and a belief that we as Americans are in this together.

Any welfare reform effort we undertake must reinforce these principles. Welfare is an investment in people that ideally benefits the recipient and society. In exchange for benefits, able-bodied clients must take steps in partnership with the state to lift themselves to self-support. And despite myths to the contrary, the poor do work hard and welfare recipients want to find jobs.

In Idaho, Governor Batt has already begun to move ahead with efforts to address exactly the kind of reforms mentioned in the report I just mentioned. He has assembled a welfare reform advisory council—composed of legislators, community leaders, private citizens, and other key decision-makers. In the Executive Order which established the advisory council, Governor Batt noted,

"the current welfare system fails to foster fundamental values relating to work, family, personal responsibility, and self-sufficiency." The order went on to state, "the current welfare system isolates recipients from the economic and social mainstream and maintains families at below poverty levels with only limited support or incentives to become independent of welfare assistance. . . [it] focuses on writing checks and verifying circumstances rather than helping people move rapidly to work."

The Governor's advisory council has now met with Idahoans throughout the state to hear the people's thoughts on welfare reform. In addition, it has solicited further public comment in newspaper advertisements all across Idaho. This information will be used to develop a welfare reform plan which is specific to Idaho's needs. Mr. President, the State of Idaho is prepared to take on the challenge of welfare reform, and has demonstrated the willingness to address the difficult issues which this endeavor encompasses. We should give them that opportunity.

Idaho has specific concerns which it wants to address, concerns which in many cases are the same as those we have been discussing on a national level over the last few months. While these issues may be similar across the country, ideas for dealing with them are not. That is why we must let go of Federal control. As long as we continue the Federal strings, states will not have the needed flexibility to truly address their needs. They also will not have the flexibility to try innovative proposals which could serve as examples to other states about what approaches will lead to a truly productive welfare system.

Mr. President, in my very first speech here on the floor of the U.S. Senate, I spoke about the need for States to be given the opportunity to develop their own solutions to specific problems. At the time, I said, "I believe that we need to encourage innovation. The lessons we will learn from these different States, as they undertake these significant approaches, will be invaluable to us, both in learning what does work, and also in learning what does not work. . . We need to support those States that are willing to actively seek solutions." While that speech was in reference to Oregon's request for a Medicaid waiver, I believe it is just as applicable today. True reforms will come from the States, and we must give them the opportunity to prove they are up to the task of changing, for the better, our current system of welfare.

The bill we are currently considering takes tremendous strides toward achieving our goals. First and foremost, it "block grants" many Federal welfare programs—including Aid to Families with Dependent Children, job training programs and child care programs. It also provides states with the option to accept Food Stamp funds as a block grant. This is the basis of real reform. Turning these programs over to the States will provide people with the chance to shape poverty-assistance programs to meet local needs. As a former mayor, and as the author of the Unfunded Mandates Reform Act, S. 1, which was signed into law earlier this year, I understand the frustrations and hassles which accompany Federal requirements. By eliminating these mandates, we allow State and local officials to use their own creativity and their intimate knowledge of the people's needs to address their problems. And we do not make them go through a series of bureaucratic hoops in order to get a waiver to do so.

Some have claimed the States cannot handle this responsibility. They claim State and local officials will, without strict Federal oversight, eliminate poverty assistance and turn their backs on the poor and needy. Mr. President, I do not understand how anyone could truly believe that argument. Do the naysayers really believe that State and local officials are cold, heartless individuals who would gleefully deny food to the hungry and let children suffer? Do they also believe that upon being elected to the Congress we all undergo some miraculous transformation which makes every member of this body more compassionate and knowledgeable than our State and local counterparts? The mere idea is ridiculous. Local and State officials are the ones who are in the best position to see what their programs do to people. They are the ones whose friends and neighbors are directly impacted as a result of their actions. And if they make a mistake, if they do something the people do not like, they are more directly and immediately responsible for that decision than anyone here in Washington. That, I would say to my colleagues, is a better guarantee that local needs will be met than any number of Federal rules, requirements or regulations.

In contrast, the bill presented by the Democrat leadership, which was rejected by this body, would have continued that vaunted tradition of "Washington knows best." It would not have offered flexibility to the States, thus preventing innovation and creativity at the State and local level. It would have continued the entitlement status of welfare programs, preventing the States from requiring anything in return for welfare dollars. It would have kept the Federal bureaucracy firmly entrenched in the welfare system, a system which, under Federal control, has failed those it is alleged to serve. Finally, the bill would have allowed numerous exemptions to the so-called work requirements, in effect nullifying the requirements and making it easier to maintain the status quo.

Mr. President, I believe the welfare reform debate is about one word—freedom. It is the freedom of State and local governments to decide how best to provide assistance to the needy. It is the freedom of the various levels of government to create innovative ways to meet the unique needs of the downtrodden in their city, county or State. It is the freedom to follow local customs and values rather than Federal mandates. I have said for some time that when the Government tries to establish a one-size-fits-all, cookie cutter approach to address a perceived need, it ignores the unique circumstances which are so important in developing the best way to address that need. The legislation presented by the Republican leadership recognizes this fact.

The difficulties associated with the Federal approach to problem solving are especially evident in rural States, like my home state of Idaho. The kind of help which people in rural communities may need differs dramatically from the kind of assistance an individual in New York, or Miami, or Los Angeles may need. In order to address those needs, States must have flexibility. A program which is designed to help families who live in our major metropolitan areas, quite simply, will not work in Wallace, Idaho—a community with less than 2,000 people. It may not even work in Boise, which is Idaho's largest city. The reverse is also true. A program which is capable of helping folks in a State like Idaho—which has a population density of just over 12 people per square mile—is likely to have little relevance in Detroit or Boston. Mr. President, I do not want anyone in this country who is struggling to make something of themselves, whether they are from Idaho, or Minnesota, or Arizona, or North Carolina, to be hampered in their efforts because of rules and regulations which ignore the fact that this Nation is not uniform—that people in all areas of the country have unique circumstances which simply cannot be addressed in one prescriptive Federal package.

Mr. President, I stated earlier that welfare reform is about freedom for the States. More importantly, it is about freedom for the people. For too long now we have witnessed a vicious cycle of poverty in this Nation which, once entered, is nearly impossible to escape. We have a system of welfare which does

not focus on getting and keeping people off the Federal rolls, but instead appears to be based on the belief that once one has become a part of the system, they will never again desire to become self-sufficient. I do not believe this is true. I believe most welfare recipients, if given the opportunity, would gladly find a way to end their dependence on the Government. It is with these people in mind that we must complete our work on welfare reform legislation, so we may give current and future welfare recipeients the freedom to break out of poverty.

Mr. President, I have listened to many of my colleagues share their thoughts on the legislation we are now considering. As could be expected, the bill does not have unanimous support. Some think it has too many strings on the block grants, other say not enough. Some believe even more programs should be block granted. Regardless of whether or not any particular amendments were added to the bill, however, I ask my colleagues to keep in mind the long-term implications of what we are trying to do. I would ask them to ask themselves one simple question, "Does this bill get us closer to our goals then we would be if we did nothing?" If the answer is yes, and I believe it is, I would urge them to support the leadership package. In doing this, we can finally break the cycle of poverty which has gripped too many Americans, and help them get back on their feet. And in so doing, we will help all Americans.

In closing, in considering welfare reform I think we would be wise to heed the words of one of this nation's greatest leaders, President Abraham Lincoln. It was Lincoln who once said,

> The legitimate object of government, is to do for a community of people, whatever they need to have done, but can not do, at all, or can not, so well do, for themselves—in their separate, and individual capacities. In all that the people can individually do as well for themselves, government ought not interfere.

Mr. President, I believe this applies equally well to the relationship between the States and the Federal Government. The Federal Government should not attempt to do for the States what the States are capable of doing for themselves and for their residents. We have tried to do so for the last 30 years, and we have not succeeded. It is time we let the States decide how to meet the needs of the less fortunate, using State and local solutions. If we do this, we grant the States a level of freedom they have not had in years, and we move one step closer toward giving welfare recipients hope that they too may soon be free of a system which has perpetuated poverty and social decline. And freedom, I would say to my colleagues, is what this Government is supposed to be about.

I thank the chair and the managers of the bill for their courtesy, and I yield the floor.

THE CHILD ABUSE PREVENTION AND TREATMENT ACT AMENDMENTS OF 1995

Mr. COATS. Mr. President, child abuse is a critical issue facing our Nation. Each year, close to one million children are abused or neglected and, as a result, in need of assistance and out of home care. CAPTA is a small but vital link in the provision of these services.

S. 919, which has been included in the Dole welfare reform bill, streamlines CAPTA's State plan and reporting requirements; eliminates unnecessary research and technical assistance activities; and encourages local innovation through a restructured demonstration program.

Additionally, we have consolidated the Child Abuse Community Based Prevention Grants, Family Resource Centers, Family Support Centers into the Community-Based Family Resource and Support Grants.

Finally, S. 919 repeals the Temporary Child Care for Children with Disabilities and Crisis Nurseries Act, title VII (F) of the McKinney Homeless Assistance Act, and the Emergency Child Abuse Prevention Grants.

Mr. President, each day, hundreds of children and families come into contact with, and are affected by, our Nation's child protective system. For many, it is a frightening experience. For others—for those on the front lines, it is sometimes an opportunity to rescue children from horrific circumstances.

Unfortunately, the issues facing this overburdened system are seldom easily resolved. Too often—overworked, underpaid, untrained, and sometimes overzealous caseworkers have a tremendous and devastating impact on families.

Decisions are routinely made to remove children and place them in foster care—into situations that are sometimes far worse than from where they came. Other times, because of mounting paperwork and case files, a serious case goes uninvestigated—or a decision to return a child to an unsafe home is made because there are no more out-of-home placements available. These are all difficult circumstances that require balance, training, and resources.

Since 1974, CAPTA, though a relatively small program, has assisted States in meeting child protection needs. It is a small, but powerful program, because its mandates have radically changed how we view child protection.

Unfortunately, not all of these changes have been helpful. CAPTA has, until now, been viewed as a very prescriptive program, with States judged, not on how well they protect children, but how close they come to mirroring some Federal definition or example of how things ought to be.

The 1995 CAPTA amendments are an important first step aimed at redressing some of the problems in CAPTA while, at the same time, building upon its strengths. Most experts agree that what CAPTA can do and do best is provide guidance to States; assist States with training and technical assistance; and promote better research and dissemination of information while allowing for maximum flexibility in approach and response.

S. 919, as unanimously reported out by the Labor Committee and included in the Dole bill, builds on those strengths. Specifically, this legislation:

Eliminates unnecessary bureaucracy by repealing mandates for a National Center on Child Abuse and Neglect, the U.S. Advisory Board, and the Interagency Task Force on Child Abuse. Instead, the Secretary may use her discretion in deciding whether or not they are an essential function;

Restructures and consolidates various research functions into one coordinated effort;

Places a significant emphasis on local experimentation by expanding Demonstration Grants to encourage local innovation and experimentation. One of these grants would be available for a triage system approach which Labor Committee members heard very exciting reports about during a subcommittee hearing. Others include training for mandatory reporters, families, service providers, and communities;

And reforms the Basic State Grants by allowing greater flexibility to the States in determining the circumstances and intensity of intervention that is required, while encouraging them to look to other preventative services that can be provided to families, when intensive intervention is not called for.

Determining the appropriate level of intervention is a very important consideration. We have studied closely the numbers of abuse and neglect reports that have been filed. Of the close to 3 million reports that have been filed, only one-third are eventually substantiated. This means that over 2 million are either unsubstantiated or even false. And while I know that these numbers and how they are interpreted are the source of some disagreement, the fact remains that for whatever reason, over 2 million investigations at some level, are occurring, and possibly resulting in inappropriate interventions—including removal of the child from the home.

Members of the Labor Committee may recall the testimony of Jim Wade who spoke of his 3-year ordeal, in which his daughter was wrongfully removed from his home. I have received many such reports and complaints, and while we should be mindful not to legislate by anecdote, these stories involve real people and are chilling.

With the State grant, we have worked to find ways to improve reporting so that caseworkers are able to assess and effectively respond to cases of abuse and neglect with an appropriate response.

We have also ensured that persons who maliciously file reports of abuse or

neglect will no longer be protected by CAPTA's immunity for reporting. Only good-faith reports will be protected.

Finally, we have clarified the definition of child abuse or neglect to provide additional guidance and assistance to States as they endeavor to protect children from abuse and neglect.

Let me briefly mention the other programs authorized in the 1995 CAPTA amendments: the new Community-Based Family Resource and Support Grants represent the result of nearly a full year's effort to consolidate the Community Based Prevention Grant, Respite Care Program, and Family Resource Programs; the Family Violence Prevention and Services Act which provides assistance to States primarily for shelters; the Adoption Opportunities Act which supports aggressive efforts to strengthen the capacity of States to find permanent homes for children with special needs; the Abandoned Infants Assistance Act which provides for the needs of children who are abandoned, especially those with AIDS; the Children's Justice Act; the Missing Children's Assistance Act and section 214 of the Victims of Child Abuse Act.

Mr. President, I would like to thank the members for their attention. These are important programs and they will affect many children and families. I urge the adoption of the 1995 CAPTA amendments.

STUDENT AID

Mr. MACK. Mr. President, with regard to title V of H.R. 4, the Work Opportunity Act, I am interested in clarifying an issue regarding the applicability of the term "assistance * * * for which eligibility is based on need" to various student loan programs. As I understand this legislation, eligibility for needs-based public assistance will either be subject to a deeming period or will be forbidden for a period of five years for most non-citizens. At this time, there seems to be an erroneous public perception that all student financial aid programs will be subject to these provisions. This is not the case. In the interests of responsible legislating, I think it is important to clarify that unsubsidized student loans are not needs-based and should therefore not be subject to the requirements of title V.

Mr. SIMPSON. Mr. President, Senator MACK is correct. Although the term "assistance * * * for which eligibility is based on need" in title V of H.R. 4 would apply to most forms of student financial aid, the unsubsidized student loan program is indeed a financial aid program which is not based upon need. Therefore, this particular program would not be subject to the deeming period or 5-year ban established in title V of this bill.

Mr. DOLE. Mr. President, I would like to offer my support of the comments made by Senators MACK and SIMPSON on this issue.

CHILDREN'S SSI

Mr. CONRAD. Mr. President, I have a series of clarifications concerning the children's SSI program that I would like to discuss with the majority leader.

But first, let me express my appreciation to Senator DOLE for his leadership in helping us reach a compromise on this issue. The SSI agreement is not everything I had hoped to achieve when Senator CHAFEE and I introduced the Children's SSI Eligibility Reform Act, but it is clearly an improvement over the House bill.

In addition, I believe the agreement includes a number of extremely important provisions to both address criticisms that have been leveled against the Children's SSI program and protect children with severe disabilities. I am extremely pleased we were able to reach a bipartisan compromise on this issue, and thank Senator DOLE, Senator SANTORUM, Senator DASCHLE, Senator CHAFEE, Senator SIMPSON, Senator JEFFORDS, and others who were so deeply involved.

Mr. President, I would like to clarify for the RECORD the intent surrounding several of the provisions in the amendment. First, the amendment deletes the word "pervasive" from the definition of child disability that was included in the welfare reform bill reported in May by the Finance Committee. This is an important change, and one that I fully support. Would the majority leader clarify his understanding of the intent of this change?

Mr. DOLE. I want to thank the Senator from North Dakota for his leadership and hard work on this issue. Children with disabilities are certainly among those most at risk in our society, and we want to make sure we are doing the right thing by them. He and Senator CHAFEE have worked extremely hard to bring the Senate to this point.

As for the Senator's question, I understand that the Senator from North Dakota was concerned that the term "pervasive" included in the earlier definition implied some degree of impairment in almost all areas of a child's functioning or body systems. That was not the intent of the earlier proposed change to the statute. It is expected that the children's SSI program will serve children with severe disabilities. Sometimes children will have multiple impairments; sometimes they will not.

Mr. CONRAD. I also understand that the amendment is designed to facilitate expert analysis of the SSI program for children by the National Academy of Science, to ensure that program changes, including determination of disability, are based on the best possible science.

Mr. DOLE. Yes, I think we can all agree that the children's SSI needs a tune up. The provision for a study by the National Academy of Sciences of the disability determination procedures used by the Social Security Administration will help accomplish this goal, and help us obtain a realistic picture of how an impairment affects each child's abilities.

No doubt about it, the children's SSI program is extremely important for some children with disabilities. But as the Senator from North Dakota made mention, there have been widespread allegations that some children on SSI are not truly disabled, or money is spent in ways that do not benefit the child. I hope this study—in addition to the changes we have made in the law—will help restore confidence in this program.

Again, it is my expectation that this program will continue to serve children with severe disabilities, and that includes properly evaluating children too young to test, children with multiple impairments, and children with rare or unlisted impairments which nevertheless result in marked and severe functional limitations.

Mr. CONRAD. Is it expected that the Social Security Administration and the Congress will rely heavily on the expert advice of the National Academy of Science when engaging in future regulatory activity and deliberations regarding impairments of children in the SSI program?

Mr. DOLE. Yes. But I also hope we hear from many others as well with good information to offer, including other experts, parents, and advocates.

Mr. CHAFEE. If I might also ask the majority leader a question. The leadership amendment and the Finance Committee proposal are both silent about the purpose of children's SSI. However, unlike the House proposal, both retain the cash benefit nature of the program. This is a concept that Senator CONRAD and I thought was extremely important when we introduced the Childhood SSI Eligibility Reform Act, and I am pleased that the majority leader's proposal retains flexibility within the SSI program by retaining the cash nature of the program. It is important for the SSI program to reflect the impact a disability has on families faced with a variety of circumstances. SSI often provides important assistance to families by replacing a portion of the income that is lost when a parent must care for a disabled child. The flexible nature of SSI is indispensable for many parents who are rendered unable to work because they must stay at home to provide care and supervision to their children with disabilities. Does the majority leader share our assessment?

Mr. DOLE. No doubt about it, for some families with a severely disabled child, SSI can be a lifesaver. It allows them to care for their child at home—who might otherwise be institutionalized at much greater cost to the government—or obtain services they could not otherwise afford. If a small payment can help a disabled child stay with his family, or grow into a productive adult, it is better for the child and better for society. SSI benefits provide the greatest flexibility, and the least amount of bureaucratic redtape.

But I think there may be some difference of opinion about the purpose of the program. The SSI program was originally started to provide a small cash income to individuals who cannot work because of age or disability. But the children's SSI program had a somewhat different purpose—to help poor families with the extra costs of having a child with a disability. It seems the program has expanded without much Congressional attention. In my view, we need to revisit the purpose of the SSI program. The Finance Committee has not tackled this problem yet, but it should and I believe it will. But the Senate decision to retain the cash benefit is clearly an important difference from the House.

Mr. CONRAD. I would like to join in the comments of both of my colleagues regarding the cash benefit nature of the SSI program. This provision is critically important, and I commend the Majority Leader for including it in the amendment. If I might address one additional question to the majority leader, it is the intent of this Senator and other supporters of this amendment on both sides of the aisle that this amendment is the position of the Senate, and that it will be vigorously defended in conference with the House of Representatives. Will the majority leader insist on this provision during conference with the House?

Mr. DOLE. This is a bipartisan compromise with broad support, and in my view it should be a position to which the Senate should firmly hold in conference.

Mr. CONRAD. Base on these assurances, I am pleased to support the compromise we have developed on children's SSI. This is not everything I had hoped to achieve, but it is critically important that the Senate enter conference with a solid, unified position.

Mr. WARNER. Mr. President, I am pleased to rise as one of the original cosponsors of the Republican leadership welfare reform bill.

We have entered this historic debate because the 30-year War on Poverty remains a war, but the nation is losing. According to recent analysis, aggregate government spending on welfare programs over the last 30 years has surpassed $5.4 trillion, an expenditure that exceeds our national debt.

Despite this spending, America's national poverty rate remains at about the same level as 1965, the year that President Johnson launched the War on Poverty.

Despite the best of intentions, we have a welfare system that "traps" children and families in a cycle of dependency, and that encourages behavior leading to indefinite reliance on welfare. It fosters a lifestyle that is in direct opposition to the motivators that propel others to get up and go to work every day.

The Republican leadership's bill emphasizes work, families and genuine hope for the future while giving the States greater responsibility—and flexibility—for managing welfare.

This measure has been a long time coming, and I do not just mean this summer. Our distinguished colleague from Colorado, Senator HANK BROWN, did an outstanding job in 1993 and 1994 as chairman of the Republican Welfare Reform Task Force. Health Care Reform diverted the Senate, but it did not diminish the value of their work. Much of what we are considering today is built directly on the strong foundation of Senator BROWN's early proposals.

I also think back to the 1986 State of the Union Address of President Ronald Reagan. That year he proposed Welfare Reform. This was another step. The Reagan welfare reform plan, the Family Security Act of 1988, was guided to enactment by the fine hand of the then Finance Committee Chairman, Senator MOYNIHAN of New York, who is now serving with such distinction as the co-manager of this bill.

The Family Security Act of 1988 served as a laboratory for S. 1120. In 1988, we first dealt with the issues of workfare versus. welfare, the dilemmas of teen pregnancy and illegitimacy, the high costs of work requirements, and the need for broad federal waiver authority. It is the State and local levels of government which administer the American welfare system, not the Department of Health and Human Services.

I am proud that under the waiver authority established by the Family Security Act, the Commonwealth of Virginia has been in the vanguard of welfare reform initiatives.

While we are struggling to come together in the Senate to pass S. 1120, my State has already enacted and is now implementing what we call the Virginia Independence Program or "VIP" for short.

VIP is the visionary welfare reform program brought to the people of Virginia under the outstanding leadership of Gov. George Allen. It was no easy task to battle a sometimes hostile state legislature, dominated by the other political party, as well as the mountain of redtape required in securing the necessary Federal waivers. He succeeded splendidly, however, in achieving his goals, and now Virginia is in the careful, watchful, early stages of actual reform.

Governor Allen, with his great courtesy, personally journeyed to Washington on September 13 to deliver a thoughtful and, in my judgment, immensely helpful letter on what he believes the Senate should accomplish in welfare reform.

Mr. President, I ask unanimous consent that my letter from Governor Allen be printed in the RECORD at this point for the benefit of all of my colleagues.

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

COMMONWEALTH OF VIRGINIA,
OFFICE OF THE GOVERNOR,
September 13, 1995.

Hon. JOHN W. WARNER,
U.S. Senate,
Washington, DC.

DEAR JOHN, As the United States Senate continues to debate welfare reform this week, I believe that our experiences in the Commonwealth of Virginia can be instructive.

I hope you will consider Virginia's plan to be a model for the nation. The comprehensive Virginia plan is based upon the principles of the work ethnic and personal responsibility. Our experiences support the need for an overall block grant approach, that will give States the flexibility to appropriately design programs that address the individual needs of the citizens of their State, return AFDC to a program of temporary assistance for those in need, and require work for all able-bodied recipients.

I understand that there will be attempts to amend S. 1120 by attaching new chains on the block grants to the States. As a staunch proponent of federalism and self-determination, I oppose such choke chains, *whether they are "conservative" or "liberal" ones,* and respectfully encourage and request that you to do likewise for Virginians.

Experience shows that the States are perfectly capable of taking this responsibility and exercising it wisely for our citizens. Virginia's landmark welfare reform legislation is a prime example. Our plan applies to the entire AFDC caseload, with a work requirement for 48,000 of our 74,000 cases. It incorporates common-sense principles into the welfare system by rewarding responsible behavior and providing compassionate, but temporary, assistance for those in need.

In addition to providing opportunity and support to recipients, the program is expected to save the taxpayers more than $130 million over the first five years. Already, we have had a significant drop in our caseload. Restrictive maintenance-of-effort requirements rob States of the ability to share in these savings and the incentives to achieve them. They should be opposed.

As you know, Virginia received a waiver to begin implementing this landmark welfare reform plan on July 1 of this year. You also should be aware that, before this waiver was granted, we spent the better part of two months fending off efforts by the Clinton Administration to completely rewrite our plan. The administration proposed literally hundreds of changes or conditions in the waiver process. Many of them involved very fundamental things; if agreed to, they would have raised the cost of the program significantly and changed essential provisions.

We had a tough fight in our state legislature—with a final bill clearing the General Assembly only in the last hour of the 1995 legislative session. At issue were questions such as whether we would have a real work requirement and a real time limit; whether there would be a child cap and strong requirements for paternity establishment; and whether we would require minor recipients to stay in school and live at home with a parent or guardian.

This spirited debate was expected, given the fundamental nature of the changes and reforms we were proposing. We did not expect, however—after the legislative process was completed at the state level and we had decided what state law and state policy were going to be—that we would have to turn around and refight all those battles with the federal bureaucracy through the waiver process. A good example was the time limit. We went to the wall with HHS over the issue of whether we in Virginia would be able to define the circumstances that would allow

someone a hardship exemption from the time limit. That is, of course, a very fundamental issue.

This ordeal leaves me firmly convinced that the whole concept of waivers inherently flawed. The waiver process by definition invites prescriptive micromanagement and nitpicking from federal bureaucrats in Washington. What States need in order to accomplish this fundamental transformation of welfare is not new waiver guidelines, as the President has suggested, but elimination of the need for waivers in the first place through a genuine block grant, with flexibility guaranteed by statute.

There are other areas in which the Congress could learn from the experience of States like Virginia. We have implemented a child cap here that places responsibility for additional children upon those who should bear the responsibility—the parents. Our program places a cap on benefits for additional children in an AFDC family, but guarantees that 100% of support funds collected from the father will be turned over to the family. This will encourage responsibility, paternity establishment, and child support.

In Virginia, we recognize the important relationship between economic development and welfare reform. We cannot continue to prepare AFDC recipients simply for welfare jobs. Instead, we must train them to compete for existing jobs in our expanding economy. After passage of our welfare initiative, we turned our attention to workforce development. In order to reform the welfare system effectively, we are in the process of restructuring our job-training programs so that they help match workforce training and skills with the needs of our private sector in our local communities. I would encourage you to ensure that workforce development consolidation is included in the overall welfare reform bill, as the two are essential to a State's success.

What the debate really boils down to is who does the U.S. Senate trust to make these policy decisions—the federal bureaucracy or the elected representatives of the people at the State level. This is a basic philosophical question. The choices you make will determine whether the bold innovations that are occurring in Virginia and other States can move forward, or whether federal bureaucrats will continue to micromanage and second guess the decisions of the people of the States and their duly elected representatives. I respectfully urge you to place your trust in the States, which are leading the way.

Thank you for all your solid leadership for our cause in many ways and congratulations on your selection as Chairman of the Rules Committee.

With warm regards, I remain,

Sincerely,

GEORGE ALLEN.

Mr. WARNER. As you will note, the Governor fully supports the block grant process with as few Federal strings as possible. He desires neither conservative nor liberal mandates. In the spirit of true federalism, he is confident that the people of Virginia are fully able to design and administer our own welfare reform programs.

Here are a few parallels between what we are seeking to do in S. 1120 and what the Commonwealth of Virginia has already set into motion.

We are seeking to block grant the entire Aid to Families With Dependent Children [AFDC] Program and have half the eligible population participating in work requirements by the year 2002. Virginia, on the other hand, will implement AFDC reform in 4 years for our entire 74,000 caseload.

While we have debated the duration of welfare payments and whether or not to guarantee transitional benefits such as child care, Virginia has passed a 2 year time period for welfare recipients, during which intensive work experience, education and training will be provided. To facilitate the transition from welfare to work, medical care, child day care, and transportation assistance will be provided. We did not need someone in Washington dictating what we already knew. Young welfare parents have to be freed from domestic burdens if they are to truly benefit from workfare participation.

And, we promote and strengthen two parent families by assuring that both are eligible for benefits, that paternity is acknowledged, and that child support is more strictly enforced. Minor custodial parents are asked to live with their own parents or legal guardians, as long as the home is not abusive, and they must comply with compulsory school attendance laws.

These and other commonsense reforms are all on the way in Virginia. We welcome and encourage other States to watch closely what we do and to lend us the benefit of your own experiences and expertise in reformulating the welfare equation.

Mr. President, in closing, I would like to commend the Senate majority leader, Senator DOLE, and his key staff members, Sheila Burke and Nelson Rockefeller. This has been a collective effort, requiring accommodation of broad and diverse views, and it could not have been done without the good efforts and offices of the Senate majority leader. They have fine tuned the art of compromise while maintaining a strong and underriding traditional Republican philosophy.

In all seriousness, a brighter and more hopeful day for many disadvantaged Americans is almost within our reach. At the end of this day, let us not disappoint those who are looking to us now for an opportunity to join in the American success story.

Mr. MCCONNELL. Mr. President, since last week, the full Senate has debated the arduous task of reforming a welfare system that has failed in its mission to eliminate poverty in America. Throughout our history, Americans have held to the belief that hard work and investment are the staples for family security and economic success. Yet, our Nation's welfare system has turned away from these basic principles. Working Americans complain that the welfare system promotes dependence and waste, while many welfare recipients struggle for the chance to work their way off the rolls.

Since 1965, America has infused $5.4 trillion into a public assistance network composed of almost 80 State and Federal programs. At best, the War on Poverty has produced temporary gains for poor families. While the national poverty rate dropped from a high of 22 percent in 1959 to an historic low of 11 percent in 1973, the poverty rate had risen to 15 percent by 1993. Most tragically, our welfare system has failed to assist our Nation's most vulnerable families. From 1969 to 1993, the child poverty rate declined by less than 1 percent of families headed by single mothers.

America's welfare system has lost its focus. In the 1930's, the Roosevelt Administration created the Aid to Families with Dependent Children Program to help widows, orphans, and families suffering from abandonment or unemployment through difficult financial times. Today, those in need must navigate an array of conflicting bureaucratic rules and program divisions that discourage work, and many times, family unity. Instead of liberating Americans from financial crisis, today's AFDC system fosters a detrimental cycle of generational welfare reliance.

Few dispute that welfare reform is necessary. Without change, single-parent families will continue to suffer from poverty, and the escalating cost of the status-quo will overwhelm our Nation's financial resources. Democrats and Republicans alike are focused on similar goals—State flexibility and the end of unconditional assistance. But how can these goals be attained? The answer is real, commonsense reform.

First, we must fundamentally restructure the way our welfare system works. Our patchwork system of Federal and State welfare programs has produced a complex and inconsistent means for distributing benefits. In increasing numbers, States are requesting Federal waivers to restructure federally defined welfare programs so they can effectively deliver the services their citizens need. President Clinton recently promised the Nation's Governors a waiting period of only 120 days for the processing of their waiver requests. However, states need more than a fast-track system for bureaucratic review. They need real flexibility—the authority to develop public assistance programs that promote work, rather than automatic check writing.

Americans are increasingly concerned that an unconditional entitlement to welfare is displacing the desire for independence with the expectation of permanent dependence. To successfully reduce poverty, welfare must focus on employment, not exemptions to work. Over the years, we have tried a variety of complex, federally dominated work programs. Efforts to attain sustainable employment for AFDC recipients have become little more than a paper chase under the current Job Opportunities and Basic Skills [JOBS] Program. Despite good intentions, the JOBS Program has failed and must be repealed. To effectively respond to the day-to-day reality of the job market, States should be empowered with the authority to develop and adjust their

work programs according to recipient need and local job resources.

Welfare recipients also should know that public assistance is not free money but an investment in their work potential. Welfare must be contingent on real work. While appropriate job training is important, we must not lose sight of the fact that classroom lessons mean nothing unless one can actually apply them to the workplace. Real work also means real responsibility. Those who refuse to work without sound cause should see their actions directly reflected in their welfare benefit. Just like every other American employee, an hour's work should equal an hour's pay. In addition, a 5-year lifetime limit focuses recipients on welfare's fundamental purpose—support for the attainment of self-sufficiency.

Second, reform should focus on abolishing abuse. I don't know of one taxpayer that wants Food Stamps used for the purchase of drugs or alcohol. I know that many of my colleagues on both sides of the aisle share my concern with fraud in our Nation's largest welfare program. I have dedicated considerable effort to legislative proposals that would curtail waste, fraud, and abuse in the Food Stamp Program. The welfare reform bill before us meets this challenge and helps ensure that food stamps are used for their intended purpose: to help needy Americans buy food to supplement their diet.

I am also pleased to see that this bill retains child nutrition programs at the Federal level while successfully reducing excessive Federal regulation. These programs work and have successfully ensured the health and nutritional well-being of future generations of children.

Third, it is essential that welfare reform uphold a standard of responsibility to our Nation's children and families. Illegitimacy in America is becoming the rule rather than the exception. The facts are alarming. Today, 1 in 3 children are born out-of-wedlock—by the turn of the century, this figure will be 1 in 2. Most disturbing of all is the drastic increase in out-of-wedlock births among our youth. In 1960, 15 percent of births to women under the age of 20 were out-of-wedlock. By 1992, this figure had increased to 71 percent.

Today, the specter of poverty haunts single mothers and their children like never before. From 1976 to 1992, the proportion of single, never-married women receiving AFDC more than doubled, from 21 percent to almost 52 percent. Yet welfare assistance has failed to shepherd these needy families to a better future. The Congressional Budget Office found that single women receiving AFDC in 1992 were poorer than in 1976, even though they worked in about the same proportions.

The increasing number of single mother families living in poverty is fueled by the ease with which absent fathers ignore their parental responsibilities. To reverse this devastating trend, we must take seriously the necessity of paternity identification. Fatherhood is not a one-time-only event—it is a lifelong responsibility and should be treated as such.

Paternity identification is an essential step toward the improved collection of child support. In Kentucky, efforts in paternity identification have head a substantial impact upon the collection of child support for AFDC dependent families. In fiscal year 1994, 7 counties ranked in the top 10 for both paternity identification and child support collection.

Without a doubt, dead-beat dads must be held accountable for their child support obligations. In 1991, fathers owed $17.7 billion in child support payments. Only 67 percent, however, was paid—a shortfall of $5.8 billion. If a father refuses to support his child, States have the right to make his parental responsibility crystal-clear by suspending his driver's or professional license.

Mr. President, real reform means transforming welfare from a dead-end street to a bridge toward self-sufficiency and family security. Last year in Owensboro, KY, three mothers shared with me their personal experiences in the welfare system. They were deeply concerned about the future—how they would care for the health and well-being of their children as they tried to work their way off welfare. As they spoke, it was clear that their success depended on their tenacity to break free from the confines of a welfare system that promises much but delivers little. It is for them and each of our Nation's 5 million AFDC families that we must reject the status-quo of an empty entitlement system and return our welfare system to the basics of fairness, work, and family security.

THE MAINTENANCE OF EFFORT AMENDMENT

Mr. CHAFEE. Mr. President, Senator GRAHAM asked a question yesterday during consideration of my amendment on maintenance of effort which I am not sure I fully understood, and I wonder if he could ask the question again.

Mr. GRAHAM. Thank you, Mr. President. The question is does the Chafee modification to the maintenance of effort mean that a State would have to continue to maintain its effort at 80 percent if the Federal share is reduced.

Mr. CHAFEE. I thank the Senator from Florida for clarifying the issue. The answer is no, if the Federal share is reduced for whatever reason, the State maintenance of effort would also be reduced. This is the hold-harmless provision that was included in both my amendment and the amendment offered by the Senator from Louisiana, Senator BREAUX.

Mr. GRAHAM. I thank the Senator from Rhode Island for clarifying this issue for me.

Mr. PRESSLER. Mr. President, today's debate is the culmination of a long process of rethinking social programs. Welfare originally was designed as a transitional program—a safety net. The system is no longer a temporary safety net, but a lifetime security blanket. The result? Millions of Americans now are trapped in a cycle of dependency. To end this cycle we must rethink our concept of welfare. We need a new approach.

The bill offered by the majority leader, Senator DOLE, represents the fresh start we desperately need. The Dole bill would bring common sense back to welfare. It would restore personal responsibility and self-sufficiency. Compassion can no longer be defined in the number of dollars spent on welfare. Since the War on Poverty began three decades ago, welfare spending has increased to more than $137.6 billion. Despite this massive infusion of cash, our poverty level remains virtually the same—roughly 13 percent. Today, more than 69,000 South Dakotans are on welfare. That is more people than the population of Rapid City. We can no longer throw taxpayer dollars at a so-called poverty program that has not worked. We must change the incentives in the current system that encourage dependency on welfare. We must refocus our priorities to emphasize work and family. The Dole bill does just that.

My liberal friends on the other side of the aisle prefer to continue the status quo. I do not understand why. The current system is cruel and unfair—to both welfare recipients and taxpayers. The current system holds people in a dependent state of poverty. It prevents them from realizing their personal potential and contributing to their family and community through work. Last June, I met with a group of mothers from South Dakota who are on welfare. Their heartfelt stories varied, but all are working actively for the day when they will leave welfare. They want welfare to be a transitional program. Their goal should be the welfare system's goal as well.

We can no longer tolerate blatant gaming of the system. Generations of able-bodied families have stayed on welfare rather than work. This abuse is an insult to hardworking Americans. South Dakota has many working poor families. The small farmer, the local waitress and convenience store clerk struggle daily to provide for their families without government assistance. Welfare recipients should not get a free ride at the expense of hard working taxpayers. Frankly, they should not live easier or better than our working poor, who strive daily to put food on the table without a handout. The loopholes that allow people to cheat the system and defraud taxpayers must be closed.

The Dole plan would transform welfare to workfare. It would restore personal responsibility by requiring work for benefits after 2 years on public assistance. Work would be required for food stamps as well. It would impose a 5 year lifetime limit on benefits. The bill would end disability assistance payments for alcohol and drug addicts to continue their habits, which is allowed under current law. It would

tighten eligibility for food stamps. It would toughen child support enforcement. The Dole bill also would streamline child care programs, child nutrition programs, and job training programs. Collectively, these steps would move our antipoverty programs from welfare to workfare; dependency to personal responsibility. It is about time.

We all agree that we have a responsibility to provide public assistance to truly needy children and families. This bill would continue the necessary transition assistance for those families who find themselves in circumstances beyond their control. It would not cut benefits to needy children. Instead, it would eliminate one-third of the cumbersome bureaucracy at the Department of Health and Human Services and scores of needless Federal regulations.

The second pillar of personal responsibility is family. Welfare reform should remove disincentives to a sound family structure. The current system rewards illegitimacy and discourages marriage. An entire class of children are growing up in single parent families, usually without fathers. South Dakota small towns and cities are no longer immune to these problems. If we expect to restore family values, we must first restore the family structure. We should encourage marriage and family values while we encourage work.

Perhaps most importantly, the Dole bill would give South Dakota and other States the ability to craft the solutions that best serve local needs. It has been proven time and again that Washington bureaucrats cannot completely understand unique local needs from thousands of miles away. Nor can we expect Washington bureaucrats to be the sole source of creative changes. By giving States welfare funds in a block grant, South Dakota would be free to pursue innovative ways to meet the needs of their welfare recipients.

Like many other States, South Dakota has been operating under a waiver from the Federal Government since January 1, 1995. This waiver has allowed them to make some of the key reforms called for in the Dole bill. South Dakota implemented work for benefits, and incentives to moving off welfare, such as a transition period between AFDC support and employment. These changes are working. Case rolls are decreasing dramatically. In fiscal year 1994, South Dakota had a monthly average of 19,446 people on aid to families with dependent children [AFDC]—the central welfare cash assistance program. In May 1995, we had 16,737 people on AFDC. This reduction is proof that workfare truly works. We can change the incentives in the system. Further, South Dakota, like other States, can do a better job than the Federal Government.

I would like to speak for a few moments about the unique welfare problems in South Dakota. A number of the welfare problems in South Dakota are ours alone—in fact, they differ greatly from even our Midwest neighbors. My State has three of the five poorest counties in the entire Nation. Our State has the lowest wages in the country. More than half of our welfare recipients—58 percent—are native Americans—the highest percentage in the country. In some reservation areas, unemployment runs more than 80 percent. Long distances between towns and a lack of public transportation are further barriers to gainful employment and quality child care. All of these factors create a situation that needs special attention. What is needed to end welfare dependency in Oglala, Fort Thompson, or Rapid City, SD, is not what is needed in Los Angeles or Mississippi. With this bill, we recognize that we are a nation with people of vastly different needs. As such, we need individualized solutions.

True welfare reform in South Dakota demands welfare reform on our reservations. Because of South Dakota's special problems, I have been especially concerned with the treatment of native American tribes in this legislation. Both the tribes and the State of South Dakota agree that the best way to relieve poverty and welfare dependency on reservations is give tribes the option to run their own welfare programs. A number of my colleagues—Senators MCCAIN, HATCH, MURKOWSKI, and DOMENICI—and myself, have agreed on a proposal which is included in the Dole bill. Our proposal would give tribes the ability to allocate their share of a State's AFDC dollars among tribal members. Much like the overall welfare system, handing out unlimited Federal dollars in public assistance has not changed the deplorable poverty on reservations. Welfare reform for native American tribes also means changing incentives. Workfare must be employed on our native American tribes, but done in a manner that recognizes the unique circumstances that exist. By making tribes directly responsible for their members, tribes will have an incentive to find solutions to chronic unemployment and poverty. This also is consistent with the long-standing Federal policy of tribal self-governance. Under our proposal, for example, tribes in high unemployment areas such as Shannon County would be given some flexibility in meeting participation rates. This proposal is fair and I thank all my colleagues for their help in taking the first step to resolve this important, but difficult issue.

I am proud to be part of this effort today. Ultimately, what this bill is about is change—positive change. We can change the current failed system to help people become self-sufficient and productive members of society. We can change incentives to restore personal responsibility and family values. I look forward to working with my colleagues on both sides of the aisle to see that workfare becomes a reality.

ORDERS FOR FRIDAY, SEPTEMBER 15

Mr. LOTT. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 9:15 a.m. on Friday, September 15, 1995, that following the prayer, the Journal of the proceedings be deemed approved to date, the time for the two leaders be reserved for their use later in the day, and the Senate then immediately resume consideration of H.R. 4, the welfare reform bill, and there then be 10 minutes of debate, equally divided, on the Bingaman amendment No. 2483.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

Mr. LOTT. Mr. President, I ask unanimous consent that there be a period for the transaction of routine morning business with Senators permitted to speak therein for up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

AIR SERVICE TO SMALL CITIES

Mr. PRESSLER. Mr. President, I rise today to discuss a problem which severely affects the economic growth of my home state of South Dakota. This problem is an acute shortage of air service within my state coupled with insufficient connecting air service between South Dakota cities and hub airports in nearby states. Congressional attention is needed.

The Airline Deregulation Act of 1978 created significant domestic travel benefits for many Americans. In addition, airline efficiencies resulting from deregulation have helped reduce the cost of international travel. Unfortunately, these benefits have not been evenly distributed across the country. Indeed, they have not been shared by Americans living in many smaller cities and rural communities.

One need only try to schedule air travel to South Dakota to know that my state, as well as other rural states, have paid a harsh price for airline deregulation. For numerous small cities, fares are higher and service less frequent since deregulation. Moreover, I know from personal experience—and statistics from the U.S. Department of Transportation (DOT) confirm—that non-stop jet service to many South Dakota cities has been replaced by connecting turboprop service. The result? Often, it is less desirable service involving circuitous routing on slower and less comfortable aircraft.

Mr. President, several months ago I requested the General Accounting Office (GAO) to prepare a study comparing air service for large, medium and small cities across the country. That study, which I understand is progressing well, is considering differences between these markets in terms of the cost of air travel for consumers, the extent to which jet service is available,

tighten eligibility for food stamps. It would toughen child support enforcement. The Dole bill also would streamline child care programs, child nutrition programs, and job training programs. Collectively, these steps would move our antipoverty programs from welfare to workfare; dependency to personal responsibility. It is about time.

We all agree that we have a responsibility to provide public assistance to truly needy children and families. This bill would continue the necessary transition assistance for those families who find themselves in circumstances beyond their control. It would not cut benefits to needy children. Instead, it would eliminate one-third of the cumbersome bureaucracy at the Department of Health and Human Services and scores of needless Federal regulations.

The second pillar of personal responsibility is family. Welfare reform should remove disincentives to a sound family structure. The current system rewards illegitimacy and discourages marriage. An entire class of children are growing up in single parent families, usually without fathers. South Dakota small towns and cities are no longer immune to these problems. If we expect to restore family values, we must first restore the family structure. We should encourage marriage and family values while we encourage work.

Perhaps most importantly, the Dole bill would give South Dakota and other States the ability to craft the solutions that best serve local needs. It has been proven time and again that Washington bureaucrats cannot completely understand unique local needs from thousands of miles away. Nor can we expect Washington bureaucrats to be the sole source of creative changes. By giving States welfare funds in a block grant, South Dakota would be free to pursue innovative ways to meet the needs of their welfare recipients.

Like many other States, South Dakota has been operating under a waiver from the Federal Government since January 1, 1995. This waiver has allowed them to make some of the key reforms called for in the Dole bill. South Dakota implemented work for benefits, and incentives to moving off welfare, such as a transition period between AFDC support and employment. These changes are working. Case rolls are decreasing dramatically. In fiscal year 1994, South Dakota had a monthly average of 19,446 people on aid to families with dependent children [AFDC]—the central welfare cash assistance program. In May 1995, we had 16,737 people on AFDC. This reduction is proof that workfare truly works. We can change the incentives in the system. Further, South Dakota, like other States, can do a better job than the Federal Government.

I would like to speak for a few moments about the unique welfare problems in South Dakota. A number of the welfare problems in South Dakota are ours alone—in fact, they differ greatly from even our Midwest neighbors. My State has three of the five poorest counties in the entire Nation. Our State has the lowest wages in the country. More than half of our welfare recipients—58 percent—are native Americans—the highest percentage in the country. In some reservation areas, unemployment runs more than 80 percent. Long distances between towns and a lack of public transportation are further barriers to gainful employment and quality child care. All of these factors create a situation that needs special attention. What is needed to end welfare dependency in Oglala, Fort Thompson, or Rapid City, SD, is not what is needed in Los Angeles or Mississippi. With this bill, we recognize that we are a nation with people of vastly different needs. As such, we need individualized solutions.

True welfare reform in South Dakota demands welfare reform on our reservations. Because of South Dakota's special problems, I have been especially concerned with the treatment of native American tribes in this legislation. Both the tribes and the State of South Dakota agree that the best way to relieve poverty and welfare dependency on reservations is give tribes the option to run their own welfare programs. A number of my colleagues—Senators MCCAIN, HATCH, MURKOWSKI, and DOMENICI—and myself, have agreed on a proposal which is included in the Dole bill. Our proposal would give tribes the ability to allocate their share of a State's AFDC dollars among tribal members. Much like the overall welfare system, handing out unlimited Federal dollars in public assistance has not changed the deplorable poverty on reservations. Welfare reform for native American tribes also means changing incentives. Workfare must be employed on our native American tribes, but done in a manner that recognizes the unique circumstances that exist. By making tribes directly responsible for their members, tribes will have an incentive to find solutions to chronic unemployment and poverty. This also is consistent with the long-standing Federal policy of tribal self-governance. Under our proposal, for example, tribes in high unemployment areas such as Shannon County would be given some flexibility in meeting participation rates. This proposal is fair and I thank all my colleagues for their help in taking the first step to resolve this important, but difficult issue.

I am proud to be part of this effort today. Ultimately, what this bill is about is change—positive change. We can change the current failed system to help people become self-sufficient and productive members of society. We can change incentives to restore personal responsibility and family values. I look forward to working with my colleagues on both sides of the aisle to see that workfare becomes a reality.

ORDERS FOR FRIDAY, SEPTEMBER 15

Mr. LOTT. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 9:15 a.m. on Friday, September 15, 1995, that following the prayer, the Journal of the proceedings be deemed approved to date, the time for the two leaders be reserved for their use later in the day, and the Senate then immediately resume consideration of H.R. 4, the welfare reform bill, and there then be 10 minutes of debate, equally divided, on the Bingaman amendment No. 2483.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

Mr. LOTT. Mr. President, I ask unanimous consent that there be a period for the transaction of routine morning business with Senators permitted to speak therein for up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

AIR SERVICE TO SMALL CITIES

Mr. PRESSLER. Mr. President, I rise today to discuss a problem which severely affects the economic growth of my home state of South Dakota. This problem is an acute shortage of air service within my state coupled with insufficient connecting air service between South Dakota cities and hub airports in nearby states. Congressional attention is needed.

The Airline Deregulation Act of 1978 created significant domestic travel benefits for many Americans. In addition, airline efficiencies resulting from deregulation have helped reduce the cost of international travel. Unfortunately, these benefits have not been evenly distributed across the country. Indeed, they have not been shared by Americans living in many smaller cities and rural communities.

One need only try to schedule air travel to South Dakota to know that my state, as well as other rural states, have paid a harsh price for airline deregulation. For numerous small cities, fares are higher and service less frequent since deregulation. Moreover, I know from personal experience—and statistics from the U.S. Department of Transportation (DOT) confirm—that non-stop jet service to many South Dakota cities has been replaced by connecting turboprop service. The result? Often, it is less desirable service involving circuitous routing on slower and less comfortable aircraft.

Mr. President, several months ago I requested the General Accounting Office (GAO) to prepare a study comparing air service for large, medium and small cities across the country. That study, which I understand is progressing well, is considering differences between these markets in terms of the cost of air travel for consumers, the extent to which jet service is available,

United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 104th CONGRESS, FIRST SESSION

Vol. 141 WASHINGTON, FRIDAY, SEPTEMBER 15, 1995 No. 144

House of Representatives

The House was not in session today. Its next meeting will be held on Monday, September 18, 1995, at 10:30 a.m.

Senate

FRIDAY, SEPTEMBER 15, 1995

(Legislative day of Tuesday, September 5, 1995)

FAMILY SELF-SUFFICIENCY ACT

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of H.R. 4, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence.

The Senate resumed consideration of the bill.

Pending:

Dole modified amendment No. 2280, of a perfecting nature.

Subsequently, the amendment was further modified.

Daschle amendment No. 2672 (to amendment No. 2280), to provide for the establishment of a contingency fund for State welfare programs.

Faircloth amendment No. 2608 (to amendment No. 2280), to provide for an abstinence education program.

Simon amendment No. 2509 (to amendment No. 2280), to eliminate retroactive deeming requirements for those legal immigrants already in the United States.

Simon amendment No. 2681 (to amendment No. 2280), to provide grants for the establishment of community works progress programs.

Simon amendment No. 2468 (to amendment No. 2280), to provide grants for the establishment of community works progress programs.

Graham amendment No. 2568 (to amendment No. 2280), to set national work participation rate goals and to provide that the Secretary shall adjust the goals for individual States based on the amount of Federal funding the State receives for minor children in families in the State that have incomes below the poverty line.

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

AMENDMENT NO. 2483

The PRESIDING OFFICER. Under the previous order, there will now be 10 minutes of debate equally divided on the Bingaman amendment numbered 2483, to be followed by a vote on or in relation to the amendment.

AMENDMENT NO. 2483, AS MODIFIED

Mr. BINGAMAN. Mr. President, I ask unanimous consent to send a modification of the amendment to the desk.

The PRESIDING OFFICER. Is there objection?

Mr. SANTORUM. Reserving the right to object, we are still in the process of reviewing the modification. If the Senator can start the debate on the amendment, after we review the modification, we hope we will have no objection to it.

Mr. BINGAMAN. I will be glad to do that, Mr. President.

This amendment is a very simple, straightforward amendment. I really do not understand how anyone can object to it. It simply puts in law a requirement that the States receiving these block grants under the family assistance block grant program that is being established in this legislation—that they develop a plan, a plan for how they are to spend that money. The plan is very general in the requirements for what would be in the plan, but we basically say the same planning requirement that Senator DOLE had proposed for the work force training block grants, that same kind of planning should occur in the case of the family assistance programs. Once a State has its program in place, this amendment, in my view, would help both Federal and State taxpayers and officials evaluate the success of the State programs through State-established goals and benchmarks.

I do not really understand any credible argument against it. The proposal here is very consistent with the provisions specified in the Government Performance and Results Act of 1993, which I know Senator ROTH had a great involvement in, to establish performance-based program management in the Federal Government. This continues to leave the decisionmaking, the substantive decisionmaking, to the States. But under the bill as it presently sits before us, there is virtually no planning required or encouraged or ensured. States need not do any long-range or strategic planning, nor do they need to establish any goals or benchmarks. There is no accountability to State or Federal taxpayers as to those goals actually being achieved.

We are talking, in this legislation, about block grants that add up to something over $16.8 billion in Federal money each year. In my view, it is not unreasonable for us, as stewards of that Federal money, to at least ask for a written document that explains how it is to be spent.

So that is the essence of the amendment. I ask the manager of the bill if he has had a chance to review the modification and if he sees a problem with it? If not, I ask unanimous consent, again, I be allowed to modify the amendment.

The PRESIDING OFFICER. Is there objection to the request?

Mr. SANTORUM. We have no objection to the request. In fact, as the Senator has modified his amendment, we would be willing to accept the amendment without a rollcall vote.

The PRESIDING OFFICER. Without objection, the amendment is so modified.

The amendment (No. 2483), as modified, is as follows:

On page 12, between lines 22 and 23, insert the following:

"(2) FAMILY ASSISTANCE PROGRAM STRATEGIC PLAN.—

"(A) IN GENERAL.—A single comprehensive State Family Assistance Program Strategic Plan (hereafter referred to in this section as the 'State Plan') describing a 3-year strategic plan for the statewide program designed to meet the State goals and reach the State benchmarks for program activities of the family assistance program.

"(B) CONTENTS OF THE STATE PLAN.—The State plan shall include:

"(i) STATE GOALS.—A description of the goals of the 3-year plan, including outcome related goals of and benchmarks for program activities of the family assistance program.

"(ii) CURRENT YEAR PLAN.—A description of how the goals and benchmarks described in clause (i) will be achieved, or how progress toward the goals and benchmarks will be achieved, during the fiscal year in which the plan has been submitted.

(iii) PERFORMANCE INDICATORS.—A description of performance indicators to be used in measuring or assessing the relevant output service levels and outcomes of relevant program activities.

"(iv) EXTERNAL FACTORS.—Information on those key factors external to the program and beyond the control of the State that could significantly affect the attainment of the goals and benchmarks.

"(v) EVALUATION MECHANISMS.—Information on a mechanism for conducting program evaluation, to be used to compare actual results with the goals and benchmarks and designate the results on a scale ranging from highly successful to failing to reach the goals and benchmarks of the program.

"(vi) MINIMUM PARTICIPATION RATES.—Information on how the minimum participation rates specified in section 404 will be satisfied.

"(vii) ESTIMATE OF EXPENDITURES.—An estimate of the total amount of State or local expenditures under the program for the fiscal year in which the plan is submitted.

Mr. BINGAMAN. Mr. President, I appreciate that willingness to accept the modified amendment. If that concludes debate on this issue, I suggest we go to a vote.

Mr. SANTORUM. I yield the remainder of my time.

Mr. BINGAMAN. I yield the remainder of my time as well.

The PRESIDING OFFICER. All time is yielded back. If there be no further debate, the question is on agreeing to the amendment.

The amendment (No. 2483), as modified, was agreed to.

AMENDMENT NO. 2484

The PRESIDING OFFICER. Under the previous order, there will now be 10 minutes of debate equally divided on Bingaman amendment No. 2484, to be followed by a vote on or in relation to the amendment.

The Senator from New Mexico.

Mr. BINGAMAN. Mr. President, this amendment, amendment No. 2484, I gather, is at the desk. I will not ask it be read. Let me explain briefly what the amendment does.

The amendment simply provides that we will make our bill, this bill that Senator DOLE has proposed here, consistent with the House legislation on welfare reform in that we would provide $100 million for each of fiscal years 1997 through the year 2000 to States to help them provide treatment for drug addiction and alcoholism.

Let me review the situation we have as I understand it and then invite any correction if the manager of the bill or anybody else would like to correct my impression.

This morning I put together a very simple chart which demonstrates my skill at calligraphy, but also, I think, makes the point I am trying to get at here. These, as I understand it, are proposed losses in Federal funds for drug and alcohol treatment, prevention and education, assuming this legislation is passed and assuming we go forward with other budget cuts that are contemplated.

Let me specify how I get the figures. As I understand it, the legislation we have here proposes to eliminate any funds for beneficiaries under SSI who are there by virtue of having a drug or alcohol abuse problem. So they are no longer eligible to receive SSI benefits. That is estimated to save the taxpayers $300 million.

Payments to RMA's are also eliminated. These are the organizations, as I understand it, that provide services and do monitoring of the problems that alcoholics and drug abusers have throughout the country. That is $100 million.

We are eliminating Medicaid eligibility for alcoholics and drug abusers. That is another $100 million.

Then there are a series of cuts which I am informed have been voted by the Appropriations Committee, the Labor, HHS, Education Appropriations Committee, on Wednesday. I assume those will be agreed to here when they come to the full Senate. Those amount to $108 million cut in substance abuse block grant funding, $100 million in drug treatment demonstration programs, $29 million in drug abuse prevention demonstrations, and $166 million in drug-free school money which will be eliminated. The alcohol and other health programs that Health and Human Services runs we are cutting by $242 million.

So the total reduction in Federal support to States and to beneficiaries in this area of drug and alcohol treatment prevention and education is $1.345 billion this next year.

Mr. President, I have concerns about that kind of drastic cut. The amendment I have offered will try to help resolve some of that by at least adding in $100 million. The $100 million is a very, very small part of what is being lost. I think that is obvious to everybody. At least it is a good-faith effort. As I understand the agreement that has been worked out between the leadership on the Republican side and the leadership on the Democratic side, the intent is to add in $25 million a year to offset the $1.345 billion which is being lost. To my mind, that is not a credible effort by the Senate and it is not adequate to what we are doing. So all I am saying is, let us at least do what the House of Representatives did, let us at least provide $100 million additional funds for substance abuse block grants in this next fiscal year and each year during the time this legislation is in law.

The issue here is not just whether you like people who are beneficiaries of this. The issue is how this impacts on the criminal problems we face in the country. I have a press release here from the Department of Justice. This is August 9.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BINGAMAN. Mr. President, I ask unanimous consent to speak for an additional 3 minutes.

The PRESIDING OFFICER. Is there objection?

Mr. SANTORUM. I yield the Senator 3 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BINGAMAN. Mr. President, this press release from the Department of Justice, dated August 9, is entitled, "The Nation's Prison Population Grew Almost 9 Percent Last Year." When you read over on page 3 of this it says: More than a quarter of State and Federal inmates were imprisoned for drug offenses, that is 234,600 prisoners in 1993. Prisoners serving a drug sentence increased from 8 percent of the State and Federal prison population in 1980 to 26 percent in 1993. In Federal prisons—this is a startling statistic; people really should focus on this—inmates sentenced for drug law violations were the single largest group. Sixty percent in 1993 of the prisoners in our Federal prisons were there for drug law violations. That was up from 25 percent in 1980.

When you look into how we deal with the problem of more and more people going into prisons for drug offenses, the solution is in this area. The solution is in treatment, prevention, and education.

There is a publication which recently came out by the National Association of State Alcohol and Drug Abuse Directors which makes a very compelling case, that where we put these people in treatment, the incidence of criminal activity reduces very substantially. In my home State of New Mexico, they have estimated that the rate of DWI arrests in the year before treatment was 27.8 percent in the group that received treatment, while in the 1-year post-treatment period, the rate was 9.8 percent. That is an enormous reduction.

I know that the majority leader is concerned about how it impacts on his State. The report I am referring to says that Kansas has reported a reduction in legal problems on the addiction severity index comparison data between admission and discharge for 2,700 of its clients who received treatment services in fiscal year 1993. Between admission and discharge, there was a 35 percent decrease in the severity of legal problems for clients in treatment.

Mr. President, if we are serious about dealing with the crime problem, we need to maintain some level of funding here. My amendment simply provides $100 million in funding to offset the $1.3 billion which is contemplated in this legislation and in the appropriations bill that I referred to.

I know that people are concerned about not spending too much money. Mr. President, this is a good investment. If we do not spend the money here, we will be spending it down the road in building more prison cells. That is the tradeoff, and I believe very strongly that we ought to at least support the House level of expenditure for this drug and alcohol treatment prevention and education.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. SANTORUM. Mr. President, we are still working on this amendment, I think, between the two leaders. And if we could set this amendment aside temporarily and allow—I believe the Senator from Illinois is somewhere on the floor and may be willing to bring up his amendment at this point, and we will see if we can work this out.

Mr. BINGAMAN. Mr. President, I have no objection. I believe the Senator from Maine, Senator COHEN, wanted to speak for a few moments.

Mr. SANTORUM. There is time remaining on our side. We could allocate 2 minutes.

Mr. BINGAMAN. I have no objection to putting the amendment aside under those circumstances.

The PRESIDING OFFICER. Without objection, it is so ordered.

Under the previous order, there will now be 10 minutes of debate equally divided on the Simon amendment No. 2468, to be followed by a vote on or in relation to the amendment.

Mr. SANTORUM. Mr. President, I see the Senator from Illinois is here. I would allow him to proceed with his amendment.

Mr. SIMON addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

AMENDMENT NO. 2468, AS MODIFIED

Mr. SIMON. Mr. President, I ask unanimous consent to modify the amendment 2468.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The amendment, as modified, is as follows:

At the appropriate place, insert the following new title:

TITLE —COMMUNITY WORKS PROGRESS ACT

SEC. 00. SHORT TITLE.

This title may be cited as the "Community Works Progress Act".

SEC. 01. FUNDING FOR COMMUNITY WORKS PROGRESS PROGRAMS.

(a) AUTHORIZATION FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES.—There is authorized $240,000,000 for a demonstration Community Works Progress Administration up to $240,000,000 of the amounts authorized under this section may be used for the purpose of paying grants beginning with fiscal years after fiscal year 1997 to States for the operation of community works progress programs. Such amounts shall be paid to States in accordance with the requirements of this title and shall not be subject to any requirements of part A of title IV of the Social Security Act.

(b) LIMITATIONS ON COSTS.—

(1) ADMINISTRATIVE EXPENSES.—Not more than 10 percent of the amount of each grant awarded to a State may be used for administrative expenses.

(2) COMPENSATION AND SUPPORTIVE SERVICES.—Not less than 70 percent of the amount of each grant awarded to a State may be used to provide compensation and supportive services to project participants.

(3) WAIVER OF COST LIMITATIONS.—The limitations under paragraphs (1) and (2) may be waived for good cause, as determined appropriate by the Secretary.

(c) AMOUNTS REMAINING AVAILABLE FOR STATE FAMILY ASSISTANCE GRANTS.—Any amounts appropriated for making grants under this title for a fiscal year under section 403(a)(4)(A)(i) of the Social Security Act (42 U.S.C. 603(a)(2)(A)(4)(A)(i)) that are not paid as grants to States in accordance with this title in such fiscal year shall be available for making State family assistance grants for such fiscal year in accordance with subsection (a)(1) of such section.

SEC. ___01A. ESTABLISHMENT.

In the case of any fiscal year after fiscal year 1997, the Secretary of Labor (hereafter referred to in this title as the "Secretary") shall award grants to 4 States for the establishment of community works progress programs.

SEC. ___02. DEFINITIONS.

For purposes of this title:

(1) COMMUNITY WORKS PROGRESS PROGRAM.—The terms "community works progress program" and "program" mean a program designated by a State under which the State will select governmental and nonprofit entities to conduct community works progress projects which serve a significant public purpose in fields such as health, social service, environmental protection, education, urban and rural development and redevelopment, welfare, recreation, public facilities, public safety, and child care.

(2) COMMUNITY WORKS PROGRESS PROJECT.—The terms "community works progress project" and "project" mean an activity conducted by a governmental or nonprofit entity that results in a specific, identifiable service or product that, but for this title, would not otherwise be done with existing funds and that supplements but does not supplant existing services.

(3) NONPROFIT ENTITY.—The term "nonprofit entity" means an organization—

(A) described in section 501(c) of the Internal Revenue Code of 1986; and

(B) exempt from taxation under section 501(a) of such Code.

SEC. ___03. APPLICATIONS BY STATES.

(a) IN GENERAL.—Each State desiring to conduct, or to continue to conduct, a community works progress program under this title shall submit an annual application to the Secretary at such time and in such manner as the Secretary shall require. Such application shall include—

(1) identification of the State agency or agencies that will administer the program and be the grant recipient of funds for the State, and

(2) a detailed description of the geographic area in which the project is to be carried out, including such demographic and economic data as are necessary to enable the Secretary to consider the factors required by subsection (b).

(b) CONSIDERATION OF APPLICATIONS.—

(1) IN GENERAL.—In reviewing all applications received from States desiring to conduct or continue to conduct a community works progress program under this title, the Secretary shall consider—

(A) the unemployment rate for the area in which each project will be conducted,

(B) the proportion of the population receiving public assistance in each area in which a project will be conducted,

(C) the per capita income for each area in which a project will be conducted,

(D) the degree of involvement and commitment demonstrated by public officials in each area in which projects will be conducted,

(E) the likelihood that projects will be successful,

(F) the contribution that projects are likely to make toward improving the quality of life of residents of the area in which projects will be conducted,

(G) geographic distribution,

(H) the extent to which projects will encourage team approaches to work on real, identifiable needs,

(I) the extent to which private and community agencies will be involved in projects, and

(J) such other criteria as the Secretary deems appropriate.

(2) INDIAN TRIBES AND URBANIZED AREAS.—

(A) IN GENERAL.—The Secretary shall ensure that—

(i) one grant under this title shall be awarded to a State that will conduct a community works progress project that will serve one or more Indian tribes; and

(ii) one grant under this title shall be awarded to a State that will implement a community works progress project in a city that is within an Urbanized Area (as defined by the Bureau of the Census).

(B) INDIAN TRIBE.—For purposes of this paragraph, the term "Indian tribe" means any Indian tribe, band, nation, or other organized group or community, including any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act (43 U.S.C.A. 1601 et seq.), which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.

(c) MODIFICATION TO APPLICATIONS.—If changes in labor market conditions, costs, or other factors require substantial deviation from the terms of an application approved by the Secretary, the State shall submit a modification of such application to the Secretary.

SEC. ___04. PROJECT SELECTION BOARD.

(a) ESTABLISHMENT.—Each State that receives a grant under this title shall establish a Project Selection Board (hereafter referred to as the "Board") in the geographic area or areas identified by the State under section ___03(b)(2).

(b) MEMBERSHIP.—

(1) IN GENERAL.—Each Board shall be composed of 13 members who shall reside in the geographic area identified by the State under section ___03(b)(2). Subject to paragraph (2), the members of the Board shall be appointed by the Governor of the State in consultation with local elected officials in the geographic area.

(2) REPRESENTATIVES OF BUSINESS AND LABOR ORGANIZATIONS.—The Board—

(A) shall have at least one member who is an officer of a recognized labor organization; and

(B) shall have at least one member who is a representative of the business community.

(c) DUTIES OF THE BOARD.—The Board shall—

(1) recommend appropriate projects to the Governor;

(2) select a manager to coordinate and supervise all approved projects; and

(3) periodically report to the Governor on the project activities in a manner to be determined by the Governor.

(d) VETO OF A PROJECT.—One member of the Board who is described in subparagraph (A) of subsection (b)(2) and one member of the Board who is described in subparagraph (B) of such subsection shall have the authority to veto any proposed project. The Governor shall determine which Board members shall have the veto authority described under this subsection.

(e) TERMS AND COMPENSATION OF MEMBERS.—The Governor shall establish the terms for Board members and specify procedures for the filling vacancies and the removal of such members. Any compensation or reimbursement for expenses paid to Board members shall be paid by the State, as determined by the Governor.

SEC. ___05. PARTICIPATION IN PROJECTS.

(a) IN GENERAL.—To be eligible to participate in projects under this title, an individual shall be—

(1) receiving, eligible to receive, or have exhausted unemployment compensation under an unemployment compensation law of a State or of the United States,

(2) receiving, eligible to receive, or at risk of becoming eligible to receive, assistance under a State program funded under part A of title IV of the Social Security Act,

(3) a noncustodial parent of a child who is receiving assistance under a State program funded under part A of title IV of the Social Security Act,

(4) a noncustodial parent who is not employed, or

(5) an individual who—

(A) is not receiving unemployment compensation under an unemployment compensation law of a State or of the United States;

(B) if under the age of 20 years, has graduated from high school or is continuing studies toward a high school equivalency degree;

(C) has resided in the geographic area in which the project is located for a period of at least 60 consecutive days prior to the awarding of the project grant by the Secretary; and

(D) is a citizen of the United States.

(b) WORK ACTIVITY UNDER BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES.—For purposes of section 404(c)(3) of the Social Security act, as added by section 101(b) of this Act, the term 'work activity' includes participation in a community works progress program.

SEC. ___06. MANDATORY PARTICIPATION.

Able-bodied individuals who reside in a project area and who have received assistance under a State program funded under part A of title IV of the Social Security Act for more than 5 weeks shall be required to participate in a project unless—

(1) the project has no available placements; or

(2) the individual is a single custodial parent caring for a child age 5 or under and has a demonstrated inability to obtain needed child care, for 1 or more of the following reasons:

(A) Unavailability of appropriate child care within a reasonable distance of the individual's home or work site.

(B) Unavailability or unsuitability of informal child care by a relative or under other arrangements.

(C) Unavailability of appropriate and affordable formal child care arrangements.

SEC. ___07. HOURS AND COMPENSATION.

(a) DETERMINATION OF COMPENSATION.—

(1) IN GENERAL.—Except as provided in paragraph (2), project participants in a community works progress project shall be paid the applicable Federal or State minimum wage, whichever is greater.

(2) EXCEPTIONS.—If a participant in a community works progress project is—

(A) eligible for benefits under a State program funded under part A of title IV of the Social Security Act and such benefits exceed the amount described in paragraph (1), such participant shall be paid an amount that exceeds by 10 percent of the amount of such benefits; or

(B) eligible for benefits under an unemployment compensation law of a State or the United States such benefits exceed the amount described in paragraph (1), such participant shall be paid an amount that exceeds by 10 percent the amount of such benefits.

(b) WORK REQUIREMENTS RELATED TO PARTICIPATION.—

(1) IN GENERAL.—

(A) MAXIMUM HOURS.—In order to assure that each individual participating in a project will have time to seek alternative employment or to participate in an alternative employability enhancement activity, no individual may work as a participant in a project under this title for more than 32 hours per week.

(B) REQUIRED JOB SEARCH ACTIVITY.—Individuals participating in a project who are not receiving assistance under a State program funded under part A of title IV of the Social Security Act or unemployment compensation under an unemployment compensation law of a State or of the United States shall be required to participate in job search activities on a weekly basis.

(c) COMPENSATION FOR PARTICIPANTS.—

(1) PAYMENTS OF ASSISTANCE UNDER A STATE PROGRAM FUNDED UNDER PART A OF TITLE IV AND UNEMPLOYMENT COMPENSATION.—Any State agency responsible for making a payment of benefits to a participant in a project under a State program funded under part A of title IV of the Social Security Act or under an unemployment compensation law of a State or of the United States may transfer such payment to the governmental or nonprofit entity conducting such project and such payment shall be made by such entity to such participant in conjunction with any payment of compensation made under subsection (a).

(2) TREATMENT OF COMPENSATION OR BENEFITS UNDER OTHER PROGRAMS.—

(A) HIGHER EDUCATION ACT OF 1965.—In determining any grant, loan, or other form of assistance for an individual under any program under the Higher Education Act of 1965, the Secretary of Education shall not take into consideration the compensation and benefits received by such individual under this section for participation in a project.

(B) RELATIONSHIP TO OTHER FEDERAL BENEFITS.—Notwithstanding any other provision of law, any compensation or benefits received by an individual under this section for

participation in a community works progress project shall be excluded from any determination of income for the purposes of determining eligibility for benefits under a State program funded under part A of title IV, title XVI, and title XIX of the Social Security Act, or any other Federal or federally assisted program which is based on need.

(3) SUPPORTIVE SERVICES.—Each participant in a project conducted under this title shall be eligible to receive, out of grant funds awarded to the State agency administering such project, assistance to meet necessary costs of transportation, child care, vision testing, eyeglasses, uniforms and other work materials.

SEC. ___08. ADDITIONAL PROGRAM REQUIREMENTS.

(a) NONDUPLICATION AND NONDISPLACEMENT.—

(1) NONDUPLICATION.—

(A) IN GENERAL.—Amounts from a grant provided under this title shall be used only for a project that does not duplicate, and is in addition to, an activity otherwise available in the State or unit of general local government in which the project is carried out.

(B) NONPROFIT ENTITY.—Amounts from a grant provided to a State under this title shall not be provided to a nonprofit entity to conduct activities that are the same or substantially equivalent to activities provided by a State or local government agency in which such entity resides, unless the requirements of paragraph (2) are met.

(2) NONDISPLACEMENT.—

(A) IN GENERAL.—A governmental or nonprofit entity shall not displace any employee or position, including partial displacement such as reduction in hours, wages, or employment benefits, as a result of the use by such entity of a participant in a project funded by a grant under this title.

(B) LIMITATION ON SERVICES.—

(i) DUPLICATION OF SERVICES.—A participant in a project funded by a grant under this title shall not perform any services or duties or engage in activities that would otherwise be performed by any employee as part of the assigned duties of such employee.

(ii) SUPPLANTATION OF HIRING.—A participant in a project funded by a grant under this title shall not perform any services or duties or engage in activities that will supplant the hiring of other workers.

(iii) DUTIES FORMERLY PERFORMED BY ANOTHER EMPLOYEE.—A participant in a project funded by a grant under this title shall not perform services or duties that have been performed by or were assigned to any presently employed worker, employee who recently resigned or was discharged, employee who is subject to a reduction in force, employee who is on leave (terminal, temporary, vacation, emergency, or sick), or employee who is on strike or who is being locked out.

(b) FAILURE TO MEET REQUIREMENTS.—The Secretary may suspend or terminate payments under this title for a project if the Secretary determines that the governmental or nonprofit entity conducting such project has materially failed to comply with this title, the application submitted under this title, or any other terms and conditions of a grant under this title agreed to by the State agency administering the project and the Secretary.

(c) GRIEVANCE PROCEDURE.—

(1) IN GENERAL.—Each State conducting a community works progress program or programs under this title shall establish and maintain a procedure for the filing and adjudication of grievances from participants in any project conducted under such program, labor organizations, and other interested individuals concerning such program, including grievances regarding proposed placements of such participants in projects conducted under such program.

(2) DEADLINE FOR GRIEVANCES.—Except for a grievance that alleges fraud or criminal activity, a grievance under this paragraph shall be filed not later than 6 months after the date of the alleged occurrence of the event that is the subject of the grievance.

(d) TESTING AND EDUCATION REQUIREMENTS.—

(1) TESTING.—Each participant in a project shall be tested for basic reading and writing competence prior to employment under such project.

(2) EDUCATION REQUIREMENT.—

(A) FAILURE TO SATISFACTORILY COMPLETE TEST.—Participants who fail to complete satisfactorily the basic competency test required in paragraph (1) shall be furnished counseling and instruction. Those participants who lack a marketable skill must attend a technical school or community college to acquire such a skill.

(B) LIMITED ENGLISH.—Participants with limited English speaking ability may be furnished such instruction as the governmental or nonprofit entity conducting the project deems appropriate.

(e) COMPLETION OF PROJECTS.—

(1) IN GENERAL.—A governmental or nonprofit entity conducting a project or projects under this title shall complete such project or projects within the 2-year period beginning on a date determined appropriate by such entity, the State agency administering the project, and the Secretary.

(2) MODIFICATION.—The period referred to in paragraph (1) may be modified in the discretion of the Secretary upon application by the State in which a project is being conducted.

SEC. ___09. EVALUATIONS AND REPORTS.

(a) BY THE STATE.—Each State conducting a community works progress program or programs under this title shall conduct ongoing evaluations of the effectiveness of such program (including the effectiveness of such program in meeting the goals and objectives described in the application approved by the Secretary) and, for each year in which such program is conducted, shall submit an annual report to the Secretary concerning the results of such evaluations at such time, and in such manner, as the Secretary shall require. The report shall incorporate information from annual reports submitted to the State by governmental and nonprofit entities conducting projects under the program. The report shall include an analysis of the effect of such projects on the economic condition of the area, including their effect on welfare dependency, the local crime rate, general business activity (including business revenues and tax receipts), and business and community leaders' evaluation of the projects' success. Up to 2 percent of the amount granted to a State may be used to conduct the evaluations required under this subsection.

(b) BY THE SECRETARY.—The Secretary shall submit an annual report to the Congress concerning the effectiveness of the community works progress programs conducted under this title. Such report shall analyze the reports received by the Secretary under subsection (a).

SEC. ___10. EVALUATION.

Not later than October 1, 2000, the Secretary shall submit to the Congress a comprehensive evaluation of the effectiveness of community works progress programs in reducing welfare dependency, crime, and teenage pregnancy in the geographic areas in which such programs are conducted.

Mr. SIMON. Mr. President, this is an amendment offered by Senator BROWN, Senator REID, and myself. This is an amendment which would authorize, but not have a set-aside, four demonstration WPA-type projects where people would be on welfare only 5 weeks. After 5 weeks, like the WPA, the local people would pick the projects. They would have to work 4 days a week at the minimum wage. The fifth day they would have to be out trying to find a job in the private sector.

Why this is important is there is a tendency that is not going to change for the demand for unskilled labor to go down, and an awful lot of people on welfare are these people who are unskilled. We are going to pay people ultimately either for being productive or nonproductive. I think it makes much more sense to pay them for being productive.

And this is an amendment, I might add, that was passed last year. And I say to the Presiding Officer that the chief sponsor was Senator Boren. I was a cosponsor, as was Senator REID, and I think a few others on the other side also.

The idea is, let us have a demonstration. Let us see what we can do if we try this. What is going to happen—and this would be a voluntary thing—to the numbers if everyone after 5 weeks is required to work but is paid at minimum wage.

I would hope this would be accepted. It was accepted by voice vote a year ago. But if it is not accepted, I would require a vote on it.

Let me just add one other point while we are talking, Mr. President. We have heard a lot about teenage pregnancy. I took some counties in Illinois, and you see a direct correlation between teenage pregnancy and the number of people working.

The counties in California with a population over 250,000 get the same statistics. The same pattern is here.

If we really want to do something about teenage pregnancy, if we can put people to work—and I think it is not simply that they are occupied; I think it is that they have the spark of hope. Teenage pregnancy frequently comes with hopelessness. Anyway, I think it is a worthwhile experiment. I would hope we could move in this direction, and I am pleased to have some supporters on that side of the aisle as well as this side of the aisle.

I hope that we can accept this. I would be happy to answer any questions. Otherwise, I would yield the floor at this point.

Mr. SANTORUM. Mr. President, my understanding is the chairman of the Labor Committee, Senator KASSEBAUM, is still opposed to this amendment even in the modified form. It sets up a demonstration project with $240 million in four States. I know the Senator from Kansas believes that there is adequate money under AmeriCorps and other programs existing for these kinds of projects to occur.

I do not believe the Senator will be able to make it here to debate that. But my understanding is that we object to the amendment.

Mr. SIMON. Mr. President, again, I would hope that this would be acceptable. I understand that it will require a vote now.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. SANTORUM. Mr. President, I yield the remainder of my time.

Mr. SIMON. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 53 seconds remaining.

Mr. SIMON. Mr. President, let me just add one other point. We talked a lot on the floor in the Senate about the crime problem. My instinct is, if we guarantee jobs to people and require work—not just guarantee but require work—we will see a change in the crime rate.

You show me an area of high unemployment—black, Hispanic, white, whatever the area—and I will show you an area of high crime. I think this makes sense. I hope it could be accepted by the body.

Mr. President, I yield the remainder of my time.

The PRESIDING OFFICER. Is all time yielded back?

Mr. SANTORUM. Mr. President, we would like to stack a couple of votes, and I see the Senator from Minnesota is here to debate his two amendments. We have one amendment I believe of the Senator from Minnesota we can agree to related to agriculture. The second one will require a vote. And then we still have outstanding the Bingaman amendment which may require a vote.

How long will the Senator from Minnesota need on his first amendment on agriculture?

Mr. WELLSTONE. Mr. President, I would say to the Senator from Pennsylvania that I can do this in less than 5 minutes.

Mr. SANTORUM. And on the second amendment there will be 10 minutes equally divided? Ten minutes equally divided on the second amendment?

Mr. WELLSTONE. Mr. President, that is fine.

Mr. SANTORUM. Why not have the first vote at around 10 o'clock.

I would ask unanimous consent that the Simon amendment vote be postponed until 10 o'clock.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WELLSTONE. Mr. President, I wonder whether I could just—I am ready to go—suggest the absence of a quorum for 30 seconds.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. WELLSTONE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT 2503, AS MODIFIED

Mr. WELLSTONE. Mr. President, I send an amendment as modified to the desk.

The PRESIDING OFFICER. Is there objection to the modification? Without objection, the amendment is modified.

The amendment (No. 2503), as modified, is as follows:

On page 229, between lines 13 and 14, insert the following:

"(4) SUNSET OF ELECTION UPON INCREASE IN NUMBER OF HUNGRY CHILDREN.—

"(A) FINDINGS.—The Congress finds that—

"(i) on March 29, 1995 the Senate adopted a resolution stating that Congress should not enact or adopt any legislation that will increase the number of children who are hungry;

"(ii) it is not the intent of this bill to cause more children to be hungry;

"(iii) the Food Stamp Program serves to prevent child hunger; and

"(iv) a State's election to participate in the optional state food assistance block grant program should not serve to increase the number of hungry children in that State.

"(B) SUNSET.—If the Secretary of Health and Human Services makes two successive findings that the hunger rate among children in a State is significantly higher in a State that has elected to participate in a program established under subsection (a) than it would have been had there been no such election, 180 days after the second such finding such election shall be permanently and irreversibly revoked and the provisions of paragraphs (1) and (2) shall not be applicable to that State.

"(C) PROCEDURE FOR FINDING BY SECRETARY.—In making the finding described in subparagraph (B), the Secretary shall adhere to the following procedure:

"(i) Every three years, the Secretary shall develop data and report to Congress with respect to each State that has elected to participate in a program established under subsection (a) whether the child hunger rate in such State is significantly higher than it would have been had the State not made such election.

"(ii) The Secretary shall provide the report required under clause (i) to all States that have elected to participate in a program established under subsection (a), and the Secretary shall provide each State for which the Secretary determined that the child hunger rate is significantly higher than it would have been had the State not made such election with an opportunity to respond to such determination.

"(iii) If the response by a State under clause (ii) does not result in the Secretary reversing the determination that the child hunger rate in that State is significantly higher than it would have been had the State not made such election, then the Secretary shall publish a finding as described in subparagraph (B)."

Mr. WELLSTONE. Mr. President, there is some history to this amendment, and I am very pleased it has been accepted.

The history is this. Early on in this session, I came to the floor with a sense of the Senate that we would go on record saying we would take no action which could increase hunger or malnutrition among children in America. That amendment was defeated several times but then finally passed.

I believe the Senate is now on record on that question.

What this amendment says is that every 3 years, if we are going to block grant food stamps, Health and Human Services develops data on child hunger for each State that gets food stamps as a block grant.

What we want to look at is whether or not, after moving to block grants, the malnutrition and hunger among children goes up. HHS reports back the data to Congress and also sends a report out to the States and gives States a chance to respond. But if Health and Human Services finds out, based upon this survey—and it is two 3-year increments, as a matter of fact—States have gone to block granting and what has happened is you have seen an increase in hunger among children, then in fact it is no longer a block grant and it goes back to the Federal Food Stamp Program with the national standards.

Mr. President, I think this is a kind of proof-in-the pudding amendment. If in fact there are no problems, then there are no problems, and I certainly would assume that is exactly what Senators hope for.

My view is that we could very well be making a terrible mistake. My view is that we are coming very close, or we have I think moved away from a fundamental idea that there is a minimal role for the Federal Government in making sure that every child in America, no matter how poor, no matter from what family, no matter in what region of the United States of America, has some minimal level of assistance. This is an amendment that I think provides some check on that.

I thank my colleagues on the other side for accepting this amendment, and I urge its approval.

The PRESIDING OFFICER. Does the Senator yield back his time?

Mr. WELLSTONE. I would be pleased to.

Mr. SANTORUM. I yield back the remainder of my time.

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to amendment 2503, as modified.

The amendment (No. 2503), as modified, was agreed to.

Mr. WELLSTONE. Mr. President, I move to reconsider the vote.

Mr. SANTORUM. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2505

Mr. SANTORUM. Mr. President, I think we now move to the next Wellstone amendment and the Senator should proceed.

The PRESIDING OFFICER. Under a previous order, there will now be 10 minutes of debate equally divided on the Wellstone amendment No. 2505 to be followed by a vote on or in relation to the amendment.

Mr. WELLSTONE. Mr. President, I call up amendment 2505.

Mr. President, I think the best way for me to proceed on this—and I must say to my colleagues, I am actually puzzled; this is the amendment that I thought would be accepted without any

question—is to let me go through the findings.

Findings. The potential loss of Medicaid coverage represents a large disincentive for welfare recipients to accept jobs that offer no health insurance.

Mr. President, we all know that one of the problems when a mother wants to move from welfare to workfare is that quite often without any kind of transitional support from Medicaid she is worse off than she was before and just as importantly her children are worse off. Please remember, of the 15 million AFDC population, 9 million are children.

Whereas thousands of the Nation's employers continue to find the cost of health care out of reach; whereas the percentage of working people who receive health insurance from their employer has dipped to its lowest point since the 1980's; and whereas children are the largest proportion of the increase in the number of uninsured in recent years, it is the sense of the Senate . . .

I am really puzzled by the opposition. I would say this to Senators, that any Medicaid reform enacted by the Senate this year should require that States continue to provide Medicaid for 12 months to families that lose eligibility for welfare benefits because of more earnings or hours of employment.

Mr. President, we have said in this health care reform bill that we will have an extension of Medicaid for a year. This sense-of-the-Senate amendment just says the Senate will do what it says it is going to do.

I do not understand how there could be any opposition to this amendment. We have said that real welfare reform means there has to be this transition and there are all these proposed cuts in Medicaid. And so what this amendment just says is look, when we take up Medicaid separately, we go on record that the Senate will make sure that with that Medicaid funding there will be 1 year of transitional support.

I say to all of my colleagues, Democrats and Republicans alike, we cannot have it both ways. We cannot say that we are in favor of and we know we must provide some transitional coverage so that women and children are not in worse shape because of reform, and make a commitment to do that and now vote against the sense-of-the-Senate amendment that says we will do what we said we were going to do.

Mr. President, how much time do I have?

The PRESIDING OFFICER. The Senator has 2½ minutes.

Mr. WELLSTONE. I will reserve the remainder of my time to maybe get a sense—I am puzzled why this amendment has not been accepted.

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, the opposition on this side lies in the fact that right now we are in negotiations trying to deal with the problem of Medicaid and trying to come up with solutions that will provide services, health care services to the poor in our country and at the same time come within the reconciliation targets that are set. And we believe that if one of the options that is available to us, as has been discussed openly, is the idea of a block grant. A block grant would in fact give flexibility to the States to design their own program. And we would not be able in that situation to guarantee a transitional benefit.

So, what we want to do is maintain the flexibility for us to deal with this issue in a way that the Senate can come together to try to provide these services, health care services for the poor in our society. And one of the options on the table that we do not obviously want to foreclose is the option of doing a block grant to States to have them provide services. In fact, what we have seen in States that have gotten waivers, which would, in a sense, be similar to a block grant, States like Tennessee where we have seen a dramatic increase in the number of people covered—the Senator from Tennessee, who I do not know if he is around or on the floor, but Senator FRIST was one of the principal architects of the Tenn care plan that provided this flexibility, this flexibility from the Federal level, but allowed Tennessee to redesign their Medicaid Program to cover more people. In fact, more people are covered under Medicaid now in Tennessee and at less cost.

So we have seen State experiments that have worked in reducing health care costs and covering more people on Medicaid. And we do not want to foreclose that option for States to be able to do that in the future. And that is the reason we oppose the amendment.

Mr. WELLSTONE. Will the Senator yield for a question?

The PRESIDING OFFICER. Will the Senator yield?

Mr. SANTORUM. Yes.

Mr. WELLSTONE. Is the Senator saying there is a possibility that we would rescind what we have stated is a major provision of this welfare reform bill, namely, the requirement that States extend the Medicaid coverage for a year? Is that what the Senator is saying, that we may very well rescind what we have now passed?

Mr. SANTORUM. I think the Senator from Minnesota knows very well there are discussions with respect to Medicaid and those discussions should not be foreclosed by action taken by the Senate.

Mr. WELLSTONE. Well, Mr. President, then what my colleague from Pennsylvania has said is that this amendment——

The PRESIDING OFFICER. Does the Senator yield further?

Mr. SANTORUM. I do not yield further.

The PRESIDING OFFICER. Does the Senator reserve the remainder of his time?

Mr. SANTORUM. Yes.

Mr. WELLSTONE. Mr. President, this is amazing. I want people in the country to understand this. We have said we are going to have this welfare reform, it is not going to be punitive. We changed this for the better. States will be required to carry Medicaid for 1 year. I have a sense of the Senate that makes it clear that in the Medicaid debate that comes up we make a commitment that we will do what we said we would do.

And now I hear my colleague from Pennsylvania say, we may very well turn around and not do that. My amendment asks the Senate to go on record that we will do what we have said we are going to do in this piece of legislation. And now I have colleagues that equivocate on this question and say, you know what? This might be a sham. We say we are going to have transitional coverage to make sure that women and children are not hurt, but that is just for now. When it comes to the Medicaid debate, we may very well take away that funding.

I do not think the Senators can have it both ways. Are we not going to live up to our word as is now stated in this provision of this piece of legislation? I hope my colleagues will overwhelmingly support this amendment because this is all about the Senate's integrity. Are we for what we say we are for? Will we live up to our commitment?

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. SANTORUM. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. SANTORUM. Mr. President, I ask unanimous consent that further proceedings under the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SANTORUM. I will yield back the remainder of our time.

Mr. WELLSTONE. Mr. President, how much time do I have left?

The PRESIDING OFFICER. The Senator has 58 seconds left.

Mr. WELLSTONE. For every Senator that is going to vote on this, I am puzzled. This amendment says:

It is the sense of the Senate that any Medicaid reform enacted by the Senate this year should require that States continue to provide Medicaid for 12 months to families who lose eligibility for welfare benefits because of more earnings or hours of employment.

That is exactly what we said we are going to do for reform in this bill. Otherwise, there will not be any funding and then this will be truly punitive.

So we should go on record voting for what we said we were going to do. I hope every Senator will vote for this amendment.

I yield back the remainder of my time.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 2484

Mr. SANTORUM. Mr. President, it is my understanding that we have not been able to reach an agreement on the Bingaman amendment, which would then require a rollcall vote. I do not see anybody else on our side looking for time. All I would suggest is, the Bingaman amendment deals with a subject we have dealt with in the Daschle-Dole compromise. The Daschle-Dole compromise provided $100 million for drug treatment over the next 2 years. It was a compromise between what Senator COHEN and Senator BINGAMAN had sought, which was $100 million per year. We came up with $100 million over the next 2 years. It was intended to be a compromise.

As compromises are, we compromise, and hopefully when you compromise you do not go forward and offer the amendment that we compromised on. But, unfortunately, that has occurred in this case. It is going to cost $300 million more for this drug treatment. And I hope that, given the fact that this bill is far under the reconciliation target that we need to meet to balance the budget, this is another $300 million that we will have to take out of Medicaid or Medicare or somewhere else in the Finance Committee. And I think the Finance Committee has a hard enough burden as it is without adding more money for drug treatment for people, for people who are taken care of with $50 million a year for the first 2 years.

Obviously, this is something that we can come back and visit in the future. But we are well over. And I hope that Senators will recognize that we have got some tough decisions to make in the future. This is going to make it much tougher.

I yield back the remainder of my time.

I ask unanimous consent that votes occur in the order in which they were debated, starting at 10 a.m.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

AMENDMENT NO. 2484, AS MODIFIED

Mr. BINGAMAN. Mr. President, could I ask a question of the manager?

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. BINGAMAN. Mr. President, we have made some modification in the amendment to accommodate concerns that were raised on the other side. Is it permissible for me to send the modification of the amendment and have that voted on?

Mr. SANTORUM. Reserving the right to object——

The PRESIDING OFFICER. The Senator is seeking unanimous consent to modify his amendment?

Mr. BINGAMAN. Yes. I do seek unanimous consent to modify the amendment.

Mr. SANTORUM. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. SANTORUM. Mr. President, I ask unanimous consent that further proceedings under the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SANTORUM. Mr. President, we have no objection to the modification of the amendment.

The PRESIDING OFFICER. Without objection, the amendment is modified.

The amendment, as modified, is as follows:

On page 127, between lines 2 and 3, insert the following new subsection:

(d) SUPPLEMENTAL FUNDING FOR ALCOHOL AND SUBSTANCE ABUSE TREATMENT PROGRAMS.—

(1) IN GENERAL.—Out of any money in the Treasury not otherwise appropriated, there are hereby appropriated to supplement State and Tribal programs funded under section 1933 of the Public Health Service Act, $100,000,000 for each of the fiscal years 1997 through 2000.

(2) ADDITIONAL FUNDS.—Amounts appropriated under paragraph (1) shall be in addition to any funds otherwise appropriated for allotments under section 1933 of the Public Health Service Act and shall be allocated pursuant to such section 1933.

(3) USE OF FUNDS.—A State or Tribal government receiving an allotment under this subsection shall consider as priorities, for purposes of expending funds allotted under this subsection, activities relating to the treatment of the abuse of alcohol and other drugs.

Mr. BINGAMAN. Mr. President, I ask for the yeas and nays on the modified amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Is all time yielded back?

Mr. SANTORUM. I yield back the remainder of the our time.

The PRESIDING OFFICER. the question is on agreeing to the Bingaman amendment No. 2484, as modified.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Utah [Mr. HATCH] is necessarily absent.

The PRESIDING OFFICER (Mr. DEWINE). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 41, nays 58, as follows:

[Rollcall Vote No. 429 Leg.]

YEAS—41

Akaka	Feinstein	Kerry
Biden	Ford	Lautenberg
Bingaman	Glenn	Leahy
Boxer	Graham	Levin
Bradley	Harkin	Lieberman
Bryan	Heflin	Mikulski
Bumpers	Hollings	Moseley-Braun
Cohen	Inouye	Murray
Conrad	Jeffords	Nunn
Dodd	Johnston	Pell
Dorgan	Kennedy	Pryor
Exon	Kerrey	Reid
Robb	Rockefeller	Simon
	Sarbanes	Wellstone

NAYS—58

Abraham	Faircloth	McConnell
Ashcroft	Feingold	Moynihan
Baucus	Frist	Murkowski
Bennett	Gorton	Nickles
Bond	Gramm	Packwood
Breaux	Grams	Pressler
Brown	Grassley	Roth
Burns	Gregg	Santorum
Byrd	Hatfield	Shelby
Campbell	Helms	Simpson
Chafee	Hutchison	Smith
Coats	Inhofe	Snowe
Cochran	Kassebaum	Specter
Coverdell	Kempthorne	Stevens
Craig	Kohl	Thomas
D'Amato	Kyl	Thompson
Daschle	Lott	Thurmond
DeWine	Lugar	Warner
Dole	Mack	
Domenici	McCain	

NOT VOTING—1

Hatch

So the amendment (No. 2484) was rejected.

Mr. DOLE. Mr. President, I ask unanimous consent the next two votes be 10-minute votes.

The PRESIDING OFFICER. Without objection, the next two votes will be 10-minute votes.

VOTE ON AMENDMENT 2468, AS MODIFIED

The PRESIDING OFFICER. The question is on agreeing to the Simon amendment, No. 2468, as modified.

The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 37, nays 63, as follows:

[Rollcall Vote No. 430 Leg.]

YEAS—37

Akaka	Feinstein	Moseley-Braun
Boxer	Harkin	Murray
Bradley	Heflin	Nunn
Breaux	Hollings	Pell
Brown	Inouye	Pryor
Bryan	Johnston	Reid
Bumpers	Kennedy	Robb
Byrd	Kerry	Rockefeller
Conrad	Kohl	Sarbanes
Daschle	Lautenberg	Simon
Dodd	Levin	Wellstone
Dorgan	Lieberman	
Feingold	Mikulski	

NAYS—63

Abraham	Ford	Lugar
Ashcroft	Frist	Mack
Baucus	Glenn	McCain
Bennett	Gorton	McConnell
Biden	Graham	Moynihan
Bingaman	Gramm	Murkowski
Bond	Grams	Nickles
Burns	Grassley	Packwood
Campbell	Gregg	Pressler
Chafee	Hatch	Roth
Coats	Hatfield	Santorum
Cochran	Helms	Shelby
Cohen	Hutchison	Simpson
Coverdell	Inhofe	Smith
Craig	Jeffords	Snowe
D'Amato	Kassebaum	Specter
DeWine	Kempthorne	Stevens
Dole	Kerrey	Thomas
Domenici	Kyl	Thompson
Exon	Leahy	Thurmond
Faircloth	Lott	Warner

So the amendment (No. 2468), as modified, was rejected.

VOTE ON AMENDMENT NO. 2505

The PRESIDING OFFICER. The question now occurs on the Wellstone

amendment, No. 2505. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 49, nays 51, as follows:

[Rollcall Vote No. 431 Leg.]

YEAS—49

Akaka	Feinstein	Mikulski
Baucus	Ford	Moseley-Braun
Biden	Glenn	Moynihan
Bingaman	Graham	Murray
Boxer	Harkin	Nunn
Bradley	Heflin	Pell
Breaux	Hollings	Pryor
Bryan	Inouye	Reid
Bumpers	Johnston	Robb
Byrd	Kennedy	Rockefeller
Cohen	Kerrey	Sarbanes
Conrad	Kerry	Simon
Daschle	Kohl	Snowe
Dodd	Lautenberg	Specter
Dorgan	Leahy	Wellstone
Exon	Levin	
Feingold	Lieberman	

NAYS—51

Abraham	Frist	Mack
Ashcroft	Gorton	McCain
Bennett	Gramm	McConnell
Bond	Grams	Murkowski
Brown	Grassley	Nickles
Burns	Gregg	Packwood
Campbell	Hatch	Pressler
Chafee	Hatfield	Roth
Coats	Helms	Santorum
Cochran	Hutchison	Shelby
Coverdell	Inhofe	Simpson
Craig	Jeffords	Smith
D'Amato	Kassebaum	Stevens
DeWine	Kempthorne	Thomas
Dole	Kyl	Thompson
Domenici	Lott	Thurmond
Faircloth	Lugar	Warner

So the amendment (No. 2505) was rejected.

Mr. DOLE. Mr. President, I move to reconsider the vote.

Mr. SANTORUM. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The majority leader.

AMENDMENT NO. 2550

Mr. DOLE. I ask we temporarily set aside the Kennedy amendment No. 2564 and move to the Kohl amendment No. 2550.

The PRESIDING OFFICER. Without objection, it is so ordered.

Under the previous order, there will now be 10 minutes of debate equally divided on the Kohl amendment No. 2550, followed by a vote on or in relation to the amendment.

Mr. KOHL. I thank the Chair.

Mr. President, I ask unanimous consent at this time that Senator LEAHY be added as an original cosponsor to this amendment No. 2550.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KOHL. Mr. President, we should not need to debate this amendment for very long. It is straightforward. This amendment would exempt the food stamp benefits that go to children, the elderly and disabled from the optional State block grant program set up in the bill.

I want to emphasize to my colleagues that the House in its welfare reform bill did not choose to block grant food stamps at all.

The argument for this amendment is simple. If it is not broke, do not fix it. Welfare is broke, financially and philosophically, but by "welfare," what we have always meant are the federally driven programs that pay benefits to able-bodied adults who are not working.

Most of us and most Americans want to see the welfare programs redesigned to emphasize moving recipients to work rather than paying them to stay home. And many of us believe that such work-based welfare programs can best be managed at the State and local level where officials understand the local economy and the specific needs of those in the community who are without jobs.

But Federal nutrition programs that serve the elderly, the disabled and children are not broken. In all the meetings that I have held throughout Wisconsin on welfare reform, no one has complained to me about Federal programs that have provided a hot meal to elderly retirees or a school lunch to children. No one has suggested that we ought to make these populations work for their food stamps.

So we should not lump food stamps to the elderly, disabled and the children in with the welfare programs that so many Americans want ended. In ending welfare as we know it, we should not end successful nutrition programs that keep our children, the disabled, and the elderly from going hungry. This amendment would still leave States with the ability to take as a block grant food stamps and money that go to adults that can and should work. However, children, the elderly, and the disabled would retain the assurance that nutritional assistance and Federal nutrition standards will be there when they are needed. And, again, I want to remind my colleagues that the House did not block grant food stamps at all.

This amendment has been endorsed by the Children's Defense Fund, the Food Research & Action Center, and Bread for the World. I ask unanimous consent that letters I have in support from these antihunger groups be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

BREAD FOR THE WORLD (A CHRISTIAN CITIZENS' MOVEMENT IN THE USA),
Silver Spring, MD, September 11, 1995.

DEAR SENATOR KOHL: Bread for the World, a nation-wide Christian citizen's movement against hunger, opposes the optional food stamps block grant found in the Work Opportunity Act of 1995, S. 1120. We hope there will be attempts to remove the Food Stamps Program from the welfare reform legislation and urge you to support an amendment that would do so. However, in the absence of such an amendment, we would support your amendment to exempt children, the elderly and disabled from the optional food stamps block grant.

Current nutrition programs need to be strengthened in order to assure access to a nutritious diet for every person. Bread for the World supports proposals by the Department of Agriculture to make improvements in the Food Stamp Program. But deep funding cuts and the option to block grant would inevitably spawn more hunger in this country, particularly for children.

The Food Stamps Program is this nation's leading defense against hunger in this country and ensures those in need access to an adequate diet. The program targets some of the most vulnerable members of society, including children and elderly persons. Over eighty percent of benefits go to households with children and sixteen percent of food stamp households contain at least one elderly person.

Tufts University released a study in July of this year showing that the federal Food Stamp Program greatly impacts diets of poor children in this country. The study found that food stamp participation reduces dietary deficiencies among poor children by 30-50% for certain nutrients, and over 70% for others. Over half of all food stamp recipients are children.

We strongly believe that federal standards on eligibility and benefit levels are important to the food stamps program to ensure it is available on an equitable basis for all who need it. However, at the very minimum, we must as a nation ensure that our children do not go hungry.

Sincerely,

DAVID BECKMANN,
President.

FOOD RESEARCH & ACTION CENTER,
Washington, DC, September 11, 1995.

DEAR SENATOR: We write to urge your support for the Kohl amendment to S. 1120 (amendment #2550) which could exempt the elderly, disabled persons, and children from the proposed optional food stamp block grant. FRAC supports this amendment as necessary to protect the ability of the Food Stamp Program to serve the most vulnerable in our society.

FRAC strongly opposes the optional food stamp block grant as it would eliminate the assurance of assistance for all eligible persons in need when they need assistance. The Food Stamp Program has been successful in alleviating hunger precisely because of its ability to respond automatically, especially in times of recession or natural disaster.

It is because of the vital role the Food Stamp Program plays in feeding the most vulnerable among us, particularly children, the elderly and the disabled, that FRAC strongly supports the amendment to exclude these populations from a block grant. We thank you for your consideration.

The Food Research and Action Center.

CHILDREN'S DEFENSE FUND.
Washington, DC, September 12, 1995.

Hon. HERB KOHL,
U.S. Senate, Washington, DC.

DEAR SENATOR KOHL: I am writing in support of your amendment, #2550, to the welfare reform bill currently being debated on the Senate floor. The amendment would exempt children and people who are elderly or disabled from the proposed optional food stamp block grant.

While we oppose the proposed optional food stamp block grant, if the block grant is passed this amendment would be a significant step in the right direction towards protecting vulnerable children from hunger.

Thank you for your leadership on this issue.

Sincerely yours,

MARIAN WRIGHT EDELMAN.

Mr. KOHL. So, Mr. President, I urge the Senate to support this change to guarantee that children, the elderly, and the disabled do not go hungry. I urge my colleagues to support the Kohl-Leahy amendment.

I thank the President.

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. Aside from the administrative nightmare that would be created for the States to give them a block grant for some people and an entitlement for others and the administrative problem, this costs $1.4 billion over the next 7 years.

As we have said many times, we are well under our reconciliation targets. This is money that is going to have to come out of other programs. We simply cannot afford this amendment. I urge rejection of the Kohl amendment.

LEAVE OF ABSENCE

Mr. STEVENS. Mr. President, I ask unanimous consent that I be excused from attending the Senate for the remainder of this day.

The PRESIDING OFFICER. Without objection, it is so ordered.

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

Mr. SANTORUM. I yield back the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. KOHL. Mr. President, I would like to emphasize to my colleagues that the House, which passed a very small welfare reform bill, which in many respects is really good, took a look at food stamps. They decided that the country could not afford, from a humanitarian and social point of view, to block grant food stamps at all.

Now we have decided we should block grant food stamps. I agree that for the population that we are attempting to move from welfare into work we should block grant food stamps and be very different how we parcel out food stamps. But when we talk about children, the disabled, and the elderly, to block grant food stamps, it seems to me, is not what welfare reform is all about and not what we are trying to accomplish here. And that is why I am arguing that this population should be exempt from having their food stamps block granted and ultimately rationed out to them when that is not the intention of what this welfare reform bill is to accomplish.

The PRESIDING OFFICER. Who yields time?

Mr. DOLE. Mr. President, I have no quarrel with the Senator from Wisconsin, but it is about $1.4 billion. We tried to accommodate some of the concerns on child care. And we have lost some savings on this side. And every time we accommodate one of these amendments, it means we are going to have to cut somewhere else in Medicare to reach the budget request because I understand we are going to be scored on this next week. And we are going to have to take our lumps, because we have made some accommodations.

So I hope we can defeat this amendment.

The PRESIDING OFFICER. Who yields time?

Does the Senator yield back his time?

Mr. KOHL. I yielded back my time.

VOTE ON AMENDMENT NO. 2550

The PRESIDING OFFICER. All time is yielded back. All time has expired.

The question is on agreeing to amendment No. 2550.

Mr. KOHL. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 47, nays 53, as follows:

[Rollcall Vote No. 432 Leg.]

YEAS—47

Akaka	Feingold	Leahy
Baucus	Feinstein	Levin
Biden	Ford	Lieberman
Bingaman	Glenn	Mikulski
Boxer	Graham	Moseley-Braun
Bradley	Harkin	Murray
Breaux	Heflin	Nunn
Bryan	Hollings	Pell
Bumpers	Inouye	Pryor
Byrd	Jeffords	Reid
Cohen	Johnston	Robb
Conrad	Kennedy	Rockefeller
Daschle	Kerrey	Sarbanes
Dodd	Kerry	Simon
Dorgan	Kohl	Wellstone
Exon	Lautenberg	

NAYS—53

Abraham	Gorton	Moynihan
Ashcroft	Gramm	Murkowski
Bennett	Grams	Nickles
Bond	Grassley	Packwood
Brown	Gregg	Pressler
Burns	Hatch	Roth
Campbell	Hatfield	Santorum
Chafee	Helms	Shelby
Coats	Hutchison	Simpson
Cochran	Inhofe	Smith
Coverdell	Kassebaum	Snowe
Craig	Kempthorne	Specter
D'Amato	Kyl	Stevens
DeWine	Lott	Thomas
Dole	Lugar	Thompson
Domenici	Mack	Thurmond
Faircloth	McCain	Warner
Frist	McConnell	

So, the amendment (No. 2550) was rejected.

AMENDMENT NO. 2564, AS MODIFIED

The PRESIDING OFFICER. Under the previous order, there will now be 10 minutes of debate equally divided on the Kennedy amendment No. 2564, as modified, to be followed by a vote on or in relation to the amendment.

Mr. DOLE. Mr. President, as I understand it, I think we can accept the amendment by the Senator from Massachusetts.

I ask unanimous consent that the amendment by Senator GRAMM be modified.

I send the modification to the desk.

Mr. HARKIN. Reserving the right to object. I might ask the leader, this is a modification of what?

Mr. DOLE. Of an amendment Senator GRAMM will offer and have a rollcall vote on. It is a modification suggested by Senator KASSEBAUM, chairman of the Labor Committee.

Mr. HARKIN. May I review that first? I reserve the right to object.

Mr. GRAMM. We are going to vote on it and debate it.

Mr. HARKIN. I would like to look at it.

Mr. DOLE. We have been letting everybody modify their amendments on that side, I might say.

Mr. HARKIN. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2617, AS MODIFIED

Mr. DOLE. Mr. President, I renew the request with reference to Gramm amendment No. 2617. I ask unanimous consent that the amendment be so modified.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The amendment (No. 2617), as modified, is as follows.

At the appropriate place, insert the following:

SEC. . RESTRICTIONS ON TAXPAYER FINANCED LEGAL CHALLENGES.

(a) IN GENERAL.—No legal aid organization or other entity that provides legal services and which receives Federal funds may challenge (or act as an attorney on behalf of any party who seeks to challenge) in any legal proceeding—

(1) the legal validity—

(A) under the United States Constitution—

(i) of this Act or any regulations promulgated under this Act; and

(ii) of any law or regulation enacted as promulgated by a State pursuant to this Act;

(B) under this Act or any regulation adopted under this Act of any State law or regulation; and

(C) under any State Constitution of any law or regulation enacted or promulgated by a State pursuant to this Act; and

(2) the conflict—

(A) of this Act or any regulations promulgated under this Act with any other law or regulation of the United States; and

(B) of any law or regulation, enacted or promulgated by a State pursuant to this Act with any law or regulation of the United States.

(b) LEGAL PROCEEDING DEFINED.—For purposes of this section, the term "legal proceeding" includes—

(1) a proceeding—

(A) in a court of the United States;

(B) in a court of a State; and

(C) in an administrative hearing in a Federal or State agency; and

(2) any activities related to the commencement of a proceeding described in subparagraph (A).

AMENDMENT NO. 2564, AS MODIFIED

Mr. KENNEDY. Mr. President, I send a modification to the desk of my amendment No. 2564.

The PRESIDING OFFICER. The Senator has that right. The amendment is so modified.

The amendment (No. 2564), as modified, is as follows:

On page 292, line 5, strike "and".

On page 292, line 11, strike the period and insert a semicolon.

On page 292, between lines 11 and 12, insert the following new subparagraphs:

"(F) the Head Start program (42 U.S.C. 9801); and

(G) programs specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (i) delivers services at the community level, including through public or private nonprofit agencies; (ii) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (iii) are necessary for the protection of life, safety, or public health."

Mr. DOLE. Mr. President, we are prepared to accept the Kennedy amendment No. 2564, as modified.

The PRESIDING OFFICER. Do the Senators wish to debate the amendment?

Mr. KENNEDY. Mr. President, I want to thank the Senator from Wyoming for his able assistance in working out this compromise.

Mr. President, we all agree that illegal aliens should not be eligible for Federal programs. The only exception is when the assistance is in the nature of emergency services. Both the Dole bill and the Democratic bill underscore this policy.

But the situation is very different with respect to legal immigrants. They are lawfully in this country, and they make substantial contributions to our communities and to our Nation. They work, they create jobs, they pay taxes, they promote family values, and they contribute to the sciences, the arts and culture.

In fact, legal immigrants contribute $25 to $35 billion more in taxes each year than they take out in services, including the educational costs of their children.

We all want to get tough on illegal immigration. But the Dole proposal does so in a way that turns countless churches, synagogues, and community groups into immigration police. If they receive Government funds to operate soup kitchens, food pantries, battered women's shelters, rape crisis centers, and many other community services, they must now check a needy client's immigration status before they can provide assistance.

This means that priests, ministers, rabbis, social workers, teachers, family crisis counselors, and community health workers must become immigration police and check for green cards before they can offer help or carry out their humanitarian work.

Imagine a shattered young girl, brutally raped and requiring immediate care and counseling at a rape crisis center. If the center is even partially funded with Government money, under this bill, the center must first determine if the traumatized young victim is a citizen or noncitizen. They must find out whether she is here legally or illegally. If she is illegal, they can't help her.

In addition, if she is a legal immigrant, they must determine if she has a sponsor, find out what the sponsor's income is, and determine whether deeming the sponsor's income makes her eligible or ineligible for Government-funded help.

This same lengthy and complicated process would be repeated countless times all across the country. Priests must check the immigration status of the homeless and hungry at church soup kitchens. Social workers must check the status of battered women seeking protection. Teachers must check the status of children enrolling in Head Start programs. Rabbis must check the status of the elderly for assistance to the homebound.

For example, in 1993, Catholic charities provided services to needy people across America—citizens and noncitizens alike—including food pantries, soup kitchens, homeless shelters, family counseling programs, and other valuable community assistance. More than 60 percent of the funding for these services came from Federal, State, and local governments. This assistance is provided on the basis of need. As a result, under the Dole bill, Catholic Charities would be required to check immigration status before they help anyone.

We all agree that Head Start programs give children an effective early start toward a more successful and fulfilling future. But under the Dole bill, Head Start teachers would have to check children's green cards before they enter the program.

The Department of Health and Human Services offers a partial list of noncash programs under its jurisdiction which would be affected by the harsh features of the Dole bill. Significant portions of these programs are administered by community-based organizations, churches, and other nonprofit groups, who would be required by the bill to check the immigration status of their clients. The list includes:

Programs serving abused and neglected children and preventing family and domestic violence. Programs providing critical public health services to women and children, including maternal and child health.

Early childhood development programs. Youth development and violence prevention programs.

The Dole bill exempts school lunches, WIC, emergency Medicaid and certain other noncash programs. But if we are to avoid forcing the Nation's clergy and teachers and social workers to become immigration police by demanding green cards of their clients, we need to do more.

Rather than list individually the additional programs which should be exempted from the bill, my amendment leaves the decision to the Attorney General in consultation with the head of the agency or department administering the assistance program. In that way, before a program is exempted from the bill, the law enforcement perspective of the Attorney General, together with the benefits perspective of the agency providing the assistance, will determine the decision.

I believe my amendment represents a responsible compromise on this issue, and I urge its adoption.

Mr. SIMPSON. As I understand it, this amendment is intended to cover those few programs involving little cost in which an individual income determination is not required.

Mr. KENNEDY. That is correct. My amendment is intended to cover programs which are in the interest of the community and are needed for the fundamental health or safety of the immigrant or the community. In giving the authority to make the determination to the Attorney General, it is my expectation that decisions regarding which programs to designate under this authority will be made with immigration law enforcement interests in mind as well.

The kinds of program which I would envision being designated under this amendment are soup kitchens, battered women's shelters, rape crisis centers, and other similar programs. It will not cover entitlement programs.

The PRESIDING OFFICER. The question is on agreeing to the Kennedy amendment No. 2564, as modified.

The amendment (No. 2564), as modified, was agreed to.

Mr. KENNEDY. Mr. President, I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. The next amendment is by Senator SIMON and Senator GRAHAM of Florida.

AMENDMENT NO. 2509

The PRESIDING OFFICER. Under the previous order, there will now be 10 minutes of debate, equally divided, on the Simon-Graham amendment No. 2509, to be followed on a vote on or in relation to the amendment.

Mr. SIMON. Mr. President, if I may have the attention of the floor manager on this, Senator GRAHAM of Florida has become a chief sponsor of this amendment and is trying to work out an amendment. I do not know whether he is successful in that or not.

I yield to the Senator from Florida.

Mr. GRAHAM. Mr. President, as my colleague has just explained, the basic thrust of this amendment is to maintain the status quo and the rules of the game under which those people who are currently in the country as legal immigrants, playing by the rules as they were at the time they entered the country, particularly as it relates to

that group of legal immigrants who are attending educational institutions and depend upon their access to things like guaranteed loans to be able to finance their education. There has been some discussion of possibly limiting the scope of this amendment to be more specifically focused on that one issue. As of this point, there does not appear to be interest in that limitation. But I will state to my colleagues that that is an extremely important part of what this legislation would do.

It really means the ability for thousands of students across the country to be able to continue their education and continue their pursuit of the American dream—coming to America, getting an education, becoming a fully self-supporting citizen.

I yield to my colleague.

Mr. SIMON. Mr. President, I ask for the attention of my colleagues here. Every change we have made in immigration in the past has been prospective, not retroactive. That is the way it should be. To say that if, for example, Senator DEWINE was the chief sponsor for an immigrant named Senator FORD, and he agrees to be responsible for 3 years, that is the way it should be. When we change that to 5 years, we should do it prospectively, not retroactively. That is No. 1.

The second point is that we should not go back to Senator DEWINE and say, sorry, you agreed to 3 years, now we are going to make it 5.

This is the point the Senator from Florida has made which is very important. There are thousands of students who are legal immigrants in this country, who are going to become citizens, and without this amendment, they cannot get any benefits in this country, and they are going to have to leave school. Without this amendment, they lose all education assistance. I do not think that makes sense for this country. So I am pleased to cosponsor this amendment with Senator GRAHAM. I think it is important, and I hope it will be adopted.

Mr. GRAHAM. How much time remains, Mr. President?

The PRESIDING OFFICER. The Senator has 1 minute 35 seconds.

Mr. GRAHAM. Mr. President, I would like to reserve that to close.

The PRESIDING OFFICER. Who yields time?

Mr. DOLE. Mr. President, we have a matter involving the Senator from Wyoming, Senator SIMPSON. He will be here momentarily. We are also trying to determine the cost of this amendment. I understand it is about half a billion dollars.

Mr. SIMPSON. Mr. President, might I inquire as to the time for the Senator from Wyoming?

The PRESIDING OFFICER. The Senator from Wyoming has 4 minutes and 29 seconds.

Mr. SIMPSON. Mr. President, again, as in last night's activity, a difficult and emotional issue, couched in the terms of immigration and welfare—either we do something or we do not. It is very simple.

The Dole welfare reform bill would for 5 years require the deeming of a sponsor's income and resources in the case of a sponsored immigrant seeking public assistance. Immigration law is riddled with compassionate loopholes and people are fed up.

We must place sensible controls on these continuing conditions or Americans will be in terminable compassion fatigue.

This 5-year deeming period is consistent with the 5-year deeming period for SSI, which we did last year. It is exactly the same as that 5 years. It is exactly the 5-year deeming period for AFDC and food stamps proposed by the President of the United States in his own welfare reform bill, the President's proposal. The sponsor's assets and income are deemed to be those of the immigrants when you come to the United States.

The only immigrants affected by this 5-year deeming period are those who have already entered within the last 5 years and who apply for or are already receiving public assistance of some form or amount. Please hear that. Remember, please—and you cannot miss this point—the people who are admitted as immigrants to the United States, to this very generous land, are here only after their sponsors convinced the visa officer that the immigrant would not require public assistance at any time—not just for 5 years or the first 3 years or any year, but at any time, and that they would not become a public charge.

Under the Graham-Simon amendment, sponsored immigrants who have entered within the past 5 years could continue to receive assistance under programs which they already benefit and could apply for and receive assistance under many other programs immediately, and several others in less than 3 years.

Most other Americans would certainly question that fairness, when their own children cannot get in those programs because they happen to be native born.

Keep in mind, now, these persons were admitted only—only—because they were able to convince, to make a promise to the visa officer that they would not become a public charge, and the law says "at any time."

This amendment would therefore have the purpose of relieving the immigrants and his or her sponsor from that promised obligation to give the required assistance, and the good old American taxpayers would then take over to the tune of $623 million over 5 years.

I want to emphasize that clearly again. Before an immigrant can be admitted, it must be established that he or she is not likely to become a public charge, that the real contract the immigrant and the sponsor have with the American people, the real promise of America, is keeping promises. Whether the affidavit of support is for 3 years or 5 years is much beside the point. The understanding was the immigrant would not become a burden on the public of the United States, especially not in his first 5 years in the United States.

What would the American taxpayers say if they knew we were admitting persons as immigrants who they knew would then be covered under this amendment, would be able to receive public assistance so soon after their arrival, even within 3 years?

My colleague from Florida is honestly concerned about college students in his State who are recent immigrants who may want to receive public-funded college assistance. It is good and in our national interest that the newcomers seek to improve themselves through additional education and training, but the agreement of admission, the promise made was that the immigrants and his or her sponsor would take care of the cost of that education and not the American taxpayers.

A sponsor is a sponsor is a sponsor. If the Senator says that we must maintain the status quo and not change the rules of the game, there is a good way to do it: reject this amendment because the rule of the game is the newcomer must be self-supported, not likely at any time to become a public charge. Those are the words of the immigration law.

The PRESIDING OFFICER. The Senator from Florida has 1 minute and 25 seconds. All time is expired on the other side.

Mr. GRAHAM. This amendment keeps the status quo, particularly as it relates to students who are using Federal programs, such as the guaranteed student loan to continue their education.

The Senator from Wyoming talks about holding sponsors responsible. If we had been able to hold sponsors responsible, we would not have to have the change in the law that is contained in the underlying amendment. The fact is that we have a policy which has been to set a period of time within which we would deem the sponsors' income. We are now about to change that in a prospective manner.

Our previous policies relative to changing immigration law as it relates to legal immigrants have always been to do it for the future, not to change the rules of the game for those people who are here in America today.

I believe this goes to two fundamental principles. One is we play by the rules of the game as those rules were set when the game begins. If you change the rules, you do it for the next game.

Second, we want to encourage these people to get an education so that they can become, to the maximum possible extent, participants in the American dream, participants in building their families, communities, and this Nation.

I urge the adoption of this amendment.

The PRESIDING OFFICER. All time has expired. The question is on agreeing to the Simon-Gramm amendment No. 2509. The yeas and nays have been ordered.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Alaska [Mr. STEVENS] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 35, nays 64, as follows:

[Rollcall Vote No. 433 Leg.]

YEAS—35

Akaka	Graham	Mikulski
Bingaman	Hatfield	Moseley-Braun
Boxer	Inouye	Moynihan
Breaux	Johnston	Murray
Bumpers	Kennedy	Nunn
Chafee	Kerrey	Pell
Conrad	Kerry	Pryor
Daschle	Lautenberg	Sarbanes
Dodd	Leahy	Simon
Dorgan	Levin	Specter
Feinstein	Lieberman	Wellstone
Glenn	Mack	

NAYS—64

Abraham	Faircloth	Lugar
Ashcroft	Feingold	McCain
Baucus	Ford	McConnell
Bennett	Frist	Murkowski
Biden	Gorton	Nickles
Bond	Gramm	Packwood
Bradley	Grams	Pressler
Brown	Grassley	Reid
Bryan	Gregg	Robb
Burns	Harkin	Rockefeller
Byrd	Hatch	Roth
Campbell	Heflin	Santorum
Coats	Helms	Shelby
Cochran	Hollings	Simpson
Cohen	Hutchison	Smith
Coverdell	Inhofe	Snowe
Craig	Jeffords	Thomas
D'Amato	Kassebaum	Thompson
DeWine	Kempthorne	Thurmond
Dole	Kohl	Warner
Domenici	Kyl	
Exon	Lott	

NOT VOTING—1

Stevens

So the amendment (No. 2509) was rejected.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2568

The PRESIDING OFFICER. Under the previous order, there will now be 10 minutes of debate equally divided on the Graham amendment No. 2568 to be followed by a vote on or in relation to the amendment.

Mr. GRAHAM. Mr. President, I ask unanimous consent that Senator PRYOR be added as a cosponsor of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAHAM. Mr. President, the structure of this bill establishes objectives that States are to meet, particularly in the area of placement of people in work, 25 percent in 1996 rising to 50 percent in the year 2000. Those are laudable objectives.

There are also some very serious sanctions against States that do not meet those objectives. A State is subject, for instance, to losing 5 percent of its Federal grant if in any year it fails to meet the standard that has been set.

What is the problem? The problem is that we are distributing to States wildly different amounts of Federal resources in which to meet those consistent objectives. We are telling, for instance, the State of Mississippi that it will have to use 88 percent of its Federal money in order to meet the mandates of this bill. Other States will be able to meet the mandates for less than 35 percent of the Federal money that will be made available.

That seems inherently unfair, to have 50 States, each of which has a much different position at the starting line in terms of the kind of support they are going to meet but then say that each one has to get to the finish line at exactly the same point and, if they fail to do so, be subject to significant financial personality.

What this amendment says is that the Secretary of HHS should look at the national standards and make adjustments based on the amount of Federal support that each State will receive and the number of minor children in poverty in that State, so that if we are going to have the starting line different from State to State we at least ought to have the finish line adjusted to those States' realistic capabilities. If we do not do this, I can tell you without question there are going to be substantial numbers of States that will be almost subject to automatic penalty. There will be virtually no chance that they can reach the same finish line, the same standard, for instance, of job placement, with the heavy commitments that that means in terms of training, support services, and child care, as the more advantaged States.

It is a simple, straightforward amendment of fairness.

I urge its adoption.

The PRESIDING OFFICER. Who yields time?

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I hope Members listen to this because this is a gutting amendment. I heard a lot of comments on the other side of the aisle, even from the President, about how the Republican bill was weak on work. What the amendment of the Senator from Florida does is eliminate all the work requirements. What he does is say that it makes all the participation rates of people getting into work voluntary. It eliminates any of the work requirement.

This is the 1988 act back with you again, which, of course, required work but did not sanction anybody if they did not work.

What has happened? Four percent of the welfare recipients work in this country today. This is the nuclear bomb on this bill which would basically say no one will have to work; you will not be penalized as a State if you do not get people to work. It makes work completely voluntary on the part of the States. Anyone who has come up here and said they are for welfare recipients to work, if you vote for this amendment, you are not for welfare recipients to have to go to work.

I reserve the remainder of my time.

Mr. GRAHAM. Mr. President, I must say that I range between being somewhat offended by that description or concerned about our colleague's ability to read the English language because that is not what this does.

The amendment retains the participation levels as stated in the bill. Then it directs the Secretary of HHS to make such adjustments in the rate. That is, a State, instead of being asked to meet a 50-percent standard, may be asked to meet a 55-percent standard, if it is one that is receiving a substantial amount of funds above the national average, as happens to be the case with the State of our colleague who just spoke, or it might be something less than 50 percent if you are getting substantially less than the national average in terms of Federal resources.

It just seems to me patently unfair to start 50 States in such different positions in terms of their Federal resources per poor child and then say but at the end of the day they all have to get to the same end position. We retain the mandatory provision. We retain all of the requirements to work.

I am proud to come from a State which has one of the demonstration projects which has already gotten in the first few months of operation almost 10 percent of its welfare beneficiaries in jobs, and it is moving toward the goal of having 50 percent of its welfare beneficiaries to work.

I support that as an important principle, but I also recognize there are resources required to reach those objectives, and if you have made a decision that we are going to allocate resources in a differential manner, then I think fairness says we have to look at what will constitute success in a differential manner. Failure to do so is just going to mean that those who start poor are going to not only end poor but they are going to be beaten around the head and neck with penalties and sanctions because they have failed to achieve unrealistic objectives given the resources that were provided.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. SANTORUM. Mr. President, I will read from the Senator's amendment.

A State to which a grant is made under section 403 shall make every effort to achieve the national work participation rate goals.

This is not a mandate—shall make every effort to achieve the goal. It does not mandate that they have to participate. They do not get sanctioned if in fact they do not meet these participation rate goals.

It is the 1988 act all over again which says we want you to do it, but if you do not do this you do not get any sanction. This is the nonwork amendment. And I urge its defeat. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has expired.

Mr. SANTORUM addressed the Chair.

Mr. GRAHAM addressed the Chair.

Mr. SANTORUM. Mr. President, I can reclaim my time?

Mr. GRAHAM addressed the Chair.

Mr. SANTORUM. I yield my remaining time to the Senator from Colorado.

Mr. GRAHAM. Mr. President, could I ask one question of either the Senator from Pennsylvania or the Senator from Colorado.

Would they please read the last page of the amendment.

Mr. SANTORUM. Mr. President, if I can can respond to the Senator from Florida, what it says is that the Secretary shall consult with the States and establish a goal. It does not say what that goal is. It could be 2 percent. It could be 5 percent. It does not say anything about any kind of goal of 35 or 50 percent, which is what this bill does. You make it all arbitrary.

Mr. GRAHAM. I guess the Senator will not understand it then.

Mr. SANTORUM. It eliminates the participation rates that are in the bill today. And I yield the remainder of my time to the Senator from Colorado.

Mr. BROWN. Mr. President, I know the distinguished Senator from Florida has very good intentions, and he is known as a very thoughtful Member. I merely would add this for Members' consideration.

In the 1988 act, we billed that as a requirement to either work or train or go to school, and what happened is without penalties we ended up with only 4 percent of the entire population in welfare in this Nation in work programs. In other words, when given an option and without penalties, work did not happen.

The surest way to end the potential of getting people back in the mainstream by getting real work experience is to eliminate the penalties for not complying with the work requirement. If you leave this without a strong penalty for not working, you will eliminate our ability to get people back into the mainstream.

I am convinced this may be the most important amendment that we have considered. I hope the body will vote resoundingly to retain those strong penalties because, believe me, without them our experience indicates it will not happen.

I yield back the remainder of the time.

The PRESIDING OFFICER. All time has expired.

The question occurs on agreeing to the Graham amendment. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Alaska [Mr. STEVENS] is necessarily absent.

The PRESIDING OFFICER (Mr. FAIRCLOTH). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 23, nays 76, as follows:

[Rollcall Vote No. 434 Leg.]

YEAS—23

Akaka	Ford	Lautenberg
Bingaman	Graham	Mikulski
Bradley	Heflin	Nunn
Breaux	Inouye	Pell
Bryan	Johnston	Pryor
Bumpers	Kennedy	Sarbanes
Daschle	Kerrey	Simon
Feinstein	Kerry	

NAYS—76

Abraham	Feingold	McCain
Ashcroft	Frist	McConnell
Baucus	Glenn	Moseley-Braun
Bennett	Gorton	Moynihan
Biden	Gramm	Murkowski
Bond	Grams	Murray
Boxer	Grassley	Nickles
Brown	Gregg	Packwood
Burns	Harkin	Pressler
Byrd	Hatch	Reid
Campbell	Hatfield	Robb
Chafee	Helms	Rockefeller
Coats	Hollings	Roth
Cochran	Hutchison	Santorum
Cohen	Inhofe	Shelby
Conrad	Jeffords	Simpson
Coverdell	Kassebaum	Smith
Craig	Kempthorne	Snowe
D'Amato	Kohl	Specter
DeWine	Kyl	Thomas
Dodd	Leahy	Thompson
Dole	Levin	Thurmond
Domenici	Lieberman	Warner
Dorgan	Lott	Wellstone
Exon	Lugar	
Faircloth	Mack	

NOT VOTING—1

Stevens

So the amendment (No. 2568) was rejected.

Mr. SANTORUM. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UNANIMOUS-CONSENT AGREEMENT

Mr. SANTORUM. Mr. President, I ask unanimous consent, notwithstanding the consent of September 14, that a vote occur on the Dole modification following the debate, and following the disposition of the two leaders' amendments, one of which will be a Dole motion to strike the Bradley amendment, the underlying Dole amendment No. 2280, as amended, be deemed agreed to.

Mr. BRADLEY. Reserving my right to object, is there a time for debate on the motion to strike the Bradley amendment?

Mr. SANTORUM. There is no time limit at this point. We will be willing to enter into a time agreement, but there is no time limit.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SANTORUM. Mr. President, I ask unanimous consent that the Gramm amendment No. 2617 be moved ahead of the Gramm amendment 2615, as modified.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2617

The PRESIDING OFFICER. Under the previous order, there will now be 10 minutes for debate equally divided on the Gramm amendment No. 2617, to be followed by a vote on or in relation to the amendment.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, the amendment before us is a very, very simple amendment. Let me just relate some facts about the amendment.

On January 1, 1995, Indiana started a welfare reform pilot program in which welfare recipients were required to work or lose their benefits. The Legal Services Corporation of Indiana filed a lawsuit to block the implementation of that law.

On October 1, 1991, Michigan, the first State in the Nation ever to comprehensively reform welfare, began its program to deny general assistance to nonworking, able-bodied, single adults without children. The Legal Services Corporation of Michigan filed a lawsuit to try to block the implementation of that law.

In 1992, the New Jersey Family Development Act, which among other things, denied additional AFDC payments to mothers for children conceived while on welfare. Five federally funded New Jersey Legal Services grantees filed lawsuits to block the implementation of that law.

In 1994, Pennsylvania law ended welfare benefits for nonworking, able-bodied recipients. The Legal Services Corporation in Pennsylvania filed a lawsuit to block the implementation of that law.

Not one single State in the Union has tried to reform welfare, has tried to implement a mandatory work requirement, has tried to set up a limit on the amount of time you can be on welfare, or has tried to deny additional benefits to people on welfare who have additional children without being challenged at the taxpayers' expense.

Not one such State action has failed to be challenged by Legal Services Corporation in the courts. These lawsuits have been long and protracted. They have been funded by Federal taxpayer funds.

So this amendment says, very simply, this: No Federal taxpayer funds shall be used to block the implementation of this welfare reform bill, any State welfare reform bill, or any regulation emanating from those laws.

Now, let me make it clear. Legal Services Corporation can fund a lawsuit where a recipient argues that the rules or the law are not being fairly implemented with regard to their claim. But taxpayer funding from the Federal Government cannot be used to try to overturn the law or overturn the regulation.

It is a very simple amendment. I urge my colleagues to vote for it. I reserve the remainder of my time.

Mr. KENNEDY. Mr. President, I yields myself 2½ minutes. First of all, this is not just about Federal funds. The Senator's amendment includes all funds. It says if any advocacy group for disability or for children, as well as at Legal Services, receives a nickel from Legal Services, they cannot challenge any provision under this act, which is targeted on the most vulnerable individuals.

Now, we have provisions in here dealing with adoption. We have provisions in here on child support. We have provisions in here on day care, and we have requirements on the States to make sure that those provisions are going to be effective.

Under the Gramm amendment, if a mother in any of our States found that the State law was insufficient for the purposes of this law, she would be precluded from going ahead and challenging that rule or regulation or State law that otherwise should be meeting the requirements of this law. I mean, that absolutely makes no sense. Here we are putting in provisions on child care, provisions on disability, provisions affecting older Americans, making States go ahead and develop their own laws to implement those, and we are saying, even here, if they are not strong enough, we are denying any of the advocacy groups that they receive a nickel of Legal Services money or private money, if they receive a nickel of Legal Services money from protecting those vulnerable people.

The Senator from Texas usually talks about the "strings" that are going on as a requirement of various Federal programs. He is putting strings on the private sector. In my State, in Boston, MA, about 35 percent of the funds for Legal Services in Boston are Legal Services funds. But the others come from the private sector. He is saying you cannot even use a nickel of the private sector funds, from private companies, from private individuals, to protect the most vulnerable in our society. Child support, adoption, disability—his amendment would deny that. We will have a chance to debate this issue next week on the Appropriations Committee on Commerce. Why do it now?

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. GRAMM. Mr. President, I am going to be the concluding speaker on the amendment. I ask Senator KENNEDY to go ahead and use his time.

I reserve the remainder of my time.

Mr. KENNEDY. I will yield a minute—how much time do I have.

The PRESIDING OFFICER. Two minutes 30 seconds.

Mr. KENNEDY. I yield 20 seconds to Senator BIDEN.

Mr. BIDEN. I will be very brief. This is the wrong place to consider this. As the Senator from Massachusetts pointed out, the committee is going to be taking up this question about the whole scope of Legal Services. I know that my friend from Texas has a problem with the entire entity of Legal Services. He would like to wipe it all out, period, under any circumstances, for any reason. This is not the place to do this.

I respectfully urge my colleagues to vote against it, or if it is a tabling motion, vote to table it. Let us fight this out on the whole of the future of Legal Services, not on a welfare bill.

Mr. KENNEDY. I yield a minute to the Senator from Iowa.

Mr. HARKIN. Mr. President, this does not just go to Legal Services representing poor people. This goes to protection and advocacy groups representing disabled citizens of the United States. Many times, Legal Services entities in our States provide funds to protection and advocacy groups which we have set up under the law. These are legal entities set up to represent and to help people with disabilities to get through administrative procedures and legal proceedings.

If you read the amendment of the Senator from Texas, it says that no legal aid organization, or other entity—other entity—so protection and advocacy groups for the disabled would be cut out. If you look at the last paragraph, defined is "legal proceeding." In a court of the United States, court of the State, in an administrative hearing, in a Federal or State act. You might as well tell every disabled person in this country that they have no right to go into a court or no right to go into an administrative hearing to challenge the validity of a State regulation.

For the life of me, I cannot understand why the Senator from Texas would want to pick on the most vulnerable in our society. Forget just about Legal Services. Focus on the disabled. This is going to cut every disabled person in this country of low-income means. Obviously, if you have the money, if you have the money, you can hire any lawyer you want. If you are disabled and poor, you will not be able to challenge the validity or legality of any regulation in any State regardless of how onerous it may be. For that reason, it ought to be defeated.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Minnesota.

Mr. WELLSTONE. Mr. President, I have spoken before in the debate——

Mr. KENNEDY. Mr. President, how much time remains?

The PRESIDING OFFICER. There are 30 seconds.

Mr. KENNEDY. I yield 15 seconds to the Senator from Minnesota.

Mr. WELLSTONE. I actually will defer to the Senator from Maryland. We defeated a similar amendment last session.

I yield to the Senator from Maryland.

Mr. SARBANES. Mr. President, I do not understand how you can profess to be a nation that believes in equal justice under the law and not make legal services available to people who are too poor to afford them. How do you make our legal system work, and how do you make the rule of law equitable and have a real system of justice?

I very strongly oppose the amendment of the Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas has 2 minutes remaining.

Mr. GRAMM. Mr. President, first of all, current law allows any Legal Services Corporation grantee in America to file a lawsuit on behalf of any client, using taxpayers' funds, regardless of whether or not the individual is being treated fairly under the Federal law or the State law or Federal regulations or State regulations emanating from the law. But what my amendment says is that taxpayer funding cannot be used to try to block the implementation of laws that the American people are for in overwhelming numbers.

It is time that we stop taxpayer funds from being used to circumvent the will of the people who pay those taxes.

Second, the lamenting that we are not funding advocacy groups—if they want to advocate, God bless them, but let them advocate with their own money, not the taxpayers' money.

Finally, State law and Federal law cannot be challenged with Federal taxpayer money, but that does not keep the ACLU from challenging it. It does not keep private groups from doing it.

My amendment is very, very simple. It stops what is going on all over America. Federal tax dollars, through the Legal Services Corporation, are being used to try to block every effort to force able-bodied welfare recipients to go to work. Every effort to try to reform welfare has been challenged using taxpayer money. I want to bring that to an end. If people oppose welfare reform, let them run for public office or put up their own money to challenge it in the court. But do not take the money of the people who do the work, pay the taxes, and pull the wagon in America to try to stop the implementation of law, which they strongly support.

I urge my colleagues to vote for this amendment.

Mr. HEFLIN. Mr. President, I move to table the amendment and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table.

The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Oklahoma [Mr. NICKLES] and the Senator from Alaska [Mr. STEVENS] are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 51, nays 47, as follows:

[Rollcall Vote No. 435 Leg.]

YEAS—51

Akaka	Feinstein	Lieberman
Baucus	Ford	Mikulski
Biden	Glenn	Moseley-Braun
Bingaman	Gorton	Moynihan
Boxer	Graham	Murray
Bradley	Harkin	Nunn
Breaux	Heflin	Packwood
Bryan	Inouye	Pell
Bumpers	Jeffords	Pryor
Chafee	Johnston	Reid
Cohen	Kennedy	Robb
Conrad	Kerrey	Rockefeller
Daschle	Kerry	Sarbanes
Dodd	Kohl	Simon
Dorgan	Lautenberg	Snowe
Exon	Leahy	Specter
Feingold	Levin	Wellstone

NAYS—47

Abraham	Faircloth	Lugar
Ashcroft	Frist	Mack
Bennett	Gramm	McCain
Bond	Grams	McConnell
Brown	Grassley	Murkowski
Burns	Gregg	Pressler
Byrd	Hatch	Roth
Campbell	Hatfield	Santorum
Coats	Helms	Shelby
Cochran	Hollings	Simpson
Coverdell	Hutchison	Smith
Craig	Inhofe	Thomas
D'Amato	Kassebaum	Thompson
DeWine	Kempthorne	Thurmond
Dole	Kyl	Warner
Domenici	Lott	

NOT VOTING—2

Nickles	Stevens

So the motion to lay on the table the amendment (No. 2617), as modified, was agreed to.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote.

Mr. FORD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2615, AS MODIFIED

The PRESIDING OFFICER. Under the previous order, there will now be 10 minutes of debate, equally divided, on the Gramm amendment No. 2615, as modified, to be followed by a vote on or in relation to the amendment.

The amendment (No. 2615), as modified, is as follows:

On page 792, strike lines 1 through 22 and insert the following:

SEC. 1202. REDUCTIONS IN FEDERAL BUREAUCRACY.

(a) IN GENERAL.—The Secretary of Health and Human Services shall reduce the Federal workforce within the Department of Health and Human Services by an amount equal to the sum of—

(1) 75 percent of the full-time equivalent positions at each such Department that relate to any direct spending program, or any program funded through discretionary spending, that has been converted into a block grant program under this Act and the amendments made by this Act; and

(2) an amount equal to 75 percent of that portion of the total full-time equivalent departmental management positions at each such Department that bears the same relationship to the amount appropriated for the programs referred to in paragraph (1) as such amount relates to the total amount appropriated for use by each such Department.

(b) REDUCTIONS IN THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.—Notwithstanding any other provision of this Act, the Secretary of Health and Human Services shall take such actions as may be necessary, including reductions in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to reduce the full-time equivalent positions within the Department of Health and Human Services—

(1) by 245 full-time equivalent positions related to the program converted into a block grant under the amendment made by section 101(b); and

(2) by 60 full-time equivalent managerial positions in the Department.

The PRESIDING OFFICER. Who yields time?

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Does the Senator from Texas wish to modify his amendment?

Mr. GRAMM. I believe, Mr. President, the amendment has already been modified.

The PRESIDING OFFICER. The Chair recognizes the Senator from Texas.

Mr. GRAMM. Mr. President, this is a very important principle. The number of positions that are affected by the amendment are relatively small, but let me explain why the principle is important.

We are in the process, in this welfare reform bill, of doing something that we have not done in 40 years. Rather than power and decisionmaking authority residing Washington, we are sending it back to the States, counties, cities and to the people.

We are, in fact, in this bill, eliminating a Federal program known as AFDC [aid to families with dependent children]. We will be debating, later, the elimination of Federal job training programs where the money for those programs will be given back to the States. We will allow each State to conduct job training in such a way that the State believes will be most successful within its borders.

Here is the question. Given that we are eliminating Federal programs, what about the people who are employed by the Federal Government to run those programs? What happens to the jobs in AFDC when we eliminate AFDC? What happens to the jobs in these training programs when we eliminate the training programs?

What I am proposing is a very modest amendment. I am sure it will be strongly opposed by people who believe that immortality in a temporal sense is defined as a Government program or a Government position. But what I am saying is this: If you eliminate a program, you cannot keep more than 25 percent of the people who work directly on that program even though they have nothing to do. Second, you have to take the overhead of the department that the program is part of and you have to reduce that overhead proportionately because that program no longer exists.

I think we have a legitimate right to be concerned—when giving power back to the States and eliminating Federal programs—about all of these Government employees who were running the old programs remaining Government employees and undercutting what the States are doing.

In any other city in America, this would be an amendment in which anybody who opposed it would be laughed out of the room. Unfortunately, this is Washington, DC. We are talking about Government positions.

And what I am saying is simply this: If you eliminate a Government program, you have to eliminate at least 75 percent of the positions. I think it ought to be 100 percent. You also have to lower the overhead for that portion of the program by 75 percent.

It is an eminently reasonable amendment. It may make too much sense to be given consideration in the U.S. Senate. We shall see. But I wanted to offer it.

I reserve the remainder of my time.

Mr. GLENN. Mr. President, I yield myself such time as I may require.

The PRESIDING OFFICER (Mr. Grams). The Senator from Ohio is recognized.

Mr. GLENN. Mr. President, that all sounds very good. In transferring this back to the States there will be a block grant except for one thing. For people in Washington, DC, we have loaded down the department with all sorts of requirements for monitoring and evaluation and advice to prevent some of the abuse of the States, among other things. With just a casual look at what current responsibilities are, the responsibilities of the Federal Government still remain.

Under the Dole bill, it indicates that the Dole bill expands the jobs in Washington, not contracts. Less than 1 percent of the total staff administering welfare is employed at the Federal level—State, Federal, and local. Administrative costs account for less than 1,000 of the total 4(a) and 4(f) expenditures.

We have assumed new responsibilities under the Dole bill to provide technical assistance to hundreds of tribes to design and implement new cash assistance programs; also, to gather, compile, evaluate, and disseminate data on a larger scale and with greater case specific variables.

We are assuming new program analysis, and dissemination of information responsibilities. This is particularly true in the child support enforcement area.

We have put all sorts of monitoring requirements on here that, if anything, a case could be made for needing more people to do it.

Let me break this down more. Technical assistance to States: We have a whole series of new requirements under the Dole bill which most of us do not disagree with at all.

Under tribal issues, supporting tribal efforts in designing assistance programs; reviewing and approving temporary assistance plans; we are collecting and evaluating some data collected

from the States, including all sorts of things that we were not required to do before. Under data collection and evaluation where there are five requirements now in existing law, under the Dole bill we now have 16 different—in other words 11 brandnew—data collection and evaluation requirements on this.

In other words, on HHS we are giving them all these things to do and saying but it is an unfunded mandate. We are not going to give you the money to do this. We are going to cut the position to do the things we are telling you to do which does not make any sense at all to do this.

I could go on with this if we had an hour or so. I would like to go into each one of these in detail. Policy and planning accounts, the same thing; accountability, all of these things. We do not want to cut back on accountability now. We have to review State and tribal audits, review and rank State performance, establish penalties, and administer appeals process.

We are going to have to develop and program outcome measures at the same time we are cutting the people that are required to do all these things. And for each of these I have a paragraph reference in the bill itself.

How much time do I have remaining?

The PRESIDING OFFICER. The Senator from Ohio has 2 minutes.

Mr. GLENN. I yield at this point 30 seconds to the Senator from New York.

Mr. MOYNIHAN. Mr. President, the Senator from Ohio has pointed out clearly something I find painful. In the very long time that I have been in this city I have never seen legislation imposing more regulatory requirements on State governments by the Federal Government than this bill.

And I would simply respond, if I may. In a little bit of a caricature a couple of days ago when one of the these new regulatory provisions came along, I stood on this side of the aisle and said, "Mr. President, as one who dearly loves Federal regulations imposed on States in minute, indecipherable detail, I accept this amendment with great gusto."

I could not say it better. It is going to be a great generation for regulators, but not very great for poor people and certainly not great for poor children.

Mr. GLENN. Mr. President, I reserve the remainder of my time.

Mr. GRAMM. How much time is left?

The PRESIDING OFFICER. The Senator from Ohio has 35 seconds remaining.

Mr. GRAMM. Mr. President, I yield 1 minute to the distinguished Senator from Missouri.

The PRESIDING OFFICER. Just a reminder that the amendment that is offered by the Senator from Texas has been modified.

The Senator from Missouri.

Mr. ASHCROFT. Thank you Mr. President.

I rise in support of the amendment. One of the taxes on poor Americans, people who are truly needy, is a bureaucratic tax. As a Governor, I can testify that the more the bureaucracy proliferates in Washington the greater the percentage of the resource at the State level that has to be used to respond to the bureaucracy in Washington rather than to meet the needs of the truly needy.

I believe, to the extent that we can reduce the bureaucratic tax on the poor which is represented by Washington bureaucrats who are no longer needed because we cut the program, that we ought to do that, and for that reason I believe Senator GRAMM's amendment is in order and ought to be supported by Members of this body.

The PRESIDING OFFICER. Who yields time?

Mr. GLENN. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator has 35 seconds.

Mr. GLENN. Read the Dole bill. It puts more requirements on the Federal Government. I went through some of it here, a whole host of them, and at the same time we are saying we give an unfunded mandate to HHS we say you have to do more, you have to do more analysis, do all of these additional things that are listed right here. This is not fictitious stuff. We say you have to do a lot more in the way of analyzing, and so on. Yet, we are going to cut the people who do it. How on Earth are we going to prevent abuse in these programs if we do that kind of Government operation? It does not make any sense at all. It will not work this way. We are setting up a recipe for disaster, if we do it that way.

Thank you, Mr. President.

Mr. GRAMM. Mr. President, let me remind my colleagues that we are eliminating this Federal program, that the money is going back to the States, and they are going to run the program. Yet, the Senator from Ohio says that a case can be made supporting the need for more employees in Washington, even once we have eliminated the program. There is nothing so immortal as a Government program.

We celebrate here our giving back of funds to the States to run the program, and yet we are arguing that we have to preserve the Federal jobs in a program that no longer exists. No wonder the American people are outraged that Government grows like a cancer.

My amendment is a very modest amendment. It says you have eliminated the program. Eliminate 75 percent of its jobs. It seems to me that we ought to eliminate 100 percent of them, but instead, I say keep 25 percent of the people in an agency that no longer carries out a function, a function that is now run by the State.

I see this as a very modest amendment. We ought to be eliminating every one of these positions, and I urge my colleagues to vote for this amendment.

Mr. GLENN. Mr. President, I move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the amendment No. 2615. The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. LOTT. I announce that the Senator from Oklahoma [Mr. NICKLES] and the Senator from Alaska [Mr. STEVENS] are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 49, nays 49, as follows:

[Rollcall Vote No. 436 Leg.]

YEAS—49

Akaka	Feingold	Levin
Biden	Feinstein	Lieberman
Bingaman	Ford	Mikulski
Boxer	Glenn	Moseley-Braun
Bradley	Graham	Moynihan
Breaux	Harkin	Murray
Bryan	Hollings	Nunn
Bumpers	Inouye	Pell
Byrd	Jeffords	Pryor
Campbell	Johnston	Reid
Chafee	Kassebaum	Robb
Cohen	Kennedy	Rockefeller
Conrad	Kerrey	Sarbanes
Daschle	Kerry	Simon
Dodd	Kohl	Wellstone
Dorgan	Lautenberg	
Exon	Leahy	

NAYS—49

Abraham	Gorton	McConnell
Ashcroft	Gramm	Murkowski
Baucus	Grams	Packwood
Bennett	Grassley	Pressler
Bond	Gregg	Roth
Brown	Hatch	Santorum
Burns	Hatfield	Shelby
Coats	Heflin	Simpson
Cochran	Helms	Smith
Coverdell	Hutchison	Snowe
Craig	Inhofe	Specter
D'Amato	Kempthorne	Thomas
DeWine	Kyl	Thompson
Dole	Lott	Thurmond
Domenici	Lugar	Warner
Faircloth	Mack	
Frist	McCain	

NOT VOTING—2

Nickles	Stevens

So the motion to table the amendment (No. 2615), as modified, was rejected.

The PRESIDING OFFICER. The question now is on agreeing to the amendment.

Mr. GLENN. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have been ordered. The clerk will call the roll.

Mr. DOLE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll to ascertain the presence of a quorum.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. I ask unanimous consent that the pending matter be set aside.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

MOTION TO STRIKE AMENDMENT NO. 2496

Mr. DOLE. Mr. President, I intend to make a motion to strike the previously agreed to amendment No. 2496, which was offered by the Senator from New Jersey, Senator BRADLEY.

The PRESIDING OFFICER. Under the previous order, the Senator is authorized to make that motion.

Mr. DOLE. First, I want to apologize to my friend from New Jersey. I was so anxious to be accommodating, because I always have been, but I took the amendment before I realized that it had some points that were not what I thought they were. I do not suggest that he said anything, but I did not read it carefully enough.

What the Bradley amendment would do is amend the plans that States must submit to receive Federal block grants. It does three things. It requires the State to define who is eligible and who is not eligible for cash assistance, and this creates the invitation for welfare litigation against the States over who is eligible for assistance. It creates an individual entitlement by requiring States to provide benefits to all individuals that the States deem eligible.

This amendment shifts the time limit from the Federal Government to the State government. The cycle of dependency created by the entitlement must be broken. We do not want to shift that from the Federal to the State government.

Finally, the amendment creates an unfunded mandate by possibly requiring States to provide unmatched funds to individuals. We do not want to create additional unfunded mandates.

The point of this exercise, all the debate we have had, is to provide States with the needed flexibility to address welfare reform and not to create a possible unfunded mandate on the States or, as I said, second, another entitlement. We do not know what the cost of this amendment could possibly be. For the reasons stated, I should not have accepted the amendment.

I now move to strike the amendment, and after the debate I will ask for the yeas and nays.

Mr. BRADLEY. Mr. President, I do say to the distinguished majority leader that I was a little surprised when he said he would accept the amendment. I thought it was perfectly appropriate, because I would not characterize the amendment exactly as he has characterized the amendment.

It does not create a Federal entitlement. It, first, does not add any additional spending. It does not touch the block grant. CBO has told us that it would not result in a penny of additional Federal outlays.

Second, it does not entitle anyone to anything. A State can deny any individual—practically any person—benefits. It can deny benefits if you do not work. A State can deny benefits if you have additional children. It can deny benefits if you do not comply with the requirements of your individual agreement. The State can deny benefits, under this proposal, practically for anything. But what the State cannot do under this amendment is deny you benefits for no reason at all if you are a poor family who is eligible under the State's own rules.

To those who object to this amendment, I just simply would like to ask, what is it that you want States to be able to do that they would not be able to do under this amendment? I, frankly, cannot imagine. I cannot imagine why States should not be required simply to say what their rules are for eligibility, what the benefits are, and who gets cut off, and then simply follow the rules.

The only right that is created here is not a right to money, it is a right to know what the rules are. How do you determine who gets any benefits, unless the State has written rules that clearly state who is eligible? How do we decide that someone who fits the category of eligibility should not be given benefits if there are no rules?

So I simply say that this is a very straightforward amendment. It is an attempt to add clarity to what will be a confused policy in States. I think it illustrates, once again, the problem of a block grant with no rules to implement the block grant. This came through in very vivid terms yesterday when we had an amendment—a well-intentioned amendment—that said in order to reduce illegitimacy, which is what all of us would like to do, a State that reduced illegitimacy would get a bonus, but the amendment read that the State would have to reduce illegitimacy without increasing abortions.

So those are both pretty good intentions. But what that means, as I read that amendment, is that every woman in a State has to be asked if she has had an abortion.

Otherwise, how do you determine how many abortions were performed in the State? The result of the amendment is a direct involvement of the State government in the lives of every woman in the State asking the question, have you or have you not had an abortion?

Unless that is asked to every woman, how do you determine whether abortions have gone up or gone down? If you do not know whether abortions have gone up or gone down, how do you determine the offset against the illegitimacy rate?

Mr. President, that amendment is another illustration of the problem with a block grant that has no requirement of any rule.

This amendment would simply say that the State has to establish rules of eligibility and has to apply those rules of eligibility for every person who fits into that category. It is as simple as that.

This is, again, not a new Federal entitlement. It is simply common sense.

Mr. President, I am ready, if the majority leader would like to make the motion to strike at this time, to have the vote on the motion to strike.

Mr. DOLE. I make a motion to strike the amendment numbered 2496.

The Bradley amendment amends the plan that States must submit to receive Federal funds under the new block grant.

Specifically, the amendment does three things:

It requires the State to define who is eligible and who is ineligible for cash assistance. This creates the invitation for welfare litigation against the States over who is eligible for assistance.

It creates an individual entitlement by requiring States to provide benefits to all individuals that the States deem eligible. This amendment shifts the entitlement from the Federal Government to the State government. The cycle of dependency that is created by the entitlement must be broken.

Finally, the Bradley amendment creates an unfunded mandate on the States by possibly requiring States to provide unmatched funds to individuals.

Mr. President, the point of this exercise is to provide States with the needed flexibility to address welfare reform, not to create another unfunded mandate on the States.

The PRESIDING OFFICER. The motion has been made. Is there further debate?

Mr. DOLE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second. The yeas and nays have been ordered.

The question is on the motion to strike the previously agreed-to Bradley amendment.

Mr. DASCHLE. Mr. President, I ask unanimous consent that the Dole amendment be set aside in order to accommodate one final amendment. It would be my understanding I will offer this amendment and then we would have two votes, perhaps three votes stacked, at least two votes, following debate on the Daschle amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2682 TO NO. 2280

(Purpose: To permit States to provide noncash assistance to children ineligible for aid because of the 5-year time limitation)

Mr. DASCHLE. Mr. President, I will be very brief.

We have had a good debate about a number of issues relating to welfare. The one that I do not think we have talked enough about, and I will be brief as we talk about it this afternoon, is what happens to children under circumstances that are not of their control. I believe we have to ensure, regardless of what else we do, that children do not pay for the mistakes or circumstances of their parents. Of the 14

million people on AFDC, 9 million are children. They did not ask to be born into these circumstances. They cannot get their parents out of these circumstances. Most importantly, these 9 million children are part of our future.

We talk a lot about State flexibility, but the pending bill does not allow States to provide any assistance to children after 5 years.

What my amendment does is simply say we will not prohibit the States from providing care for children if they so desire. If ever there was an argument for State flexibility, this is it. We are simply giving States the option to assist poor children, clothe children, or help children to stay off the streets. We are not telling States they have to do it; we are simply saying we will not prevent them from doing it.

You have heard a lot about making people get out of the cart and pull it. That is right. We should make people get out of the cart and pull it when they can take responsibility. Able-bodied adults should work. But children, infants, and toddlers cannot be expected to pull the cart.

This really just gives States the opportunity to recognize that fact. The amendment is very simple. It provides States with flexibility. It allows States to use block grant funds to provide vouchers for goods and services for children and their needs once the time limit hits, to ensure that children are protected. I do not understand why Washington should make such a critical decision about what is best for a State when it comes to children.

We have talked about flexibility. We have talked about the need to protect kids. It would seem to me that simply saying we will not prohibit the States from issuing vouchers if they choose to do so and see it as in their best interests is reasonable. I think we ought to allow them to do that.

Once the time limit hits, hopefully families will be off welfare, but we do not know. Maybe yes, maybe no. Children, however, did not cause this situation. Children cannot rectify it.

This amendment is pretty harmless, but the ramifications for children could be great if we do not have this State option. Nine million kids—it is simply a matter of giving the States the flexibility.

I yield the floor.

The PRESIDING OFFICER. Did the Senator seek to call up the amendment?

Mr. DASCHLE. I have an amendment at the desk that I call up.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from South Dakota [Mr. DASCHLE] for Mr. KENNEDY, for himself and Mr. DASCHLE proposes an amendment numbered 2682 to amendment No. 2280.

Mr. DASCHLE. Mr. President, I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 40, between lines 16 and 17, insert the following new paragraph:

"(4) NON-CASH ASSISTANCE FOR CHILDREN.—Nothing in paragraph (1) shall be construed as prohibiting a State from using funds provided under section 403 to provide aid, in the form of in-kind assistance, vouchers usable for particular goods or services as specified by the State, or vendor payments to individuals providing such goods or services, to the minor children of a needy family.".

Mr. DOLE. Mr. President, I say very briefly, maybe I misunderstood. We thought this was part of the agreement. We increased the hardship exemption from 15 to 20 percent because this was a request earlier of the Senator from South Dakota. We could not agree on that.

We thought we agreed to raise the hardship exemption which would take care of some of these cases. I hope the amendment would not be adopted.

We thought we had an agreement, and we want to stick with that agreement. Maybe the Senator from South Dakota had a different interpretation, but I am still willing to leave the hardship exemption at 20 percent, but if we have an agreement—if not, maybe it ought to go back to 15 percent.

In any event, I hope we defeat this amendment and also strike the amendment of the Senator from New Jersey, Senator BRADLEY.

The PRESIDING OFFICER. Is there further debate?

Mr. DOLE. I yield back our time.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays have been ordered.

The PRESIDING OFFICER. Does the Senator from South Dakota wish to offer his second amendment before the rollcall begins?

Mr. DASCHLE. Mr. President, that concludes my list of amendments. I have no others to offer.

MOTION TO STRIKE AMENDMENT NO. 2496

Mr. DOLE. I ask unanimous consent that we return to the motion to strike the Bradley amendment.

The PRESIDING OFFICER. The motion has been made to return to the motion to strike the Bradley amendment. Without objection, it is so ordered.

The question is on agreeing to the motion to strike the amendment numbered 2496.

Mr. DOLE. I ask that these be strictly 10-minute votes. We have Members on each side that want to leave.

The PRESIDING OFFICER. A reminder to the Senators that these will be strictly held at 10 minutes for each vote.

The question now is on agreeing to the motion to strike the Bradley amendment. The yeas and nays have been ordered.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Missouri [Mr. BOND], the Senator from Rhode Island [Mr. CHAFEE], the Senator from Oklahoma [Mr. NICKLES], the Senator from Alaska [Mr. STEVENS], and the Senator from Wyoming [Mr. THOMAS] are necessarily absent.

I further announce that, if present and voting, the Senator from Wyoming [Mr. THOMAS] would vote "yea."

Mr. FORD. I announce that the Senator from California [Mrs. BOXER] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 50, nays 44, as follows:

[Rollcall Vote No. 437 Leg.]

YEAS—50

Abraham	Frist	Mack
Ashcroft	Gorton	McCain
Bennett	Gramm	McConnell
Brown	Grams	Murkowski
Burns	Grassley	Packwood
Campbell	Gregg	Pressler
Coats	Hatch	Roth
Cochran	Hatfield	Santorum
Cohen	Heflin	Shelby
Coverdell	Helms	Simpson
Craig	Hutchison	Smith
D'Amato	Inhofe	Snowe
DeWine	Kassebaum	Specter
Dole	Kempthorne	Thompson
Domenici	Kyl	Thurmond
Exon	Lott	Warner
Faircloth	Lugar	

NAYS—44

Akaka	Ford	Lieberman
Baucus	Glenn	Mikulski
Biden	Graham	Moseley-Braun
Bingaman	Harkin	Moynihan
Bradley	Hollings	Murray
Breaux	Inouye	Nunn
Bryan	Jeffords	Pell
Bumpers	Johnston	Pryor
Byrd	Kennedy	Reid
Conrad	Kerrey	Robb
Daschle	Kerry	Rockefeller
Dodd	Kohl	Sarbanes
Dorgan	Lautenberg	Simon
Feingold	Leahy	Wellstone
Feinstein	Levin	

NOT VOTING—6

Bond	Chafee	Stevens
Boxer	Nickles	Thomas

So the motion to strike the amendment (No. 2496) was agreed to.

VOTE ON AMENDMENT NO. 2682

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Dakota, No. 2682. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Missouri [Mr. BOND], the Senator from Rhode Island [Mr. CHAFEE], the Senator from Oklahoma [Mr. NICKLES], the Senator from Wyoming [Mr. SIMPSON], the Senator from Alaska [Mr. STEVENS], and the Senator from Wyoming [Mr. THOMAS], are necessarily absent.

I further announce that, if present and voting, the Senator from Wyoming [Mr. THOMAS], would vote "nay."

Mr. FORD. I announce that the Senator from California [Mrs. BOXER], and the Senator from Iowa [Mr. HARKIN] are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 44, nays 48, as follows:

[Rollcall Vote No. 438 Leg.]

YEAS—44

Akaka	Feinstein	Lieberman
Baucus	Ford	Mikulski
Biden	Glenn	Moseley-Braun
Bingaman	Graham	Moynihan
Bradley	Heflin	Murray
Breaux	Hollings	Nunn
Bryan	Inouye	Pell
Bumpers	Johnston	Pryor
Byrd	Kennedy	Reid
Conrad	Kerrey	Robb
Daschle	Kerry	Rockefeller
Dodd	Kohl	Sarbanes
Dorgan	Lautenberg	Simon
Exon	Leahy	Wellstone
Feingold	Levin	

NAYS—48

Abraham	Frist	Lugar
Ashcroft	Gorton	Mack
Bennett	Gramm	McCain
Brown	Grams	McConnell
Burns	Grassley	Murkowski
Campbell	Gregg	Packwood
Coats	Hatch	Pressler
Cochran	Hatfield	Roth
Cohen	Helms	Santorum
Coverdell	Hutchison	Shelby
Craig	Inhofe	Smith
D'Amato	Jeffords	Snowe
DeWine	Kassebaum	Specter
Dole	Kempthorne	Thompson
Domenici	Kyl	Thurmond
Faircloth	Lott	Warner

NOT VOTING—8

Bond	Harkin	Stevens
Boxer	Nickles	Thomas
Chafee	Simpson	

So, the amendment (No. 2682) was rejected.

Mr. DOLE. I move to reconsider the vote.

Mr. FORD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. FRIST addressed the Chair.

The PRESIDING OFFICER. The Senator from Tennessee.

AMENDMENT NO. 2526

Mr. FRIST. Mr. President, I ask unanimous consent I be added as a cosponsor to Senator SHELBY's amendment No. 2526 relating to an adoption tax credit which was approved yesterday.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2568

Mr. KERRY. Mr. President, I strongly support the objective of moving just as many adult recipients or potential recipients of welfare into work and self-sufficiency as we possibly can.

I have some large questions about some of the specific provisions and methodologies employed in the bill before us, and have supported amendments designed to increase their effectiveness and fairness. I am concerned that because most of those amendments have failed, in several important respects the bill will have a punitive effect and will leave many jobless adults without work; without adequate help in preparing to compete for, secure, and keep employment; and therefore with incomes inadequate to support themselves and their children. I also am concerned that as we act to have the Federal Government relinquish its primary responsibility for dealing with the needs of impoverished families and impose a much greater responsibility in that respect on State governments than they previously have borne, we have in several key ways failed to provide the states with adequate resources to meet their newly expanded responsibilities.

Nonetheless, I support the bill's objective of moving Americans from welfare to work, and do not want to weaken the bill's ability to produce that outcome.

I regret that the amendment of the Senator from Florida has been mischaracterized as weakening the bill's ability to move welfare recipients off the rolls and into work, because that is not its intention, nor would that be its effect. The Senator's amendment leaves intact the very same work participation standards contained in the underlying Dole bill. It leaves intact the penalties the bill provides for States that fail to meet the standards that apply to them.

The amendment simply seeks to treat States more fairly in applying work participation standards than does the underlying bill, in recognition of the fact that the formulas for funding distribution contained in the bill result in considerable variation among the States in the amounts of Federal block grant funding per poor minor child the States receive. To achieve that end, the amendment provides for the Federal Government to "adjust the national participation rate [standards]" as they will apply to each State each year so that they "reflect the level of federal funds [each] state is receiving * * * and the average number of minor children in families having incomes below the poverty line that are estimated for the state for the fiscal year."

This does not give the Federal Government carte blanche to waive the work participation requirement contained in the bill. This does not eviscerate that requirement. The requirement remains. The penalty to be imposed on a State for failing to meet it still remains. The amendment only injects the ability for some human judgment to be applied in securing fairness among the States in applying the work participation requirement when the Secretary determines that the funding a State is receiving is not adequate to reasonably permit it to meet the national work participation standards set by the bill. No matter which party controls the administration at any point, political reality will not permit any administration to disregard the strongly evident intent of the Congress that all States be subject to work participation requirements assuming this bill becomes law.

I support a strong work requirement. I support providing States with sufficient resources to enable them to meet that requirement. And I support this amendment to let good judgment be reflected in imposition of the work requirement on the States.

Mr. DOLE. Mr. President, it is my understanding, now that we have completed action on all the amendments, with the exception of the Gramm amendment No. 2615—there was a motion to table that amendment. It was 49-49. It was not tabled. I think we have agreed that that vote can occur Tuesday.

AMENDMENT NO. 2683

(Purpose: To make modifications to amendment No. 2280)

Mr. DOLE. I am now prepared, if the Democratic leader is prepared, the two of us, to send up the modification.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Kansas [Mr. DOLE] proposes an amendment No. 2683.

Mr. DOLE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 2683) is as follows:

On page 17, strike lines 13 through 22 and insert the following:

"(A) IN GENERAL.—For purposes of paragraph (1)(A), a State family assistance grant for any State for a fiscal year is an amount equal to the sum of—

"(i) the total amount of the Federal payments to the State under section 403 (other than Federal payments to the State described in section subparagraphs (A), (B) and (C) of section 419(a)(2)) for fiscal year 1994 (as such section 403 was in effect during such fiscal year), plus

"(ii) the total amount of the Federal payments to the State under subparagraphs (A), (B) and (C) of section 419(a)(2),

as such payments were reported by the State on February 14, 1995, reduced by the amount, if any, determined under subparagraph (B), and for fiscal year 2000, reduced by the percent specified under section 418(a)(3), and increased by an amount, if any, determined under paragraph (2)(D).

On page 77, line 21, strike the end quotation marks and the second period.

One page 77, between lines 21 and 22, insert the following new section:

"SEC. 419. AMOUNTS FOR CHILD CARE.

"(a) CHILD CARE ALLOCATION—

"(1) IN GENERAL.—From the amount appropriated under section 403(a)(4)(A) for a fiscal year, the Secretary shall set aside an amount equal to the total amount of the Federal payments for fiscal year 1994 to States under section—

"(A) 402(g)(3)(A) of this Act (as such section was in effect before October 1, 1995) for amounts expended for child care pursuant to paragraph (1) of such section;

"(B) 403(l)(1)(A) of this Act (as so in effect) for amounts expended for child care pursuant to section 402(g)(1)(A) of this Act, in the case of a State with respect to which section 1108 of this Act applies; and

"(C) 403(n) of this Act (as so in effect) for child care services pursuant to section 402(i) of this Act.

"(2) DISTRIBUTION.—From amounts setaside for a fiscal year under paragraph (1), the Secretary shall pay to a State an amount equal to the total amounts of Federal payments for fiscal year 1994 to the State under section—

"(A) 402(g)(3)(A) of this Act (as such section was in effect before October 1, 1995)for

amounts expended for child care pursuant to paragraph (1) of such section;

"(B) 403(1)(1)(A) of this Act (as so in effect) for amounts expended for child care pursuant to section 402(g)(1)(A) of this Act, in the case of a State with respect to which section 1108 of this Act applies; and

"(C) 403(n) of this Act (as so in effect) for child care services pursuant to section 402(i) of this Act.

"(3) USE OF FUNDS.—Amounts received by a State under paragraph (2) shall only be used to provide child care assistance under this part.

"(4) For purposes of paragraphs (1) and (2), Federal payments for fiscal year 1994 means such payments as reported by the State on February 14, 1995.

"(b) ADDITIONAL APPROPRIATION.—

"(1) IN GENERAL.—There are authorized to be appropriated and there are appropriated, $3,000,000,000 to be distributed to the States during the 5-fiscal year period beginning in fiscal year 1996 for the provision of child care assistance.

"(2) DISTRIBUTION.—

"(A) IN GENERAL.—The Secretary shall use amounts made available under paragraph (1) to make grants to States. The total amount of grants awarded to a State under this paragraph shall be based on the formula used for determining the amount of Federal payments to the State for fiscal year 1994 under section 403(n) (as such section was in effect before October 1, 1995) for child care services pursuant to section 402(i) as such amount relates to the total amount of such Federal payments to all States for such fiscal year.

"(B) FISCAL YEAR 2000.—With respect to the last quarter of fiscal year 2000, if the Secretary determines that any allotment to a State under this subsection will not be used by such State for carrying out the purpose for which the allotment is available, the Secretary shall make such allotment available for carrying out such purpose to 1 or more other States which apply for such funds to the extent the Secretary determines that such other States will be able to use such additional allotments for carrying out such purposes. Such available allotments shall be reallocated to a State pursuant to section 402(i) (as such section was in effect before October 1, 1995) by substituting 'the number of children residing in all States applying for such funds' for 'the number of children residing in the United States in the second preceding fiscal year'. Any amount made available to a State from an appropriation for a fiscal year in accordance with the preceding sentence shall, for purposes of this part, be regarded as part of such State's payment (as determined under this subsection) for such year.

"(3) AMOUNT OF FUNDS.—The Secretary shall pay to each eligible State in a fiscal year an amount equal to the Federal medical assistance percentage for such State for such fiscal year (as defined in section 1905(b)) of so much of the expenditures by the State for child care in such year as exceed the State set-aside for such State under subsection (a) for such year and the amount of State expenditures in fiscal year 1994 that equal the non-Federal share for the programs described in subparagraphs (A), (B) and (C) of subsection (a)(1).

"(4) BUDGET SCORING.—Notwithstanding section 257(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, the baseline shall assume that no grant shall be made under this subsection after fiscal year 2000.

"(c) ADMINISTRATIVE PROVISIONS.—

"(1) STATE OPTION.—For purposes of section 402(a)(1)(B), a State may, at its option, not require a single parent with a child under the age of 6 to participate in work for more than an average of 20 hours per week during a month and may count such parent as being engaged in work for a month for purposes, of section 404(c)(1) if such parent participates in work for an average of 20 hours per week during such month.

"(2) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to provide an entitlement to child care services to any child.

On Page 17, line 22, insert before the period the following: ", and increased by an amount (if any) determined under subparagraph (D)."

On Page 18, between lines 21 and 22, insert the following:

"(D) AMOUNT ATTRIBUTABLE TO STATE PLAN AMENDMENTS.—

"(1) IN GENERAL.—For purposes of subparagraph (A), the amount determined under this subparagraph is an amount equal to the Federal payment under section 403(a)(5) to the State for emergency assistance in fiscal year 1995 under any State plan amendment made under section 402 during fiscal year 1994 (as such sections were in effect before the date of the enactment of the Work Opportunity Act of 1995) subject to the limitation in clause (ii).

"(ii) LIMITATION.—Amounts made available under clause (i) to all States shall not exceed $800 million. If amounts available under this subparagraph are less than the total amount of emergency assistance payments referred to in clause (i), the amount payable to a State shall be equal to an amount which bears the same relationship to the total amount available under this clause as the State emergency assistance payment bears to the total amount of such payments.

On page 25, line 18, insert "In the case of amounts paid to the State that are set aside in accordance with section 419(9), the State may reserve such amounts for any fiscal year only for the purpose of providing without fiscal year limitation child care assistance under this part." after the end period.

Beginning on page 315, strike line 6 and all that follows through page 576, line 12 (renumber subsequent titles and section numbers accordingly).

On page 29, between lines 17 and 18, insert the following:

"(d) CONTINGENCY FUND.—

"(1) ESTABLISHMENT.—There is hereby established in the Treasury of the United States a fund which shall be known as the 'Contingency Fund for State Welfare Programs' (hereafter in this section referred to as the 'Fund').

"(2) DEPOSITS INTO FUND.—Out of any money in the Treasury of the United States not otherwise appropriated, there are hereby appropriated for fiscal years 1996, 1997, 1998, 1999, and 2000, such sums as are necessary for payment to the Fund in a total amount not to exceed $1,000,000,000.

"(3) COMPUTATION OF GRANT.—

"(A) IN GENERAL.—Subject to subparagraph (B), the Secretary of the Treasury shall pay to each eligible State in a fiscal year an amount equal to the Federal medical assistance percentage for such State for such fiscal year (as defined in section 1905(b)) of so much of the expenditures by the State in such year under the State program funded under this part as exceed the historic expenditures for such State.

"(B) LIMITATION.—The total amount paid to a State under subparagraph (A) for any fiscal year shall not exceed an amount equal to 20 percent of the annual amount determined for such State under the State program funded under this part (without regard to this subsection) for such fiscal year.

"(C) METHOD OF COMPUTATION, PAYMENT, AND RECONCILIATION.—

"(i) METHOD OF COMPUTATION.—The method of computing and paying such amounts shall be as follows:

"(I) The Secretary of Health and Human Services shall estimate the amount to be paid to the State for each quarter under the provisions of subparagraph (A), such estimate to be based on a report filed by the State containing its estimate of the total sum to be expended in such quarter and such other information as the Secretary may find necessary.

"(II) The Secretary of Health and Human Services shall then certify to the Secretary of the Treasury the amount so estimated by the Secretary of Health and Human Services.

"(ii) METHOD OF PAYMENT.—The Secretary of the Treasury shall thereupon, through the Fiscal Service of the Department of the Treasury and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Health and Human Services, the amount so certified.

"(iii) METHOD OF RECONCILIATION.—If at the end of each fiscal year, the Secretary of Health and Human Services finds that a State which received amounts from the Fund in such fiscal year did not meet the maintenance of effort requirement under paragraph (5)(B) for such fiscal year, the Secretary shall reduce the State family assistance grant of such State for the succeeding fiscal year by such amounts.

"(4) USE OF GRANT.—

"(A) IN GENERAL.—An eligible State may use the grant—

"(i) in any manner that is reasonably calculated to accomplish the purpose of this part; or

"(ii) in any manner that such State used amounts received under part A or F of this title, as such parts were in effect before October 1, 1995.

"(B) REFUND OF UNUSED PORTION.—Any amount of a grant under this subsection not used during the fiscal year shall be returned to the Fund.

"(5) ELIGIBLE STATE.—

"(A) IN GENERAL.—For purposes of this subsection, a State is an eligible State with respect to a fiscal year, if

"(i)(I) the average rate of total unemployment in such State (seasonally adjusted) for the period consisting of the most recent 3 months for which data for all States are published equals or exceeds 6.5 percent, and

"(II) the average rate of total unemployment in such State (seasonally adjusted) for the 3-month period equals or exceeds 110 percent of such average rate for either (or both) of the corresponding 3-month periods ending in the 2 preceding calendar years; and

"(ii) has met the maintenance of effort requirement under subparagraph (B) for the State program funded under this part for the fiscal year.

"(B) MAINTENANCE OF EFFORT.—The maintenance of effort requirement for any State under this subparagraph for any fiscal year is the expenditure of an amount at least equal to 100 percent of the level of historic State expenditures for such State (as determined under subsection (a)(5)).

"(6) ANNUAL REPORTS.—The Secretary of the Treasury shall annually report to the Congress on the status of the Fund.

On page 40, line 13, strike "15" and insert "20".

At the appropriate place, insert the following:

SEC. . ABSTINENCE EDUCATION.

(a) INCREASE IN FUNDING.—Section 501(a) of the Social Security Act (42 U.S.C. 701(a)) is amended in the matter preceding paragraph (1) by striking "fiscal year 1990 and each fiscal year thereafter" and inserting "fiscal years 1990 through 1995 and $761,000,000 for fiscal year 1996 and each fiscal year thereafter".

(b) ABSTINENCE EDUCATION.—Section 501(a)(1) of such Act (42 U.S.C. 701(a)(1) is amended—

(1) in subparagraph (c), by striking "and" at the end;

(2) in subparagraph (D), by adding "and" at the end; and

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

"(E) to provide abstinence education, and at the option of the State, where appropriate, mentoring, counseling, and adult supervision to promote abstinence from sexual activity, with a focus on those groups which are most likely to bear children out-of-wedlock.".

(c) ABSTINENCE EDUCATION DEFINED.—Section 501(b) of such Act (42 U.S.C. 701(b)) is amended by adding at the end the following new paragraph:

"(5) ABSTINENCE EDUCATION.—For purposes of this subsection, the term 'abstinence education' shall mean an educational or motivational program which—

"(A) has as its exclusive purpose, teaching the social, psychological, and health gains to be realized by abstaining from sexual activity;

"(B) teaches abstinence from sexual activity outside marriage as the expected standard for all school age children;

"(C) teaches that abstinence from sexual activity is the only certain way to avoid out-of-wedlock pregnancy, sexually transmitted diseases, and other associated health problems;

"(D) teaches that a mutually faithful monogamous relationship in context of marriage is the expected standard of human sexual activity;

"(E) teaches that sexual activity outside of the context of marriage is likely to have harmful psychological and physical effects;

"(F) teaches that bearing children out-of-wedlock is likely to have harmful consequences for the child, the child's parents, and society;

"(G) teaches young people how to reject sexual advances and how alcohol and drug use increases vulnerability to sexual advances; and

"(H) teaches the importance of attaining self-sufficiency before engaging in sexual activity.".

(d) SET-ASIDE.—

(1) IN GENERAL.—Section 502(c) of such Act (42 U.S.C. 702(c)) is amended in the matter preceding paragraph (1) by striking "From" and inserting "Except as provided in subsection (e), from".

(2) SET-ASIDE.—Section 502 of such Act (42 U.S.C. 702) is amended by adding at the end the following new subsection:

"(e) Of the amounts appropriated under section 501(a) for any fiscal year, the Secretary shall set aside $75,000,000 for abstinence education in accordance with section 501(a)(1)(E).

On page 29, between lines 15 and 16, insert the following:

"(f) ADDITIONAL AMOUNT FOR STUDIES AND DEMONSTRATIONS.—

"(1) IN GENERAL.—There are authorized to be appropriated and there are appropriated for each fiscal year described in subsection (a)(1) an additional $20,000,000 for the purpose of paying—

"(A) the Federal share of any State-initiated study approved under section 410(g);

"(B) an amount determined by the Secretary to be necessary to operate and evaluate demonstration projects, relating to part A of title IV of this Act, that are in effect or approved under section 1115 as of October 1, 1995, and are continued after such date;

"(C) the cost of conducting the research described in section 410(a); and

"(D) the cost of developing and evaluating innovative approaches for reducing welfare dependency and increasing the well-being of minor children under section 410(b).

"(2) ALLOCATION.—Of the amount appropriated under paragraph (1) for a fiscal year—

"(A) 50 percent shall be allocated for the purposes described in subparagraphs (A) and (B) of paragraph (1), and

"(B) 50 percent shall be allocated for the purposes described in subparagraphs (C) and (D) of paragraph (1).

On page 29, line 16, strike "(f)" and insert "(g)".

On page 57, beginning on line 22, strike all through page 60, line 2, and insert the following:

"(a) IN GENERAL.—The Secretary, in consultation with State and local government officials and other interested persons, shall develop a quality assurance system of data collection and reporting that promotes accountability and ensures the improvement and integrity of programs funded under this part.

"(b) STATE SUBMISSIONS.—

"(1) IN GENERAL.—Not later than the 15th day of the first month of each calendar quarter, each State to which a grant is made under section 403(f) shall submit to the Secretary the data described in paragraphs (2) and (3) with respect to families described in paragraph (4).

"(2) DISAGGREGATED DATA DESCRIBED.—The data described in this paragraph with respect to families described in paragraph (4) is a sample of monthly disaggregated case record data containing the following:

"(A) The age of the adults and children (including pregnant women) in each family.

"(B) The marital and familial status of each member of the family (including whether the family is a 2-parent family and whether a child is living with an adult relative other than a parent).

"(C) The gender, educational level, work experience, and race of the head of each family.

"(D) The health status of each member of the family (including whether any member of the family is seriously ill, disabled, or incapacitated and is being cared for by another member of the family).

"(E) The type and amount of any benefit or assistance received by the family, including—

"(i) the amount of and reason for any reduction in assistance, and

"(ii) if assistance is terminated, whether termination is due to employment, sanction, or time limit.

"(F) Any benefit or assistance received by a member of the family with respect to housing, food stamps, job training, or the Head Start program.

"(G) The number of months since the family filed the most recent application for assistance under the program and if assistance was denied, the reason for the denial.

"(H) The number of times a family has applied for and received assistance under the State program and the number of months assistance has been received each time assistance has been provided to the family.

"(I) The employment status of the adults in the family (including the number of hours worked and the amount earned).

"(J) The date on which an adult in the family began to engage in work, the number of hours the adult engaged in work, the work activity in which the adult participated, and the amount of child care assistance provided to the adult (if any).

"(K) The number of individuals in each family receiving assistance and the number of individuals in each family not receiving assistance, and the relationship of each individual to the youngest child in the family.

"(L) The citizenship status of each member of the family.

"(M) The housing arrangement of each member of the family.

"(N) The amount of unearned income, child support, assets, and other financial factors considered in determining eligibility for assistance under the State program.

"(O) The location in the State of each family receiving assistance.

"(P) Any other data that the Secretary determines is necessary to ensure efficient and effective program administration.

"(3) AGGREGATED MONTHLY DATA.—The data described in this paragraph is the following aggregated monthly data with respect to the families described in paragraph (4):

"(A) The number of families.

"(B) The number of adults in each family.

"(C) The number of children in each family.

"(D) The number of families for which assistance has been terminated because of employment, sanctions, or time limits.

"(4) FAMILIES DESCRIBED.—The families described in this paragraph are—

"(A) families receiving assistance under a State program funded under this part for each month in the calendar quarter preceding the calendar quarter in which the data is submitted;

"(B) families applying for such assistance during such preceding calendar quarter; and

"(C) families that became ineligible to receive such assistance during such preceding calendar quarter.

"(5) APPROPRIATE SUBSETS OF DATA COLLECTED.—The Secretary shall determine appropriate subsets of the data describe in paragraphs (2) and (3) that a State is required to submit under paragraph (1) with respect to families described in subparagraphs (B) and (C) of paragraph (4).

"(6) SAMPLING AND OTHER METHODS.—The Secretary shall provide the States with such case sampling plans and data collection procedures as the Secretary deems necessary to produce statistically valid estimates of each State's program performance. The Secretary is authorized to develop and implement procedures for verifying the quality of data submitted by the States.

On page 62, after line 24, insert the following:

"(j) REPORT TO CONGRESS.—Not later than 6 months after the end of fiscal year 1997, and each fiscal year thereafter, the Secretary shall transmit to the Congress a report describing—

"(1) whether the States are meeting—

"(A) the participation rates described in section 404(a); and

"(B) the objectives of—

"(i) increasing employment and earnings of needy families, and child support collections; and

"(ii) decreasing out-of-wedlock pregnancies and child poverty;

"(3) the demographic and financial characteristics of families applying for assistance, families receiving assistance, and families that become ineligible to receive assistance;

"(4) the characteristics of each State program funded under this part; and

"(5) the trends in employment and earnings of needy families with minor children.

On page 63, beginning on line 3, strike all through line 16, and insert the following:

"(a) RESEARCH.—The Secretary shall conduct research on the benefits, effects, and costs of operating different State programs funded under this part, including time limits relating to eligibility for assistance. The research shall include studies on the effects of different programs and the operation of such programs on welfare dependency, illegitimacy, teen pregnancy, employment rates, child well-being, and any other area the Secretary deems appropriate.

"(b) DEVELOPMENT AND EVALUATION OF INNOVATIVE APPROACHES TO REDUCING WELFARE DEPENDENCY AND INCREASING CHILD WELL-BEING.—

"(1) IN GENERAL.—The Secretary may assist States in developing, and shall evaluate, innovative approaches for reducing welfare dependency and increasing the well-being of minor children with respect to recipients of assistance under programs funded under this part. The Secretary may provide funds for training and technical assistance to carry out the approaches developed pursuant to this paragraph.

"(2) EVALUATIONS.—In performing the evaluations under paragraph (1), the Secretary shall, to the maximum extent feasible, use random assignment as an evaluation methodology.

On page 63, line 17, strike "(d)" and insert "(c)".

On page 63, line 24, strike "(e)" and insert "(d)".

On page 64, line 21, strike "(f)" and insert "(e)".

On page 66, line 3, strike "(g)" and insert "(f)".

On page 66, between lines 19 and 20, insert the following:

"(g) STATE-INITIATED STUDIES.—A State shall be eligible to receive funding to evaluate the State's family assistance program funded under this part if—

"(1) the State submits a proposal to the Secretary for such evaluation.

"(2) the Secretary determines that the design and approach of the evaluation is rigorous and is likely to yield information that is credible and will be useful to other States, and

"(3) unless otherwise waived by the Secretary, the State provides a non-Federal share of at least 10 percent of the cost of such study.

On page 163, line 16, add "and" after the semicolon.

On page 163, strike lines 17 through 24, and insert in lieu thereof the following:

"(iii) for fiscal years 1997 through 2002, $124, $211, $174, $248 and $109, respectively."

On page 164, line 2, strike "2000" and insert in lieu thereof "2002".

On page 126, between lines 9 and 10, insert the following:

(c) TREATMENT SERVICES FOR INDIVIDUALS WITH A SUBSTANCE ABUSE CONDITION.—

(1) IN GENERAL.—Title XVI (42 U.S.C. 1381 et seq.) is amended by adding at the end the following new section:

"TREATMENT SERVICES FOR INDIVIDUALS WITH A SUBSTANCE ABUSE CONDITION

"SEC. 1636. (a) In the case of any individual eligible for benefits under this title by reason of disability who is identified as having a substance abuse condition, the Commissioner of Social Security shall make provision for referral of such individual to the appropriate State agency administering the State plan for substance abuse treatment services approved under subpart II of part B of title XIX of the Public Health Service Act (42 U.S.C. 300x-21 et seq.)

"(b) No individual described in subsection (a) shall be an eligible individual or eligible spouse for purposes of this title if such individual refuses without good cause to accept the referred services described under subsection (a).

(2) CONFORMING AMENDMENT.—Section 1614(a)(4) (42 U.S.C. 1382c(a)(4)) is amended by inserting after the second sentence the following new sentence: "For purposes of the preceding sentence, any individual identified by the Commissioner as having a substance abuse condition shall seek and complete appropriate treatment as needed.".

On page 126, line 10, strike "c" and insert "(d)".

On page 127, between lines 2 and 3, insert the following new subsection:

(e) SUPPLEMENTAL FUNDING FOR ALCOHOL AND SUBSTANCE ABUSE TREATMENT PROGRAMS.—

(1) IN GENERAL.—Out of any money in the Treasury not otherwise appropriated, there are hereby appropriated to supplement State and Tribal programs funded under section 1933 of the Public Health Service Act (42 U.S.C. 300x-33), $50,000,000 for each of the fiscal years 1997 and 1998.

(2) ADDITIONAL FUNDS.—Amounts appropriated under paragraph (1) shall be in addition to any funds otherwise appropriated for allotments under section 1933 of the Public Health Service Act (42 U.S.C. 300x-33) and shall be allocated pursuant to such section 1933.

(3) USE OF FUNDS.—A State or Tribal government receiving an allotment under this subsection shall consider as priorities, for purposes of expending funds allotted under this subsection, activities relating to the treatment of the abuse of alcohol and other drugs.

On page 131, line 23, insert ", including such individual's treatment (if any) provided pursuant to such title as in effect on the day before the date of such enactment," after "individual".

On page 158, between lines 11 and 12, insert the following:

SUBTITLE F—RETIREMENT AGE ELIGIBILITY

SEC. 251. ELIGIBILITY FOR SUPPLEMENTAL SECURITY INCOME BENEFITS BASED ON SOCIAL SECURITY RETIREMENT AGE.

(a) IN GENERAL.—Section 1614 (a)(1)(A) (42 U.S.C. 1382c(a)(1)(A)) is amended by striking "is 65 years of age or older," and inserting "has attained retirement age.".

(b) RETIREMENT AGE DEFINED.—Section 1614 (42 U.S.C. 1382c) is amended by adding at the end the following new subsection:

"Retirement Age

"(g) For purposes of this title, the term "retirement age" has the meaning given such term by section 216(*l*)(1).".

(c) CONFORMING AMENDMENTS.—Sections 1601, 1612(b)(4), 1615(a)(1), and 1620(b)(2) (42 U.S.C. 1381, 1382a(b)(4), 1382d(a)(1), and 1382i(b)(2)) are amended by striking "age 65" each place it appears and inserting "retirement age".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to applicants for benefits for months beginning after September 30, 1995.

Mr. DOLE. Mr. President, I know there are some of our colleagues that want to make statements this afternoon on that. I would go over that just very quickly.

I think we agree on the child care, the first provision, with a set-aside in 1994 of $1 billion. Then we provide an additional $3 billion over 5 years for child care to be distributed among the States based on the funds for the title IV-A at-risk child care program.

Job training. I will get that agreement, which I think has been cleared by the Democratic leader, which will be handled under a separate freestanding agreement.

Mr. DASCHLE. Yes.

Mr. DOLE. The contingency grant fund. This is in addition to the loan fund. We keep the loan fund at $1.7 billion. The contingency fund is $1 billion over 7 years. Funds must be matched at Medicaid matching rates, and States must have maintained their 1994 level on spending on title IV-A and IV-F programs.

Limited additional funds are available for those States whose base years do not fully reflect subsequent adjustments related to emergency assistance. I understand that affects 12 States. I am not certain of the total cost of that provision, but I think around $900 million.

The hardship exemption has been increased from 15 percent to 20 percent.

There is $75 million per year for abstinence education.

Program evaluation authorizes $20 million per year for evaluation.

Food stamps. We worked out a provision which will save about $1.6 billion. In the food stamp program, the standard deduction for all food stamp recipients will be reduced from the original S. 1120. It stages from its current level of $134 in increments of $2 per year down to $124 in fiscal year 2000. This modification will reduce the standard deduction to $132 in fiscal year 1996, as in the original S. 1120, and then immediately down to $124 in 1997, where it remains through fiscal year 2002. CBO gives this change a preliminary savings estimate of $1.1 billion in additional savings.

SSI. The SSI provision is the one, $50 million per year for 2 years for treatment, funded under the substance abuse block grant, a matter of interest to Senator COHEN and Senator BINGAMAN.

I also ask unanimous consent to have printed in the RECORD at this point a letter from the National Governors' Association. As the Democratic leader knows, we received letters asking for more child care funding and contingency grant funding and a number of other things.

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

NATIONAL GOVERNORS ASSOCIATION,
Washington, DC, September 13, 1995.

Hon. ROBERT DOLE,
U.S. Senate Majority Leader, U.S. Senate, Washington, DC.

DEAR SENATOR DOLE: As you consider legislation to block grant key welfare and child care programs, we urge you to keep in mind the lessons states have learned over the last decade of experimentation in welfare reform. As Governors we know what it takes to reform the welfare system because we are already doing it in our states—through state waiver initiatives and through implementation of the Family Support Act. Our experience tells us that three elements are crucial: welfare must be temporary and linked to work; both parents must support their children; and child care must be available to enable low income families with children to work.

Governors do believe that greater flexibility could aid significantly our efforts to reform the welfare system. We appreciate and support the changes that have been made recently to your bill to ensure that states have the ability to design their own welfare systems. These changes include a state option to count vocational educational training toward welfare-to-work participation rates and the ability to exempt families with very young children from work requirements.

As the Senate considers welfare reform legislation, we believe you should address several remaining key issues:

Child Care. Child care represents the largest part of the up-front investment needed for successful welfare reform. We appreciate the flexibility that Title I of S. 1120 provides for states to design child care services for families who are participating in welfare-to-work activities or who have left welfare for work, and the working poor. Further we are pleased that the mandate to provide child care to mothers with children under age six contained in the Senate Finance Committee bill has been removed.

We are concerned that unless adequate child care funding continues to be provided at the federal level, the work requirements in the bill could represent a significant unfunded mandate on the states. While Governors differ on the exact level of child care funding needed to implement the work requirements, we all agree that states will need substantially more funding than is currently in your bill.

We believe that if the following changes were adopted, the federal-state partnership could be preserved for meeting increased needs due to welfare work requirements and increased child care needs could be minimized:

Give states access to a limited amount of additional federal matching fund for child care. These funds would be available to states at the Medicaid match or 70 percent, whichever is higher. Only states that were maintaining their state levels of spending could qualify for these funds to ensure that federal funds do not supplant state spending. Funds would be allocated to states in the same way that At-Risk Child Care funds are currently distributed.

To ensure protection for child care funding, fund the Child Care Development Block Grant (CCDBG) as an entitlement to states and eliminate prescriptive earmarks that limit state flexibility in administering programs. Quality set-asides and mandated resource and referral programs detract from states' ability to provide needed child care services. Currently the CCDBG is a discretionary program. The CCDBG is a critical source of funds for child care assistance to poor families, particularly for the working poor, and states will need the assurance that these funds will be available at the level at which the program is authorized.

Give states the option of limiting required hours of work to 20 hours per week for families with children under age six. This would allow states to minimize the amount of child care assistance needed by families with young children and would allow states to set work expectations for low income mothers with young children that are consistent with what our society experts of other mothers with young children. The bill approved by the Finance Committee did not require more than 20 hours of work per week; S. 1120, however, mandates 35 hours per week by the year 2000. This is a major factor behind estimates that by the year 2000 states will have to spend several billion dollars annually, above and beyond current spending, to meet the costs of providing child care for welfare recipients.

Contingency Grant Fund. Economic downturns can derail welfare reform by sapping state revenues just when need for assistance is rising. The greater flexibility of block grant will allow states in normal economic times to control their own welfare costs through eligibility, benefit and work program decisions. We believe, however, that if a deep economic recession occurs, the need for economic assistance may well overwhelm the fiscal capacity of some states to respond to that need. We urge you to include a contingency grant fund that gives states that experience sharp increases in unemployment access to federal matching grants. Contingency funds would have to be matched at the Medicaid match rates and states would only have access to these grants if they have maintained their own level of state spending.

Restrictions on Aid. In the past federal restrictions on eligibility have served to contain federal costs given the open-ended entitlement nature of federal cash assistance funding. Governors believe that such restrictions have no place, however, in a block grant system where federal costs are fixed, regardless of the eligibility and benefit choices made by each state. Accordingly we oppose any provisions that prohibit states from aiding such groups as legal aliens, teen parents, or additional children born to welfare recipients. These decisions are most appropriately made at the state level.

Direct Funding to Tribes and Localities. Under current law, federal welfare funds flow through state governments which, in turn, add state matching funds and send the combined state and federal funds to localities, including countries and tribal reservations. S. 1120 would change this system by allowing tribal governments to apply for direct federal assistance, bypassing any state role. In addition, we understand a floor amendment will be offered that would similarly allow counties to bypass the state government. We believe any direct funding to tribes or localities would be a serious mistake. First, by eliminating the state role, it is likely to lead to the end of future state funding to those tribes and localities receiving direct federal funds. Second, in the case of tribal families, it would be very difficult to sort out who is responsible for serving families in areas outside of reservations where tribal and nontribal families live interspersed. Third, direct funding to localities will prevent states from undertaking statewide reforms.

State Penalties. As Governors we expect to be held accountable for the use of any federal block grant funds, and are fully committed to repaying any funds that the federal government determines to have been misspent. We are concerned, however, about the punitive nature of the penalties in S. 1120. It goes beyond requiring states to repay any misspent funds by creating a three-tier penalty which 1) requires repayment of misspent funds; 2) imposes a five percent reduction in a state's block grant allotment; and 3) requires states to pay the five percent penalty out of state general revenues rather than through any reduction in program spending. These provisions should be modified.

Performance Bonuses. Whether or not final welfare reform legislation includes state penalties, we believe that it should include bonuses for states with exceptional performance. We support the proposal to give states performance bonuses for each recipient they place in work. States that have been successful in putting welfare recipients to work should be rewarded and allowed to use such bonuses for additional investments in child care for the working poor and welfare-to-work programs.

Thank you for your consideration of our views.

Sincerely,

GOVERNOR TOMMY G. THOMPSON,
State of Wisconsin.
GOVERNOR BOB MILLER,
State of Nevada.

Mr. DOLE. Before I yield—if I could get this—I ask as part of the unanimous consent that when the Senate proceeds to consideration of S. 143, Calendar No. 153, that it be considered under the following time limitation: The committee-reported amendment be withdrawn, the managers be allowed to offer a substitute amendment; further, that the debate time be limited to a total of 9 hours equally divided between the two managers, with the only amendments in order to the bill be the following first-degree amendments, with no second-degree amendments in order, and that each amendment be limited to 45 minutes in the usual form.

The amendments are: An amendment to strike the repeal of trade adjustment assistance; a Specter amendment regarding Job Corps; a Breaux amendment regarding dislocated workers; a Jeffords-Pell amendment regarding adult education; a Dodd amendment regarding national set-asides for migrant workers, dislocated workers, and others; five relevant Kassebaum amendments; and five relevant Kennedy amendments.

This agreement was worked out with my colleague from Kansas, Senator KASSEBAUM, and the Senator from Massachusetts, Senator KENNEDY.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. I ask unanimous consent that the summary of the leadership amendment, the Dole-Daschle amendment, be printed in the RECORD. I stated just briefly what the summary entails.

And there will be a record vote on this amendment; is that right?

Mr. DASCHLE. Yes.

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

LEADERSHIP AMENDMENT

1. CHILD CARE

a. Set aside 1994 Title IV-A child care federal amount (approximately $1 billion) annually to be used for child care as currently provided in bill (as modified by Kassebaum). Allocate based on state's 1994 spending on Title IV-A child care.

b. Provide additional $3.0 billion over 5 years for child care. To be distributed among the states based on the funds for the Title IV-A at-risk child care program. To be eligible, state must have maintained 1994 Title IV-A spending on child care. Must match under the medicaid matching formula.

c. At state option, single parents with children age 5 and under may not be required to work more than 20 hours per week.

2. JOB TRAINING

Free standing bill under agreed upon time agreement.

3. CONTINGENCY GRANT FUND

(This is in addition to loan fund not in lieu of.)

Over 7 years, provides $1 billion in grant fund to be available to states under the following conditions.

a. Funds must be matched at medicaid matching rates.

b. States must have maintained their 199 level of spending on Title IV-A and IV-F programs.

Limited additional funds available for those states whose base year does not fully reflect subsequent adjustments related to emergency assistance.

4. HARDSHIP EXEMPTION

Increase current hardship exemption in the bill from 15 percent to 20 percent.

5. ABSTINENCE EDUCATION

Increase funding for Title V Block Grant by $75 million per year to be earmarked for abstinence education.

6. PROGRAM EVALUATION

Authorize $20 million per year for evaluation.

7. FOOD STAMPS

In the Food Stamp Program, the standard deduction, a deduction from income given to all food stamp recipients, was reduced, in the original S. 1120, in stages from its current level of $134 in increments of $2 per year down to a level of $124 in FY2000. This modification would reduce the standard deduction to $132 in FY1996 (as in the original S. 1120) and then immediately down to $124 in FY1997 where it would remain through FY2002. CBO gives this change a preliminary savings estimate of $1.1 billion in additional savings.

8. SSI

1. All recipients identified with substance abuse problem must be referred for treatment.

2. $50 million per year for 2 years (97-98) for treatment. Funded under Substance Abuse Block Grant.

3. For the next year, current recipients enrolled with RMAs will continue with RMA.

4. Conform age for eligibility to social security retirement age.

Mr. DOLE. I yield the floor.

Mr. DASCHLE addressed the Chair.

The PRESIDING OFFICER. The distinguished minority leader.

Mr. DASCHLE. Let me thank the majority leader for his cooperation in bringing us to this point. Obviously, this was a matter of a great deal of discussion over the last several days, and I think it represents our best effort at attempting to reconcile a number of issues for which there is interest on both sides.

Obviously, child care was the most significant. As the distinguished leader indicated, this bill provides for $3 billion over 5 years for childcare services to be provided by the States. That is in addition to the $5 billion over the next 5 years that was originally contemplated in the original Dole bill as well as the Democratic bill that we voted upon earlier.

So it represents, in my view, the most significant commitment the Senate has made thus far to the realization that there is a very important investment required in child care if, indeed, we want the recipients of welfare ultimately to find work and to obtain the job skills necessary to work.

In my view, as many of us have indicated, this is the linchpin to making welfare work better. Good child care means better participation, means greater success at what it is we are trying to do. So this is really the key of this amendment as well. Not only is it the key of the bill, but it was critical to finding some resolution to the issue. And as a result of a good deal of discussion and negotiation on both sides, we have now come to this point.

I am very pleased that we can say with some satisfaction that we are providing States with resources that will be critical to their success in making welfare work.

In addition, of course, we have had a good debate about what ought to be the level of maintenance that will be required of States over the next 5 years, what will be required of them, not just what will the Federal Government do, but what will the States do.

We offered an amendment for which there was a very close vote in recognition of the need to require States to do a certain level of responsibility. We have agreed that an 80-percent real maintenance of effort is something that is prudent and something for which there ought to be strong bipartisan support.

We also, as we have just indicated with this unanimous-consent agreement relating to job training, taken out those segments of the original Dole bill that would have authorized job training outside of the welfare context.

Our view is that it is important for us to find ways to ensure that people who are not on welfare have good job training, people who have lost jobs who otherwise would be productive citizens may need to be skilled in new jobs. This whole section of the bill is designed to provide opportunities for that to happen. But it is not a welfare program, so we do not want to give it that welfare connotation.

That is really, in essence, what this agreement does. It allows us to separate out job training and provide for the necessary legislation, as soon as we dispose of this bill and the appropriations bills, to return to job training and allow us to do that.

Fourth, and just as importantly, we recognize that States on many occasions will find that the current allotment is not going to work. I am very concerned about whether the provisions in this bill will allow that to be addressed adequately. We provide $1 billion over 5 years. I recognize we are working under constraints in resources, but I am concerned that we may have to revisit this issue at some point in the future. But $1 billion is better than none at all. States have indicated they need it. This provides it.

So we also, in a bipartisan way, I think, recognize that there will be emergencies, and this fund will allow us to deal with them in a meaningful way.

It also provides a change in the time limits that are provided under the exemption. The original Dole bill allowed Governors a 15-percent exemption. This raises it to 20 percent. We provide $75 million per year in abstinence education and then, finally, at least $50 million over the next 4 years each year for substance abuse treatment. That was the Cohen amendment.

Mr. President, this is a good compromise, a good amendment. I hope that it enjoys broad support next Tuesday when we have the opportunity to vote on it. I propose we have a little bit of time to revisit the issue, maybe 10, 15 minutes on a side prior to the point we vote on final passage and on this amendment. It is worthy of our support, and I appreciate the cooperation of Senators on both sides of the aisle who brought us to this point this afternoon.

I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, I want to compliment the two leaders for their leadership in helping to bring about this agreement. I hope everybody will support the leadership amendment. Not everybody is pleased. That is what compromises are all about. But I have to tell you, a lot of people felt when we started this debate that it would drag out for weeks; that there would be no effective resolution; that we could not bring both sides together, because there are too wide viewpoints: One side wants more and more for welfare and wants it for the best of reasons. The other side believes balanced budgets are the prime effort that we should be taking at this time, because if we do not, the moneys we have will not be worth anything anyway.

If we go to $10 trillion in the national debt, who cares what is going to happen. What happened here because of the two leaders is we have been able to work together and bring together a package that is going to make a whale of a difference for the whole society. It is a savings package, a compassionate package. In other words, it is a package that points toward a balanced budget in a reasonable period of time by the year 2002.

In particular, I want to talk a second or two about our majority leader. This has been one of the more difficult problems that I have seen on the floor. There are so many varying beliefs, so many varying difficulties in managing this bill. It has taken great patience, great tolerance, sometimes pretty tough talk, and an awful lot of leadership to bring this bill to this point where next week we are going to pass it, one way or the other, and we are going to pass it with this leadership amendment.

There are a lot of very, very important parts of this bill. You cannot really say any one part was the linchpin or the only key part that really made this bill possible. We have had everything ranging from abstinence education to food stamps to program evaluation to SSI. Job training has been set apart, mainly because we know it is a very hot issue and a very difficult one to resolve with 150 different job training programs in the Federal Government. What is being done here is trying to consolidate them to make them work better, more efficiently and give the States a little more leeway to be able to solve some of these problems.

On child care, let me tell you something, without the effective work of the majority leader, that would not have been brought about. He had it within his power and was pushed at one time to stop it, to cut out additional

funds for child care above the $5 billion originally in the bill. But he worked with both sides, cajoled both sides, tried to resolve the problems and, ultimately, we have done what really is right here.

We provided an additional $3 billion for child care. First of all, we set aside the 1994 title IV-A child care Federal amount, which is approximately $1 billion, so that it will be used for child care as it should be. That was something that had to be solved. That was an amendment that I pushed very hard.

The distinguished Senator from Kansas displayed a significant—both Senators from Kansas, but I am talking about, in this case, the distinguished chairman of the Labor and Human Resources Committee. Without her, we would not be anywhere near having a child care bill that is the integral part of this bill. She has done a terrific job, along with Senator SNOWE from Maine, and others, that I would like to mention, but for want of time will not.

I have to compliment the distinguished Senator from Connecticut, Senator DODD, and Senator KENNEDY from Massachusetts. These Senators wanted more money. They wanted to do more in this area, but they also had to recognize that there is a limit, that there are not the moneys there and that it is really wrong, basically and fundamentally wrong, to promise to the American people, especially those single heads of household who depend on child care, that there is going to be another $10 billion of child care there, when we are only talking about an authorization and there is no way to get that kind of money. It would have sent out a signal and sent out a message and would have demoralized a lot of people.

What happened is we brought it all together under the leadership of Senator DOLE. I have to say to my good friend from South Dakota as well, the distinguished minority leader, what a tremendous job these two leaders have done. As usual, the majority leader has consistently taken these tough, hard issues day after day, week after week, sometimes having more trouble on our side, but always having plenty of challenge on the other side and getting it done.

In this case, I just cannot compliment these two leaders enough. I would feel badly leaving here today without at least expressing my fondness and my regard for them and their leadership.

I yield the floor.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The distinguished majority leader.

Mr. DOLE. Mr. President, let me also commend and congratulate the Senator from Utah, Senator HATCH, because we were in some very tense discussions yesterday. And we have tense discussions around here from time to time. It was over how do we do the right thing and still save enough money and change the system. I think we ended up right on track in all three areas. Much of it was due to the efforts of Senator HATCH working with Senators on the other side and working with a number on this side of the aisle and working with the majority leader. I, in turn, went to the Democratic leader, and we were able to come together after a little misunderstanding late in the afternoon about whether it was $2 or $3 billion.

In any event, we have now accomplished that, and I think we will have a little debate on Tuesday before the vote. I hope that the two leaders will have 5 minutes each so we can make a closing statement on the bill.

I would expect broad bipartisan support. We have had 95 hours, I think, on this bill, and 38 votes, tough votes. There were a lot of votes today. In fact, there were 10 today. I think we have had a good debate. Everybody has had an opportunity to express their views. I believe when a final vote is taken, there will be a strong bipartisan support for changing welfare as we know it, giving power back to the States. I think that is a big step in the right direction.

There are a number of amendments that have been cleared, and I will offer those at this time.

I ask unanimous consent to temporarily set aside amendment No. 2683 so that I may offer these amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENTS NOS. 2552; 2567; 2499; 2580, AS MODIFIED; 2585, AS MODIFIED; 2544; 2486, AS MODIFIED; AND 2684

Mr. DOLE. Mr. President, I ask unanimous consent to consider and adopt the following amendments, en bloc, that any amendment be considered as modified where noted with the modifications I send to the desk, and that any statements accompanying these amendments be inserted at the appropriate place in the RECORD as if read. Those are as follows:

A Bryan amendment No. 2552; a Graham of Florida amendment No. 2567; a Bond amendment No. 2499; a Grams of Minnesota amendment No. 2580, as modified; a Stevens amendment No. 2585, previously agreed to, now as modified; a McCain amendment No. 2544; a Levin-Dole amendment No. 2486, previously agreed to, as modified; and an Abraham-Jeffords amendment. I send them all to the desk.

The PRESIDING OFFICER. Without objection, the amendments are agreed to, en bloc.

The amendments (Nos. 2552; 2567; 2499; 2580, as modified; 2585, as modified; 2544; 2486, as modified; and 2684) were agreed to.

The modified amendments and amendment No. 2684 read as follows:

AMENDMENT NO. 2580, AS MODIFIED

On page 36, between lines 13 and 14, insert the following:

"(4) LIMITATION ON VOCATIONAL EDUCATION ACTIVITIES COUNTED AS WORK.—For purposes of determining monthly participation rates under paragraphs (1)(B)(i)(I) and 2(B)(i) of subsection (b), not more than 25 percent of adults in all families and in 2-parent families determined to be engaged in work in the State for a month may meet the work activity requirement through participation in vocational educational training.

AMENDMENT NO. 2585, AS MODIFIED

On page 16, beginning on line 13, strike all through line 17, and insert the following:

"(4) INDIAN; INDIAN TRIBE, AND TRIBAL ORGANIZATION.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'Indian', 'Indian tribe', and 'tribal organization' have the meaning given such terms by section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

"(B) IN ALASKA.—For purposes of making tribal family assistance grants under section 414 on behalf of Indians in Alaska, the term 'Indian tribe' shall mean only the following Alaska Native regional nonprofit corporations:

"(i) Arctic Slope Native Association.
"(ii) Kawerak, Inc.
"(iii) Maniilaq Association.
"(iv) Association of Village Council Presidents.
"(v) Tanana Chiefs Conference.
"(vi) Cook Inlet Tribal Council.
"(vii) Bristol Bay Native Association.
"(viii) Aleutian and Pribilof Island Association.
"(ix) Chugachmuit.
"(x) Tlingit Haida Central Council.
"(xi) Kodiak Area Native Association.
"(xii) Copper River Native Association.

On page 75, between lines 6 and 7, insert the following:

"(i) SPECIAL RULE FOR INDIAN TRIBES IN ALASKA.—

"(1) IN GENERAL.—Notwithstanding any other provision of this section, and except as provided in paragraph (2), an Indian tribe in the State Alaska that receives a tribal family assistance grant under this section shall use such grant to operate a program in accordance with the requirements applicable to the program of the State of Alaska funded under this part.

"(2) WAIVER.—An Indian tribe described in paragraph (1) may apply to the appropriate State authority to receive a waiver of the requirement of paragraph (1).

AMENDMENT NO. 2486, AS MODIFIED

On page 12, between lines 22 and 23, insert the following:

(G) COMMUNITY SERVICE.—Not later than 2 years after the date of the enactment of this Act, consistent with the exception provided in section 404(d), require participation by, and offer to, unless the State opts out of this provision by notifying the Secretary, a parent or caretaker receiving assistance under the program, after receiving such assistance for 6 months—

"(i) is not exempt from work requirements; and

"(ii) is not engaged in work as determined under section 404(c),

in community service employment, with minimum hours per week and tasks to be determined by the State.

On page 51, strike the matter inserted between lines 11 and 12 by the modification submitted on September 8, 1995, and insert the following:

"(e) GRANT INCREASED TO REWARD STATES THAT REDUCE OUT-OF-WEDLOCK BIRTHS.—

"(1) IN GENERAL.—The amount of the grant payable to a State under section 403(a)(1)(A) for fiscal years 1998, 1999, and 2000 shall be increased by—

"(A) an amount equal the product of $25 multiplied by the number of children in the

State in families with incomes below the poverty line, according to the most recently available Census data, if—

"(i) the illegitimacy ratio of the State for the most recent fiscal year for which such information is available is at least 1 percentage point lower than the illegitimacy ratio of the State for fiscal year 1995 (or, if such information is not available, the first available year after 1995 for which such data is available); and

"(ii) the rate of induced pregnancy terminations for the same most recent fiscal year in the State is not higher than the rate of induced pregnancy terminations in the State for fiscal year 1995 (or, the same first available year); or

"(B) an amount equal the product of $50 multiplied by the number of children in the State in families with incomes below the poverty line, according to the most recently available Census data, if—

"(i) the illegitimacy ratio of the State for the most recent fiscal year for which information is available is at least 2 percentage points lower than the illegitimacy ratio of the State for fiscal year 1995 (or, if such information is not available, the first available year after 1995 for which such data is available); and

"(ii) the rate of induced pregnancy terminations in the State for the same most recent fiscal year is not higher than the rate of induced pregnancy terminations in the State for fiscal year 1995 (or, the same first available fiscal year).

"(2) DETERMINATION OF THE SECRETARY.—The Secretary shall not increase the grant amount under paragraph (1) if the Secretary determines that the relevant difference between the illegitimacy ratio of a State for an applicable fiscal year and the illegitimacy ratio of such State for fiscal year 1995 or, where appropriate, the first available year after 1995 for which such data is available, is the result of a change in State methods of reporting data used to calculate the illegitimacy ratio or if the Secretary determines that the relevant non-increase in the rate of induced pregnancy terminations for an applicable fiscal year as compared to fiscal year 1995 or the appropriate fiscal year is the result of a change in State methods of reporting data used to calculate the rate of induced pregnancy terminations.

"(3) ILLEGITIMACY RATIO.—For purposes of this subsection, the term 'illegitimacy ratio' means, with respect to a State and a fiscal year—

"(A) the number of out-of-wedlock births that occurred in the State during the most recent fiscal year for which such information is available; divided by

"(B) the number of births that occurred in the State during the most recent fiscal year for which such information is available.

"(4) POVERTY LINE.—For purposes of this subsection, the term 'poverty line' has the meaning given such term in section 403(a)(3)(D)(iii).

"(5) AVAILABILITY OF AMOUNTS.—There are authorized to be appropriated and there are appropriated such sums as may be necessary for fiscal years 1998, 1999, and 2000 for the purpose of increasing the amount of the grant payable to a State under section 403(a)(1) in accordance with this subsection.

Mr. DOLE. Mr. President, I move to reconsider the vote.

Mr. DASCHLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. There were 39 votes and there will be three more, so that is 42 votes before we complete action.

UNANIMOUS-CONSENT AGREEMENT

Mr. DOLE. Mr. President, I ask unanimous consent that when the Senate reconvenes at 2:15 p.m. on Tuesday—and we will be here Monday, but this is after the policy lunch Tuesday—the Senate proceed to 30 minutes of debate to be equally divided in the usual form, to be followed immediately by a vote on the Gramm amendment No. 2615, to be followed by a vote on the Dole modification, to be followed by adoption of the Dole amendment No. 2280, third reading and final passage of H.R. 4, as amended, with 2 minutes for debate between the second and third votes, to be equally divided in the usual form.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. For the information of all Senators, at 2:15 p.m., there will be 30 minutes for debate, under the control of the leaders or their designees, for wrap-up statements with respect to the welfare bill, and then the Senate will proceed to three back-to-back votes on the Gramm amendment No. 2615, the Dole modification, and final passage of H.R. 4.

Mr. DASCHLE. If the majority leader will yield, just for the information of Senators, is it still the majority leader's intention to bring up the Agriculture appropriations bill on Monday?

Mr. DOLE. If there is no objection, we would like to proceed to that. In fact, I think I have it here. At the hour of 10 a.m. we will proceed to calendar No. 186, H.R. 1976, the Agriculture appropriations bill.

Mr. DASCHLE. The unanimous-consent agreement does include a reference to when votes will take place?

Mr. DOLE. Not prior to the hour of 5:15.

Again, candidly, I know some of our Senators have official business on Monday. So we are trying to accommodate their wishes. We are also trying to finish that bill by Tuesday. I have talked to Senator COCHRAN, the committee chairman. He believes it can be done. There is one particular amendment that will take 2 hours of debate on Tuesday morning, concerning chickens, chilled chickens. It is a matter involving three different States. Kansas is not one of them. It will be interesting.

I hope we can complete action on that following final action on the welfare bill. We had hoped to go to the State, Justice, Commerce Department appropriations bill today. I do not believe we can do that now. I assume we will take that up following the Agriculture bill.

ORDERS FOR MONDAY, SEPTEMBER 18, 1995

Mr. DOLE. I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 9:45 a.m. Monday, September 18, 1995; that following the prayer, the Journal of the proceedings be deemed approved to date, the time for the two leaders be reserved for their use later in the day, that there be a period for the transaction of routine morning business not to extend beyond 10 a.m., with Senators permitted to speak therein for up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER TO PROCEED TO H.R. 1976

Mr. DOLE. Mr. President, I ask unanimous consent that at the hour of 10 o'clock the Senate proceed to calendar No. 186, H.R. 1976, the Agriculture appropriations bill, and that no votes occur on Monday prior to the hour of 5:15 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. For the information of all Senators, we are going to begin the Agriculture appropriations bill at 10. So we hope Members will offer amendments on Monday, and we can complete action by the lunch recess on Tuesday. Also, by previous consent, three rollcall votes will occur on Tuesday, at approximately 2:45, with respect to the welfare reform bill.

MORNING BUSINESS

Mr. DOLE. Mr. President, I ask unanimous consent that there be a period for the transaction of routine morning business not to extend beyond the hour of 3:30 p.m., and Members be permitted to speak for 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, it does not take a rocket scientist to be aware that the U.S. Constitution forbids any President to spend even a dime of Federal tax money that has not first been authorized and appropriated by Congress—both the House of Representatives and the U.S. Senate.

So when a politician or an editor or a commentator pops off that "Reagan ran up the Federal debt" or that "Bush ran it up," bear in mind that the Founding Fathers, two centuries before the Reagan and Bush Presidencies, made it very clear that it is the constitutional duty of Congress—a duty Congress cannot escape—to control Federal spending.

Thus, it is the fiscal irresponsibility of Congress that has created the incredible Federal debt which stood at $4,968,803,366,390.98 as of the close of business Thursday, September 14. This outrageous debt—which will be passed on to our children and grandchildren—averages out to $18,861.66 for every man, woman and child in America.

COMMENDING OSEOLA McCARTY

Mr. LOTT. Mr. President, I rise today to commend a Mississippi woman who is a role model for all Americans, Ms.

(1) The table of sections for chapter 43 is amended by striking the item relating to section 4973 and inserting the following:

"Sec. 4973. Treatment of excess contributions to individual retirement accounts, medical savings accounts, certain 403(b) contracts, and certain individual retirement annuities."

(2) The table of sections for subchapter B of chapter 68 is amended by inserting "or on medical savings accounts" after "annuities" in the item relating to section 6693.

SEC. 4. SENSE OF THE SENATE REGARDING TAX TREATMENT OF HEALTH INSURANCE AND LONG-TERM CARE INSURANCE.

It is the sense of the Senate that—

(1) there should be tax parity for all health insurance whether provided or purchased by individuals, self-employed, or employers; and

(2) long-term care services and insurance should be provided tax status similar to medical care services and insurance.•

ADDITIONAL COSPONSORS

S. 304

At the request of Mr. SANTORUM, the names of the Senator from Tennessee [Mr. FRIST], the Senator from Washington [Mrs. MURRAY], and the Senator from Alaska [Mr. STEVENS] were added as cosponsors of S. 304, a bill to amend the Internal Revenue Code of 1986 to repeal the transportation fuels tax applicable to commercial aviation.

S. 358

At the request of Mr. HEFLIN, the name of the Senator from South Dakota [Mr. PRESSLER] was added as a cosponsor of S. 358, a bill to amend the Internal Revenue Code of 1986 to provide for an excise tax exemption for certain emergency medical transportation by air ambulance.

S. 715

At the request of Mr. D'AMATO, the name of the Senator from Mississippi [Mr. LOTT] was added as a cosponsor of S. 715, a bill to provide for portability of health insurance, guaranteed renewability, high risk pools, medical care savings accounts, and for other purposes.

S. 960

At the request of Mr. SANTORUM, the name of the Senator from Alaska [Mr. STEVENS] was added as a cosponsor of S. 960, a bill to amend title 18, United States Code, to exempt qualified current and former law enforcement officers from State laws prohibiting the carrying of concealed handguns, and for other purposes.

S. 1134

At the request of Mr. NICKLES, the name of the Senator from Arizona [Mr. MCCAIN] was added as a cosponsor of S. 1134, a bill to provide family tax relief.

S. 1137

At the request of Mr. THOMAS, the names of the Senator from Colorado [Mr. CAMPBELL], and the Senator from North Carolina [Mr. FAIRCLOTH] were added as cosponsors of S. 1137, a bill to amend title 17, United States Code, with respect to the licensing of music, and for other purposes.

AMENDMENT NO. 2486

At the request of Mr. DOLE his name was added as a cosponsor of amendment No. 2486 proposed to H.R. 4, a bill to restore the American family, reduce illegitimacy, control welfare spending and reduce welfare dependence.

AMENDMENT NO. 2526

At the request of Mr. FRIST his name was added as a cosponsor of amendment No. 2526 proposed to H.R. 4, a bill to restore the American family, reduce illegitimacy, control welfare spending and reduce welfare dependence.

AMENDMENT NO. 2550

At the request of Mr. KOHL the name of the Senator from Vermont [Mr. LEAHY] was added as a cosponsor of amendment No. 2550 proposed to H.R. 4, a bill to restore the American family, reduce illegitimacy, control welfare spending and reduce welfare dependence.

AMENDMENT NO. 2568

At the request of Mr. GRAHAM the name of the Senator from Arkansas [Mr. PRYOR] was added as a cosponsor of amendment No. 2568 proposed to H.R. 4, a bill to restore the American family, reduce illegitimacy, control welfare spending and reduce welfare dependence.

SENATE RESOLUTION 172—PROVIDING FOR SEVERANCE PAY

Mr. DOLE submitted the following resolution; which was considered and agreed to:

S. RES. 172

Resolved, That (a) an individual who is an employee in the office of the Sergeant at Arms and Doorkeeper of the Senate, who was an employee in that office for at least 183 days (whether or not service was continuous) during fiscal year 1995, and whose service in that office is terminated on or after the date this resolution is agreed to, but prior to October 1, 1995, shall be entitled to one lump sum payment consisting of severance pay in an amount equal to 2 months of the individual's basic pay at the rate in effect on September 1, 1995.

(b) The Secretary of the Senate shall make payments under this resolution from funds appropriated for fiscal year 1995 from the appropriation account "Salaries, Officers and Employees" for salaries of officers and employees in the office of the Sergeant at Arms and Doorkeeper of the Senate.

(c) A payment may be make under this resolution only upon certification to the Disbursing Office by the Sergeant at Arms and Doorkeeper of the Senate of the individual's eligibility for the payment.

(d) In the event of the death of an individual who is entitled to payment under this resolution, any such payment that is unpaid shall be paid to the widow or widower of the individual or, if there is no widow or widower of such decreased individual, to the heirs at law or next of kin of such decreased individual.

(e) A payment under this resolution shall not be treated as compensation for purposes of any provision of title 5, United States Code, or of any other law relating to benefits accruing from employment by the United States, and the period of entitlement to such pay shall not be treated as a period of employment for purposes of any such provision or law.

AMENDMENTS SUBMITTED

THE WORK OPPORTUNITY ACT OF 1995

DASCHLE (AND KENNEDY) AMENDMENT NO. 2682

Mr. DASCHLE (for himself and Mr. KENNEDY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence; as follows:

On page 40, between lines 16 and 17, insert the following new paragraph:

"(4) NON-CASH ASSISTANCE FOR CHILDREN.—Nothing in paragraph (1) shall be construed as prohibiting a State from using funds provided under section 403 to provide aid, in the form of in-kind assistance, vouchers usable for particular goods or services as specified by the State, or vendor payments to individuals providing such goods or services, to the minor children of a needy family.".

DOLE AMENDMENT NO. 2683

Mr. DOLE proposed an amendment to amendment No. 2280 proposed by himself to the bill H.R. 4, supra; as follows:

On page 17, strike lines 13 through 22 and insert the following:

"(A) IN GENERAL.—For purposes of paragraph (1)(A), a State family assistance grant for any State for a fiscal year is an amount equal to the sum of—

"(i) the total amount of the Federal payments to the State under section 403 (other than Federal payments to the State described in section subparagraphs (A), (B) and (C) of section 419(a)(2)) for fiscal year 1994 (as such section 403 was in effect during such fiscal year), plus

"(ii) the total amount of the Federal payments to the State under subparagraphs (A), (B) and (C) of section 419(a)(2),

as such payments were reported by the State on February 14, 1995, reduced by the amount, if any, determined under subparagraph (B), and for fiscal year 2000, reduced by the percent specified under section 418(a)(3), and increased by an amount, if any, determined under paragraph (2)(D).

On page 77, line 21, strike the end quotation marks and the second period.

One page 77, between lines 21 and 22, insert the following new section:

"SEC. 419. AMOUNTS FOR CHILD CARE.

"(a) CHILD CARE ALLOCATION—

"(1) IN GENERAL.—From the amount appropriated under section 403(a)(4)(A) for a fiscal year, the Secretary shall set aside an amount equal to the total amount of the Federal payments for fiscal year 1994 to States under section—

"(A) 402(g)(3)(A) of this Act (as such section was in effect before October 1, 1995) for amounts expended for child care pursuant to paragraph (1) of such section;

"(B) 403(l)(1)(A) of this Act (as so in effect) for amounts expended for child care pursuant to section 402(g)(1)(A) of this Act, in the case of a State with respect to which section 1108 of this Act applies; and

"(C) 403(n) of this Act (as so in effect) for child care services pursuant to section 402(i) of this Act.

"(2) DISTRIBUTION.—From amounts set-aside for a fiscal year under paragraph (1), the Secretary shall pay to a State an amount equal to the total amounts of Federal payments for fiscal year 1994 to the State under section—

"(A) 402(g)(3)(A) of this Act (as such section was in effect before October 1, 1995) for amounts expended for child care pursuant to paragraph (1) of such section;

"(B) 403(l)(1)(A) of this Act (as so in effect) for amounts expended for child care pursuant to section 402(g)(1)(A) of this Act, in the case of a State with respect to which section 1108 of this Act applies; and

"(C) 403(n) of this Act (as so in effect) for child care services pursuant to section 402(i) of this Act.

"(3) USE OF FUNDS.—Amounts received by a State under paragraph (2) shall only be used to provide child care assistance under this part.

"(4) For purposes of paragraphs (1) and (2), Federal payments for fiscal year 1994 means such payments as reported by the State on February 14, 1995.

"(b) ADDITIONAL APPROPRIATION.—

"(1) IN GENERAL.—There are authorized to be appropriated and there are appropriated, $3,000,000,000 to be distributed to the States during the 5-fiscal year period beginning in fiscal year 1996 for the provision of child care assistance.

"(2) DISTRIBUTION.—

"(A) IN GENERAL.—The Secretary shall use amounts made available under paragraph (1) to make grants to States. The total amount of grants awarded to a State under this paragraph shall be based on the formula used for determining the allotment of Federal payments to the State for fiscal year 1994 under section 403(n) (as such section was in effect before October 1, 1995) for child care services pursuant to section 402(i) as such amount relates to the total amount of such Federal payments to all States for such fiscal year.

"(B) FISCAL YEAR 2000.—With respect to the last quarter of fiscal year 2000, if the Secretary determines that any allotment to a State under this subsection will not be used by such State for carrying out the purpose for which the allotment is available, the Secretary shall make such allotment available for carrying out such purpose to 1 or more other States which apply for such funds to the extent the Secretary determines that such other States will be able to use such additional allotments for carrying out such purposes. Such available allotments shall be reallocated to a State pursuant to section 402(i) (as such section was in effect before October 1, 1995) by substituting 'the number of children residing in all States applying for such funds' for 'the number of children residing in the United States in the second preceding fiscal year'. Any amount made available to a State from an appropriation for a fiscal year in accordance with the preceding sentence shall, for purposes of this part, be regarded as part of such State's payment (as determined under this subsection) for such year.

"(3) AMOUNT OF FUNDS.—The Secretary shall pay to each eligible State in a fiscal year an amount equal to the Federal medical assistance percentage for such State for such fiscal year (as defined in section 1905(b)) of so much of the expenditures by the State for child care in such year as exceed the State set-aside for such State under subsection (a) for such year and the amount of State expenditures in fiscal year 1994 that equal the non-Federal share for the programs described in subparagraphs (A), (B) and (C) of subsection (a)(1).

"(4) BUDGET SCORING.—Notwithstanding section 257(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, the baseline shall assume that no grant shall be made under this subsection after fiscal year 2000.

"(c) ADMINISTRATIVE PROVISIONS.—

"(1) STATE OPTION.—For purposes of section 402(a)(1)(B), a State may, at its option, not require a single parent with a child under the age of 6 to participate in work for more than an average of 20 hours per week during a month and may count such parent as being engaged in work for a month for purposes, of section 404(c)(1) if such parent participates in work for an average of 20 hours per week during such month.

"(2) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to provide an entitlement to child care services to any child.

On Page 17, line 22, insert before the period the following: ", and increased by an amount (if any) determined under subparagraph (D)."

On Page 18, between lines 21 and 22, insert the following:

"(D) AMOUNT ATTRIBUTABLE TO STATE PLAN AMENDMENTS.—

"(1) IN GENERAL.—For purposes of subparagraph (A), the amount determined under this subparagraph is an amount equal to the Federal payment under section 403(a)(5) to the State for emergency assistance in fiscal year 1995 under any State plan amendment made under section 402 during fiscal year 1994 (as such sections were in effect before the date of the enactment of the Work Opportunity Act of 1995) subject to the limitation in clause (ii).

"(ii) LIMITATION.—Amounts made available under clause (i) to all States shall not exceed $800 million. If amounts available under this subparagraph are less than the total amount of emergency assistance payments referred to in clause (i), the amount payable to a State shall be equal to an amount which bears the same relationship to the total amount available under this clause as the State emergency assistance payment bears to the total amount of such payments.

On page 25, line 18, insert "in the case of amounts paid to the State that are set aside in accordance with section 419(9), the State may reserve such amounts for any fiscal year only for the purpose of providing without fiscal year limitation child care assistance under this part." after the end period.

Beginning on page 315, strike line 6 and all that follows through page 576, line 12 (renumber subsequent titles and section numbers accordingly).

On page 29, between lines 17 and 18, insert the following:

"(d) CONTINGENCY FUND.—

"(1) ESTABLISHMENT.—There is hereby established in the Treasury of the United States a fund which shall be known as the 'Contingency Fund for State Welfare Programs' (hereafter in this section referred to as the 'Fund').

"(2) DEPOSITS INTO FUND.—Out of any money in the Treasury of the United States not otherwise appropriated, there are hereby appropriated for fiscal years 1996, 1997, 1998, 1999, and 2000, such sums as are necessary for payment to the Fund in a total amount not to exceed $1,000,000,000.

"(3) COMPUTATION OF GRANT.—

"(A) IN GENERAL.—Subject to subparagraph (B), the Secretary of the Treasury shall pay to each eligible State in a fiscal year an amount equal to the Federal medical assistance percentage for such State for such fiscal year (as defined in section 1905(b)) of so much of the expenditures by the State in such year under the State program funded under this part as exceed the historic expenditures for such State.

"(B) LIMITATION.—The total amount paid to a State under subparagraph (A) for any fiscal year shall not exceed an amount equal to 20 percent of the annual amount determined for such State under the State program funded under this part (without regard to this subsection) for such fiscal year.

"(C) METHOD OF COMPUTATION, PAYMENT, AND RECONCILIATION.—

"(i) METHOD OF COMPUTATION.—The method of computing and paying such amounts shall be as follows:

"(I) The Secretary of Health and Human Services shall estimate the amount to be paid to the State for each quarter under the provisions of subparagraph (A), such estimate to be based on a report filed by the State containing its estimate of the total sum to be expended in such quarter and such other information as the Secretary may find necessary.

"(II) The Secretary of Health and Human Services shall then certify to the Secretary of the Treasury the amount so estimated by the Secretary of Health and Human Services.

"(ii) METHOD OF PAYMENT.—The Secretary of the Treasury shall thereupon, through the Fiscal Service of the Department of the Treasury and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Health and Human Services, the amount so certified.

"(iii) METHOD OF RECONCILIATION.—If at the end of each fiscal year, the Secretary of Health and Human Services finds that a State which received amounts from the Fund in such fiscal year did not meet the maintenance of effort requirement under paragraph (5)(B) for such fiscal year, the Secretary shall reduce the State family assistance grant for such State for the succeeding fiscal year by such amounts.

"(4) USE OF GRANT.—

"(A) IN GENERAL.—An eligible State may use the grant—

"(i) in any manner that is reasonably calculated to accomplish the purpose of this part; or

"(ii) in any manner that such State used amounts received under part A or F of this title, as such parts were in effect before October 1, 1995.

"(B) REFUND OF UNUSED PORTION.—Any amount of a grant under this subsection not used during the fiscal year shall be returned to the Fund.

"(5) ELIGIBLE STATE.—

"(A) IN GENERAL.—For purposes of this subsection, a State is an eligible State with respect to a fiscal year, if

"(i)(I) the average rate of total unemployment in such State (seasonally adjusted) for the period consisting of the most recent 3 months for which data for all states are published equals or exceeds 6.5 percent, and

"(II) the average rate of total unemployment in such State (seasonally adjusted) for the 3-month period equals or exceeds 110 percent of such average rate for either (or both) of the corresponding 3-month periods ending in the 2 preceding calendar years; and

"(ii) has met the maintenance of effort requirement under subparagraph (B) for the State program funded under this part for the fiscal year.

"(B) MAINTENANCE OF EFFORT.—The maintenance of effort requirement for any State under this subparagraph for any fiscal year is the expenditure of an amount at least equal to 100 percent of the level of historic State expenditures for such State (as determined under subsection (a)(5)).

"(6) ANNUAL REPORTS.—The Secretary of the Treasury shall annually report to the Congress on the status of the Fund.

On page 40, line 13, strike "15" and insert "20".

At the appropriate place, insert the following:

SEC. . ABSTINENCE EDUCATION.

(a) INCREASE IN FUNDING.—Section 501(a) of the Social Security Act (42 U.S.C. 701(a)) is amended in the matter preceding paragraph (1) by striking "fiscal year 1990" and each fiscal year thereafter" and inserting "fiscal

years 1990 through 1995 and $761,000,000 for fiscal year 1996 and each fiscal year thereafter".

(b) ABSTINENCE EDUCATION.—Section 501(a)(1) of such Act (42 U.S.C. 701(a)(1) is amended—

(1) in subparagraph (c), by striking "and" at the end;

(2) in subparagraph (D), by adding "and" at the end; and

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

"(E) to provide abstinence education, and at the option of the State, where appropriate, mentoring, counseling, and adult supervision to promote abstinence from sexual activity, with a focus on those groups which are most likely to bear children out-of-wedlock.".

(c) ABSTINENCE EDUCATION DEFINED.—Section 501(b) of such Act (42 U.S.C. 701(b)) is amended by adding at the end the following new paragraph:

"(5) ABSTINENCE EDUCATION.—For purposes of this subsection, the term 'abstinence education' shall mean an educational or motivational program which—

"(A) has as its exclusive purpose, teaching the social, psychological, and health gains to be realized by abstaining from sexual activity;

"(B) teaches abstinence from sexual activity outside marriage as the expected standard for all school age children;

"(C) teaches that abstinence from sexual activity is the only certain way to avoid out-of-wedlock pregnancy, sexually transmitted diseases, and other associated health problems;

"(D) teaches that a mutually faithful monogamous relationship in context of marriage is the expected standard of human sexual activity;

"(E) teaches that sexual activity outside of the context of marriage is likely to have harmful psychological and physical effects;

"(F) teaches that bearing children out-of-wedlock is likely to have harmful consequences for the child, the child's parents, and society;

"(G) teaches young people how to reject sexual advances and how alcohol and drug use increases vulnerability to sexual advances; and

"(H) teaches the importance of attaining self-sufficiency before engaging in sexual activity.".

(d) SET-ASIDE.—

(1) IN GENERAL.—Section 502(c) of such Act (42 U.S.C. 702(c)) is amended in the matter preceding paragraph (1) by striking "From" and inserting "Except as provided in subsection (e), from".

(2) SET-ASIDE.—Section 502 of such Act (42 U.S.C. 702) is amended by adding at the end the following new subsection:

"(e) Of the amounts appropriated under section 501(a) for any fiscal year, the Secretary shall set aside $75,000,000 for abstinence education in accordance with section 501(a)(1)(E).

On page 29, between lines 15 and 16, insert the following:

"(f) ADDITIONAL AMOUNT FOR STUDIES AND DEMONSTRATIONS.—

"(1) IN GENERAL.—There are authorized to be appropriated and there are appropriated for each fiscal year described in subsection (a)(1) an additional $20,000,000 for the purpose of paying—

"(A) the Federal share of any State-initiated study approved under section 410(g);

"(B) an amount determined by the Secretary to be necessary to operate and evaluate demonstration projects, relating to part A of title IV of this Act, that are in effect or approved under section 1115 as of October 1, 1995, and are continued after such date:

"(C) the cost of conducting the research described in section 410(a); and

"(D) the cost of developing and evaluating innovative approaches for reducing welfare dependency and increasing the well-being of minor children under section 410(b).

"(2) ALLOCATION.—Of the amount appropriated under paragraph (1) for a fiscal year—

"(A) 50 percent shall be allocated for the purposes described in subparagraphs (A) and (B) of paragraph (1), and

"(B) 50 percent shall be allocated for the purposes described in subparagraphs (C) and (D) of paragraph (1).

On page 29, line 16, strike "(f)" and insert "(g)".

On page 57, beginning on line 22, strike all through page 60, line 2, and insert the following:

"(a) IN GENERAL.—The Secretary, in consultation with State and local government officials and other interested persons, shall develop a quality assurance system of data collection and reporting that promotes accountability and ensures the improvement and integrity of programs funded under this part.

"(b) STATE SUBMISSIONS.—

"(1) IN GENERAL.—Not later than the 15th day of the first month of each calendar quarter, each State to which a grant is made under section 403(f) shall submit to the Secretary the data described in paragraphs (2) and (3) with respect to families described in paragraph (4).

"(2) DISAGGREGATED DATA DESCRIBED.—The data described in this paragraph with respect to families described in paragraph (4) is a sample of monthly disaggregated case record data containing the following:

"(A) The age of the adults and children (including pregnant women) in each family.

"(B) The marital and familial status of each member of the family (including whether the family is a 2-parent family and whether a child is living with an adult relative other than a parent).

"(C) The gender, educational level, work experience, and race of the head of each family.

"(D) The health status of each member of the family (including whether any member of the family is seriously ill, disabled, or incapacitated and is being cared for by another member of the family).

"(E) The type and amount of any benefit or assistance received by the family, including—

"(i) the amount of and reason for any reduction in assistance, and

"(ii) if assistance is terminated, whether termination is due to employment, sanction, or time limit.

"(F) Any benefit or assistance received by a member of the family with respect to housing, food stamps, job training, or the Head Start program.

"(G) The number of months since the family filed the most recent application for assistance under the program and if assistance was denied, the reason for the denial.

"(H) The number of times a family has applied for and received assistance under the State program and the number of months assistance has been received each time assistance has been provided to the family.

"(I) The employment status of the adults in the family (including the number of hours worked and the amount earned).

"(J) The date on which an adult in the family began to engage in work, the number of hours the adult engaged in work, the work activity in which the adult participated, and the amount of child care assistance provided to the adult (if any).

"(K) The number of individuals in each family receiving assistance and the number of individuals in each family not receiving assistance, and the relationship of each individual to the youngest child in the family.

"(L) The citizenship status of each member of the family.

"(M) The housing arrangement of each member of the family.

"(N) The amount of unearned income, child support, assets, and other financial factors considered in determining eligibility for assistance under the State program.

"(O) The location in the State of each family receiving assistance.

"(P) Any other data that the Secretary determines is necessary to ensure efficient and effective program administration.

"(3) AGGREGATED MONTHLY DATA.—The data described in this paragraph is the following aggregated monthly data with respect to the families described in paragraph (4):

"(A) The number of families.

"(B) The number of adults in each family.

"(C) The number of children in each family.

"(D) The number of families for which assistance has been terminated because of employment, sanctions, or time limits.

"(4) FAMILIES DESCRIBED.—The families described in this paragraph are—

"(A) families receiving assistance under a State program funded under this part for each month in the calendar quarter preceding the calendar quarter in which the data is submitted;

"(B) families applying for such assistance during such preceding calendar quarter; and

"(C) families that became ineligible to receive such assistance during such preceding calendar quarter.

"(5) APPROPRIATE SUBSETS OF DATA COLLECTED.—The Secretary shall determine appropriate subsets of the data describe in paragraphs (2) and (3) that a State is required to submit under paragraph (1) with respect to families described in subparagraphs (B) and (C) of paragraph (4).

"(6) SAMPLING AND OTHER METHODS.—The Secretary shall provide the States with such case sampling plans and data collection procedures as the Secretary deems necessary to produce statistically valid estimates of each State's program performance. The Secretary is authorized to develop and implement procedures for verifying the quality of data submitted by the States.

On page 62, after line 24, insert the following:

"(j) REPORT TO CONGRESS.—Not later than 6 months after the end of fiscal year 1997, and each fiscal year thereafter, the Secretary shall transmit to the Congress a report describing—

"(1) whether the States are meeting—

"(A) the participation rates described in section 404(a); and

"(B) the objectives of—

"(i) increasing employment and earnings of needy families, and child support collections; and

"(ii) decreasing out-of-wedlock pregnancies and child poverty;

"(3) the demographic and financial characteristics of families applying for assistance, families receiving assistance, and families that become ineligible to receive assistance;

"(4) the characteristics of each State program funded under this part; and

"(5) the trends in employment and earnings of needy families with minor children.

On page 63, beginning on line 3, strike all through line 16, and insert the following:

"(a) RESEARCH.—The Secretary shall conduct research on the benefits, effects, and costs of operating different State programs funded under this part, including time limits relating to eligibility for assistance. The research shall include studies on the effects of different programs and the operation of such

programs on welfare dependency, illegitimacy, teen pregnancy, employment rates, child well-being, and any other area the Secretary deems appropriate.

"(b) DEVELOPMENT AND EVALUATION OF INNOVATIVE APPROACHES TO REDUCING WELFARE DEPENDENCY AND INCREASING CHILD WELL-BEING.—

"(1) IN GENERAL.—The Secretary may assist States in developing, and shall evaluate, innovative approaches for reducing welfare dependency and increasing the well-being of minor children with respect to recipients of assistance under programs funded under this part. The Secretary may provide funds for training and technical assistance to carry out the approaches developed pursuant to this paragraph.

"(2) EVALUATIONS.—In performing the evaluations under paragraph (1), the Secretary shall, to the maximum extent feasible, use random assignment as an evaluation methodology.

On page 63, line 17, strike "(d)" and insert "(c)".

On page 63, line 24, strike "(e)" and insert "(d)".

On page 64, line 21, strike "(f)" and insert "(e)".

On page 66, line 3, strike "(g)" and insert "(f)".

On page 66, between lines 19 and 20, insert the following:

"(g) STATE-INITIATED STUDIES.—A State shall be eligible to receive funding to evaluate the State's family assistance program funded under this part if—

"(1) the State submits a proposal to the Secretary for such evaluation,

"(2) the Secretary determines that the design and approach of the evaluation is rigorous and is likely to yield information that is credible and will be useful to other States, and

"(3) unless otherwise waived by the Secretary, the State provides a non-Federal share of at least 10 percent of the cost of such study.

On page 163, line 16, add "and" after the semicolon.

On page 163, strike lines 17 through 24, and insert in lieu thereof the following:

"(iii) for fiscal years 1997 through 2002, $124, $211, $174, $248 and $109, respectively."

On page 164, line 2, strike "2000" and insert in lieu thereof "2002".

On page 126, between lines 9 and 10, insert the following:

(c) TREATMENT SERVICES FOR INDIVIDUALS WITH A SUBSTANCE ABUSE CONDITION.—

(1) IN GENERAL.—Title XVI (42 U.S.C. 1381 et seq.) is amended by adding at the end the following new section:

"TREATMENT SERVICES FOR INDIVIDUALS WITH A SUBSTANCE ABUSE CONDITION

"SEC. 1636. (a) In the case of any individual eligible for benefits under this title by reason of disability who is identified as having a substance abuse condition, the Commissioner of Social Security shall make provision for referral of such individual to the appropriate State agency administering the State plan for substance abuse treatment services approved under subpart II of part B of title XIX of the Public Health Service Act (42 U.S.C. 300x-21 et seq.)

"(b) No individual described in subsection (a) shall be an eligible individual or eligible spouse for purposes of this title if such individual refuses without good cause to accept the referred services described under subsection (a).

(2) CONFORMING AMENDMENT.—Section 1614(a)(4) (42 U.S.C. 1382c(a)(4)) is amended by inserting after the second sentence the following new sentence: "For purposes of the preceding sentence, any individual identified by the Commissioner as having a substance abuse condition shall seek and complete appropriate treatment as needed.".

On page 126, line 10, strike "c" and insert "(d)".

On page 127, between lines 2 and 3, insert the following new subsection:

(e) SUPPLEMENTAL FUNDING FOR ALCOHOL AND SUBSTANCE ABUSE TREATMENT PROGRAMS.—

(1) IN GENERAL.—Out of any money in the Treasury not otherwise appropriated, there are hereby appropriated to supplement State and Tribal programs funded under section 1933 of the Public Health Service Act (42 U.S.C. 300x-33), $50,000,000 for each of the fiscal years 1997 and 1998.

(2) ADDITIONAL FUNDS.—Amounts appropriated under paragraph (1) shall be in addition to any funds otherwise appropriated for allotments under section 1933 of the Public Health Service Act (42 U.S.C. 300x-33) and shall be allocated pursuant to such section 1933.

(3) USE OF FUNDS.—A State or Tribal government receiving an allotment under this subsection shall consider as priorities, for purposes of expending funds allotted under this subsection, activities relating to the treatment of the abuse of alcohol and other drugs.

On page 131, line 23, insert ", including such individual's treatment (if any) provided pursuant to such title as in effect on the day before the date of such enactment," after "individual".

On page 158, between lines 11 and 12, insert the following:

SUBTITLE F—RETIREMENT AGE ELIGIBILITY

SEC. 251. **ELIGIBILITY FOR SUPPLEMENTAL SECURITY INCOME BENEFITS BASED ON SOCIAL SECURITY RETIREMENT AGE.**

(a) IN GENERAL.—Section 1614 (a)(1)(A) (42 U.S.C. 1382c(a)(1)(A)) is amended by striking "is 65 years of age or older," and inserting "has attained retirement age,".

(b) RETIREMENT AGE DEFINED.—Section 1614 (42 U.S.C. 1382c) is amended by adding at the end the following new subsection:

"Retirement Age

"(g) For purposes of this title, the term "retirement age" has the meaning given such term by section 216(l)(1).".

(c) CONFORMING AMENDMENTS.—Sections 1601, 1612(b)(4), 1615(a)(1), and 1620(b)(2) (42 U.S.C. 1381, 1382a(b)(4), 1382d(a)(1), and 1382i(b)(2)) are amended by striking "age 65" each place it appears and inserting "retirement age".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to applicants for benefits for months beginning after September 30, 1995.

ABRAHAM (AND JEFFORDS) AMENDMENT NO. 2684

Mr. DOLE (for Mr. ABRAHAM, for himself and Mr. JEFFORDS) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

On page 51, strike the matter inserted between lines 11 and 12 by the modification submitted on September 8, 1995, and insert the following:

"(e) GRANT INCREASED TO REWARD STATES THAT REDUCE OUT-OF-WEDLOCK BIRTHS.—

"(1) IN GENERAL.—The amount of the grant payable to a State under section 403(a)(1)(A) for fiscal years 1998, 1999, and 2000 shall be increased by—

"(A) an amount equal the product of $25 multiplied by the number of children in the State in families with incomes below the poverty line, according to the most recently available Census data, if—

"(i) the illegitimacy ratio of the State for the most recent fiscal year for which such information is available is at least 1 percentage point lower than the illegitimacy ratio of the State for fiscal year 1995 (or, if such information is not available, the first available year after 1995 for which such data is available); and

"(ii) the rate of induced pregnancy terminations for the same most recent fiscal year in the State is not higher than the rate of induced pregnancy terminations in the State for fiscal year 1995 (or, the same first available year); or

"(B) an amount equal the product of $50 multiplied by the number of children in the State in families with incomes below the poverty line, according to the most recently available Census data, if—

"(i) the illegitimacy ratio of the State for the most recent fiscal year for which information is available is at least 2 percentage points lower than the illegitimacy ratio of the State for fiscal year 1995 (or, if such information is not available, the first available year after 1995 for which such data is available); and

"(ii) the rate of induced pregnancy terminations in the State for the same most recent fiscal year is not higher than the rate of induced pregnancy terminations in the State for fiscal year 1995 (or, the same first available year).

"(2) DETERMINATION OF THE SECRETARY.—The Secretary shall not increase the grant amount under paragraph (1) if the Secretary determines that the relevant difference between the illegitimacy ratio of a State for an applicable fiscal year and the illegitimacy ratio of such State for fiscal year 1995 or, where appropriate, the first available year after 1995 for which such data is available, is the result of a change in State methods of reporting data used to calculate the illegitimacy ratio or if the Secretary determines that the relevant non-increase in the rate of induced pregnancy terminations for an applicable fiscal year as compared to fiscal year 1995 or, the appropriate fiscal year, is the result of a change in State methods of reporting data used to calculate the rate of induced pregnancy terminations.

"(3) ILLEGITIMACY RATIO.—For purposes of this subsection, the term 'illegitimacy ratio' means, with respect to a State and a fiscal year—

"(A) the number of out-of-wedlock births that occurred in the State during the most recent fiscal year for which such information is available; divided by

"(B) the number of births that occurred in the State during the most recent fiscal year for which such information is available.

"(4) POVERTY LINE.—For purposes of this subsection, the term 'poverty line' has the meaning given such term in section 403(a)(3)(D)(iii).

"(5) AVAILABILITY OF AMOUNTS.—There are authorized to be appropriated and there are appropriated such sums as may be necessary for fiscal years 1998, 1999, and 2000 for the purpose of increasing the amount of the grant payable to a State under section 403(a)(1) in accordance with this subsection.

NOTICE OF HEARINGS

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. LUGAR. Mr. President, I would like to announce that the Senate Committee on Agriculture, Nutrition, and Forestry will hold a full committee markup of the committee's budget reconciliation instructions. The markup

including the FBI, Bureau of Alcohol, Tobacco and Firearms, and the CIA. Agent Aiu has the further distinction of being the first to be so honored in the DEA.

Special Agent Aiu, who has served in the DEA since 1970, has been recognized and honored for his outstanding service in marijuana eradication, seizure, and forfeiture of assets derived from drug trafficking, and for the assistance he has provided to the U.S. Marshals Service in the apprehension of fugitives. Like many other law enforcement officers, he puts his life on the line in the performance of his duties and we are deeply grateful to him for his continuing efforts to make our society a safer and better place for all of us.

In behalf of the people of Hawaii and our country, I commend Special Agent Robert A. Aiu of the Drug Enforcement Administration in Honolulu, 1995 National Law Enforcement Officer of the Year, and express our deep and heartfelt gratitude to him for his exemplary performance, and selfless and untiring dedication to duty.

Congratulations and mahalo, Bob. Well done.●

SPECIAL RECOGNITION FOR SENATOR KENNEDY AND SENATOR DODD

Mr. DASCHLE. Mr. President, let me make a couple of additional points on the agreement we have reached with regard to modifying the original Dole bill.

A lot of people deserve recognition this afternoon for their contribution. I think on our side there are two Senators who certainly deserve special recognition for the contribution and leadership they have shown.

Of course, I refer to Senators DODD and KENNEDY. First on children's issues and, second, on work. On a number of the legislative provisions relating to work and job skills, they have done a remarkable job over the years and have certainly shown, again, their leadership, and the tremendous effort they have put forth to allow us the progress that we have made this week on welfare reform. But, in particular, on child care itself, it would not have been possible were it not for their work and their effort. I applaud them and publicly want to thank them for all of the help and leadership that they have given on that issue.

Let me also say we will have some time to talk about the overall agreement next week. I intend to vote for this bill. I do so with mixed feelings, frankly. I think there are many things in the bill we can cite with some satisfaction. There are many concerns that I have, as well.

I hope as people take a look at the overall context of what it is we have attempted to do, that they appreciate the difficulty that we have under any circumstances to come to agreement and to actually accomplish as much as we have done here.

In my view, it goes a long way to doing what we all want to do: fundamentally reform the welfare system. It does not go anywhere near as far in some areas as we would like it to, but that is the essence of compromise. I will have more to say on that on Tuesday.

I appreciate the good work that everyone has put forth to get us to this point this afternoon. I yield the floor.

NATIONAL POW/MIA RECOGNITION DAY

Mr. DOLE. Mr. President, just down the hall from my office, the POW/MIA flag stands in the Capitol rotunda. That flag flies as a sad, but proud, reminder of the sacrifices which brave people made in the defense of our country—in Vietnam, in Korea, and in World War II. As I am sure my colleagues know, today is National POW/MIA Recognition Day—a day for all Americans to reflect on those who faithfully served this Nation but whose ultimate fate remains unknown. America must never forget those who have gone missing in the battles to defend our freedom.

I opposed President Clinton's decision to establish diplomatic ties with Vietnam. Shortly before the took office, then president-elect Clinton said that "there will be no normalization of relations with any nation that is at all suspected of withholding any information." And while Vietnam may have selectively cooperated here and there, all signs continue to point to the fact that Vietnam is still willfully withholding information.

We are still watching the Vietnamese Government. We are still expecting total cooperation. And we will not close the book until we are certain that we have the fullest possible accounting of every American POW and MIA.

Today, let us look up to the POW/MIA flag in the rotunda, and really reflect. Many here have answered this country's call to arms, but today, let us remember those who endured a heavier burden as prisoners of war. Let us recall the pain felt by the families and friends of those who didn't come back, and those who remain missing in action.

By honoring our POW'S and MIA's, we honor the freedom and peace they defended. We can take inspiration from their example and courage from their actions. Our country is great because of these American heroes, and we cannot rest until the fullest possible accounting is achieved.

TRIBUTE TO CARL MCNEAL

Mr. DOLE. Mr. President, a few weeks ago, there was a movie on television which told the dramatic and inspiring story of the Tuskegee Airmen, who courageously fought for America's freedom during World War II.

All Senators can take great pride in the fact that a veteran of the Tuskegee Airmen worked here in the Senate for many years. His name is Carl McNeal, but everyone called him "Mac."

After 17 years in the Senate and 34 years of Federal Service, Mac has retired to spend more time with his wife, Dorothy, his six children, and eight grandchildren.

Mac McNeal has been a dedicated and valuable member of the Senate family, and I know all members join with me in wishing him many years of health and happiness.

NATIONAL WOMEN'S HALL OF FAME

Mr. DOLE. Mr. President, as my colleagues know, this year marks the 75th anniversary of the adoption of the 19th amendment to the Constitution, which granted women the right to vote.

I am proud to say that it was a Republican Congress which sent that amendment to the States for ratification. Its adoption ended a struggle that began in 1848 at a women's convention in Seneca Falls, NY.

Since 1969, Seneca Falls has been the home of the National Women's Hall of Fame. And today, the Hall of Fame announced the names of the 18 women who will be inducted into the Hall of Fame later this year.

And it is with great pride that I announce that one of those inductees will be my wife, Elizabeth.

And I hope my colleagues will forgive me if I take just a few brief seconds to congratulate Elizabeth, and to say how proud I am of her many accomplishments, and of the difference she has made throughout her life.

I ask unanimous consent, Mr. President, that a list of all 18 inductees be printed in the RECORD following my remarks.

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

NATIONAL WOMEN'S HALL OF FAME ANNOUNCES WOMEN TO BE INDUCTED FOR 1995

SENECA FALLS, NY.—Nancy Woodhull, president of the National Women's Hall of Fame. today announced that the Hall would induct 18 distinguished women on Saturday, October 14, 1995. The Honors Ceremonies will be held in historic Seneca Falls, New York, the birthplace of women's rights where the first Women's Rights Convention was held in 1848.

1995 Honorees are:

Virginia Apgar (1909-1974), physician who invented lifesaving newborn health assessment measure.

Ann Bancroft (1955-), polar explorer: first woman to reach the North and South Poles across the ice.

Amelia Bloomer (1818-1894), suffragist and social reformer; founded and edited The Lily, the first newspaper devoted to reform and equality for women.

Mary Breckinridge (1881-1965), nurse-midwife and founder of the Frontier Nursing Service, created to provide health care in rural areas.

Eileen Collins (1956-), first woman to pilot the space shuttle.

Elizabeth Hanford Dole (1936-), first woman Secretary of Transportation; Secretary of Labor; President of the American Red Cross.

Anne Dallas Dudley (1876-1955), key leader in passage of the nineteenth amendment, giving women the right to vote; Tennessee suffrage and political leader.

Mary Baker Eddy (1821-1910), the first American woman to found a worldwide religion, the Church of Christ, Scientist (Christian Science).

Ella Fitzgerald (1917-), singer.

Margaret Fuller (1810-1850), author, feminist, Transcendentalist leader, and teacher.

Matilda Joslyn Gage (1826-1898), feminist, suffrage leader and author.

Lillian Moller Gilbreth (1878-1972), industrial engineer and motion study expert whose ideas improved industry and the home.

Nannerl O. Keohane (1940-), political scientist and educator; first woman president of Duke University; first woman to head a major women's college (Wellesley) and research university.

Maggie Kuhn (1905-1995), founder of the Gray Panthers.

Sandra Day O'Connor (1930-), the fist woman Justice of the U.S. Supreme Court.

Josephine St. Pierre Ruffin (1842-1924), leader and organizer of Black women's organizations; Abolitionist and anti-lynching crusader.

Patricia Schroeder (1940-), congresswoman who has pioneered passage of legislation helping women and families.

Hannah Greenebaum Solomon (1858-1942), founder of the National Council of Jewish Women.

PROVIDING FOR SEVERANCE PAY

Mr. FRIST. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Senate Resolution 172, submitted earlier today by Senator DOLE.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The legislative clerk read as follows:

A resolution (S. Res. 172) providing for severance pay.

Mr. FRIST. Mr. President, I ask unanimous consent the resolution be considered and agreed to, the motion to reconsider be laid upon the table, and that any statements relating to the resolution appear at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution was agreed to.

The resolution reads as follows:

S. RES. 172

Resolved, That (a) an individual who is an employee in the office of the Sergeant at Arms and Doorkeeper of the Senate who was an employee in that office for at least 183 days (whether or not service was continuous) during fiscal year 1995, and whose service in that office is terminated on or after the date this resolution is agreed to, but prior to October 1, 1995, shall be entitled to one lump sum payment consisting of severance pay in the amount equal to 2 months of the individual's basic pay at the rate in effect on September 1, 1995.

(b) The Secretary of the Senate shall make payments under this resolution from funds appropriated for fiscal year 1995 from the appropriation account "Salaries, Officers and Employees" for salaries of officers and employees in the office of the Sergeant at Arms and Doorkeeper of the Senate.

(c) A payment may be made under this resolution only upon certification to the Disbursing Office by the Sergeant at Arms and Doorkeeper of the Senate of the individual's eligibility for the payment.

(d) In the event of the death of an individual who is entitled to payment under this resolution, any such payment that is unpaid shall be paid to the widow or widower of the individual or, if there is no widow or widower of such deceased individual, to the heirs at law or next of kin of such deceased individual.

(e) A payment under this resolution shall not be treated as compensation for purposes of any provision of title 5, United States Code, or of any other law relating to benefits accruing from employment by the United States, and the period of entitlement to such pay shall not be treated as a period of employment for purposes of any such provision or law.

ORDER FOR RECESS

Mr. FRIST. Mr. President, if there is no further business to come before the Senate, I now ask unanimous consent the Senate stand in recess under the previous order, following the remarks of Senators LEVIN, KERREY, and KENNEDY.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE LEVIN-DOLE MODIFICATION OF THE WELFARE REFORM BILL

Mr. LEVIN. Mr. President, yesterday I offered an amendment on the welfare reform bill to strengthen the work requirement in that bill. I have long believed that work requirements should be clear and should be strong and should be applied promptly. Able-bodied welfare recipients who are not in school or in job training should work—period. My amendment required that able-bodied individuals either be in job training, in school, or working in private sector jobs within 6 months of receipt of benefits, or else be offered and be required to accept community service employment. This requirement would be phased in over 3 years in order to give States an opportunity to adjust administratively.

This was a strengthening provision that was added relative to work and, while States are given the option to opt out of this particular requirement by notification to the Secretary of Health and Human Services, I hope and would expect that pressure from the American people, who overwhelmingly support strong work requirements, will convince their States to enforce this provision and not opt out. Senator DOLE, the bill's sponsor, accepted the principle and the goals of my amendment and it was adopted by a voice vote.

A few moments ago, on behalf of myself and Senator DOLE, a modification was sent to the desk and was adopted by voice vote. This modification to my earlier amendment will strengthen the amendment by requiring that work requirements apply to recipients 3 months after they begin to receive benefits instead of 6 months; and this accelerates the requirement by 3 months. That is the maximum. So if somebody is not in school or job training or in a private sector job and is able-bodied, under this requirement States will put in place within the next 3 years a requirement that community service jobs be offered to, and that welfare recipients accept, community service jobs within no more than 3 months of the receipt of their welfare benefit.

This modification of this amendment will also put this requirement into law 1 year sooner, after 2 years rather than 3 years. That also is a strengthening requirement.

The Daschle amendment, which was narrowly defeated last week, contained an even stronger provision which was added as a modification at my request.

Experience has shown we must be more aggressive in requiring recipients to work. As I said earlier, I believe this amendment is a firm step in the right direction.

I make a parliamentary inquiry, just to make sure. The modification I referred to in fact was not only adopted as part of the package, but also I ask whether or not there was a motion to reconsider which was tabled?

The PRESIDING OFFICER. With regard to the parliamentary inquiry, the Senator will suspend for a moment.

The answer is yes.

Mr. LEVIN. I thank the Chair and yield the floor.

The PRESIDING OFFICER. The Senator from Massachusetts.

THE DOLE-DASCHLE AGREEMENT

Mr. KENNEDY. Mr. President, I support the Dole-Daschle agreement. This modification restores the Federal commitment to child care as an essential step in moving people from welfare to work. It also prevents an unacceptable tradeoff between job training for dislocated workers in the changing economy and workfare for those on welfare unable to find jobs in the private sector.

Provisions on child care help to improve one of the most troubling features of this bill. Rather than end the Federal commitment to child care and put the funds into a general pool, we have reached agreement that a specific allocation of funds to child care is essential if we are serious about moving people from welfare to work.

As a result of this agreement, fewer children will be left home alone and more families will be able to obtain the child care they need in order to take jobs to become self-sufficient.

I am hopeful the progress we have made on this issue will be preserved in conference with the House of Representatives. For welfare reform to be worthy of the name, it must not punish innocent children because they happen to be born poor. It must provide genuine opportunities for their parents to find jobs.

The agreement to drop the job training provisions from the welfare reform package is a major victory for America's workers. We have made good progress on separate legislation to consolidate and reform the existing Federal job training system. That effort will continue on a separate track. And I am optimistic that we can reach bipartisan agreement on this needed, far-reaching reform.

I commend Senator KASSEBAUM for her leadership.

The current agreement enables us to keep faith with America's workers and keep the promises that we have made to dislocated workers. Large numbers of men and women have lost their jobs or have been laid off as a result of international trade agreements, base closings, corporate downsizing, environmental protection, and other economic disruptions. They deserve the chance to pick up the pieces of their lives and start anew, and sensible job training and job education programs can make that possible.

Senator KASSEBAUM and many others on the other side of the aisle have worked closely with us in this effort, and I commend them for their leadership.

I remain deeply troubled by the potential consequences for the most vulnerable in our society—poor children—if this so-called welfare reform bill passes, but these modifications are certainly an improvement. These major amendments on child care and job training have eased some of the most objectionable features of the welfare bill, but I continue to have serious reservations about the remaining provisions.

I commend the leaders on both sides for their leadership shown on this issue.

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER (Mr. FRIST). The Senator from Nebraska is recognized.

THE MEDICARE PRESERVATION ACT OF 1995

Mr. KERREY. Mr. President, I have come to the floor to talk, I hope for the Presiding Officer's sake, briefly about the proposal—the general outline of the proposal—made yesterday by the Republican leadership called the Medicare Preservation Act of 1995. The details are not yet available. It is a general outline.

Mr. President, I must say had I given this speech 7 or 8 hours ago, I probably would have been a lot hotter than I am right now. I have cooled down since I watched the video replay of Speaker GINGRICH'S rather remarkable—and I would argue and observe, distasteful—representation of the Democratic view of Medicare.

At one point he said that Democrats are morally bankrupt. That is as if saying we ought to approach the American people about the truth, with the facts, with the courage and with trust, that they have the capacity to take the truth. I agree with that. I believe, in fact, if we are going to have the debate about Medicare that leads to constructive reform, that saves the system—and, by the way, as importantly, slows and fixes the percent of growth of all entitlements as a percentage of our budget—then we are going to have to come together present facts, tell the truth, and have the courage to do so. I do not disagree with Speaker GINGRICH'S observation in that regard.

But, as I said, I was somewhat provoked when he said that Democrats are morally bankrupt, and that all we are trying to do is frighten 85-year-olds who are concerned about this program.

Well, Mr. President, 85-year-olds are quite nervous and concerned about what politicians are going to do with their Medicare Program, and I think understandably so. But it is not Democrats that are causing them to be fearful. They are fearful, I would argue, principally because they know something needs to be done, and they are not in the main sufficiently well funded personally to be able to cover the costs of nursing home care or, for that matter, most of the cost of modern health care. And they are nervous. They are fearful. They are no longer able to produce and enjoy income, and, as a consequence, they are extremely vulnerable to all kinds of statements.

So, again, I do not disagree with Speaker GINGRICH and other Republican leaders that were talking yesterday about the need to present facts, the need to present the truth, the need to have courage, and the need to trust the American people that they can handle the truth and the facts presented by politicians.

But, Mr. President—I want to be clear on this—my criticism of the Republican proposal is not that it does too much; I am critical of the Republican proposal because it does not do enough.

Let me emphasis that, Mr. President. I believe that the proposal, the general outline of the proposal, because it sees the problem through a 7-year budget deficit plan—and that is what it is—it sees this Medicare problem through the view of the next 7 years. There is a need to produce a sufficient amount of savings over the next 7 years, and in order to meet the balanced budget targets in the budget resolution, the law now requires that be done. There are instructions for the Finance Committee to produce legislation that will get that done.

There is a recommendation that will probably, all in all, in the end, be considered in reconciliation, unfortunately. But when you look at the problem for the next 7 years, you do not see the full size of the problem.

Indeed, the Medicare Preservation Act of 1995 says that it will preserve the system for current beneficiaries, protect it for future beneficiaries, and strengthen it through reforms that have worked in the private sector.

It may preserve it for current beneficiaries; it may strengthen it through reforms that have worked in the private sector. Both of those appear to be in the general outline. But by no measurement, unless you consider that the future only includes the next 7 years, does this proposal protect it for future beneficiaries. It does not do that. It sees this as a 7-year problem. It does not see it as a problem beyond that 7 years.

The problem that we have with entitlements—if anybody doubts that a Democrat is willing to propose something that solves this problem, former Senator Danforth and I last year, after the conclusion of the entitlement commission recommendation, made proposals that would have fixed this problem long term, that would have fixed not only the Medicare trust funds but would have fixed it so that we do not see health care entitlements as well as other entitlements continuing to grow and erode our entire Federal budget. Mr. President, that is the most important problem.

I think we are closer to consensus on many more things around here than would sometimes meet the eye given the intensity of the political rhetoric. One of the things I believe that Democrats and Republicans now share, at least in a general sense as to what our policies ought to be, is that our policies ought to promote economic growth. We now understand that unless we have gains in productivity, unless we have economic growth, it is rather difficult for us to do anything.

We see it in a recession. If you are in a recession, the revenues are down; you have to cut your budget; you do not have money for roads; you do not have money for schools; you do not have money for health care; you do not have money for retirement.

The source of our revenue, whether it is for retirement or health care or any other program that we fund, is the goods and services that are manufactured and produced by the American people, 117 million people in our economy. If they are productive and they are selling and our economy is growing, that is the source of our revenue. It is the source of Medicare revenue.

The distinguished occupant of the chair knows, not only a gifted surgeon but designated as a lead Senator I believe for the Republicans in coming up with some recommendations, understands that the entire source of revenue for part A comes from a payroll tax. We have a tax on payroll. We also have income taxes that provide currently about 69 percent I believe of the total revenue of part B, the physician services. In both of those cases, we have to have income. People are out there working in the workplace. We tax their wages to generate the money for part A, to pay hospital bills, and we tax their income to pay about 60 percent, or almost 70 percent—it was 75—

United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 104th CONGRESS, FIRST SESSION

Vol. 141 WASHINGTON, TUESDAY, SEPTEMBER 19, 1995 No. 146

Senate

(Legislative day of Tuesday, September 5, 1995)

The Senate met at 9 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. THURMOND].

SCHEDULE

Mr. THOMAS. Mr. President, for the information of all Senators, this morning there will be a period of morning business until the hour of 9:30. At 9:30, the Senate will resume consideration of H.R. 1976, the agricultural appropriations bill, and the pending Bryan amendment.

In accordance with the consent arrangement, following 15 minutes of debate there will be a rollcall vote on or in relation to the Bryan amendment. All Senators should therefore be alerted that there will be a rollcall vote at approximately 9:45 this morning.

Senators also should be reminded that following the recess for party conferences today, the Senate will resume the welfare bill, with a series of rollcall votes beginning at 2:45, which should complete action on the welfare reform bill.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ASHCROFT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. THOMAS). Without objection, it is so ordered.

MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of morning business, not to extend beyond the hour of 9:30, with Senators permitted to speak therein for up to 5 minutes each.

The Senator from Missouri.

THE WELFARE SYSTEM

Mr. ASHCROFT. Mr. President, today we embark upon a most important responsibility, a responsibility that the people of this country called upon us to undertake in the elections of 1994. I must say that I believe the people have been yearning that Congress confront this challenge forthrightly and productively for years. But I believe that the Congress has finally gotten the message, and we have been working very hard to change the welfare system—to change it from a system for keeping the poor and maintaining the poor. And, unfortunately, that is what we have done. We have maintained them and kept them poor through a system that should have become a transitional system, a system that would help people move from poverty to prosperity, move from welfare to work. And it is an important responsibility which we have.

The welfare system in the United States has been a system of failure. It has not been that the people have failed so much as the system has failed. We started out with an aggressive program in the 1960's to launch a war on poverty. And yet, in spite of the great war on poverty, spending over $5 trillion, we have more people in poverty now than we did when we started the war on poverty. We have a greater percentage of the children of America on poverty than we did when we started the war on poverty.

It occurs to me that we have a great responsibility to change this system—to change it profoundly so that, instead of a system which ends up trapping people in lives of poverty, we make this a transitional system; that, when people really need help, we move them from the desperation of needing help to the opportunity of work and responsibility.

So this national system which has become a national disgrace is the topic now of national debate, and it should be the topic of action in the Senate today.

As you and I well know, and as our colleagues here in the Senate well know, the House has already acted forthrightly in this respect. There are differences between what the House has passed and what those of us in the Senate have been working on. But we can find a way to reconcile our differences, and I believe we can give to the President of the United States, who has said that he wants to end welfare as we know it, a constructive bill.

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

During the past several weeks we have debated this measure, and we have properly spent substantial time on it because this is no small item. It does not just deal with the billions and billions of dollars. The welfare problem, the welfare challenge, deals with much money. It deals with the great set of natural and national resources—not just financial but human resources.

The fact of the matter is that the United States of America can ill afford to compete on the international scene, can ill afford to be a part of the challenge for productivity as one nation will seek to do and do better than another nation, if we have so many of our players that are not really on the field. We would not think of sending our team out to play another team for a Saturday or Sunday afternoon football game with half of our team not taking the field, not being capable of participating, and being ruled out of the system. Well, our team is a big team, and it is a strong team. It is a capable team in the United States. But we have too many that have been consigned to bench duty without any possibility of making it to the field. And we will not win in the competition of the international arena unless we find a way to bring people into productivity and out of poverty.

So the real challenge we face is changing the system, and changing it not just by tinkering around the edges. No rearrangement of the deck chairs on the welfare *Titanic* will get the job done. We need to have the kind of profound changes that will move people out of despair into industry, and out of hopelessness into opportunity.

So we will vote on a clear question today, and that is whether we will continue to fund the horror that came to define the United States welfare system and which came to detail the lives of individuals trapped in this system. Whether we have the courage to change that or not will be the real vote which we make today. I believe we have the courage to do that which is right, and I believe we will do so. And I believe we ought to do so.

I would say that this is not an ideal welfare bill. This is not something that is in my judgment the best that could be done. There are probably changes that almost every Member of this Chamber would make in the bill. I believe that the right thing to do would have been far broader, not just block granting AFDC with an option to block grant food stamps. In my judgment we should have had AFDC, food stamps, Medicaid and Supplemental Security Income. The big four of welfare should all have been in this bill, all reformed at the same time for a variety of reasons, such as stopping the insanity of entitlement spending. We should avoid cost shifting that would take people out of one program in which we removed the entitlement status and shove them over into another program which has remained as an entitlement. That kind of cost shifting should not be allowed. It should be avoided.

I would have preferred a more comprehensive bill. Obviously, I would have preferred one where the block grant for food stamps was mandated. I would have preferred one where we had Supplemental Security Income. I would have preferred a bill that would have had a more significant breadth, that had Medicaid in it as well. But we are making some first steps, and they are important first steps.

One of the important first steps is the reduction in bureaucracy here; the reduction in the redtape, the reduction in this micromanagement, this intermeddling micromanagement from the Federal Government which makes it very difficult for the States to adopt policies that will really make a difference and makes it very expensive when you have to comply with hundreds of pages of Federal bureaucratic redtape. It is expensive. Instead of money getting to the truly needy, instead of the resource making it to the population that wants to move from welfare to work, sometimes the resource gets clogged in the bottleneck of the bureaucracy and the money is spent there instead of being spent on the poor. We are going to reduce the number of regulatory impositions from Washington substantially. This bill will improve our ability to deliver the real kind of help that people need. That is important—maximum State flexibility.

Second, I believe it is important that we will end an entitlement. This philosophy that we do not care how much it costs, that as many people as can meet certain criteria are just entitled to self-appropriate to themselves—that has to stop. It is a major thing. First, reduce the bureaucracy; second, end entitlement; third, we are going to require work far more pervasively than ever before.

The American people have told us with a clarity that is unmistakable. We must require work, and, of course, provide the flexibility so that people can do in the various States and communities of this country what works there, not what somebody in Washington wants to impose, but to do simply what works.

This bill makes a statement that Washington does not have all the answers. We are now looking to the communities and the States to do what works there, to tailor programs, and to be experimental stations to say we will try this, and, if it works here, others might want to try it. But it should not be imposed on them because people should have an opportunity to do what works to move people from poverty to productivity. Washington, it may be said, has been the mad scientist seeking to impose its will. But the truth of the matter is we need to provide an opportunity for States to do that which works.

Well, this bill comes with an explicit admonition as well. This bill recognizes that Government alone will not solve these problems. And I think that it is important for us to express nationally and as a part of policy that we really expect charitable and nongovernmental institutions in this culture to rally to address this problem, and not expect the problem to be solved fully by Government.

So we have in this bill a specific invitation to private charities, nongovernmental entities, even faith-based organizations to participate in the solution of this serious challenge to the success of this society in the next century. And I believe that is a major step forward.

We have an opportunity. We have an opportunity to do something that is substantially in the best interests of the people of this country, something they have yearned for us to do. That is to change a welfare system which is badly broken, which has been the keeper of the poor and has kept people poor, which has managed to find more people in poverty after its great effort than less people in poverty.

The war on poverty has resulted in the children of America being taken as prisoners. We have to do something, and we have to do it well.

As I previously stated, this welfare reform bill is not perfect, but it does take the first steps. The lack of perfection in this bill, the absence of a mandate that the Food Stamp Program be sent to all the States, the lack of reforms to the SSI Program in the bill, are some of a number of things which keep it from being perfect but should not keep it from being passed.

This bill gives us the opportunity to say, "Let us pass this bill, but let the imperfections drive us to keep our focus and in the next year to continue to improve and extend it."

There has been a lot of talk in the last few weeks during the welfare reform debate about money and about resources. We know how desperately important it is for us to balance the budget, but the ultimate importance of this bill is not money. The savings we are talking about are the savings in lives and opportunities and, through those savings, the future of America. Our task in this welfare reform measure is then to save the lives and opportunities of citizens. To pass this welfare reform bill today would be a real step toward saving lives, and we must support it and must be driven by its imperfections to do even more when we reconvene next year.

THE DEATH OF STATE SENATOR JOHN PLEWA

Mr. FEINGOLD. Mr. President, I am deeply saddened by the loss of a dear friend and former colleague, State Senator John Plewa.

I had the pleasure of serving with John in the legislature for 10 years, and for 8 of them in the State senate. He represented the people of Wisconsin, first in the assembly, and then in the

State senate, with dedication and devotion, and his constituents returned him to office at every election since he was first elected in 1972. At the time of his death, John had the fourth longest tenure among lawmakers currently serving in the Wisconsin Legislature.

John was a lifelong resident of Milwaukee, graduating from Don Bosco High School in 1963. He earned a bachelor of education degree in 1968 at the University of Wisconsin-Whitewater, and following that, taught history and social studies at Milwaukee Area Technical College prior to his service in the legislature.

A committed and passionate advocate for Wisconsin's families, John may be best remembered as the father of Wisconsin's family and medical leave law, which allows people to take time off from their job to provide assistance to a family member needing care, from newborns to an elderly relative—a law that helped pave the way for the Federal family leave law that was enacted in 1993.

His commitment to families in need went well beyond the family leave law. John was vice chair of the Senate Aging Committee when I chaired that body, and I saw first-hand his steadfast and effective support of long-term care reforms that help people with disabilities of all ages remain in their own homes with their families.

John was also vitally concerned with housing policy, serving on the board of Wisconsin's Housing and Economic Development Authority for 10 years. I had the pleasure of working with John in this area as well when we coauthored Wisconsin's Housing Trust Fund, to provide flexible help to families in need of decent, affordable housing.

John would have been 50 years old this Friday. But even though he did not live to celebrate that anniversary, he left Wisconsin an impressive legacy.

Today, thousands are able to take time from work to care for a family member without the fear of losing that job. Other families are finally able to afford a decent home. Wisconsin families, who otherwise might be forced apart because of a long-term disability, are able to remain together, and individuals needing long-term care, who otherwise might be forced to seek services in an institution, are able to remain in their homes. All because of John Plewa. Wisconsin families have lost one of their foremost champions, and I know they join in offering their sympathy to the friends and colleagues John leaves behind, to his staff, and most especially to John's wife Susan and their two sons.

We will miss him.

THE BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, the skyrocketing Federal debt, now soaring toward $5 trillion, has been fueled for a generation now by bureaucratic hot air—and it is sort of like the weather—everybody talks about it but almost nobody did much about it until immediately after the elections in November 1994.

But when the new 104th Congress convened this past January, the U.S. House of Representatives quickly approved a balanced budget amendment to the U.S. Constitution. On the Senate side, all but one of the 54 Republicans supported the balanced budget amendment—that was the good news.

The bad news was that only 13 Democrats supported it—which killed hopes for a balanced budget amendment for the time being. Since a two-thirds vote—67 Senators, if all Senator's are present—is necessary to approve a constitutional amendment, the proposed Senate amendment failed by one vote. There will be another vote either this year or in 1996.

Here is today's bad debt boxscore:

As of the close of business Monday, September 18, the Federal debt—down to the penny—stood at exactly $4,963,468,747,991.22 or $18,841.41 for every man, woman, and child on a per capita basis.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER (Mrs. HUTCHISON). The Senator from North Dakota is recognized.

ORDER OF PROCEDURE

The PRESIDING OFFICER. At 9:30, the Senate is to go to the previous order. There is at least one other speaker, possibly two, so could we have a division of time so that everyone will have an opportunity to speak.

Mr. DORGAN. Madam President, I ask unanimous consent that I be allowed to speak for 4 minutes; I believe the Senator from Connecticut would like to speak for 4 minutes, and the Senator from Wyoming would like to speak for 4 minutes, and have the time adjusted at 9:30 to accommodate this request.

Mr. COCHRAN. Reserving the right to object.

The PRESIDING OFFICER. Is there objection?

Mr. COCHRAN. Reserving the right to object, Madam President. I was unable to hear the entire consent request.

Could the Senator restate it?

The PRESIDING OFFICER. It would extend morning business beyond 9:30.

Mr. COCHRAN. Madam President, I am constrained to object to that. We made it very clear last night what the times were. We have Senators who have rearranged schedules to be here.

Mr. DORGAN. I withdraw my request, Madam President.

The PRESIDING OFFICER. Would it be possible to give 2 minutes to each of the three speakers?

Mr. DORGAN. Madam President, I request each of the three be allocated 2 minutes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

WELFARE REFORM

Mr. DORGAN. Madam President, I intend to vote for the welfare reform bill today. It is not a perfect piece of legislation, but it does advance some of the issues that I think need to be advanced and begin some new directions that I think are necessary.

There is no disagreement in this Chamber about the proposition that the current welfare system does not work very well. There ought not be any disagreement in this Chamber either about the fact that when we change our welfare system, we ought to make sure we protect America's children.

There is a stereotype about welfare that is fundamentally inaccurate, that welfare is a woman who has 16 kids because it is profitable to have children; that welfare is some able-bodied person lying in a Lazy Boy recliner drinking beer, watching color television, and who is essentially slothful, indolent, and unwilling to work.

The fact is, that is not the statistical welfare recipient. The size of the average welfare family is almost identical to the size of the average American family.

Two-thirds of the people on welfare are kids under 16 years of age. As we go about trying to figure out how to change the system, we have to understand our obligation to protect children. We also need to provide the right incentives and to provide some hope to those who are hopeless, to extend a hand of help to those who are helpless, but also to say to them that welfare is temporary. We extend the hand of help because you need it, and it is to help you get up and out, to go get a job and be productive and be able to care for yourself.

These are the kinds of incentives we want to be included in this welfare reform bill. We have accomplished some of those goals, some of those goals we have not.

The Senator from Connecticut, who is going to speak for a couple of minutes, put a very important provision in this bill dealing with child care. That is enormously important and will allow a number of us to vote for this legislation. As I said, this bill is not perfect. I am concerned about the notion of block granting money, of wrapping up money and sending it to the States and saying, "By the way, here is some money you didn't collect. Go ahead and spend it."

I am concerned about a number of other things in the bill, but I do think it advances the welfare reform debate as it leaves the Senate. I do not know whether I will vote for it when it comes back from conference. I hope it will come out of conference as a good welfare reform bill, as well.

I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

Mr. THOMAS. Madam President, I rise in support of the welfare proposal that will be before us today. We have talked about it a very long time. Obviously, there are different views about how it should be implemented but, most of all, it is the first opportunity

we have had in a very long time to make some changes, to make some of the kinds of changes that the American people asked us to make in November and, indeed, have been asking us to make for some time.

It is the first opportunity in a long time to make some of the kinds of changes that most of us have known needed to be made for a long time in the welfare program. Most everyone agrees that we need a program in this country to help people who need help and help them back into the workplace. The program as it now exists has not accomplished that. Indeed, the program we now have has not accomplished the basic things we think it should accomplish.

The provisions of this welfare proposal will allow us to encourage people back to work, to put in some incentives to go back to work, and to deal very properly with the notion of child care, with extending health benefits to single-parent families so that that parent can work.

We have done this in our own Wyoming Legislature. We recognized some time ago that if the option was to take a minimum wage job and lose those benefits, then the better thing to do was stay on welfare. We have to change that. We do have to make some changes if we expect different results, and too often we all talk expansively about change; we want to make change; we are all for change; but when the time comes, we really resist change. We simply cannot expect the results to be different unless we do some changing, and one of the principal, most important changes here is to allow the States to have more flexibility, to allow the States to be the laboratory for developing and testing and creating programs that, indeed, deliver the kinds of programs needed.

I urge my fellow Senators to vote in support of this welfare bill today.

I yield the floor.

The PRESIDING OFFICER. The time of the Senator has expired.

The Senator from Connecticut is recognized.

Mr. DODD. I thank the Chair.

Madam President, just very briefly regarding the welfare reform proposal, this is a substantially improved product from what the other body, the House of Representatives, has passed. It is certainly improved over what was originally proposed by the majority leader in the areas of child care, maintenance of effort, and a number of other areas that have been included as part of this proposal. My concern is, of course, that this may be the best it ever gets and that as we go to conference, as historically happens, you find some sort of middle ground between what the Senate has done and what the House of Representatives has done.

If that is the case, this bill will come back to us from conference in a very weakened position. And so while I think there will be a substantial vote for the proposal today, having spoken now with a number of our colleagues, particularly on this side, Madam President, it should not be construed, if the vote is a strong vote for the Senate proposal, that this is some indication of a willingness to support whatever comes back from conference.

In order to have intelligent welfare reform, you have to make investments. The distinguished Senator from New York [Mr. MOYNIHAN], who, as I mentioned at the outset of this debate, knows more about welfare reform than most of us will ever know about the issue, has warned that if we do not make these investments, we are going to be looking down the road at a tragic situation.

It is not enough just give the issue back to the States. The problems exist primarily at the local level, the city and town level. I do not know how many States are necessarily going to allocate resources in those parts of their own jurisdiction where the problems persist the most.

Having said all of that, Madam President, I do not disagree with what my colleagues have generally said this morning, that this is a far better bill than what the other body has passed, a far better bill than was initially proposed and offered here in the Senate.

But I would still say that we have a long way to go before this bill becomes the kind of proposal that not only saves money, but allows people to go from welfare to work and protects the 10 million children who could be adversely affected by these decisions.

I yield the floor.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER (Mr. THOMAS). Morning business is closed.

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1996

The PRESIDING OFFICER. Under the previous order, the hour of 9:30 having arrived, the Senate will resume consideration of H.R. 1976, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 1976) making appropriations for Agriculture, rural development, Food and Drug Administration, and related agencies programs for the fiscal year ending September 30, 1996, and for other purposes.

The Senate resumed consideration of the bill.

Pending:

(1) Brown modified amendment No. 2688 (to committee amendment beginning on page 83, line 4, through page 84, line 2), to prohibit the use of funds for salaries and expenses of Department of Agriculture employees who carry out a price support or production adjustment program for peanuts.

(2) Bryan-Bumpers amendment No. 2691, to eliminate funding to carry out the Market Promotion Program.

AMENDMENT NO. 2691

The PRESIDING OFFICER. Under the previous order, there will now be 15 minutes for debate under the Bryan amendment No. 2691 equally divided. The Senator from Mississippi.

Mr. COCHRAN. Mr. President, I yield myself such time as I may consume. It is my intent to speak a few minutes in opposition to the Bryan amendment, to put in context the decision we will make at 9:45.

This is an amendment that does not seek to modify or simply reduce the funding for the Market Promotion Program. It is designed to kill the program, eliminate all funding under this legislation for this program in the next fiscal year. I think that would be a big mistake, Mr. President, and here is why.

The Foreign Agriculture Service undertook a study of this program in response to requests from the Congress and determined that for every $1 that we invest in this Market Promotion Program promoting U.S. agriculture commodities and foodstuffs that are exported in the international marketplace, $16 is generated in additional agriculture imports.

At a time when we are trying to compete more aggressively in the international market because of the opening up of new markets under the GATT Uruguay Round Agreement, we are trying to do a better job and use all the resources that we can muster to help ensure that we maintain a competitive edge and that we work with our farmers and ranchers and food processors to try to enlarge our share of markets. This is going to have just the opposite effect.

So I am hopeful that the Senate will vote against this amendment. I urge all Senators to carefully consider this. This is a proven, tested, workable, and effective program, and we have the facts to prove it. We debated this issue for an hour last night and laid all the facts out on both sides. I hope the Senators this morning will reject this amendment soundly.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. COCHRAN. Mr. President, if there is no one seeking to address the Senate in support of the amendment, I am going to suggest that the time during the quorum, which I am going to call, be charged to the proponents of the amendment. I ask unanimous consent that the time be so charged.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. COCHRAN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mrs. BOXER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

out and said at 27 degrees ice crystals begin to form on the poultry flesh. They believed that 27 degrees was appropriate. Another group said it is 26 degrees. That group that said 26 degrees is—let me find it. I had it in the RECORD before. It is a technology group that said it is 26 degrees. So they went with the more, if you will, liberal number of 26 degrees.

Mr. BIDEN. Will the Senator yield for a brief comment?

Mrs. BOXER. I believe, if you leave it up to the businesses to come up with what they think is right, we are not going to have a fair rule. With all due respect to my friend, if we kill this today, I believe we are killing this for a very long time.

Mr. BIDEN. Will the Senator yield for another brief question?

Mrs. BOXER. Yes.

Mr. BIDEN. The experts in the refrigeration industry also point out that there is no way you can get that ideal number within less than 2 degrees. The science of refrigeration is not precise enough that you can get it within 2 degrees. So although they give you an ideal number of 26, they say that is when crystal began to form, they also say, if I am not mistaken, there are not refrigeration units made that can guarantee you can keep it at exactly 27 as opposed to 26 or 25 or 25 as opposed to 23.

So I would ask my friend the following question. Assume the issue here were to say 26 degrees plus or minus 3 degrees. Would she be willing to go along with that? Or is she stuck on precisely 27 degrees? Because the Senator from Delaware would be willing to go along with 26 degrees plus or minus 3 degrees, mainly because there is not the science in refrigeration that you can put a product in the back of a truck, send it off to be sold in California or anywhere else and be assured that for the duration of that trip it will not fluctuate several degrees above or below.

I might add, the reason why the producers are split in my State, the producers who sell only on the east coast think this is a good idea. The producers that sell in California say: I cannot get my product across guaranteeing it is exactly a certain temperature—I cannot assert, and the technology cannot guarantee me when I put it in the truck, that I can keep it within the rule no matter what I tell you.

Mrs. BOXER. May I say to the Senator I am down to 3 minutes.

Mr. BIDEN. I am sorry.

Mrs. BOXER. I have to say to my friend, this is exactly what I do not think we should get into: Will the Senator agree to 27 minus-plus. I believe if we start getting into that on the Senate floor, we are getting into minutia.

There is a science. Now, my friend may not believe it is accurate, but the other group that said it is 26 is the National Institute of Standards and Technology. The Agriculture Department said that flexible enforcement will be absolutely a defining goal. And today we enforce the law when it gets down to zero degrees. So at some point you have to have a cutoff with flexible enforcement, because clearly my friend makes a good point. But I never supported 26 degrees or 25 or 27. What I supported was science dictating when a product ought to be marked "frozen."

I think if we do not act today, I say to my friend—and I think he means it that he wants to work on something—it will be a long, cold month, 2 months and years before we get back to this issue.

I retain the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. COCHRAN. Mr. President, how much time remains on each side?

The PRESIDING OFFICER. The Senator from Mississippi has 10 seconds, the Senator from California has 113 seconds. Who yields time?

Mr. BUMPERS. Mr. President, the Senator from California has generously yielded me 30 seconds, which may be kinder than I would be to her under the circumstances.

Mrs. BOXER. Thanks.

Mr. BUMPERS. I thank her very much. Mr. President, I want to make the point the Senator from Delaware was making. If the Agriculture Research Service has to have a plus or minus 3 degrees in highly controlled labs and highly controlled labs have to have a plus or minus 2 degrees, to ask for a plus or minus 3 degrees in this situation without devastating an industry seems to make eminent good sense. It seems to me if we can transport chickens 2,000 miles and still beat the California Poultry Federation's price, there may be something wrong with the California Poultry Federation.

I thank the Senator for yielding.

The PRESIDING OFFICER. The Senator from California.

Mrs. BOXER. Mr. President, let me say to my friends, it is hard to know what to say to my friends at this point, because when we started this debate, we wondered if we could keep it together through the entire debate. I compliment all of us; we have kept it together.

Again, I am going to finish off where I started, and then you are going to have to hear it again for 2 more minutes before the vote.

If I told you that this desk is a chair, you would think I was kidding. And if I told you that winter was summer and summer was winter, and ice was hot and warm was cold, and freezers were toasters, you would send me to the nearest psychiatrist.

I have to say, everything stripped aside, because there is money in industry on one side and money in industry on the other side and we know that, the bottom line is what is fair and what is right and what is common sense and what is reality.

We can decide we are the scientists here, and we can decide at what degree it is frozen and what degree it is fresh. I do not think that is our job. We have a fine, I believe, Department of Agriculture headed by a very fine man from Kansas who knows agriculture. He stepped in and oversaw this rule. We have a good rule. I hope we support it and defeat the committee amendment.

I yield the floor and thank my friends.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Mr. President, USDA's own study, conducted by the Agricultural Research Service, demonstrated that consumers cannot detect any quality differences between poultry chilled to 26 degrees and poultry chilled to lower temperatures.

The Food Safety and Inspection Service based its rule on assertions generated through a well orchestrated public relations campaign by those who would benefit from this new rule.

In effect, the agency is saying that although it cannot control temperatures under ideal conditions in a laboratory, the poultry industry must not let their products reach a temperature just 1 degree under 26 or the products will be declared out of compliance and mislabeled.

I urge Senators to vote against the California Senators' motion to table.

RECESS UNTIL 2:15 P.M.

The PRESIDING OFFICER. Under the previous order, the hour of 12:30 p.m. having arrived, the Senate will stand in recess until the hour of 2:15 p.m.

Thereupon, at 12:33 p.m., the Senate recessed until 2:14 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. COATS).

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. What is the pending business?

FAMILY SELF-SUFFICIENCY ACT

The PRESIDING OFFICER. The clerk will report H.R. 4.

The legislative clerk read as follows:

A bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence.

The Senate resumed consideration of the bill.

Pending:

Dole modified amendment No. 2280, of a perfecting nature.

Gramm modified amendment No. 2615 (to Amendment No. 2280), to reduce the Federal welfare bureaucracy.

Dole/Daschle amendment No. 2683 (to Amendment No. 2280), to make certain modifications.

AMENDMENT NO. 2692 TO AMENDMENT NO. 2280

(Purpose: To provide a technical amendment)

Mr. DOMENICI. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from New Mexico [Mr. DOMENICI], for Mr. DOLE, proposes and amendment numbered 2692 to amendment No. 2280.

Mr. DOMENICI. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 12, between lines 22 and 23, in the matter inserted by amendment no. 2486 as modified-

(1) in subparagraph (G), strike "3 years" and insert "2 years"; and

(2) in subparagraph (G), strike "6 months" and insert "3 months".

On page 69, line 18, in the matter inserted by amendment no. 2479, as modified—

(1) in section 413(a), strike "country" and insert "country"; and

(2) in section 413(b)(5), strike "eligible countries are defined as:" and insert "ELIGIBLE COUNTRY.—A county may participate in a demonstration project under this subsection if the county is—".

On page 50, line 6, in the matter inserted by amendment no. 2528—

(1) in subsection (d)(3)(A), strike "1998" and insert "1996";

(2) in subsection (d)(3)(C), strike "1998, 1999, and 2000" and insert "1996, 1997, 1998, 1999, 2000, 2001, and 2002"; and

(3) in subsection (d)(3)(C), strike "as may be necessary" and insert "specified in subparagraph (B)(ii)".

On page 77, between lines 21 and 22, insert the following new section:

"SEC. 420. ELIGIBILITY FOR CHILD CARE ASSISTANCE.

Notwithstanding section 658T of the Child Care and Development Block Grant Act of 1990, the State agency specified in section 402(a)(6) shall determine eligibility for child care assistance provided under this part in accordance with criteria determined by the State.".

On page 303, line 15, add "and" after the semicolon.

One page 304, line 22, strike "and" after the semicolon.

On page 305, line 16, insert ", not including direct service costs," after "administrative costs".

On page 305, line 18, strike the second period and insert "; and".

On page 305, between lines 18 and 19, insert the following:

"(C) by adding at the end thereof the following new paragraph:

"(6) SERVICES FOR THE WORKING POOR.—The State plan shall describe the manner in which services will be provided to the working poor.".

Beginning on page 305, strike line 19, and all that follows through line 6, on page 306, and insert the following:

(d) CLARIFICATION OF ELIGIBLE CHILD.—Section 658P(4)(B) of the Child care and Development Block Grant Act of 1990 (42 U.S.C. 9858n(4)(B)) is amended by striking "75 percent" and inserting "100 percent".

On page 738, line 10, strike "on" and insert "for".

On page 753, line 8, strike "subsections (c) and (d)" and insert "subsection (c)".

On page 753, lines 20 and 21, strike "or serious physical, sexual, or emotional harm, or" and insert ", serious physical or emotional harm, sexual abuse or exploitation, or an act or failure to act which".

On page 776, line 1, strike "other" the second time such term appears.

On page 786, line 7, strike ", through 2000" and insert "and 1997".

On page 22, line 12, strike "$16,795,323,000" and insert "$16,803,769,000".

On page 99, line 20, strike "$92,250,000" and insert "$100,039,000".

On page 100, line 9, strike "$3,150,000" and insert "$3,489,000".

On page 100, line 22, strike "$4,275,000" and insert "$4,593,000".

On page 99, strike lines 4 and 5 and insert the following:

(I) by inserting "(or paid, in the case of part A of title IV)" after "certified"; and

On page 27, strike lines 17 through 22, and insert the following:

"(B) RATE OF INTEREST.—The Secretary shall charge and collect interest on any loan made under subparagraph (A) at a rate equal to the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the period to maturity of the loan.

On page 54, line 25, add after "amount." the following: "The Secretary may not forgive any outstanding loan amount nor interest owed thereon."

On page 293, lines 8 and 9, strike "any benefit described in clause (1)(A)(ii) of subsection (d)" and insert "any benefit under a program described in subsection (d)(2)".

On page 293, line 19 strike "subsection (d)(2)" and insert "subsection (d)(4)".

On page 293, line 21, insert "the" before "enactment".

On page 294, line 20, insert "under a program" after "benefit".

On page 297, line 11, strike "Federal".

On page 297, line 20, strike "and".

Beginning on page 297, line 21, strike all through page 298, line 3, and insert the following:

(2) the term "poverty line" has the same meaning given such term in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

On page 298, line 3, strike "involved." and insert "involved; and".

Line to be added at the appropriate place in Title XII of Dole's Amendment to HR. 4:

"In making reductions in full-time equivalent positions, the Secretary is encouraged to reduce personnel in the Washington, DC area office (agency headquarters) before reducing field personnel."

(1) In section 501(b)(1), strike "(IV), or (V)" and insert in lieu thereof "or (IV)".

(2) In section 502(f)(1), strike "(IV, or (v)" and insert in lieu thereof "or (IV)".

Mr. DOMENICI. Mr. President, this amendment contains technical changes. I ask unanimous consent that the amendment be considered and agreed to, en bloc. It has been approved on the other side.

The PRESIDING OFFICER. Without objection, it is so ordered.

So the amendment (No. 2692) was agreed to.

MODIFICATION TO AMENDMENT NO. 2683

Mr. DOMENICI. Mr. President, on behalf of Senator DOLE, I send a modification to amendment No. 2683 to the desk.

The PRESIDING OFFICER. The Senator has that right. The amendment is so modified.

The modification is as follows:

Strike page 7 and insert in lieu thereof the following: participate in work for more than an average of 20 hours per week during a month and may count such parent as being engaged in work for a month for purposes, of section 404(c)(1) if such parent participates in work for an average of 20 hours per week during such month.

"(2) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to provide an entitlement to child care services to any child.

On page 17, line 22, insert before the period the following: ", and increased by an amount (if any) determined under subparagraph (D)".

On page 18, between lines 21 and 22, insert the following:

"(D) AMOUNT ATTRIBUTABLE TO STATE PLAN AMENDMENTS.—

"(i) IN GENERAL.—For purposes of subparagraph (A) and subject to the limitation in clause (ii), the amount determined under this subparagraph is an amount equal to the Federal payment under section 403(a)(5) to the State for emergency assistance in fiscal year 1995 under any State plan amendment made under section 402 during fiscal year 1994 (as such sections were in effect before the date of the enactment of the Work Opportunity Act of 1995).

"(ii) LIMITATION.—Amounts made available under clause (i) to all States shall not exceed $800,000,000 for the 5-fiscal year period beginning in fiscal year 1996. If amounts available under this subparagraph are less than the total amount of emergency assistance payments referred to in clause (i), the amount payable to a State shall be equal to an amount which bears the same relationship to the total amount available under this clause as the State emergency assistance payment bears to the total amount of such payments.

"(iii) BUDGET SCORING.—Notwithstanding section 257(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, the baseline shall assume that no grant shall be made under this subparagraph after fiscal year 2000.

Strike page 11, and insert in lieu thereof the following: fiscal years 1996, 1997, 1998, 1999, 2000, 2001, and 2002 such sums as are necessary for payment to the Fund in a total amount not to exceed $1,000,000,000.

"(3) COMPUTATION OF GRANT.—

"(A) IN GENERAL.—Subject to subparagraph (B), the Secretary of the Treasury shall pay to each eligible State in a fiscal year an amount equal to the Federal medical assistance percentage for such State for such fiscal year (as defined in section 1905(b)) of so much of the expenditures by the State in such year under the State program funded under this part as exceed the historic State expenditures for such State.

"(B) LIMITATION.—The total amount paid to a State under subparagraph (A) for any fiscal year shall not exceed an amount equal to 20 percent of the annual amount determined for such State under the State program funded under this part (without regard to this subsection) for such fiscal year.

Mr. DOMENICI. I ask unanimous consent that the pending amendments to H.R. 4 at the desk be withdrawn, other than the Gramm and Dole amendments. This has been agreed to, also.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the 30 minutes for debate be postponed, to begin following the next two back-to-back rollcall votes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I yield the floor.

VOTE ON AMENDMENT NO. 2615

The PRESIDING OFFICER. The question is on agreeing to amendment No. 2615.

The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Oregon [Mr. HATFIELD] is necessarily absent due to illness.

I further announce that, if present and voting, the Senator from Oregon [Mr. HATFIELD] would vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 50, nays 49, as follows:

[Rollcall Vote No. 441 Leg.]

YEAS—50

Abraham	Frist	Murkowski
Ashcroft	Gorton	Nickles
Baucus	Gramm	Packwood
Bennett	Grams	Pressler
Bond	Grassley	Roth
Brown	Gregg	Santorum
Burns	Hatch	Shelby
Chafee	Helms	Simpson
Coats	Hutchison	Smith
Cochran	Inhofe	Snowe
Coverdell	Kempthorne	Specter
Craig	Kyl	Stevens
D'Amato	Lott	Thomas
DeWine	Lugar	Thompson
Dole	Mack	Thurmond
Domenici	McCain	Warner
Faircloth	McConnell	

NAYS—49

Akaka	Feinstein	Levin
Biden	Ford	Lieberman
Bingaman	Glenn	Mikulski
Boxer	Graham	Moseley-Braun
Bradley	Harkin	Moynihan
Breaux	Heflin	Murray
Bryan	Hollings	Nunn
Bumpers	Inouye	Pell
Byrd	Jeffords	Pryor
Campbell	Johnston	Reid
Cohen	Kassebaum	Robb
Conrad	Kennedy	Rockefeller
Daschle	Kerrey	Sarbanes
Dodd	Kerry	Simon
Dorgan	Kohl	Wellstone
Exon	Lautenberg	
Feingold	Leahy	

NOT VOTING—1

Hatfield

So the amendment (No. 2615) was agreed to.

VOTE ON AMENDMENT NO. 2683, AS MODIFIED

The PRESIDING OFFICER. The question is on agreeing to the amendment numbered 2683, as modified.

Mr. DOLE. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kansas. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Oregon [Mr. HATFIELD] is absent due to illness.

I further announce that, if present and voting, the Senator from Oregon [Mr. HATFIELD] would vote "yea."

The PRESIDING OFFICER (Mr. INHOFE). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 87, nays 12, as follows:

[Rollcall Vote No. 442 Leg.]

YEAS—87

Akaka	Feingold	Mack
Baucus	Feinstein	McCain
Bennett	Ford	McConnell
Biden	Frist	Mikulski
Bingaman	Glenn	Moseley-Braun
Bond	Gorton	Murkowski
Boxer	Graham	Murray
Bradley	Grassley	Nunn
Breaux	Gregg	Packwood
Brown	Harkin	Pell
Bryan	Hatch	Pressler
Bumpers	Heflin	Pryor
Burns	Hollings	Reid
Byrd	Hutchison	Robb
Campbell	Inouye	Rockefeller
Chafee	Jeffords	Roth
Cochran	Johnston	Santorum
Cohen	Kassebaum	Sarbanes
Conrad	Kempthorne	Shelby
Coverdell	Kennedy	Simon
Craig	Kerrey	Simpson
D'Amato	Kerry	Snowe
Daschle	Kohl	Specter
DeWine	Kyl	Stevens
Dodd	Lautenberg	Thomas
Dole	Leahy	Thompson
Domenici	Levin	Thurmond
Dorgan	Lieberman	Warner
Exon	Lugar	Wellstone

NAYS—12

Abraham	Gramm	Lott
Ashcroft	Grams	Moynihan
Coats	Helms	Nickles
Faircloth	Inhofe	Smith

NOT VOTING—1

Hatfield

So, the amendment (No. 2683), as modified, was agreed to.

The PRESIDING OFFICER. Under the previous order, amendment 2280 is adopted.

So the amendment (No. 2280), as further modified, as amended, was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read a third time.

The PRESIDING OFFICER. There will be 30 minutes for debate equally divided.

Mr. DOLE. Mr. President, I yield 2 minutes to the Senator from Texas, Senator HUTCHISON.

The PRESIDING OFFICER. The Senator from Texas.

Mrs. HUTCHISON. Mr. President, I want to thank the majority leader because this Senate is getting ready to take a major step to end welfare as we know it. The majority leader has put together a coalition that is bipartisan.

Mr. KENNEDY. Mr. President, may we have order? The Senator is entitled to be heard. She is making a very important statement. And could we insist on order for the remaining half hour?

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Texas.

Mrs. HUTCHISON. Mr. President, I want to say that when we take this major step to end welfare as we know it, we will owe a great deal of the thanks to our majority leader for putting together this bipartisan coalition.

We are making an important policy change in America today. Welfare will be a hand up but not a handout. Welfare will be there for a transition, for people in trouble, but it will not become a way of life.

There will be a 5-year lifetime limit on able-bodied people getting welfare, so that family that is working hard to do better, to educate their children will know that they are not paying a bill for someone who is able but not willing to work.

In our bill, block grants replace entitlements for seven AFDC programs. We will be saving $60 billion in welfare costs, the most ever cut in welfare in our country's history.

What could have killed this bill was the inequity in block grants among the States. The States could have said, "Well, if I don't get this for my State, I'm walking away from welfare reform."

But many of us were able to get together and say each State is different. What we have done in the past is different, what we are going to do in the future is different and, therefore, we must accommodate each State.

Everyone has given so that we will have parity over the next 7 years. That is the hallmark of this bill: States rights, State flexibility to provide the programs that fit their needs.

In fact, it is the policy set by the Congress that States can become more efficient and responsive if Washington, DC, will just get out of the way. And today, Mr. President, Washington is going to get out of the way. Thank you.

Mr. MOYNIHAN. Mr. President, I yield 3 minutes to the indomitable Senator from Illinois, [Ms. MOSELEY-BRAUN].

The PRESIDING OFFICER. The Senator from Illinois.

Ms. MOSELEY-BRAUN. Thank you very much, Mr. President.

Mr. President, the Senate is poised to take action on one of the most political issues facing this Congress. There is bipartisan agreement that welfare reform is needed, welfare is not a free ride, and work requirements should be placed on adult recipients as a condition of receipt. Certainly anybody who can work should work.

Welfare should have more than one goal, however. It should not only put people to work but it should also protect children. This bill, however, regrettably, does neither. It bears repeating. Of the 14 million-plus welfare recipients, two-thirds, or nearly 9.6 million people, are children; 60 percent of those children are under 6 years old. It is the 5 million preschool-age babies who will be the real objects of our decisionmaking today.

The most stunning error of this bill, in my opinion, is that it ignores entirely the plight of poor children. It dismantles the 60-year-old Federal safety net that has assured at least some assistance to them. This bill completely ignores the consequences to our national community of the abandonment of a safety net for poor children.

Earlier in this debate, I showed pictures from around the turn of the century, before we had a national Federal safety net. Those pictures showed young children sleeping on grates and picking through trash. Is that where we want to be when we enter the 21st century?

Mr. President, I am afraid this bill could make that shameful history a new reality. In my opinion, this bill takes a Pontius Pilate approach to Federal responsibility. As a national community, we are here washing our hands of responsibility for these poor children. This bill sends the problem to the States with high-flown rhetoric about State responsibility and innovation.

But what if—what if—a State proves unwilling to address the poverty of children in its midst? Are we to concede there is nothing that we as a national community should do? This bill makes certain that there is nothing that we can do.

And what if the States find, as Senator MOYNIHAN has shown, that incidents of child poverty in this country are localized in urban areas or in pockets of rural poverty? What if the States find that? Child poverty may not be a problem that is most effectively addressed by block grants to State governments. Who will speak for the children then?

It is said that this bill will end welfare as we know it. Had it ended welfare abuses, I would have been among the first to applaud it. Had it rationally addressed ending the poverty that is the first level qualifier for welfare, I would have enthusiastically supported it. But it does neither, and it will not end welfare as we know it but rather creates 50 welfare systems with the potential for real tragedy for children.

In my opinion, Mr. President, that is the fatal flaw of this legislation: that this is welfare as we knew it, back to the days of street urchins and friendless foundlings and homeless half-orphans. I, for one, am not prepared to take so giant a step backward or to be so generous with the suffering of those 5 million poor children under the age of 6.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. DOLE. I yield 2 minutes to my colleague from Kansas, Senator KASSEBAUM.

The PRESIDING OFFICER. The Senator from Kansas.

Mrs. KASSEBAUM. Mr. President, first, I would just like to respond to my colleague, whom I admire and whom I know feels deeply about children, about those who may not have a safety net protection. I would just like to say to Senator MOSELEY-BRAUN that I think one of the real strengths of this legislation is that we did strengthen child care, and child care is a very important requirement in order to have successful welfare reform.

I think this bill does strike a good balance, and I express my appreciation to those on both sides of the aisle who have worked to shape an exceptionally strong welfare reform bill, particularly the majority leader, Senator DOLE, who has tried hard to balance the interests of many people on both sides of this aisle, to Senator SANTORUM who also has worked tirelessly among those on our side of the aisle and those on the other side of the aisle. I will say to Senator DODD, as well, who has cared a great deal about trying to meet the needs of children in this legislation, that I think we do have a good welfare reform bill and, most importantly, it is not welfare as an entitlement. That starts us on a new path and one that I think will be most successful.

Mr. MOYNIHAN. I happily yield 3 minutes to my friend, the Senator from Minnesota [Mr. WELLSTONE].

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, I have offered amendments that have been adopted—and so have other colleagues—that have mitigated some of the harshest effects of this piece of legislation. But an essential truth remains. For the first time in 60 years, we are eliminating a floor below which we never before allowed children to fall. Mr. President, for the first time in 60 years, we are saying that as a national commitment, as a national community, we will no longer take the responsibility to make sure that every child, even the poorest of children, at least has some minimal level of assistance, that children do not go hungry.

Mr. President, I ask myself the question: Will the passage of this legislation mean that there will be more impoverished children and more hungry children in America? The answer to that question is yes, and that is why I must vote no.

Mr. President, I ask myself the question: Is it true that the passage of this legislation will shut out hundreds of thousands of disabled children from essential services? The answer to that question is yes. That is why I will vote no.

Mr. President, I ask myself, as a Senator from Minnesota, the following question: In the context of all of the slash and burn—cuts in housing, cuts in Medicare, cuts in Medicaid, cuts in EITC, cuts in all these programs, with States then having to figure out where they are going to come up with the resources—I ask myself the question: Who is going to lose out? The answer is that it is going to be the children. They do not have a lobbyist. They do not have the PAC's. They are not the heavy hitters. They are the ones who are going to be left behind. And it is for that reason, Mr. President, that I will vote no.

We moved to a national standard in the early 1970's because we had children with distended bellies in our country. We had malnourishment and hunger in America. We said as a national community that we would not let that happen. Now we are turning the clock back. For the first time in 60 years, we move away from that commitment.

This is a profound mistake for America.

Mr. President, I ask myself the question: Is it the Minnesota tradition—an almost unique tradition—to speak for children, to advocate for children, to vote for children, to vote for all of God's children? And the answer to that question is "yes." Therefore, as a Senator from Minnesota, I will vote "no."

The Dole bill will also affect the Hmong, approximately 30,000 of whom live in Minnesota and share with us their rich heritage and culture. Many in the Hmong community came to the United States to escape persecution after they aided the United States in the secret war of Laos.

Many of the Hmong now receive SSI and will be in danger of losing their benefits under the Dole bill. It is difficult—due to language barriers, lack of formal education and age—for the Hmong to become self sufficient. A large number of them depend on SSI benefits for their survival.

I yield the floor.

Mr. DOLE. Mr. President, I yield 2 minutes to the Senator from Rhode Island [Mr. CHAFEE].

Mr. CHAFEE. Mr. President, I want to express my support for the measure before us today. We have been working on this for many months. I am pleased we are finally able to approve a bill with bipartisan support. This bill is very conscious of the needs of children, a group I strongly believe should be cared for in any welfare program.

The measure before us contains additional money for child care and requires States to continue to maintain their financial effort for the life of the bill, for the 5 years. Senators BREAUX and DODD were very helpful in those issues. Under this measure, States would also be prohibited from denying benefits to single custodial parents with young children who do not work because the parents do not have child care.

This provision is extremely important for the protection of these very young children. The last thing we want to have happen is for parents to be placed in the untenable position of having to choose between leaving their children unsupervised while they work or losing their entire cash benefit.

I would like to note that S. 1120, the bill before us, does not make any changes in the foster care and adoption assistance programs. It has long been my belief that the Federal entitlement for these programs should continue and we should not roll back the Federal protection parts of the foster care and adoption assistance. Those entitlements are continued in this legislation.

On the subject of children's SSI, the Senate bill retains the concept of cash assistance for poor, disabled children and does not go as far as the House in scaling back eligibility. I am pleased that the Senate chose to take a more balanced approach to this issue than

the House. Most of the children in this program are severely disabled. Were it not for SSI, they would not be able to remain at home with their families.

I would like to thank Senator DOMENICI for his contribution to this bill in two areas—particularly in providing for the maintenance of the effort by the States. Senator DOMENICI led that effort. I also thank him for his help in removing the mandatory family cap. Under the Domenici approach, which we adopted, the family cap remains an option for the States. There is no evidence that denying benefits to women who have additional children while on welfare has any impact on birth rates. Senator DOMENICI spoke forcefully on that.

Finally, I praise our majority leader, Senator DOLE. But for his extraordinary efforts to find a common ground, we would not be here today. That is no easy feat, given our differences when we started out.

I thank him for his able leadership and the fact that we were able to achieve a bipartisan bill today.

Mr. MOYNIHAN. Mr. President, I am pleased to be able to yield 3 minutes to my esteemed colleague from New Jersey, Senator BRADLEY.

Mr. BRADLEY. Mr. President, I will vote against this bill because I think it would wipe out protection for families with children but would do nothing to repair what is really wrong with welfare. We have made some improvements in this bill, eliminating the job training consolidation that never belonged in the welfare bill in the first place. We tightened and strengthened child support enforcement. But the fundamental structure is deeply flawed and can only lead to deeper poverty and more dependency.

All we are really changing in this bill is the one thing that is not wrong with welfare—the financial relationship between the Federal Government and the State bureaucracy. That is not the problem. In fact, block grants create a new problem because States that have increasing numbers of poor families, because of a bad economy or simple population growth, would not have enough funds to assist these poor people.

Federal politicians should not simply transfer pots of money to State politicians without any standards about what the money would be used for. We do not need to transfer money from one bureaucrat to another bureaucrat. We need commitment to individual poor children.

While this bill would abandon the commitment, the real problems of welfare would remain—the rules that penalize marriage and work, the indifferent local and county bureaucrats who treat people as numbers and do nothing to help people take care of themselves, the brutal job market, the deep cultural forces driving increases in divorce, illegitimacy, and teen pregnancy; all these problems would remain, and many would get worse.

All this bill does is require States to penalize the children who are born into and live in the midst of all of this turmoil.

With all the rhetoric about changing welfare, how did we wind up with a bill that does nothing to change what is wrong with welfare? The short answer is: politics.

Neither party was as serious about really changing welfare as it was about capturing the welfare issue from the other party. Democrats promised to end welfare as we know it by tinkering with the levers of government, mostly in a positive way, but not in a way that deeply changes the lives of people on welfare. Republicans promised to do even better—abandon the welfare state. They would toss aside the Federal responsibility for poor families and children altogether. They did not know how to deal with the reality of poverty and welfare, so they came up with the solution by handing the whole problem over to the States for them to solve. Block grants create an appearance of change, but no real change.

The debate in the last few days, during which we accepted every amendment that did not challenge the underlying political rhetoric, also indicates the problem. The legislation does not abandon the mythical welfare state. But it does abandon our society's commitment to protect poor children from abject poverty, hunger, abuse, neglect, and death. Meanwhile, it does nothing to fix the real problem.

I urge everyone to think twice before joining the rush to send this deeply flawed bill forward into a process where it will get even worse.

Mr. DOLE. Mr. President, I yield 2½ minutes to the distinguished Senator from North Carolina.

Mr. FAIRCLOTH. Thank you, Mr. President.

Mr. President, as I have been saying ever since Congress began welfare reform debate, unless we address illegitimacy, which is a root cause of welfare dependency, we will not truly reform welfare.

Only by taking away the cash incentive to have children out of wedlock can we hope to slow the increase of out-of-wedlock births and ultimately end welfare.

Middle-class American families who want to have children have to plan, prepare, and save money because they understand the serious responsibility involved in bringing children into this world. It is unfair to ask the same people to send their hard-earned tax dollars to support the reckless, irresponsible behavior of women who have children out of wedlock and continue to have them, expecting the taxpayers to support them.

It is clear that our country must begin to address the crisis of illegitimacy. Today, one-third of all children are born out of wedlock. According to Senator MOYNIHAN, the illegitimacy rate will hit 50 percent by 2003, or sooner. The rise of illegitimacy and the collapse of the family has had a devastating effect on children and society. Even President Clinton has declared that the collapse of the family is a major factor driving up America's crime rate.

Halting the rapid rise of illegitimacy must be the paramount goal of welfare reform. Unfortunately, the Senate has been unable to follow the example set earlier by the House and has not included provisions, like the family cap, ending the current cash incentives for teenage mothers to have children out of wedlock.

The bill before us is far better than the one we started with. It has strong work provisions, transfers flexibility to the States and, overall, is a good bill. Unfortunately, it fails in the one key area which I feel very strongly about. It does fail to address the crisis of illegitimacy.

It is a missed opportunity for the Senate to send out a loud and clear message that society does not condone the growth of out-of-wedlock childbearing, and that the taxpayers will not continue the same open-ended subsidies for illegitimacy which has characterized welfare in the past.

I hope this bill returns from conference with strong provisions on illegitimacy. If it does, I will support it enthusiastically.

Mr. MOYNIHAN. Mr. President, I yield 3 minutes to my friend from Massachusetts, Senator KENNEDY.

Mr. KENNEDY. Mr. President, there is a right way and a wrong way to reform welfare. Punishing children is the wrong way. Denying realistic job training and work opportunities is the wrong way. Leaving States holding the bag is the wrong way. Too many of our Republican colleagues want to reform welfare in the worst way, and that is exactly what this bill does.

After more than 60 years of maintaining a good-faith national commitment to protect all needy children, the Senate is on the brink of committing legislative child abuse. This measure is an assault on America's youngest and most vulnerable citizens. I urge my colleagues to join with me in doing the right and compassionate thing, and vote "no".

In 1935, President Roosevelt said:

> The test of our progress is not whether we add to the abundance of those who have much. It is whether we provide enough to those who have little.

In passing the Social Security Act, Congress made a bold pledge to the elderly and to the children of our society that their well being would be ensured. It was a sign of what we stood for as a society.

With that legislation, Congress, made a historic promise—that no child would be left alone to face the cruel forces of poverty and hunger. Today, more than 60 years later, the Senate is breaking that promise. As an institution, we are turning our back on America's children.

If this legislation passes, whether needy children receive a helping hand

will depend on whether they are fortunate enough to be born in a State that has the resources and the will to provide that assistance. A minimal safety net for children will no longer be a part of what makes America America, but rather a gamble of geography.

This bill nullifies one of the fundamental roles of the Federal Government—to bring our country together as a nation. Instead it will encourage border wars as States across the country selfishly compete to assure that they do not become too generous to the needy and attract families from other States.

Granted, the child care and other modifications achieved in recent days have made this legislation less bad than it was. And that is no small achievement. But it is hardly a reason to support a measure that will devastate the lives of millions of American children to say it could be even worse—and probably will be after the Conference with the House.

This bill is not about moving American families from welfare to work. It is about cutting off assistance to millions of poor, hungry, homeless, and disabled children.

This bill is not about fiscal responsibility or deficit reduction. It is about misguided priorities—for which, as the columnist George Will has said, we will pay dearly as a society for years to come.

This bill is not about eliminating the barriers to employment that exist for people on welfare. It is about short-changing the job training and child care programs needed to give people a chance. It is about setting arbitrary time limits on assistance for families who cannot find jobs, and providing grossly inadequate resources to make genuine opportunity a reality.

This bill is not about giving States more flexibility. It is about Congress washing its hands of a difficult problem, by slashing Federal funding, and then turning the remains over to the States with little accountability or guidance and even less leadership.

This bill is not welfare reform—it is welfare fraud. We are all for work—but this plan will not work. The Congressional Budget Office estimates that only 10 to 15 States will be able to meet the bill's work requirements and the rest will simply throw up their hands.

These actions are in no way required by the current balanced budget environment. The Republican majority has already shown that it is willing to spend money when the cause is important enough to them. When the Republican majority wanted to preserve a $1.5 billion tax loophole for American billionaires who renounce their U.S. citizenship, they found the money to preserve it. When the Republican majority wanted to increase defense spending $6.5 billion more than the Defense Department requested for this year, they found the money to fund it. When the Republican majority wanted to give the wealthy a $245 billion tax break, they will find the money to fund it.

But now, when asked to reform welfare and create a genuine system to help America's 10 million children living in poverty, the Republican majority tells those children: "Sorry—check returned—insufficient funds."

For billionaires, the Republicans will move mountains. For poor children they will not lift a finger—and their record makes that clear. As President Kennedy said in his inaugural address: "If a free society cannot help the many who are poor, it cannot save the few who are rich."

Poor children in America are worse off than poor children in 15 of the 18 Western industrial nations. The annual incomes for the poorest 10 percent of Canadian families, including all benefits, is nearly twice that of families in the United States. The United States has the greatest gap between the rich and the poor—a gap that will surely grow in the years ahead because of this harsh legislation.

Despite these realities, the Republican majority wants to take $60 billion over the next 7 years from programs supporting poor children and families, in order to help balance the budget and pay for their tax breaks for the wealthy. That is their priority.

When we tried to pay for increases in child care by closing the billionaires' loophole or ending other forms of corporate welfare, the Republicans said no—take it out of food stamps. They would rather harm poor children than offend fat cats who live on corporate welfare.

Some in the Republican majority say that this legislation will succeed—that faced with the prospect of benefits being cut off, welfare recipients will have no choice but to find work. Governor Engler of Michigan made that argument when eliminating Michigan's State-funded General Assistance Program. Unfortunately, things did not work out the way the Governor had said. Only one-fifth of the former welfare recipients found jobs —the majority became even more destitute.

And so it goes when social experiments go wrong. The Republican majority is asking us to put the lives of children in their hands as they prepare to push welfare recipients off the cliff in the hope that they will learn to fly. And what happens if they fail? Ten million children, who make up the majority of AFDC recipients, will pay the price, and as a society, so will we.

This is not just theory. We already know some of the havoc this legislation will cause. The administration estimates that the 5-year time limit in the bill will result in one-third of the children on AFDC becoming ineligible for assistance—4 million children. Yet when we proposed to give the States the option of providing vouchers to protect these children after the time limit, the Republicans said no. So much for States rights.

Of the parents who will be affected by the time limit, only one-third have a high school degree. Yet recent studies show that three-quarters of the available jobs in low-income areas require a high school diploma. Sixty percent of those jobs require experience in a particular type of job. And there are already two to three jobseekers for every job vacancy.

This bill is not seriously designed to change those realities. There is no way this bill can create jobs for millions of low-income, low-skilled parents who will be looking for work at the same time in the same communities. It will not help schools do a better job of preparing young men and women for an increasingly demanding workplace. In fact, the Republican majority is busy cutting the very education and job training funds necessary to produce a skilled American work force in the years ahead.

Welfare reform cannot be accomplished on the cheap. Governor Tommy Thompson of Wisconsin, whose welfare expertise has been praised repeatedly by the Republican majority, was recently quoted in Business Week as saying that in order for welfare reform to be successful, "It will cost more up front to transform the welfare system than many expect." After his reforms in Wisconsin, administrative costs rose by 72 percent.

My Republican colleagues are correct when they say that this is an historic moment in the Senate. If this bill passes, today will go down in history as the day the Senate turned its back on needy children, on poor mothers struggling to make ends meet, on millions of fellow citizens who need our help the most. It will be remembered as the day the Senate broke a noble promise to the most vulnerable Americans. I urge my colleagues to vote "no"—for the children who are too young to vote and who cannot speak for themselves. This bad bill can be summed up in four simple words—"Let them eat cake."

I say to my colleagues—can you look into the eyes of a poor child in America and say, "This is the best hope for your future" I cannot—and that is why I must vote "no".

Ms. MIKULSKI. Mr. President, it is with reluctance that I rise in support of the welfare legislation which the Senate is about to pass.

I have serious reservations about many aspects of the bill as it now stands, not the least of which is the ability of States to address the needs of poor children during periods of recession or economic downturns.

Having said that, I believe that the modifications adopted in the agreement between the Democratic and Republican Leaders begin to move this bill in the right direction. Compared to legislation passed by the House earlier this year, it is substantially more responsible and in that sense, more likely to succeed.

First, the bill provides for an additional $3 billion for child care for those moving from welfare to work. We should expect those people on welfare

to go to work. But to do so, we must give them the tools to go to work. And child care is the most significant problem young mothers face as they try to move into the work force.

Second, the bill now requires States to maintain a safety net for poor children through the so-called maintenance-of-effort requirement. As a result, States must continue to spend at least 80 percent of their current welfare spending for the next 5 years. This will help ensure States go the extra mile to move people from welfare to work, rather than simply forcing recipients off of the rolls with no chance for employment.

Third, the bill does not include a job training block grant that could have siphoned off precious dollars used to help retrain victims of foreign competition, base and plant closings, or the negative effects of corporate downsizing.

Fourth, the bill creates a very modest contingency grant fund of $1 billion which States could tap to deal with increased need due to the effects of a recession or population growth.

In addition to these provisions, the bill incorporates much of the Democratic Work First proposal, S. 1117, in several key areas.

Teen Pregnancy: The bill includes the tough stay-at-home and stay-in-school provisions of the Work First bill. It also makes $150 million available as seed money for second chance homes, locally-based, supervised group homes for teen-age mothers which have been popularized by the Democratic Leadership Council.

Private sector work bonus: The bill also contains a bonus pool of funds that will be awarded, in part, on the basis of States' success at moving welfare recipients into private sector work.

Parent empowerment contract: The final bill has a requirement for a parent empowerment contract that welfare recipients would have to sign once they sign up for benefits. This contract obligates them to take charge of their own lives, commit to acting as responsible parents, and undertake an intensive job search—all designed to move them from welfare to work.

Work requirements: Finally, the bill includes provisions of the work first bill that tell States they should do everything they can to be moving welfare recipients into the work force as quickly as possible, with the expectation that the period for a transition from welfare to work should be approximately 6 months.

Having announced my support for this measure, albeit with some great reservations, I want the conferees on this bill to know that I will not support any conference report that moves in any significant and substantial way toward the punitive and harsh proposals in the House-passed welfare bill.

If the conference agreement contains a mandatory family cap, or arbitrarily cuts off benefits for young women, I will oppose it.

If it modifies the child care or maintenance of effort provisions now in the Senate bill, I will not support it.

If it has no means for States to cope with economic downturns, I will withdraw my endorsement.

If it moves to block grants for foster care and adoption assistance, for food stamps or child nutrition programs, this Senator will cast a "no" vote on that conference report.

I hope that the Senate framework will emerge from the conference committee so that we can have bipartisan welfare reform this year. But if not, this Senator will be on this floor later this year fighting to stop a bad bill from getting enacted.

INFORMATION TECHNOLOGY AND WELFARE REFORM

Mr. COHEN. Mr. President, I would like to raise a subject which I believe will be a key problem for the States in implementing welfare reform under block grants—ensuring the States are able to make the necessary investments in information technology.

Most of our attention here on the floor has been with regard to very contentious social issues such as work requirements and unwed mothers. We have devoted little attention to the problems States will face in managing the vastly increasing responsibilities which this legislation will transfer to them. I am concerned that all our hard work to set the stage for new and successful human services programs will fall short of its goal if States are not equipped with the necessary information systems. If the States are unable to handle these enlarged responsibilities, pressure will rapidly build for the Federal Government, piece by piece, to become involved once again in managing these programs.

The unfortunate fact is that many States are far behind the rest of our society in computerizing and reinventing the delivery of their services. Among the State agencies, it is often the human service agencies which are the most in need of automation. While I endorse the concept of block grants and the latitude they provide to States, I believe the Federal Government must continue to provide specific assistance to States to automate.

Mr. SANTORUM. My colleague raises an excellent point. Many States at present are struggling to take advantage of the benefits which information technology can provide. Twenty-two States are currently under court order to improve their child welfare programs. One of the saddest examples is right here in the District of Columbia, where the foster care system was placed in receivership by the courts.

According to the court-appointed receivers, the system of foster care placement was failing some of the city's most needy children. One of the major problems was a lack of information available to the field, largely due to the lack of even basic computer support in the District's foster care system. This is symptomatic of problems across our Nation, problems which can be overcome through effective use of information technology. Yet the States and the District face compelling alternative uses for the funds as caseloads increase.

Mr. COHEN. Congress over the years has sought to ensure that States have the proper tools to handle their responsibilities in human services programs. For example, the fiscal year 1993 Omnibus Reconciliation Act provided matching of State funds over a 3-year period to be spent or information systems for foster care and adoption assistance programs. Forty-six States and the District of Columbia have responded, and are on their way to improving their information technology systems in these critical areas.

Mr. SANTORUM. Increased automation will bring many efficiencies to human services programs. In numerous cases; State workers enter essentially the same information as many as 200 times in required paperwork. This wasteful duplication can be eliminated through automation. Further, investments in information technology yield substantial savings in welfare programs through elimination of waste, fraud, and abuse. In Rhode Island, for example, a $10 million investment in technology saved over $7.7 million in erroneous welfare benefit payments in the first year of operation. By now this investment has paid for itself many times over. The system allowed the State to handle a 40-percent increase in welfare cases, while reducing its program work force by 15 percent over a 4-year period.

Mr. COHEN. Unfortunately, without Federal help, many States will not be able to afford the up-front costs required to plan, develop, and install these systems, and train personnel on their use. This is why the Federal Government has always maintained a leadership role in this area. I strongly believe we must continue specific assistance to States in making information technology investments, even in a block grant environment. I call on the eventual conferees on this legislation to carefully consider this point, and work with the House to ensure the States have the resources to make the necessary investments.

Mr. SANTORUM. I join my colleague in making this request. I think some further consideration of the information technology needs of the States is vital for welfare reform to succeed.

AMENDMENT NO. 2683

Mr. COHEN. Mr. President, I rise to speak in support of the Dole modified amendment. Every Member of this body has come to the floor and declared that it is time to "end welfare as we know it." We have disagreed on the most appropriate ways to do that but I hope that there can be no disagreement that welfare reform will not succeed without a more generous provision for child care services.

Even under the current system of entitlement, there are more than 3,000

children of working parents already waiting to receive child care assistance in Maine. Some of these parents have transitioned off of welfare, others are at-risk of going on welfare. One child care center in Maine has just now started serving families who have been on a waiting list for more than 2 years.

This amendment will create a separate block grant for child care services. By creating this separate grant fund, we hope to assist States by providing them with a specific amount of child care funds. This is identical to the approach the House of Representatives elected to take in the Personal Responsibility Act. We have gone further to provide States with additional funds and to help ensure that child care funding does not disappear for welfare families and low-income families alike.

I am glad to see that the Governors have finally weighed in on this issue. Last week, I received a copy of a letter sent to both the majority and minority leadership from the National Governor's Association requesting supplemental funds for child care services. I would like to quote one sentence from the letter, signed by Governor Thompson from Wisconsin and Governor Miller from Nevada. The NGA states that:

> Child care represents the largest part of the up-front investment need for successful welfare reform.

More women will be able to work when there are child care funds available. More women who have jobs now will keep them if there are funds for child care. In a report issued by the General Accounting Office in December, GAO found that child care costs are a significant portion of most low-income working families' budgets. In fact, child care consumes more than one quarter of the income for a family below the Federal poverty level. For families above the Federal poverty level, child care consumes about 7 percent of income.

Unlike the Dodd-Kennedy amendment, we know where the funds are coming from to pay for additional child care slots. I support our efforts to eliminate the deficit by 2002 but finding money for States to follow through on welfare reform is imperative. By agreeing to realize a smaller amount in overall savings from this legislation, we have taken the steps necessary to lead to successful welfare reform and help us maintain our goal to zero out the deficit.

While there has been an emphasis on the need to help States meet work participation requirements, of utmost concern is the safety of children. Some parents are already forced to leave their children in unsafe settings. I recently reviewed a report from the State of Illinois where more than 40 children, half of them under the age of two, were discovered being cared for in a basement by one adult. The cost of that care was $25 per week.

This is not an isolated case. Recent studies have indicated that 1 out of every 8 children in child care are being cared for in an unsafe setting.

The provision for child care services in Senator DOLE's earlier substitute did provide certain protections for children who are not yet in school by prohibiting States from penalizing mothers who cannot work because there simply is no child care available.

The Senate also overwhelmingly approved an amendment sponsored by Senator KASSEBAUM to eliminate a provision that allowed a transfer of up to 30 percent of the funds from the child care development block grant. The CCDBG has played an important role since its creation in 1990 as a source of funds targeted at enhancing the quality of child care and providing subsidies to low-income families.

I urge my colleagues to support this amendment. Without access to child care, mothers will not be able to work. When 92 percent of AFDC mothers are single mothers, the need for additional child care slots must be met if our version of welfare reform is going to be successful.

INTERRACIAL ADOPTION PROVISIONS

Mr. MCCAIN. Mr. President, earlier this year I introduced the Adoption Antidiscrimination Act of 1995, S. 637, to ensure that adoptions are not denied or delayed on the basis of race, color, or national origin. I am pleased that the House passed an almost identical provision in its welfare reform bill, H.R. 1. It is my hope that the members of the conference committee on welfare reform will recognize the importance of this issue, and incorporate interracial adoption provisions in the conference report.

In the late 1960's and early 1970's, over 10,000 children were adopted by families of a different race. This was before many adoption officials decided, without any empirical evidence, that it is essential for children to be matched with families of the same race, even if they have to wait for long periods for such a family to come along. The forces of political correctness declared interracial adoptions the equivalent of cultural genocide. This was, and continues to be, nonsense.

Sound research has found that interracial adoptions do not hurt the children or deprive them of their culture. According to Dr. Howard Alstein, who has studied 204 interracial adoptions since 1972, "We categorically have not found that white parents cannot prepare black kids culturally." He concluded that "there are bumps along the way, but the transracial adoptees in our study are not angry, racially confused people" and that "They're happy and content adults."

Since the mid-1970's, there have been very few interracial adoptions. African-American children who constitute about 14 percent of the child population currently comprise over 40 percent of the 100,000 children waiting for adoption in foster care. This is despite 20 years of Federal efforts to recruit African-American adoptive families and substantial efforts by the African-American community. The bottom line is that African-American children wait twice as long as other children to be adopted.

Last year, Senator Metzenbaum attempted to remedy this problem by introducing the Multiethnic Placement Act of 1994 [MEPA]. Unfortunately, the bill was weakened throughout the legislative process and eviscerated by the Clinton administration Department of HHS in conference.

After the original MEPA bill was hijacked, a letter was sent from over 50 of the most prominent law professors in the country imploring Congress to reject the bill. They warned that it "would give Congressional backing to practices that have the effect of condemning large numbers of children—particularly children of color—to unnecessarily long stays in institutions or foster care." Their warning was not heeded, and the bill was passed as part of Goals 2000. As Senator Metzenbaum concluded, "HHS intervened and did the bill great harm."

The legislation that was finally signed by the President does precisely the opposite of what was originally intended. This is because it contains several huge loopholes that effectively permit continuing the practice of racial matching. For example, it states that an agency may not "delay or deny the placement of a child for adoption or into foster care solely on the basis of [race, color, or national origin]". This language can be used by those opposed to inter-racial adoptions to delay or deny placements by using race, color, or national origin as only part of their rationale.

An even bigger loophole is contained in the "permissible consideration" section of MEPA which states that an agency "may consider the cultural, ethnic or racial background of the child and the capacity of the prospective foster or adoptive parents to meet the needs of a child of this background as one of a number of factors used to determine the best interests of a child." While this language may appear innocuous, it can be used by those who are committed to racial matching to delay or deny a placement simply by claiming that an inter-racial adoption is not in the best interests of the child.

DHHS has issued guidelines for implementing the Multiethnic Placement Act. Again, on their face, the guidelines do not appear to be objectionable. However, consistent with the underlying MEPA law, they continue to allow race to be a major consideration that may be used by those who wish to stop interracial placements. Consequently, the National Council for Adoption and Institute for Justice have informed the Department that its guidelines do not adequately address this issue. They continue to believe that new legislation is necessary.

Clearly, we need to fix last year's flawed legislation. In considering the

House provisions on this issue, the conferees should prohibit, under any circumstances, an agency that receives Federal funds from delaying or denying the placement of a child on the basis of the race, color or national origin. Racial or cultural background should never be used as a basis for denying or delaying the placement of a child when there is at least one qualified household that wants the child.

Perhaps, there are certain extremely limited circumstances in which an agency should be allowed to consider race, color or national origin, only when there are two or more qualified households that want the child and only as one of a number of factors used to determine the best interests of the child. But under no circumstances should such considerations be allowed to delay the adoption of a child. When there is only one qualified household that wants the child, that placement is, by definition, in the child's best interests.

Mr. President, I hope that the conferees will be willing to adopt a strong prohibition against consideration of race, color or national origin in placement decisions, and to close the gaping loopholes in the current law. By incorporating strong and reasonable antidiscrimination provisions in the Conference Report, we will help to remedy the national problem of children being held in foster care because the color of their skin does not match that of the individuals who wish to adopt them.

AMENDMENT NO. 2542

Mr. MCCAIN. Mr. President, the welfare reform bill imposes upon the States a 6-month time limitation for any individual to participate in a Food Stamp Work Supplementation Program. This amendment, which is supported by the National Governor's Association and the American Public Welfare Association, would replace the 6-month limit with a 1-year limit. It would continue to allow an extension of this time limitation at the discretion of the Secretary.

Arizona's current cash-out of food stamps under its Empower welfare program allows individuals to participate in subsidized employment for 9 months with an option for a 3-month extension. There is no reason that the State should have to make another special request to the Secretary in order to maintain this policy. This amendment would allow States with such policies to continue their programs without disruption.

Ideally, I would prefer that the States be able to plan their work supplementation programs without being constrained by requirements imposed by the Federal Government. The States know best how to structure their programs to help their citizens become employable. Thus, my preference would be to eliminate the time limitation altogether.

However, I recognize that many of my colleagues are insisting upon a time limitation for individuals under the program, and I am pleased that we were able to come to an agreement that meets the needs of Arizona and other States that wish to pursue similar policies. In the future, I plan to revisit this issue to allow States maximum flexibility to plan their work supplementation programs.

Mr. President, a primary objective of this bill is to encourage the States to innovate. The best way to achieve this is to get out of their way. We should not impose requirements limiting the States' flexibility unless there is a compelling reason to do so. This amendment will give States additional leeway to innovate in their work supplementation programs and will thereby help them achieve their employment objectives.

AMENDMENT NO. 2544

Mr. MCCAIN. Mr. President, this amendment would give States the right to correct problems in their welfare programs before penalties are imposed by the Federal Government. Titles I, III, and VIII of the bill impose significant penalties, in the form of reductions in grant funds, for States that are out of compliance with Federal requirements. I believe that it is simply unfair to punish States without first giving them an adequate opportunity to remedy the problems.

Under this amendment, a State would have 60 days in which to submit to the Federal Government a corrective action plan to remedy any violations for which a penalty could be assessed. The Federal Government would then have up to 60 days to accept or reject the State's corrective action plan. If it does not act within this period, the plan will be deemed to be accepted. Finally, the State would have 90 days to correct the violation pursuant to the plan before penalties may be imposed. A longer correction period would apply if it is part of an accepted plan.

A major objective of the welfare reform bill is to give States greater flexibility and freedom from Washington regulations in helping their welfare recipients to be productive, independent citizens. Where Federal requirements are imposed, States should have ample opportunity to comply with those requirements and correct any problems without being penalized. This amendment ensures this objective and the overall approach of giving States the flexibility to implement their programs.

Mr. President, this amendment is strongly supported by the National Governors' Association, the National Conference of State Legislatures, and the American Public Welfare Association. I ask unanimous agreement that the letter of support from the APWA be printed in the RECORD.

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

AMERICAN PUBLIC WELFARE ASSOCIATION,
Washington, DC, September 12, 1995.

Hon. JOHN MCCAIN,
Russell Senate Office Building,
Washington, DC.

DEAR SENATOR MCCAIN: The American Public Welfare Association strongly supports your amendment number 2541, that relieves states from the excessive data collection and reporting requirements in H.R. 4, if sufficient funding to allow states to meet such excessive requirements is not provided. We are deeply concerned that between the 15% administrative cap approved by the Senate earlier this week, the bill's penalty provisions, and the array of new and burdensome reporting requirements contained in H.R. 4, states will not have the systems support they will all need for greatest transformation of their welfare systems to date.

APWA fully supports State accountability in the use of block grant funds for national programmatic and fiscal goals. APWA policy calls for a state federal partnership in the establishment of minimal, clear, concise federal audit standards, related penalties, or sanctions for noncompliance. In addition, APWA supports your amendment number 2544, providing states with advance notice of any impending penalty, with the option of entering into a corrective action plan. The measure provides for accountability by states and the Secretary of Health and Human Services during the implementation of a corrective action plan, and provides states with the opportunity to remain focused on reforming their systems, while coming into compliance with the statute.

Finally, we support your amendment number 2543, to broaden the definition of work to include job readiness workshops as a work activity. With regard to work programs under a cash assistance block grant, APWA policy calls for enhanced state flexibility to design and implement work programs, including the right to define work. We also support your amendment number 2542, to remove the six month limit for an individual's participation in a work supplementation program under the food stamp program. Each of your amendments contribute to increased flexibility for states.

Again, Senator McCain, thank you for offering these amendments that are so vitally important to the successful implementation of welfare reform.

Sincerely,

A. SIDNEY JOHNSON III,
Executive Director.

WELFARE REFORM, AGAIN

Mr. HOLLINGS. Mr. President, like many voters, I have heard before the siren call of welfare reform—that if we only pass revolutionary legislation, the recipients will work, the poor children will be nurtured, and benefits reductions will be returned to taxpayers. Frankly, I am very skeptical that this plan will work better than those that went before.

First, its promises continue to feed rife misperceptions. Note the following facts:

Welfare actually is less than 2 percent of our budget.

Illegitimacy, far from rising due to the United States welfare system, has risen across the board to approximately one third of all births (not just welfare births) in America, France, and England despite different welfare systems and declining welfare benefits in the United States.

True reform that employs recipients and cares for children is likely to cost more in the short run, not less.

In short, the savings proposed in this legislation are unlikely to materialize. The bill would not stop the rise in illegitimacy. And, without a newfound commitment from Governors to fill the gap in child care, children will be worse off.

Furthermore, the basic funding mechanism for this legislation is seriously flawed. Southern States, for a variety of reasons including lack of funds, have built smaller welfare programs as part of the historic Federal-State welfare funding partnership. Now, the legislation before us proposes to end that partnership and provide each State with a frozen level of funding and a requirement to employ 50 percent of recipients. Reasonably, the Federal Government should provide an equal per-child amount to each State under this approach since each State must reach the same target. Instead, this reform bill locks States in at the vastly different historic funding rates:

Federal funding per child

New York	$2036
Rhode Island	2244
Washington	2340
Vermont	2275
Alaska	3248
Massachusetts	2177
South Carolina	393
Alabama	408
Arkansas	375
Mississippi	331
Texas	405

I don't know why southern children are worth so little to our current welfare theorists. There is no reason—indeed, it is offensive—to freeze in place past inequities in the name of forward-looking reform.

Again, South Carolina and Rhode Island will each be given about $100 million per year to run their respective welfare programs, although South Carolina has more than three times as many people. Similarly, South Carolina has slightly more people than Connecticut—3.5 million rather than 3.2 million—but under the Dole plan, the Federal Government will give Connecticut more than twice as much—$247 million yearly instead of $103 million for South Carolina. In effect, the South Carolina taxpayer will chip in a double payment to help Connecticut while struggling to meet an extra burden at home to meet the Federal child care and training targets.

How about Kansas? Kansas has 2.5 million people. South Carolina has 3.5 million people. Despite having a million fewer people, Kansas gets $18 million more than South Carolina from Federal taxpayers over the next 3 years to run its welfare program.

Mr. President, this unfairness has not fazed many of our governors. They want the cash and the control, whether or not the plan will work. I predict that the promises of reform will again prove false, but as before, I endorse the goals. In 1988, I voted to make it possible for States to draw down adequate funding for workfare programs and child care to really reform welfare. We have recently seen a few glimmers of success after that legislation, but only where investments have been made. Similarly, I have voted for a community works progress pilot program to allow communities and welfare recipients to benefit mutually from community improvement jobs.

More importantly, I urge my colleagues to pay attention to the policy areas that are not called welfare, but which in reality, have huge, long-term effects on welfare rolls. Chief among these policy areas are education and job protection.

For instance, over the past 20 years, high school dropouts have become more likely to end up on welfare. Overall, the welfare rate for young adults has risen slightly from 4 percent to 5 percent. However, among the high school dropouts, the rate has nearly doubled, from 9.7 to 17.1 percent. These particular high school dropouts are mostly women, since women and their dependent children make up the vast majority of welfare recipients.

However, a similar economic decline has faced their male counterparts, who generally do not have dependent children who would trigger welfare eligibility. Earnings for black male high-school dropouts fell by half from 1973 to 1989. About one third of all American men aged 25-34 earn too little to raise a family of four out of poverty. And, not surprisingly from the perspective of poor women seeking a mate, poor young men and less than one third as likely to be married. In short, jobs have dried up for the high school dropout, marriage has become less likely than before and the children of their incomplete families are more likely to be on welfare at a lower benefit level.

I urge my colleagues to take note of these facts—the importance of education and livable-wage jobs to preventing welfare dependency—as they work on the related issue of welfare reform. While we pass this reform bill on the Senate floor, recently passed cuts to education are headed for conference with the House. Just as States are taking the initiative to eliminate high school general-track education and replace it with tech prep programs that move graduates into better paying jobs, we are cutting back on the Federal tech prep program that provided leadership and the Carl Perkins vocational education program appropriations that have helped fund implementation. Just as data show that the economic split between college graduates and non-college graduates is widening, we are cutting back on Perkins loans, student incentive grants, and in budget reconciliation, college loans. In short, the data is telling us to go one way on education. but we are going the other way fast and bragging about welfare reform.

Similarly, on trade we have unilaterally disarmed, and in manufacturing we refuse to invest. I have proposed a competitive trade policy, including a competitive restructuring of our tax policy, and have worked to invest in a stronger American manufacturing base.

Mr. President, I do not brag about today's welfare reform legislation. In fact, my favorable vote today is largely an effort to protect the child care improvements I have worked for in the Senate bill as it goes to conference with a less favorable House bill. Furthermore, I support it in the hope that, with welfare off the table, my colleagues will look at the underlying problems that I have outlined and continue to work on improving access to jobs and education.

Mr. HEFLIN. Mr. President, there is no doubt that our current system of welfare needs reforming. Each Member of the Senate knows that severe shortcomings exist in our welfare program and each is sincere in their efforts to solve these problems.

The bill before us highlights block grants as the principal instrument for reform. By folding several programs into a block grant directly to States, the Federal Government will be giving broad authority to the States to run their welfare programs, as well as lump-sum Federal payments to help cover costs. If this is done, the Federal guarantee of cash assistance to all eligible low-income mothers and children will end.

I originally supported the Daschle-Breaux-Mikulski Democratic alternative as the best, most compassionate means of reforming welfare. The Work First reform plan would have changed the current system by: abolishing the AFDC Program and replacing it with a Temporary Employment Assistance Program; establishing the Work First employment block grant for States to get welfare recipients into jobs and to keep them in the work force; and permitting the States to use block grant funds to provide such services as job-placement vouchers, wage subsidy and work supplementation, on-the-job training or other training or education for work preparation to assist recipients in obtaining jobs, and allowing the States to establish all eligibility rules.

Furthermore, it would have increased the Federal matching rate for work-related activities, consolidated child care programs and increased the Federal matching rate to make child care available to all those required to work or prepare for work, and extended Medicaid coverage for an additional 12 months beyond the current 1-year transition period. It would have also required community service for those not working within 6 months. In short, the Democratic plan would have met the basic objective of the Republican plan in terms of allowing for State flexibility.

Its strength was that it provided for much more flexibility on the part of the State governments while also correctly recognizing that arbitrary time-

limits and monetary caps do not meet the test of sound policymaking. The plan which I strongly supported provided for major reforms in the system, but at the same time allowed for the fact that every situation and case is unique, and that arbitrary standards and block-grants are not panaceas for addressing every situation. It is these unique cases and situations that, unfortunately, are not addressed in the Republican plan. These are also the cases and situations which will end up costing the system more in the long-term than under the current system. I still believe this was the best reform plan we could have adopted.

The Dole-Daschle compromise welfare reform legislation, while not as sound as the original Democratic plan, is still a vast improvement over the Republican bill. I still have some objections to certain provisions contained in the measure, but I believe, overall, that the good outweighs the bad. As is the case with virtually any comprehensive omnibus legislation we consider, this test has to be our bottom line: Are there enough positives to offset the negatives? I think the compromise we have struck is a step in the right direction, and an overall positive effort at ending welfare as we know it.

One of the major problems I had with the original Dole bill was its funding formula, which, in my judgment, was somewhat punitive to the Southern States. In essence, it places the very States where most of the welfare population lives at a disadvantage as compared to other regions. The formula in the Graham-Bumpers children's fair share amendment, which was rejected, would have substantially increased poor States' funding for legitimate recipients of welfare. Senator GRAHAM tried again last Friday to alleviate some of the problems with the funding formula by allowing the Secretary of Health and Human Services more discretion in certain funding decisions, but that amendment was also defeated. As with most funding formulas, the figures can be misleading. In any event, I think that any problems that remain can be properly addressed when they appear in the future. There will also be an opportunity for the conference committee to address remaining deficiencies in the funding formula.

The Senate also agreed to a Daschle amendment creating a contingency fund for States during times of economic hardship. The original GOP block grant froze funding for States over the next 5 years, with no consideration for economic or natural disasters. This important provision provides eligible States with the resources necessary to manage unforeseen emergencies that are impossible to predict.

The second major objection I had to the original Republican plan was that it did not provide enough funding for child care for those mothers who will be required to work after 2 years. As Senator MOYNIHAN succinctly put it during the debate on child care, we will either have to pay for child care, or for orphanages.

Senate leaders wisely opted to cover more expenses for child care. Democrats were able to secure an additional $3 billion over 5 years for a total of $8 billion in funding to guarantee the availability of child care for mothers required to work. This is the key to shifting mothers of young children from the welfare rolls to the pay rolls. This major change will assist many mothers and their families to permanently move off of welfare and into the work force.

Welfare reform legislation is among the most important issues we will tackle during this or any other Congress. Our debate over the last couple of weeks has been civil, constructive, and, ultimately and most importantly, productive. We now have a bill before us which is a testament to the Senate and its leadership. In essence, it is a product of the Senate's legislative process working as it was designed to work, and I will vote in favor of this landmark welfare reform measure.

We have seen some hard-fought battles and witnessed significant changes in the original bill after some intense debate and good-faith negotiations between the two sides of the aisle. Each side has made concessions, while holding firm to certain core principles. We have arrived at agreements on several major issues. As a result, we now have a bill that contains stronger work provisions and that is not as harsh on children. While there are undoubtedly problems still remaining in the legislation that will have to be addressed down the road, the Dole-Daschle compromise is an overall positive step for reforming welfare, reducing dependency, and offering a brighter future for millions of American families.

CONTINGENCY FUND ELIGIBILITY TRIGGER

Mr. CONRAD. Mr. President, before we vote on the leadership compromise amendment, I would like to raise a concern about the contingency fund provision. I am concerned that, although included with the best of intentions, the unemployment-rate criteria used to trigger State eligibility has not worked particularly well in the extended unemployment benefits program, and may not be the best measure of State need for contingency fund assistance. I would appreciate the opportunity to work with the Finance Committee to identify another trigger that more effectively accomplishes the purpose of the contingency fund—to provide some degree of protection for States that experience economic downturns, population shifts or natural disasters. I would like to clarify whether the authors of the amendment share my concerns.

Mr. GRAHAM. Mr. President. I share the concerns of the Senator from North Dakota. I, too, am concerned about the ability of State to receive needed assistance from the contingency fund in the event of a recession or some other economic, demographic or natural calamity. I am very interested in the potential for exploring other trigger options in conference.

Mr. DASCHLE. The Senators from North Dakota and Florida have raised a very important issue. I believe this issue should be looked at more closely during conference. The trigger provision in the amendment is identical to the trigger for extended benefits under the unemployment program. I think it's fair to say that few of us are completely comfortable with using that trigger in this context. We clearly need more information than time currently allows before finalizing this issue.

Mr. DOLE. I share the opinion of the Democratic leader. We have every intention of closely examining this issue to ensure the contingency fund provides States with the protection it is intended to provide.

Mr. MOYNIHAN. Mr. President, might I just say that this is an extremely important issue, and requires the attention of the conference committee.

Mr. COHEN. Mr. President, one of the clear messages sent by the voters in last year's elections was that confidence in the Federal Government to solve problems has declined precipitously over the past 20–30 years. As David Broder observed in his Washington Post column, the 1994 elections "ushered in a fundamental debate about what government should do, and what level of government should do it."

There is a growing sense that the trend toward more centralized government in Washington should be reversed and that decisionmaking authority should revert back to the State and local levels. Some functions of government, like defense, must be conducted at the Federal level. Other functions, however, may best be left to the States.

Having said that, I believe we have a common and national interest in assuring an effective social safety net for all Americans, regardless of where citizens may reside. So I would not support any effort to completely remove the Federal Government from the welfare system.

Washington does not have all the answers. It is misguided, if not downright arrogant, for us to assume that one-size-fits-all Federal solutions offer better hope than granting more freedom to States to design approaches that address a State's unique set of circumstances.

In considering our welfare system, I think it is useful to distinguish beneficiaries by three major groups.

First, there are those in need of temporary assistance. People who, while they are generally able to support themselves and their families, they have fallen on hard times. Food stamps and other assistance must be there to provide temporary help when unforeseen economic crises occur.

The second group includes those whom most of us would agree cannot

work. These individuals—through no fault of their own, are simply not able to economically provide for themselves. They have disabilities that warrant our compassion not our scorn. The welfare system should be there for them.

The third group consists of people who fall somewhere in between the first and second groups. They have been on and off the welfare rolls for years, yet they do not seem to fit the profile of someone whom most would agree cannot work.

It is this third group that should be the focus of the current welfare debate. The debate has often been extremely polarized. Many on the left are reluctant to vest any sense of personal responsibility in welfare recipients. They view them as unwitting victims of societal injustices, refusing to acknowledge the role that personal behavior may play.

On the other hand, many on the right are reluctant to acknowledge that no person is an island—that each of us thrives or fails to thrive, to some extent, as a result of our environment. Some on the right naively believe that we all have the same opportunities and that a failure to succeed is simply evidence of laziness.

As in most cases, the truth lies somewhere in the middle. We do no one a favor by excusing them of all personal responsibility. But some of the poorest members of our society are born into environments of drugs, crime, and severe poverty. Through government, we have an obligation to try to counter these negative influences.

Unavoidably, a debate about welfare is a debate about values. Richard Price, the author of "Clockers," a book about life in the inner city, said that during his year of living in a New York slum that he wanted to try to understand why some kids worked in McDonald's, earning minimum wage, while some of their peers hustled drugs outside, earning upward of $1,000 a day.

He said the key difference he was able to discern was that the kids working in McDonald's had someone to go home to who offered them hope. For these kids, working at McDonald's was a beginning not an end. The kids dealing drugs, however, had little hope about the future. They sensed that, if they went to work in McDonald's, they would never get out.

According to the author, the corollary to the hope that some homes offered was a sense of expectation that their children would meet certain expectations. They instilled a sense of discipline and a sense of hope that convinced their kids that minimum wage at McDonald's was better than hundreds of dollars in the drug trade.

Parents are the principal source of moral teaching. Regrettably, too many of our young people are growing up without two parents involved in their lives. The correlation between single parenthood and welfare dependency is overwhelming. Ninety-two percent of AFDC families have no father in the home.

Society must also acknowledge the correlation between crime and fatherlessness. Three-quarters of all long-term prisoners grew up without fathers in their homes or active in their lives. When 24 percent of children born today are born to unwed mothers, we cannot avoid this issue if we hope to break the cycle of poverty and crime that permeate some of our communities.

Unfortunately, no one really knows how to counter this trend. For this reason, I do not support efforts to attach a lot of strings to the welfare block grants, including provisions ostensibly designed to curb illegitimacy. It is clear that welfare reform cannot disregard the growing incidence of out-of-wedlock births, teen pregnancy, and absent fathers, but it is also clear that we do not know what will counter this trend. Accordingly, we ought not prescribe a Federal solution that would hamstring the ability of States to try different approaches.

Time will tell how effective States will be in improving our welfare system. To the extent that we clarify what level of government is responsible for welfare, I think we will go a long way to making the system more accountable and thereby more effective.

I support the general thrust of the pending welfare legislation to turn more decisionmaking authority over to the States. Consistency would suggest that we not at the same time put a lot of requirements on States on how and who to spend Federal welfare dollars. I do think that it is important to ensure that States share responsibility with the Federal Government by investing dollars at the State level in welfare programs. For this reason, I think it is important that the block grant provision include a maintenance of effort requirement.

Under current law, States have an incentive to spend their own money on AFDC and related programs. That incentive is the Federal match. Fourteen States receive 1 Federal dollar for each State dollar they invest. The rest of the States receive more than a dollar-for-dollar match.

A maintenance of effort provision continues the incentive for a State to spend its own resources to aid its own people. Understand, however, that the State match does not require a State to spend money. If a State is successful in trimming its costs, there is no requirement that it maintain its spending. But if a State is going to realize savings in its welfare program, I think the Federal Government should share in the savings, too.

I am also concerned about the bind States may find themselves in with respect to child care. Even under the current system of entitlement, there are more than 3,000 children of working parents already waiting to receive child care assistance in Maine. Some of these parents have transitioned off of welfare, others are at risk of going on welfare. The pending legislation has a strong work requirement—States that are not successful in placing 25 percent of recipients in work programs in 1996 will lose 5 percent of their block grant allocation, no questions asked.

The provision for child care services in Senator DOLE's substitute does provide protections for children who are not yet in school by prohibiting States from penalizing mothers who cannot work because there simply is no child care available.

I believe we are addressing my concerns with child care. Last week, the Senate overwhelmingly approved Senator KASSEBAUM's amendment which prohibits the transfer of money from the child care development block grant to activities not associated with child care. The amendment also streamlines the administration of child care programs because States will now be able to operate a unified child care system. No longer will mothers who successfully move off of welfare have to move their children out of a child care facility simply because they are no longer eligible for AFDC.

To give States a shot at meeting the goals of welfare reform, we have now provided States with $3 billion to expand child care services. In the year 2000, States must put 50 percent of their welfare population to work. This means that Maine will have to increase the number of working welfare recipients by 64 percent. Now that we have reached an agreement to realize a smaller amount of overall savings in the short term, in the long term these additional dollars will pay off.

A vivid example of a welfare program run amuck is the SSI Program, which I have investigated over the past several years through my work on the Special Committee on Aging.

Our investigations have discovered that the Federal disability programs, which were intended as a vital safety net for America's most vulnerable citizens—the elderly and the disabled poor—have mushroomed into the largest and fastest growing cash welfare programs in the Federal Government. Despite the huge outlay of taxpayer and social security trust fund dollars, we have paid far little attention to how these benefits are being spent and taken far too little notice of how the disability programs are being abused.

The lax management and rampant abuses in the SSI Program that have come to light through these investigations shocked the public. Drug addicts and alcoholics have been using cash SSI benefits to subsidize and perpetuate their addictions, and many addicts were actually seeking out the SSI Program as a steady source of cash to support their habits. The message of the program has been, "Stay addicted and you qualify for benefits. But stop drinking or shooting up drugs and the benefits will stop."

Tragically, these policies have not only drained the Federal Treasury, but

have also been destructive to substance abusers themselves, by rewarding addiction and discouraging, or failing to require, necessary treatment to pave the way to rehabilitation.

Following legislation I introduced to correct these abuses, Congress took swift action to place protections on disability benefits paid to drug addicts and alcoholics. We took the cash out of the hands of the addicts by requiring them to have third parties handle their benefits for them, and made alcoholics and addicts eligible for SSI only if they receive treatment for their addictions. Finally, we imposed a 3 year cut-off of SSI and disability insurance benefits for addicts and alcoholics.

These changes enacted last year removed major incentives for abuse of the SSI Program and encouraged rehabilitation, rather than lifelong dependency.

Another stunning example of abuse of the SSI Program pertains to one of the major areas of growth in the SSI Program, namely, benefits for legal immigrants. Just last week, for example, I released a GAO report finding that the Social Security Administration is not doing enough to crack down on fraud by translators who fraudulently assist legal immigrants qualify for SSI benefits. In one case, a middleman arrested for fraud had helped at least 240 immigrants obtain $7 million in SSI benefits by coaching them on medical symptoms and providing false information on their medical histories. The GAO has identified major weaknesses in how SSA awards SSI benefits to legal immigrants.

While the bill before us will go far in reducing the problem of unchecked benefits to legal immigrants, this will continue to be an area of potential abuse that we must continue to watch carefully.

Fraud and abuse in SSI should not be the only cause for reform of the disability programs. Even more fundamental problems should motivate reform. First, the SSI and disability insurance programs as now structured encourage lifelong dependency, not rehabilitation. The programs return virtually no one to work: Less than 1 person in 1,000 on the SSI-DI rolls gets off the program through the programs' rehabilitation efforts.

We must address the growth of these programs if we are to preserve them for the truly disabled. Persons are getting SSI at younger ages, with very little chance of ever getting off the rolls. The SSA recently estimated that a typical SSI recipient will stay on the rolls for about 11 years, and we are paying out roughly $51,000 in SSI benefits to each new person on the rolls over this period of time. The cost to the Government for each recipient is far higher when Medicaid and food stamps are added to the equation: Recipients can receive total Federal benefits of about $113,000 when these other programs are taken into account.

With dollars this large at stake it is crucial that we do all we can to reform the disability program so that it emphasizes rehabilitation rather than dependency. In reforming this program, our guiding principle must be that we preserve the disability programs for the truly disabled, but that we not remain blind to the very real problems that exist within the SSI Program.

As Marvin Olasky noted in his recent book, "The Tragedy of American Compassion," effective welfare requires the ability to distinguish those who have fallen on hard times and need a helping hand from those who simply refuse to act in a disciplined and responsible manner. When welfare is a Federal entitlement, it is very difficult to make these distinctions. Giving State and local governments more discretion in the welfare system is a step in the right direction.

Block-granting AFDC to the States is not a panacea. A welfare system that has clearer lines of responsibility and accountability will be more effective. But this is not the end of the welfare debate. Hopefully, the legislation we enact this year will make meaningful improvements in the current system. But turning these programs over to the States will not itself fix the problems. Congress and the President must continue to work with States to improve the welfare system to make sure that a safety net is there for those who need it but is denied to those who abuse it.

Mr. SMITH. Mr. President, I rise in support of H.R. 4, the landmark welfare reform legislation that the Senate will be adopting this afternoon.

Mr. President, I call H.R. 4 landmark legislation first and foremost because it ends the 60-year status of welfare as a cash entitlement program. Once this bill becomes law, no person will be able to choose welfare as a way of life. Likewise, no person will be entitled to cash benefits from the Federal Government simply because he or she chooses not to work.

By dramatically cutting the Federal welfare bureaucracy and providing welfare block grants for the States, H.R. 4 recognizes that the best hope for making welfare programs successful lies in shifting major responsibility for their administration to a level of government where innovation and experimentation can flourish. That is a significant step toward reinvigorating federalism in our system of government.

H.R. 4 transforms welfare from a handout that fosters dependency into a temporary helping hand for those who fall on hard times. The bill places a 5-year lifetime limit on receiving welfare benefits. Individuals will be permitted to move on and off of the welfare rolls, but will, after a cumulative total of 5 years, become ineligible for additional benefits.

In return for Government's temporary helping hand, H.R. 4 requires that welfare recipients work for their benefits as soon as their States determine that they are "work ready." If a recipient refuses to report for work, then a pro rata—or greater—reduction in benefits is imposed. In fact, the States may terminate benefits for such recipients if they so choose.

Although I supported amendments to the bill that would have taken stronger steps to reduce the Nation's escalating out-of-wedlock birth rate, H.R. 4 does address that crisis in several very important ways. Most important, the legislation requires that minor mothers who have children out-of-wedlock must stay in school and live under adult supervision in order to receive welfare benefits. In doing so, the bill removes the perverse incentive under current law for a young girl to become pregnant and have a baby in order to receive a welfare check and thus become financially independent of her parents.

Moreover, Mr. President, H.R. 4 permits the States to refuse to give more cash benefits to mothers who have additional children while on welfare. Finally, H.R. 4 provides $75 million to encourage the States to establish abstinence education programs designed to reduce out-of-wedlock births and encourage personal responsibility.

I am also pleased, Mr. President, that H.R. 4 takes a number of steps toward ending the abuse of the welfare system by those legal immigrants who come to America not to go to work, but to go on welfare. H.R. 4 does this by giving the States the option to deny welfare benefits to noncitizens.

Equally important, Mr. President, H.R. 4 requires that, for most means-tested welfare programs, both the income and the assets of a legal immigrant's sponsor are deemed to be those of the noncitizen for a period of 5 years. This "deeming" provision is designed to prevent noncitizens from going on welfare. This is good public policy. Noncitizens, after all, remain, by definition, citizens of other countries. If they come to the United States and fall on hard times, they can, quite simply, go home. They should not, in all fairness, expect to be supported by Americans who are not their fellow citizens.

In summary, Mr. President, I commend those among my colleagues in the Senate who have worked long and hard to make this a strong welfare reform bill. I am pleased to support it. I look forward to supporting an even stronger bill when it comes back from the conference committee.

Thank you, Mr. President. I yield the floor.

Mr. BIDEN. Mr. President, this is not the best welfare reform bill that Congress could pass. And, this is not how I would have designed a welfare reform bill. There are, in my view, still some problems with it.

But, I cannot ignore why we are here today. Democrats and Republicans sat down together and came up with a bipartisan compromise.

That is what the American people sent us here to do. Not to bicker. Not to fight. Yes, to have honest disagreements. But, in the end, to sit down and

work out our differences. That is exactly what happened here on welfare reform.

The result of us working together is a dramatically better bill than when we started. Not perfect. But, much, much better. And, it is far superior to the bill passed by the House of Representatives earlier this year.

The welfare bill before us today stresses that welfare recipients work for their benefits—and many will be required to do so.

It limits the amount of time that individuals can spend on welfare—so that welfare is no longer a way of life.

It takes a significant step toward ensuring that innocent children are protected—by providing safe day care while their mothers are working.

And it toughens the child support enforcement laws—so that everyone knows that when they bring a child into this world, they have a responsibility for that child.

These are the general principles that I have previously outlined as the major components that must be included in any welfare reform bill. And, the requirement that welfare recipients work for their benefits is a proposition that I have advocated since 1987.

Nevertheless, as I said a moment ago, this bill is not perfect. The details are not as good as I believe they could—or should—be.

I believe we could have had a bill that was both more compassionate to the children—by ensuring that they are taken care of even if their parents are kicked off of welfare—and also more demanding of the parents—through even stricter work provisions.

And, I still have concerns about the whole concept of block grants to States.

But, as Senator MOYNIHAN stated long ago, we should not let the best be the enemy of the good. This is not the best bill, but it is a better bill. And, I dare say that after the bipartisan agreement, it is a pretty good bill.

Mr. President, I cannot turn my back on the significant improvements that have been made in this proposal. And I cannot turn my back on the good faith bipartisan effort at reforming our welfare system.

So, I will—despite my continued reservations about some aspects of the legislation—vote for this welfare reform bill.

I only hope that this delicate compromise—and not the draconian House bill—is accepted when the bill goes to conference.

Mr. FEINGOLD. Mr. President, I will vote for passage of the welfare reform bill that has been crafted over the past several weeks.

I do so, however, with trepidation over where this reform may lead.

The Senator from New York [Mr. MOYNIHAN] has spoken eloquently on many occasions about the potential consequences of ending over 60 years of Federal commitment to the welfare of children who through no fault of their own have either been born into a life of poverty, or who have fallen into poverty because of family misfortune.

I will vote for this bill because the current system is badly broken, and we must find an alternative to the status quo.

No one likes the current system, least of all the families trapped in an endless cycle of dependency, poverty, and despair. We must change the system and I see this bill as the most moderate measure likely to move forward in the current climate.

The basic premise of this bill rests upon the notion that the current system has failed and that we ought to allow the States the opportunity to try to do a better job, with as much flexibility as possible. This approach places a great deal of faith in the good will of State governments to implement programs designed to help, not punish, needy citizens.

As a former State legislator, I have a good deal of respect for State governments. I am not convinced that the Federal Government always knows best how to handle every problem. Certainly, there are areas—like civil rights—which are national in dimension, which require a consistent, bedrock level of Federal involvement to insure that rights derived from our national constitution are fully protected. But I am not convinced that social policy, welfare policy in particular, must always be controlled from Washington.

I recognize that part of my willingness to try this approach of greater State control is based upon the fact that I come from a State, Wisconsin, which has long been a laboratory for progressive social policy and demonstration programs. I have said on the Senate floor that much of what Wisconsin has tried to do through direct investment in job training programs for welfare recipients makes sense and is designed to help people join the workforce. Some of the policies, like Learnfare and Bridefare, I have voted against because there is little evidence to show that they will have any real impact on helping people move off welfare and into the work force. I have voted against mandatory family caps for the same reason.

Mr. President, I want to reiterate that this is not the kind of bill I would draft if I were the author.

I think it falls far short of what is needed in the areas of child care, job training, and services that will help families become self-sufficient.

Mr. President, the changes made in the bill through the bipartisan leadership amendment make this a more desirable bill than the one we began debating several weeks ago.

This amendment will provide an additional $3 billion for child care services. It includes a maintenance of effort that will require States to spend at least 80 percent of their 1994 level of State funding in order to receive the block grant. Without such a maintenance of effort requirement, Federal dollars would simply replace state contributions, and States like Wisconsin which make a substantial contribution to investing in welfare programs would have simply seen their dollars shifted to States which lack such investments.

The amendment contains a contingency grant fund to help States which run out of money under the block grant because of higher unemployment rates. It provides that up to 20 percent of recipients can be exempted from the 5-year time limitation for welfare assistance—a provision that will allow some flexibility in a provision which might otherwise cause untold hardships. The inclusion of each of these provisions has been critical to my decision to support this bill.

At the same time, the bill still falls far short of what I think needs to be done to achieve real, meaningful change. I believe that the States will be back here within a few short years asking for more Federal dollars to get the job done.

I am also deeply concerned about the provisions of the bill that remove the guaranteed Federal safety net for young children, replacing that 60-year Federal commitment with a system of State block grants which will create a patchwork quilt across this Nation to replace the current Federal commitment.

Many States will continue to provide protections for these children and will work hard to help families move from welfare into the work force. The Senate wisely rejected several efforts to impose the punitive-type provisions contained in the version of welfare reform passed by the other body.

But there will be some States which will exercise the punitive options available under this bill and will opt to impose harsh requirements upon needy families.

These provisions and the lack of national protections for children, wherever they may live, are deeply troubling to me.

But we cannot continue the current system. I am hopeful that many of the States will enact innovative programs, like the New Hope program in Milwaukee, WI, that will provide real opportunities for welfare recipients to become economically self-sufficient members of the work force.

This bill will give the States the opportunity to demonstrate whether they are willing to make the kinds of investments that will promote this self-sufficiency, rather than serve simply to punish those who fall through the system.

As I said at the outset, I am voting for this bill because I am not convinced that welfare policy can only be made in Washington, DC. I think the problems of welfare policy are so complex and difficult that it is a mistake to believe that there is only one approach. This bill will encourage State experimentation which may well lead to better policy development over the long period.

I believe that the vote being cast today is either for or against the status quo, and I do not support the status quo.

Although I will vote for the Senate bill, I want to make it very clear that I will not support a conference report that contains the kinds of punitive, harsh measures contained in the welfare reform bill proposed by the other body. I hope that the bill that emerges from conference will reflect the moderate efforts that went into the Senate bill.

Mr. BINGAMAN. Mr. President, in my home State of New Mexico and across the country, agreement is virtually unanimous: it is time to reform our Nation's welfare system.

The current system is not working as well or as efficiently as it could. The many State waivers already approved by the Secretary of Health and Human Services are compelling evidence that the current system is incapable of meeting the wide variety of differing needs across our country.

We need a system that is less costly; more efficient; and truly capable of moving people permanently from welfare to work. Most important, we need a system that gives States the flexibility they need to fund and operate programs specifically tailored to meet the needs of their citizens.

But as we move toward reform, we must do so carefully and thoughtfully. We need to fully understand the ramifications of our actions, and we need clear, measurable goals.

As we prepare to vote on final passage of welfare reform legislation, I would like to take a few moments to talk about effective goals and objectives for reform and to discuss how the majority leader's Work Opportunity Act and the Democratic Leader's Work First Act meet these goals. I would also like to discuss three critical differences in the two bills and the effect of these differences on my home State of New Mexico.

Recently, I read a book on homelessness in America, "The Visible Poor" by Joseph Blau. One of the statistics in the book that made a significant impression on me was that something like one-third of all the homeless people in this country are working Americans.

These Americans are doing everything we ask, and they still do not have the resources to afford basic housing.

Joseph Blau attributes this phenomena to several factors. One is the sorry state of our economy, and the fact that the minimum wage is not really a living wage in this country.

Many Americans are facing a declining standard of living. This has the obvious effect of forcing people to allocate a larger percentage of their income to the basic necessities; and when all of their income is not enough, to relinquish adequate housing in favor of food.

The declining standard of living in America also has the effect of exerting downward pressure on our social safety net.

I think all of us agree with the principle that work has to be rewarded. Working should pay more than not working.

For most of American history, when our living standards were on the rise, this philosophy did not conflict with ensuring that everyone in this Nation had the basic necessities of life. It was quite possible to help some people in need to obtain food, housing, and clothing without violating the premise that those who were working should have a better life. We did not create the perfect social safety net, but we did the best we could to ensure that the poorest among us—especially children, who are the most vulnerable members of any society—had the basics of life.

Today, however, when our economic living standard is in decline, some think the way to ensure that working pays more than not working is to take away from those who are not in the system.

In other words, the argument is that if our Nation is confronted with a situation where a person can work and still not be able to afford a place to sleep, then to correct this problem, we need to remove any benefits that would have enabled those outside the employment system to have a place to sleep.

Rather than making sure that those who work have a standard of living we can be proud of, we find ourselves taking away from the most vulnerable in society to make sure that those who work at least can find someone worse off in this Nation.

I believe a saner approach is to make sure that everyone who works for a living in this Nation gets a decent living. This approach ensures that everyone who can work has the right incentives to do so, and that we do not have to literally take food and shelter from children to ensure that those who work are receiving more than those who do not.

I hope that in the future, the Senate will engage on a debate on how to raise the rewards of working, through increasing the minimum wage, keeping the earned income tax credit, improving job training, and creating a national strategy on competitiveness. That would be an excellent policy debate.

In the meantime, however, it appears that we must first fight to ensure that we do not force more people who are on public assistance to the streets so that to work becomes relatively attractive.

I believe the scope of the compromise amendment worked out by the Democratic and Republican leadership is limited to this basic issue. The agreement should not be characterized as a significant step forward in the effort to reform and improve our Nation's welfare system.

The agreement simply will help prevent us from taking too many steps backward.

The compromise we are voting on today will enable States to get more unemployed parents into the work force because it will help make affordable child care more accessible for some. Not all families in need will be covered under the compromise, but a number parents in each State will be able to move from welfare to work.

If the Senate votes today to reject the compromise amendment, in favor of the majority leader's bill, there is no question but that a substantial number of families, a growing percentage of the homeless already, will be forced onto the streets.

If we vote to accept the compromise amendment, we will lessen the blow to some, but not all, of these families. Throughout the welfare reform debate, I have been concerned about the effect of a massive overhaul of our public assistance programs on these families, and the working Americans who are hanging on to the economic ladder just one rung above them.

I am not saying that change is not needed. Some change is clearly needed. But in making changes, the Congress and the American people need to be aware of the degree to which these issues and programs are interconnected.

We need to understand the ripple effect of changing one, or two, or three Federal programs. If one nutrition program is eliminated or consolidated, are more working Americans going to have to make a choice between food and housing?

Of particular concern to me is the ripple effect in New Mexico: What does block-granting vital domestic programs mean to New Mexico's children?

What does it mean to New Mexico's poor working families who can just barely make ends meet today?

How are we going to guarantee that the basic needs of New Mexico's poor working families are met?

How are we going to guarantee that poor, rural States like New Mexico are not left with disproportionate and unmanageable financial and administrative burdens?

In seeking answers to these and other questions, I have reached the conclusion that the chief goals of welfare reform should be to create a system that encourages—and demands—personal responsibility and that helps people become self-sufficient, productive members of our society and workforce.

To reach these goal, I believe we need a system focussed on education and on building the skills they will need to compete in the global marketplace of the 21st century. Four key components of an education-oriented system are: First, a strong public education system that includes training for adults, and, in particular, parents; second, affordable, accessible child care; third, affordable, accessible primary and preventive health care, including nutrition programs such as child care food assistance, and school lunch and breakfast programs; and fourth, real opportunities to earn a wage that allows working families to maintain a decent standard of living.

I do not believe the Republican leadership's Work Opportunity Act will help us reach these goals. In fact, I believe the block grants contained in the Republican bill take us in the wrong direction and lead us away from our goals.

Reducing essential funding and lumping many important social service programs into a few omnibus block grants, without any assurance of accountability or continuity among the states simply is not be the best way to reach our goals.

Instead, we in the Congress need to work together with three objectives in mind: First, to enact well-considered, effective, and fair legislation where needed; second, to consolidate, coordinate, or eliminate duplicative or outdated programs; and third, to support and improve those Federal programs with proven track records of success, such as child care programs, the school lunch program, and the child care nutrition program.

In my view, these three objectives are at the core of the Democratic leader's Work First welfare reform plan, which I am pleased to cosponsor.

The Work First plan recognizes the need for a Federal partnership role in helping States and individuals gain the tools and skills—education, effective job training, and child care—they need to become productive, contributing members of society. The Republican bill does not.

The Democratic and Republican plans differ significantly in three key areas: First, commitment to work; second, commitment to child care; and third, commitment to States and American families in general.

The top priority of the Democratic leader's plan is to move people from welfare to work. In fact, under the plan, welfare recipients must either go to work or enroll in school or job training within 6 months or sooner. To help meet these stringent work requirements, the Democratic bill helps States fund the education and training programs they will need. States will submit detailed plans for program implementation, so progress toward goals can be measured, but the states will have a great deal of flexibility in designing programs.

The majority leader's Work Opportunity Act also sets up work requirements, but it does not fund them. Instead, the bill shifts AFDC, Emergency Assistance, and transitional and at-risk child care into a single block grant to the States; then it freezes the annual funding for the total block grant at the fiscal year 1994 level—$16.7 billion—for the next few years.

If the Senate leadership's compromise is adopted, and additional $3 billion in funding for work-related child care, above the fiscal year 1994 level, will be available over the next 5 years.

Because the work requirements under the Republican plan are mandatory, many believe the bill essentially amounts to an unfunded mandate of more than $23 billion over 7 years.

In my home State of New Mexico, the unfunded work mandate totals $161 million over 7 years.

As I understand it, the compromise agreement addresses a portion of the burden of this State mandate by allowing States, at their option, to require that single parents with children age 5 and under work 20 hours per week, as opposed to 35 hours under Senator Dole's bill.

A key difference in the two bills, which is addressed in the compromise, involves child care. Both the Democratic bill and the compromise recognize that the No. 1 barrier to work for most parents is lack of child care.

The Democratic bill would ensure that child care is available for all welfare recipients who are working. The Senate leadership's compromise would help ensure that child care is available for many welfare recipients who are working.

In my view, this is a key difference between the Republican and Democratic bills—under the Dole plan, child care is not required or ensured. Existing Federal programs are simply lumped into an omnibus block grant to the States.

Under the Democratic bill, access to child care is real. No parent will be able to use inability to find child care as an excuse for not finding work. Under the compromise, child care is not guaranteed, but it is more likely to be available. In addition to the overall increase in funding, $3 billion over 5 years, the compromise stipulates that funding will be distributed at the Medicaid match rate to those States that agree to maintain funding for at-risk child care programs.

Despite the improvements that the leadership compromise would make to the majority leader's legislation, the Democratic and Republican proposals remain dramatically different in their fundamental commitment to the States and American families. The foundation of the democratic plan is an individual entitlement to American children and families. The foundation of the Republican plan—and the Senate leadership's compromise—is a block grant to the State.

Why is this distinction important, particularly in light of the increased funding under the compromise?

It is important, especially to poor families and poor States, because an individual entitlement is an unbreakable promise made by the Federal Government to its States and its citizens that in times of need, assistance will be there.

Now, I want to make clear: this is not unconditional assistance. This is not a give away. Always, assistance will be contingent on certain requirements, such as job training, completing school, or seeking employment.

Consistent with the Democratic bill's focus on work, the entitlement has a 5-year time limit, with exceptions for children. In addition, it is dependent on the signing of a parent empowerment contract, stating a participant's commitment to finding a job. No aid is provided unless a contract is signed, and penalties will be applied to those who violate the terms of their contract.

On the other hand, the majority leader's plan and the leadership compromise are based on block grants. These are fixed amounts of money given to the States with little or no requirement for accountability, either to taxpayers or the State's citizens, and with no assurance of continuity among State programs unless amendments offered and accepted during the floor debate are retained in conference.

The real problem is that the block grant may or may not be sufficient in times of need. When a State runs out of money, it runs out of money. Help simply will not be available to eligible, needy children and their families unless State and local taxpayers pick up the tab.

To help alleviate this situation, the compromise includes a $1 billion contingency grant fund, which States could use—so long as they meet certain matching requirements—in fiscal emergencies.

According to the information and statistics I have, my home State of New Mexico could be one of the first to apply for such a grant.

Under the Republican leadership's plan, an additional 14,400 jobs for welfare recipients would be needed in New Mexico by 2000, or the State would be assessed a 5 percent penalty in reduced Federal funding. Now, 14,400 new jobs may not sound like a high figure when compared to States like Texas or California, which must add more than 116,000 and 358,000 jobs to their economies respectively. But in a poor, rural State like New Mexico, 14,400 new jobs is a significant number—it represents a required increase in the State's current welfare-related work participation rate of 123 percent. And it represents an increased cost to the State of $13 million in fiscal year 2000 alone.

Directly tied to the increased work requirements are increases in the number of families needing child care.

In fiscal year 1994, about 2,970 children in New Mexico received AFDC/JOBS-related child care. Based on the Republican plan's work requirements, the number of children needing AFDC/JOBS-related care would grow to at least 4,720 by 2000. This represents an increase of 159 percent, and an increased cost of at least $23 million in fiscal year 2000.

Yet, the Republican plan does not provide any additional funding to cover the child care needs of these families. As a portion of the new temporary assistance block grant, the plan freezes funding for AFDC/JOBS child care at the fiscal year 1994 level.

The Senate leadership's compromise is only slightly better. It would make an additional $3 billion available over the next 5 years. When the additional

funding is divided between the 50 States and spread over 5 years, the significance of the compromise tends to diminish. Fortunately from New Mexico's perspective, this additional funding would be drawn down by the States at the Medicaid match rate.

Mr. President, let me just review the costs to New Mexico of the increased work requirements and related child care expenses. Estimates are that by 2000, New Mexico would have to spend: $13 million more for work-related operating costs, $23 million more in child care costs. In total, from fiscal year 1996 to fiscal year 2000, $115 million increase.

These two costs represents 40 percent of New Mexico's total block grant, leaving only 60 percent to cover cash assistance and other programs. If this is insufficient, as it would be if benefit levels remained where they are today, the State will have no option but to greatly reduce benefits, deny eligibility to many families, or spend much more than it does today in State funds.

Based on current law projections, by 2005, 72,000 New Mexican children would be eligible for AFDC benefits. Under the Republican plan, which would strip parents—and their children—of all AFDC benefits after 60 months, 19,000 children—or 26 percent of all recipients—in New Mexico would be denied benefits.

Further, the State could decide to maximize its Federal funds by implementing various penalties available as options under the Republican plan. Each penalty denies more children benefits:

Children denied family cap: 12,000 if the family cap is added back in conference.

Children denied birth to unwed teen: 320.

Children denied family benefits for 24 months: 36,673.

Today, we are debating the wisdom of block granting essential safety net programs. The block grants would be authorized for the fiscal years 1996 to 2000. Because we cannot project with certainty the economic and employment situations of each State in future years, or whether migration among States will be more or less significant than it is today, or a variety of other factors, we cannot precisely project the actual degree of harm one State may endure under a fixed formula for block grants.

Mr. President, earlier in my remarks I said it was critical that we in the Senate work together, in a bipartisan matter, to enact real, goal-oriented welfare reform. I believe the compromise amendment worked out by the Senate leadership represents a step—albeit a small step—in that direction.

I will support the compromise, and despite some serious misgivings, I will vote to pass the underlying bill. However, I remain deeply concerned that in the rush to cut spending and send a message to the American people, the very people who need our compassion and assistance the most—vulnerable children and their families—could be the most gravely hurt.

In closing, I urge my colleagues who will take this bill to conference with the House to approach their deliberations carefully and thoughtfully.

Without question, we need to better coordinate our public assistance programs; we need to streamline many of them; but we cannot do so in a way that threatens the health and well-being of New Mexico's—or any State's—children and their families.

Mr. DORGAN. Mr. President, I intend to support this welfare reform bill and advance it to a conference with the U.S. House of Representatives. I do so even though I have some real problems with some provisions. Despite my concerns, I think it is important to move this legislation forward.

Mr. President, there is broad consensus in this country that the current welfare system serves no one well—not the recipients, not their children, not the American taxpayer. It fails both the people who need help and the working people who are paying for it. It has trapped all too many people, especially women, into a lifetime of dependency instead of helping them on a temporary basis to get on their feet and into the labor force. Sadly, the children of long-term welfare recipients all too often suffer irreparable harm and are likely to remain poor and disadvantaged for the rest of their lives.

Mr. President, the American people want us to overhaul a system which they perceive to be one that encourages dependency rather than one which encourages work. They see the current system as inefficient, unproductive, and a waste of their hard-earned tax dollars. They want a system that demands responsibility and accountability—a system where able-bodied individuals are required to work for their benefits. That is why we are here today.

But the American people are also compassionate. They do not want innocent children punished for the behavior of their parents. They expect us to protect poor and vulnerable children. And that is the most serious flaw in the legislation before us—innocent children are not guaranteed protection. The bill before us today does not guarantee that the children of parents who violate the rules or are removed from the rolls because of they have exceeded the time limits for benefits are protected.

I think we have a moral responsibility for these children. They ought not to be punished for the mistakes of their parents. There ought to be a safety net in this bill to ensure their protection. There is not. If this egregious hole in the social safety net is not remedied by the conference committee, I will have great difficulty supporting the final package. I am not willing to gamble with the life of one child in welfare reform.

Despite my very serious concerns about the impact this legislation will have on innocent children, the bill we are considering today is a vast improvement over the bill that emerged from the Finance Committee this spring. With bipartisan support, a number of the most serious flaws in the original legislation were corrected.

Nevertheless, I remain concerned about the block grant, no-strings-attached approach to welfare reform. I am especially concerned that the block grant funding levels are frozen for a 5-year period. In my view, that is a dangerous experiment. And it is an experiment that could impact the lives of 10 million children.

If a cash assistance welfare block grant had been enacted in fiscal year 1990, an historical analysis by the Department of Health and Human Services concludes that States would have received 29 percent less funding in fiscal year 1994 than they would have received under current law? If States do not have enough money to meet needs, what do we expect them to do? Surely, they will not raise taxes. What they will be inclined to do is establish more stringent eligibility criteria and reduce benefit levels to make ends meet. And who could suffer? Poor and vulnerable kids.

So let me repeat. I have serious reservations about the block grant concept. But a majority of Members of Congress seem to like the idea, and most governors relish it. We will not know the results of this block grant experiment for a number of years. Only then will be know for certain if it has been a wise or foolish undertaking.

Every expert agrees that lack of adequate child care is the No. 1 barrier in moving individuals from welfare to work. It is the linchpin for successful welfare reform. Yet, as originally proposed, not 1 dollar of the block grant was earmarked for child care. Under the compromise offered by Senators DOLE and DASCHLE, $5 billion of the block grant was earmarked for child care and an additional $3 billion was added to that pot. While the $8 billion funding level is still well short of the estimated need, it is a step in the right direction. Without this commitment to child care, the welfare reform effort was doomed to failure. If the final package does not contain this commitment to child care, I simply cannot support it.

Other modifications to the original Republican proposal were important to garnering my vote in support of this measure. First, mothers with children under age one will not be forced to go to work to receive benefits. Second, single mothers with children under age 5 will be exempt from the 5 year time limit if no child care is available. In other words, the 5-year clock will not begin ticking for these mothers if States do not make child care available to them. This makes eminent good sense. The last thing we should want to do is create a situation where young children will be left home alone. That is irresponsible. And that was exactly

the scenario we were creating under the original proposal.

Finally, States will be given the option of not requiring single mothers with children under age 5 from working more than 20 hours a week. Giving mothers the ability to stay at home and nurture their children during the most formative years is the right thing to do.

These three improvements were crucial components in my decision to support this bill, and they must be retained in conference or I intend to oppose the final measure.

Shortly before final passage, the Senate finally agreed to include a maintenance of effort provision. As originally crafted, this bill did not require states to contribute one red cent of their own money for welfare reform. Under current law, states contributions constitute about 45 percent of total welfare expenditures. Think about that. Without a maintenance of effort provision, the pot of welfare money could have been reduced by almost half overnight. That was unconscionable in my view. Welfare has always been a State-Federal partnership. That partnership should be retained. The compromise agreement requires States to contribute at least 80 percent of the money they spent on welfare in 1994 in order to be eligible for their block grant money. While I would have preferred a 100 percent requirement, I can live with this percentage. This State maintenance of effort requirement must be retained by the conference committee. It is the right and fair thing to do.

Lastly, Mr. President, the compromise included a provision to address the crisis of teen pregnancy. Seventy percent of teen mothers are not married, and that percentage has escalated each year for the past two decades. If we do not get a handle on this problem, all our good efforts for welfare reform could prove to be in vain.

Too many unmarried teens are becoming parents, and too few are able to responsibly care for their children either emotionally or financially. The result: the child is deprived of a fair start in life, and the mother will very likely be doomed to a lifetime of poverty. No welfare reform effort can succeed without addressing this problem.

The compromise that was agreed to last week included a provision on teen pregnancy that was part of the Democratic plan. It is a good provision. It will establish second chance homes where unmarried teen parents can live in adult-supervised homes where they will receive the support and guidance they need to finish school and become successful parents and productive citizens. This provision ought to be enthusiastically embraced by the conference committee.

Mr. President, the original Republican plan for welfare reform has been significantly improved with the adoption of some very important bipartisan amendments. I commend the leadership of both parties for working together to make these changes. And I hope the bill will be further improved by the conference committee. If the final bill does not guarantee that innocent children are protected, however, I will have great difficulty in supporting it.

Mr. GRAHAM. Today, we will vote on final passage of S. 1120, the so-called Work Opportunity Act of 1995, better known as welfare reform.

During the robust Senate debate on welfare reform, I have been a critic and a skeptic about the fundamental fairness and the workability of the legislation advanced by our majority leader, Senator DOLE.

I have also watched this bill improve with time, and I remain hopeful that progress will continue through the conference process.

I remain hopeful because I have an abiding, underlying interest in achieving genuine welfare reform because I know the current system does not work.

The incentives in the current system are in all of the wrong places and trap individuals into welfare dependency. For so many Floridians on welfare, it pays to stay there instead of to work.

Why? Because without day care you can not train to get a job that pays a living wage. Without transitional, subsidized day care it is difficult to make ends meet when you first go back to work. And, finally, without some form of health insurance, a sick child in the house, is reason enough to stay at home and to stay on welfare.

That is the failed system that we have today in America. That is what we seek to discard today.

But we must make sure that the new system we are contemplating today is not a patchwork of slogans and wishful thinking, but instead a meaningful attempt to provide temporary assistance to families in need until they can return to the work force quickly.

Mr. President, you cannot just wish away the children on welfare while you deal with the adults who receive the welfare checks.

We must remind ourselves that children comprise almost 70 percent of the number of welfare beneficiaries. It is for the children that the old system was built, and in so many cases that system has failed them.

As we construct a new system, we must look at the real needs of the children: quality and available child care is a critical need.

I spoke earlier of the recent efforts which have been made to improve S. 1120. I would be remiss if I did not commend the leadership on both sides of the aisle, and also Senator DODD who helped lead the charge, for the improvements in the child care provisions from the original bill.

The additional $3 billion in funds for child care represents meaningful progress in the movement toward true welfare reform.

We know very well from our experiences in Florida that you can not get a mother back to work if her children have no place to go during the work day.

The old system forced a woman to choose between her children and work, and an enhanced Federal investment in subsidized child care can allow her to address both concerns. That is what the $3 billion Federal investment is intended to buy.

But before we celebrate these advances in the funding levels for child care, we need to look at the cold realities facing the families who comprise the so-called working poor.

Today in Florida, there is a waiting list of 25,000 children who are seeking subsidized day care. This number is not even representative of the actual unmet need when those who do not bother to add their names to this gargantuan list are considered.

Because Florida has taken steps the last several years to invest more dollars into its child care system, the amount of Federal dollars that will go to Florida due to the additional $3 billion in this bill, will barely maintain Florida where it is today.

This new money will actually only assist Florida to the point that it does not have to cut back on its subsidized day care program. Today Florida is investing in child care well beyond the 1994 spending base upon which S. 1120 is predicated.

Further, I think every Member of the Senate should pause and contemplate the effect the new work requirements will have on the availability of subsidized child care for the working poor.

In Florida, of the total child care pie, about half of it goes to the children of the working poor, primarily through the child care development block grant and the social services block grant programs.

S. 1120 imposes a requirement that 25 percent of all welfare recipients must be working in the first year, and 50 percent by the year 2000. Therefore, the States will be under extreme pressure to move all eligible welfare families to the front of the line for day care, at the expense of the working poor families presently enrolled.

The numbers speak for themselves, and currently Florida is barely half way toward that goal of 25 percent employment.

As the conferees wrestle with the issues of maintenance of effort, work requirements and State flexibility, they need to focus on this important child care trade-off.

This is not the time for shell games, moving some people off welfare and into work, while forcing others on welfare because we have withdrawn child care help from them. For a working poor family trying to make ends meet, the approximately $300 a month per child in day care in Florida can be a budget buster.

Mr. President, I want welfare reform. The people of Florida want welfare reform. The people of America want welfare reform.

For that reason, I am voting for this bill, with reservations. I am voting for this bill to keep this legislative process alive, with the hope that the bill will be improved when we vote on the conference report.

I would rather support this bill and keep this process moving, than vote no and kill any chance of welfare reform this year.

With that premise stated, I want to outline two key reservations about this bill:

First. The fundamental inequity of distributing resources under the proposed block grants to States.

Under this legislation, we would divide Federal resources based on spending patterns in 1994. This arbitrary method would lock in current inequities, would disadvantage growth States, would be difficult to change once its in place, and would set a troubling precedent for our upcoming decisions on Medicaid.

In the past, the Federal welfare allocation to States has varied from State to State due to the local match incentive. If a State put more funds into the welfare system, it got more funds from Washington.

By using 1994 as the baseline for future allocations, we would perpetuate wide disparities among States. On a per-child basis, some States would receive five or six times the amount received by less-affluent States.

These stark disparities raise fundamental questions of fairness which I am hopeful the conference committee will address.

Second. My second reservation about this bill deals with its unfair treatment of legal immigrants.

Mr. President, most people of this Nation trace their heritage to somewhere else. My family came here from Scotland.

This Nation has benefited from a long tradition of legal immigration. Let me repeat: Legal immigration.

We set out rules and expectations for legal immigrants to become citizens. Under this bill, we are saying to legal immigrants who have followed the rules that we are going to change the rules, retroactively, on their way to citizenship.

Again, this raises fundamental questions of fairness.

Denying benefits to legal immigrants would unfairly impact certain communities in this Nation that have attracted a large number of newcomers.

I will leave for another day the discussion over how Florida currently picks up the Federal tab for illegal immigration, to the tune of hundreds of millions of dollars each year.

Permit me to focus on the dollars that are spent today for legal immigrants. In Florida in November, 1994, there were 34,224 legal immigrants on the welfare rolls, and 149,732 on the food stamp rolls. The estimated annual costs associated with these groups are $39 million and $133.5 million, respectively. In addition, Medicaid costs for legal immigrants in Florida in 1994 was greater than either AFDC or food stamps.

This represents a substantial sum of money which Florida spends and which Florida might be asked to absorb under certain versions of this welfare reform legislation.

This is a significant issue which must be addressed in conference.

Furthermore, changing the rules for legal immigrants would be unfair to the newest Americans. I am particularly concerned about access to education.

One of the great principles of America, that has bound us together as a diverse people and provided a foundation for the American Dream, is access to education.

I implore my colleagues to consider the impact of this legislation on students. At Miami-Dade Community College, an estimated 8,000 students could lose financial aid.

Is that the type of message we want to send to tomorrow's citizens, that the door to education is closed to you in the name of welfare reform?

I am hopeful that the House-Senate conference can work to remedy this inequity in the overall bill. In part, I base my hope on public comments made by Majority Leader Bob DOLE, who visited Florida last weekend.

Senator DOLE said he would prefer more flexibility on the issue of providing benefits to legal immigrants.

The Gainesville Sun, on Sunday September 17, reported Senator DOLE's views as follows:

> Dole later said he supported giving some benefits to legal immigrants and said the amendment would be reviewed when the welfare package goes to conference committee.

I am pleased that the majority leader has not closed the door on changes to the portion of this bill that deals with treatment of legal immigrants.

I look forward to reviewing the product of the conference committee with the hope that my concerns about fairness will be addressed.

Mr. GRAMS. Mr. President, I rise to commend my colleagues for the honest debate which has produced the legislation we will vote on later today . . . legislation which takes a solid step toward fixing our badly broken welfare system. Both sides have put forth credible arguments, and more often than not we've been able to work together to find common ground.

Yes, we may disagree on many of the details of this compromise legislation . . . but we all agree that the welfare system is in desperate need of an immediate overhaul.

These facts are clear and indisputable: today, one American child in seven is being raised on welfare . . . one in three children is now born out of wedlock. And despite the $5.4 trillion taxpayer dollars we have funneled into the welfare system over the last 30 years, the poverty level has remained nearly the same.

Three years ago, during his presidential campaign, President Clinton promised the American people that he would "end welfare as we know it." Since then, however—even though his party controlled both the House and Senate—the welfare system remained untouched. Today, less than one year after Republicans gained control of both Chambers, we are on the verge of passing legislation to dramatically reform a welfare system which has too often entrapped both welfare recipients . . . and the taxpayers who subsidize them.

At the heart of our legislation is the strong message from this Senate that the days of welfare without work are over.

The American taxpayers are fed up, Mr. President. They go to work every day—both spouses, more often than not—and struggle to make ends meet while trying to carve out a better life for themselves and their families. They make a combined average income of $47,000 . . . but hand over more than a third of that to the Federal Government. And when they see those precious tax dollars going to support welfare recipients who simply refuse to work . . . well, they have every right to be furious.

The taxpayers of this country have always been generous . . . but nobody likes to be taken for a fool.

The "pay for performance" provisions of this welfare reform legislation offered by myself and Senator SHELBY are intended to put accountability into the system. If a welfare recipient wants a federal check, all we ask is that they start making a contribution to society . . . to their own future . . . by working for that money.

It is hardly a revolutionary concept. Every taxpayer in the Nation does the very same thing.

I am proud that this bill incorporates a second amendment of mine to further strengthen its work requirements. This amendment permits states—for the purpose of meeting their work participation rate—to count no more than 25% of their welfare caseload as "working" if they are enrolled in vocational education.

Without my amendment, the work requirements in this bill could be circumvented by substituting vocational education for actual time spent on the job. It is already happening in many states, where officials are avoiding the work requirements of the 1988 "Family Self-Sufficiency Act" by counting voced programs as work.

Let me make this clear, Mr. President—work does not mean sitting in a classroom. Work means work.

Any farm kid who rises before dawn for the daily chores can tell you that. Ask any of my brothers and sisters what "work" meant on our family's dairy farm. It didn't mean sitting on a stool in the barn, reading a book about how to milk a cow. "Work" meant milking cows.

Now, I am not opposed to vocational education. Not every voc-ed program can be considered a success, but we are

fortunate to have a number of effective programs operating in Minnesota . . . and we need to continue to give these kinds of efforts a chance.

But my neighbors back home are tired of sending other people's kids through school. They are struggling to send their own children to school. They want this government to reflect their values—hard work, respect, personal responsibility, and accountability.

It sometimes seems that the work ethic upon which this Nation was founded has gotten a little dusty. For example, experts say that less than one percent of the adults who receive welfare benefits are currently engaged in real work. That is a sharp departure from the past: during the Great Depression, welfare beneficiaries were expected to work for the assistance they received through federal programs such as the Civilian Conservation Corp and the Work Progress Administration.

What has changed?

Mr. President, the government has become the first call for help. But what we too often forget is that the government is funded by other people's money . . . and should be the last call for help.

One leading welfare expert sums it up quite clearly: "In welfare, as in most other things, you get what you pay for. By undermining the work ethic, the welfare system generates its own clientele. The more that is spent, the more people in apparent need of aid who appear."

What is most troubling of all is that because there are no incentives to move themselves off welfare and into the workforce, too many welfare mothers and fathers have given up the search for that better life. And the taxpayers who foot the bill feel powerless, too.

Mr. President, if we ever want welfare recipients to become self-sufficient, we must begin holding them to the same standards that apply to the taxpayers. How can we ever expect welfare beneficiaries to lift themselves up if we continue to ask less of them than we do of every other productive, taxpaying American citizen?

By allowing states to count 25% of their welfare caseload as "working" if they are engaged in vocational education, my amendment closes a gaping loophole . . . strengthens the work requirement . . . and gives states the flexibility to continue successful vocational education programs, while recognizing there is no substitute for work. Most importantly, this amendment moves welfare recipients a bit closer toward self-sufficiency.

Mr. President, the Majority Leader's welfare reform legislation is a serious first step toward fixing our fractured welfare system. While I am pleased that both of my tough work amendments were included in this final bill, I recognize that we still have a ways to go before we can say we've truly conquered the welfare problem.

Many important provisions which were not included in the Senate bill will be addressed by the House-Senate Conference Committee. I look forward to the Senate's consideration of the conference report . . . which I hope truly will end welfare as we know it. That is what we promised the American people, and that is what we must deliver.

"Far and away the best prize that life offers is the chance to work hard at work worth doing," said Theodore Roosevelt.

I urge my colleagues to hear those words and give this bipartisan legislation their support. It is good for welfare families . . . it is good for the taxpayers . . . and it is good government.

Mrs. BOXER. Mr. President, I have decided to vote for the Senate's welfare reform bill because I believe a bipartisan consensus has greatly improved it.

First child care to job training, to going after deadbeat parents—this Senate bill has moved in the appropriate direction.

I strongly oppose the House bill and believe that a strong vote going into the conference committee is essential.

I must state, however, that it is unfortunate to see the National Government backing away from a responsibility toward our Nation's children—a responsibility embraced by the Democratic alternative which was tougher on work and more compassionate toward children. I will work in the future for adoption of that kind of commonsense welfare reform.

Mr. LEVIN. Mr. President, I will vote for the compromise welfare reform bill which is before the Senate.

The Nation's welfare system does not serve the Nation well. It is broken in a number of places. It has failed the children it is intended to protect. It has failed the American taxpayer.

The compromise bill before us represents a bipartisan and constructive effort. Meaningful reform should protect children and establish the principle that able-bodied people work. Also, it would tighten child support enforcement laws and be more effective in getting fathers to support their children.

Additional funding has been included to assure that more child care resources will be available for children as single parents make the transition into work. This is a significant improvement in the bill and strengthens the work requirement because it better assures that States can effectively move people into job training, private sector employment, and community service jobs.

A provision has been added to strengthen the requirement on States to assure that they will take more responsibility and maintain their ongoing contribution to the welfare program.

The compromise adds a $1 billion contingency fund to provide for assistance to the States in economic emergency situations. The establish of such a provision is very important. As responsibility is shifted to the States and a block grant provided, it is critically important that there is some flexibility in the event of a recession or other economic crisis. I am particularly concerned about working people who lose their jobs and have exhausted their unemployment insurance benefits. Tens of thousands of such individuals are currently on welfare in my home State of Michigan. Such working people need the assurance of the safety net. I am also concerned that adequate contingency funds be available to protect children during periods of economic hardship. The contingency fund is a step toward such flexibility. I doubt that $1 billion will prove to be adequate, but Congress can revisit that issue in the future.

I am particularly pleased that the compromise bill contains my amendment which strengthens the work requirement in the bill.

The original Dole legislation required recipients to work within 2 years of receipt of benefits. My amendment, in its final version, adds a provision which requires that unless an able-bodied person is in a private sector job, school, or job training, the State must offer, and the recipient must accept, a community service employment within 3 months of receipt of benefits. In order to obtain its passage, it was necessary to include a provision which gives the States the flexibility to opt out of the requirement. However, I hope and expect that pressure from the American people, who overwhelmingly support strong work requirements, will convince their States to enforce the provision and not opt out.

Mr. President, this welfare reform bill is a positive step in the effort to get people, now on welfare, into jobs. It is a significant improvement over the original proposal put before us. It is stronger on work. It better protects children. It cracks down on parents who do not meet their responsibility to support their children. It provides some necessary child care.

I am troubled by some shortcomings. I would prefer a bill which did not end the Federal safety net for children, a bill like the Daschle Work First legislation which failed in the Senate narrowly and which I cosponsored. I am not fully convinced that the block grant approach will prove to be the right approach. Also, as I have already mentioned, I am not certain that the contingency fund which we have established will be adequate in a recession.

The decision is a close one.

So it is particularly important that partisanship not dominate the conference between the House and the Senate.

If it does, the progress made in the Senate would be undermined and welfare reform would be jeopardized.

Mr. PELL. Mr. President, the Senate has now debated welfare reform legislation for several weeks. The changes that have been incorporated in the legislation before us today are profound,

marking a great departure from the system that has been in place for 60 years. As one who has served my State of Rhode Island and this Nation as a U.S. Senator for 35 of those 60 years, I do not take lightly the vote that I am casting today. I have thought long and hard about the desire for change, for reform, and for a better welfare system, and I share all of those goals.

As I look at the bill before us, I remain concerned. It does not provide nearly enough of what I think is necessary for quality welfare reform. And it does not sufficiently protect our children or provide adults with the tools they need to move off of welfare and into work.

But the bill before us is also a drastic improvement over the House welfare legislation, and, with the addition of the Dole-Daschle compromise, moves us more in the direction that I think is best for our Nation. So while it is with some reluctance. I have decided to cast my vote in favor of the bill before us today. I am doing so with the understanding that the American people want and demand action, and are seeking a new way of accomplishing what the existing system has not been able to accomplish. I am willing to try a new way, but acknowledge freely that without the minimal protections put into place by the Dole-Daschle agreement with respect to child care and other important provisions, I would not be voting "yea" today.

I cannot help hope that the conference committee will see fit to incorporate more of the provisions contained in the work-first proposal introduced by Senator DASCHLE, which I cosponsored. I still support and strongly prefer its provisions—its emphasis on transitioning welfare recipients to work, its understanding that providing childcare is a linchpin of successful reform, and its premise that, despite very real abuses of the current system by some welfare recipients, most people want to get off welfare and work at a job that provides a living wage. But I realize that the conference committee is more likely to move this bill in a direction that I cannot support, by being more punitive to parents and, in the process harming children who have not chosen their parents or their circumstances.

Mr. President, it would be my intention, should the bill return from the conference committee stripped of these moderating provisions, or including any of the more draconian provisions we defeated during the Senate debate, to cast my vote against the conference report. I hope that this will not be necessary and that we will be able to pass a conference report that really does move the Nation in the direction that we all want to see toward workable reform that moves this generation off of dependency while ensuring that the next generation does not suffer from its parents' failures or misfortunes.

Ms. SNOWE. Mr. President, I rise today to speak in support of a comprehensive overhaul of our Nation's welfare system.

I would like to commend the distinguished Majority Leader, Senator DOLE, and many of my colleagues for bringing a much-needed and timely bill to the floor of the Senate for action.

I am also looking forward to what I believe can be a genuine spirit of bipartisanship as we seek to address some of the aspects of our welfare system that have hurt, rather than helped, Americans forge a better future for themselves and their families.

Although it has been characterized as such, welfare reform should not be a conservative-versus-liberal issue, or a Democrat-versus-Republican issue. It should be an issue where we seek to involve and include various constructive points of view for a cause whose worth stretches beyond partisan political lines.

Simply put, what we must strive for in this debate is to end welfare as a way of life for millions of Americans and their families, while at the same time preserving a safety net for those in our society who need a leg-up rather than a hand-out to succeed in their personal quest of the American dream.

What we must be compelled to accomplish is to require more individual responsibility, a strengthened work ethic, and a sense of discipline and order to the family, all while continuing to maintain our historic and compassionate commitment to those who need our help in those dark times that are a part of everyone's life at some time or another.

Mr. President, I believe we can—and must—give them change with a human face. It is not necessary to be less compassionate or less understanding, but it is possible to be less spendthrift and less generous to those who have taken undue advantage of our system.

As we begin to meet these challenges and others, I am eager to work with all my colleagues to further improve this legislation and, in the process, craft a better America and set our Nation on a new and more responsible course into the 21st century.

Everything we and our parents have worked for to give us a better life and instill in us a sense of national purpose as well as personal responsibility is at stake in this debate.

We, in America, all too frequently judge our Nation and measure our country's worth as a people by standards of economic statistics, by gold, silver and bronze medals won at world tournaments, or by military might as the world's greatest democracy.

But to judge America in terms of a society, clearly we are lacking in many respects.

In today's society, it is hardly uncommon for an individual to be smoking or drinking by the time they are 10: to be caught stealing by the time they are 11; to be hooked on drugs by the time they are 12; to be sexually active by 13 years of age; to be pregnant by the time of their 14th birthday; to be on welfare at 15; to be a high school drop-out at 16; and to have the American dream be nothing more than a pipe dream at 17.

Mr. President, to many this may be nothing less or nothing more than a worst-case scenario. But, unfortunately, in the 1990's it has become an acceptable scenario in America. How tragic; and how wrong.

Welfare in America has become a way of life, a culture of despondency, a tradition of dismay, and has bequeathed a sad inheritance of dependance for millions of our citizens.

Our challenge in these proceedings is not to make their lives more difficult by our efforts here, or to perpetuate any negative stereotypes, or to treat harshly those people in need of help; our solemn challenge is to give them a new chance, a new beginning, and to show them a different and better way of life.

In the 1960's, when many welfare programs were designed and implemented by the Federal Government, we were willing to risk the involvement of central government in people's lives for the benefit of helping them to help themselves.

Instead, welfare in the 1990's is out of touch, out of cash, and out of tune with people's lives. In an August 1993 Yankelovich poll, respondents were asked, "Do you think our current welfare system helps more families than it hurts, or hurts more families than it helps?" Twenty-four percent said that it helps more, while a commanding 62 percent said it hurts more.

Many might wonder what it is that we have bought with over $5 trillion in welfare funds over the past 30 years. Many might wonder what the returns have been on an investment we made three generations ago.

It is a disappointing litany of our shortcomings as a society and as a compassionate democracy.

Mr. President, what we are doing is rewarding the failure of the individual spirit to strive for greatness and personal responsibility. As one pollster said, "Welfare rewards what life punishes."

Moreover, these social and cultural trends play a major role in other trends involving crime and violence, both on the streets and in our homes; they affect education, urban decay, and our economy. Their link to each other is unmistakable.

As former Education Secretary William Bennett said:

> Over the last three decades we have experienced substantial social regression. Today, the forces of social decomposition are challenging—and in some instances, overtaking—the forces of social composition. And when decomposition takes hold, it exacts an enormous human cost.

These figures exact the toll and tally that cost.

Since 1960, illegitimate births have soared by more than 400 percent; while only 5.3 percent of all births were out-of-wedlock in 1960, illegitimate births rose to 30 percent of all births by 1992.

The pregnancy rate among unmarried teenagers has more than doubled since the early 1970's, amounting to over one million—one million—teen pregnancies every single year.

While America's marriage rate has declined spectacularly for 20 years by almost one-third to an all-time low, America's divorce rate has increased by nearly 300 percent in the past 30 years, subjecting more of our children to more broken families than ever before.

The Congressional Budget Office reports that 77 percent of unmarried adolescent mothers become welfare recipients within 5 years of the birth of their first child. And many of them are staying on welfare for a long time. In fact, more than half of the 9.5 million children receiving AFDC have parents who never married each other.

Single-parent families account for 65 percent of poor families with children, and they account for over half of all poor families. I should mention that studies show that almost 1 out of every 4 children from one-parent families will be in poverty for 7 years or more, compared with only 2 percent from two-parent families.

And, despite an explosion in welfare spending, more children live in poverty today—22 percent—than in 1965; 15 percent, which is when the famous—or infamous—War on Poverty began. What does 22 percent mean in real terms? Try over 15 million children living in poverty in America today.

The percentage of all American children dependent on AFDC welfare increased from 3.5 percent in 1960 to over 13 percent in the 1990's.

While we are talking about AFDC—it has become a $23 billion Federal-State program supporting approximately 14.5 million people—and that is a 31-percent increase not over 1960 or 1965 or even 1970, but a 31-percent increase over 1989; only 6 short years ago.

Probably worst of all, among these terrible numbers, are these:

First, of the 4.5 million households currently receiving AFDC benefits, well over half will remain dependent on the program for over a decade—10 years—and many will remain dependent for 15 years or even longer.

Second, and even worse, children raised in single-parent families are three times more likely to become welfare recipients themselves as adults—a clear continuing legacy of failure and the unmistakable mark of what the Heritage Foundation calls intergenerational dependence.

That is highlighted by the fact that 60 percent of welfare recipients today are the children of welfare dependents from the previous generation.

As I mentioned, America has spent $5 trillion in welfare assistance since the start of the War on Poverty.

Mr. President, we are losing—badly losing—the war within our borders against poverty and social decay.

But through the haze and maze of this debate, we can learn from some of the success stories of people who were once on welfare and had the courage and stamina to leave the system and seek a better life.

For some, welfare meets a critical need; sometimes, a critical lifeline in troubled times. Our challenge is to reform this system so that it works for more people, encourages more to leave the system for good and return to wage-earning jobs, and yet retains the vital portions of the safety net for the neediest among us.

It can happen. It can work. We can make it a reality.

I know because I have met the success stories firsthand. Take Melissa Brough from Portland, ME. She succeeded in welfare. Sadly, she succeeded despite the system, not because of it. Listen to what she has to say:

> I started out just needing some subsidized child care so I could find a job to support us. I ended up trickling down through the system for 4 years. What a way to build self-confidence and self-esteem!
>
> It's no wonder people get trapped in the welfare system, when competing resources seem to have money and statistics in mind instead of individuals * * * [L]et's provide the resources and support * * * to help people along the road to self-sufficiency.

Mr. President, Melissa is right. Self-sufficiency should be our goal, and the system we design must provide the resources and support to help people along that road.

Sometimes, getting to success and self-sufficiency requires short-term sacrifices and tough choices. But there are stories to show that they are worth it.

Tecia Girardin is a proud mother of three sons living in Readfield, ME. She works 50 hours a week and takes home $350 weekly in pay through her job at Progressive Distributors, a warehouse distribution center. She is now getting $345 a month in child support, and 2 years ago put a downpayment on 48 acres of land, where she hopes to build a house in the near future.

But it was not always this way for Tecia and her boys. Years ago, she counted on food stamps to put food on her table at night. She used to rummage for aluminum cans to pay for the rent.

Looking back, Tecia recalls, "It was a nightmare, but we made it." She adds, "I was determined to make it on my own. I just do not think a life of dependency is good—whether it is dependency on alcohol, drugs, or government assistance * * * I wanted to be free of welfare."

With her pride and her self-confidence, Tecia broke the shackles of welfare and took several tough jobs before landing a position at Progressive Distributors, where she has now been for 5 years. She is off food stamps and off Medicaid, and it is been 4 years since her last benefit check. But times are still tough for her and her family.

We still need to do more to help people like Tecia break free of the system.

I believe the majority leader's plan makes a good attempt to help people break free of the labyrinth of welfare.

This legislation recognizes that the Federal Government does not have the ability to create a one-size-fits-all welfare program. Instead, it has made a necessary and bold change: States are awarded block grants to design a local program that meets unique State needs.

I support this basic concept, and believe it is essential that welfare reform give States the flexibility to address the unique problems of their citizens. At the Federal level, we simply do not know what will work. Each State should have the flexibility to address the problem as they understand it.

In Maine, the principle reason that families go on welfare is divorce or separation. That is the No. 1 reason: 42 percent of all AFDC recipients are forced onto welfare as a result of divorce or separation. In Maine, 61 percent of adult AFDC recipients have obtained their GED. The people behind these statistics may require quite different welfare programs than people in densely populated States.

That is why flexibility is a crucial tool—missing from existing welfare programs—that must be extended to the States.

I also support the restoration of AFDC as a temporary assistance program, rather than a program which entangles and traps generation after generation after generation.

The legislation before us allows States to provide benefits for 5 years, but after that point benefits are terminated. As soon as a recipient is work ready, he or she will be required to work for their benefits. All recipients will be required to work after receiving benefits for 2 years.

Nothing like a time-limited welfare system has ever been tried in this country. But we need to send a message to recipients that there are responsibilities associated with receiving a welfare check: responsibility brings dignity. And to promote responsibility, there must be consequences to action or inaction.

This bill also makes progress in another critical area of concern, one that, for many welfare recipients, has forced them into poverty: child support enforcement.

Child support enforcement is one of the most important provisions in our campaign to revamp the welfare system of this country. It affects every State—children at every income level—and it affects both single-mothers and single-fathers. As a national problem, child support enforcement merits a national solution. And we must demonstrate our leadership by providing it.

I am proud to have worked in a bipartisan manner with the majority leader, Senator DOLE, and the Senator from New Jersey, Mr. BRADLEY, to develop a sound and comprehensive national child support enforcement solution. The major provisions of our legislation have been incorporated into this proposal.

To strengthen efforts to locate parents, the bill expands the federal parent locator system and provides for State-to-State access of the network.

To increase paternity establishment, the bill makes it easier for fathers to voluntarily acknowledge paternity and encourages outreach.

To facilitate the setting of effective child support orders, it calls for the establishment of a National Child Support Guidelines Commission to develop a national child support guideline for consideration by Congress, and provides for a simplified process for review and adjustment of child support orders.

And to facilitate child support enforcement and collection, the bill expands the penalties for child support delinquency to include the denial of professional, recreational, and driver's license to deadbeat parents, the imposition of liens on real property, and the automatic reporting of delinquency to credit unions.

This provision has proven very effective in my own State of Maine, where the State has collected more than $21 million in child support payments by sending letters to delinquent parents with a very real threat to revoke professional licenses.

This bill also grants families who are owed child support the right of first access to an IRS refund credited to a deadbeat parent and permits the denial of a passport for individuals who are more than $5,000 or 24 months in arrears.

Mr. President, as I have pointed out, this legislation seeks to implement on a national level some of the successful child support enforcement mechanisms being utilized by some innovative States, like my home State of Maine.

Clearly these efforts pay off. But we can—and must—do much more. We have the tools to replicate the successes of States like Maine on a national level and begin to ease and eventually lift the economic and emotional burdens caused by delinquent child support payments.

Mr. President, as we reform the system to encourage welfare recipients to work, we must also ensure that we provide for appropriate and adequate child care for mothers with young children. And in instances where that child care is not available, we cannot penalize mothers with young children at a very fragile and unstable time in their lives as they struggle to make ends meet.

When we in this chamber talk about the need to protect the neediest in society and to protect some of our less fortunate citizens by casting a so-called safety net, nothing could represent that support more than helping mothers care for their children as they seek to make the move from the world of welfare to the world of work.

We must not condone a situation where a woman would be forced to choose between her children's well-being and her job and benefits.

We cannot allow, for example, a woman to leave her two young children at home alone, unattended, because she is required to work. To do so would be to give them a Catch-22 choice, a choice between the devil and the deep blue sea.

And many more women could be faced with that difficult choice than ever before under this bill. By requiring work participation rates to reach 50 percent by fiscal year 2000, it is estimated this will add an additional 665,000 children to those currently in need of child care.

The truth is, we have a long way to go before we can assure access to child care—let alone affordable child care. In dozens of States across America, there are long waiting lists for child care. In Alabama, for example, there are nearly 20,000 children on the waiting list for child care, adding up to an average wait between one and one-and-a-half years.

In Texas, a staggering 35,692 children are on the waiting list, with waits as long as two years. In my home State of Maine, there are more than 3,000 children on the child care waiting list.

Fortunately, there is light at the end of what for many women in this country is a very long tunnel.

I am extremely pleased to be able to say that the majority leader has decided to incorporate a major provision, I authored along with some of my colleagues, into this proposal to help address the issue of child care for parents on welfare. This is a critical issue for welfare reform, and one I have been working to address since the debate on welfare began.

With this new provision incorporated into the proposal, States will be prohibited from sanctioning mothers with children aged 5 or under if the State cannot provide adequate and affordable child care for those recipients whom it requires to go to work.

This is important considering that the Department of Health and Human Services has estimated that almost 62 percent of welfare recipients have children aged 5 or under.

I am also pleased to have been involved in a bipartisan effort by working with Senators ORRIN HATCH, CHRISTOPHER DODD, BILL COHEN, JOHN CHAFEE, JIM JEFFORDS and NANCY KASSEBAUM to allocate an additional $3 billion over 5 years in child care services funding.

Under this agreement reached with the majority leader, the States will be required to match child care funds at the Medicaid match rate.

This additional funding, when combined with the $1 billion that Senator HATCH's amendment sets aside for child care, will go a long way to ensuring that we make our welfare reform proposals viable and realistic options for single parents who need care for their children in this country.

Adequate child care funding is a major issue that the Governors themselves—in a letter to Majority Leader DOLE dated September 13—called the largest part of the up-front investment needed for successful welfare reform. And they are right.

This provision on child care funding is a significant point of agreement and consensus for all of us in this historic legislation, and I am heartened to see its addition to the bill.

We have also made progress in another area that I consider critical to our reform efforts—and that is the important issue of State maintenance of effort.

I, along with many of my colleagues, believe this area is a central component to the success of the reforms before us because we believe it is essential to continue the shared Federal-State partnership in welfare.

Since 1935 when title IV of the Social Security Act was signed into law, welfare has been a shared Federal-State responsibility. As we move to reengineer the system, both sides must renew their commitment to the partnership—and by this I mean both their moral commitment and their financial obligations.

Indeed, the States, like the Federal Government, face many competing forces for funding.

With the mandate from the public to reduce spending and balance State budgets, Governors and State legislatures face the same tough choices that we in Congress are in the process of making.

Some have written that this "is not a question of trust." But I believe it is, and some States are working hard to meet that trust, and they are succeeding.

Many States, like my State of Maine, have already made a strong commitment to welfare reform and I know that they will continue to do so. But my concern is that some States—precisely because of those competing forces for funding—may not.

States have a tremendous stake in the success of our welfare system. They should have a financial commitment as well, both in the cost as well as in the potential savings.

That is why we must include provisions requiring States to continue the Federal-State partnership.

Let me be clear about one point: We are not asking the States to increase their financial contribution, but we need to make sure that they do contribute. Toward that end, I supported and was cosponsor of the Breaux amendment to make those figures a 90 percent contribution over five years.

In response, the leadership agreed to include language that would require States to provide 80 percent of their fiscal year 1994 contribution to welfare for 5 years—the full lifespan of this bill.

Mr. President, let me conclude by saying that, like all broad-reaching Government reforms, this is not a perfect solution to the vast challenges that face our welfare system. There are some aspects that can—perhaps should—be improved. But I believe that this legislation moves us closer to a workable solution.

We have already spent countless billions on a welfare system that has made little progress in resolving the problems of the poor. We cannot afford to simply do nothing—to maintain the status quo, with all of its perverse incentives.

Instead, we must act now, and begin the process of ending welfare as a way of life, and restoring welfare assistance to its original purpose, to provide temporary help to our neighbors in need.

Americans have long demonstrated their generosity and their commitment to help our neighbors, families, and children in need. Yet Americans deserve to see results for their efforts and their investment in assisting the neediest. For 30 years, our welfare system has delivered positive results sporadically at best. Americans are demanding more for their investment, and we in Congress must heed their call and help States achieve welfare's noble goals.

Thank you, Mr. President. I yield the floor.

Mr. ROCKEFELLER. Mr. President, for a very long time, I have argued for welfare reform. My fundamental goal for reform is to see parents work and accept personal responsibility. Welfare should be a temporary program to help people become independent, not a trap of long-term dependency. But at the same time, innocent children should be protected and not punished for circumstances beyond their control.

I rise to explain how I came to the conclusion to vote for the final version of welfare reform legislation before the Senate this afternoon. My vote is for the basic idea that the current welfare system can't be continued. It must be changed. This bill is now our opportunity for changing the rules and encouraging major reform. While I strongly opposed the original bill offered by the Majority Leader, BOB DOLE, I am relieved that the persistent, dedicated work of a team that I was proud to join has resulted in many changes—including some major improvements that were essential for West Virginia—to the legislation. In my view, there are still flaws and disappointments in this bill. But as someone who serves to achieve the most good possible through consensus and cooperation, I am voting for this bill to do just that.

West Virginians have told me for a long time why they are anxious for welfare reform. It is unfair to hard-working families when it is too easy for others to receive public assistance that does not end. And for parents who want to work or can work, the system has to emphasize the means to that end instead of the criteria for staying on welfare. None of this will be easy, but it is time for these changes.

This is not a new mission for me. I have worked on ways to reform our welfare system for years. In 1982 as Governor of West Virginia, I was proud to start a program called Community Work Experience Program in our State that required many parents on welfare to work in their community when they could not find private sector jobs, mostly because of high unemployment. This idea is more commonly known as workfare, and West Virginia was one of the first two States in the country to start this program and we are still using it today. I believe in workfare and community service as important alternatives when a private sector job is not available.

In the Senate, I continued to work on changing the welfare system, and I am proud of the efforts begun in 1988 under the Family Support Act that passed with strong bipartisan involvement and support. This legislation was an important first step. While we all know that the Family Support Act was not perfect, it began to change the system to move families from welfare to work. The Family Support Act also gave States the latitude to try various approaches to welfare reform which have now encouraged bolder efforts, today.

Based on my goals for West Virginia and my work as Chairman of the National Commission on Children, I participated in the welfare reform debate as a cosponsor and strong proponent of the Democratic Leader's bill, "Work First." In my view, it was a mistake for the Senate to reject our amendment containing this bill. "Work First" would end welfare as we know it by eliminating the existing Aid to Families With Dependent Children (AFDC). The Democratic alternative would require work and promote parental responsibility, and yet at the same time provide the best safeguards for both children and State budgets during times of economic downturns. Unfortunately, this strong package was not taken seriously by the Republican side and was defeated.

So in good faith, Democrats did not disappear from the process to enact welfare reform, nor did we surrender on the goals we think the American people share, too. We have spent the last week on the floor to push for consensus and compromise on very important issues. It was discouraging to deal with the original Republicans' bill that made promises without the means to keep those promises. The early refusal to work in a bipartisan spirit was unnecessary, and made it very difficult to work through decisions that will have consequences for taxpayers and poor families in our States. But we persisted in order to make our best attempt at achieving welfare reform and protecting principles represented in the "Work First" alternative.

As a result, major changes have been made to the Republican bill on the Senate floor, including adding a maintenance of effort requirement to ensure that States continue to invest their fair share to help needy children and their families. This was a victory for the principle of responsible government and a major step in reserving adequate resources for poor children.

Child care funding is another fundamental change to the original Dole bill that is absolutely crucial if we are serious about moving parents from welfare to work. We should insist that parents go to work, but we also must be realistic and acknowledge that a lack of safe, affordable child care remains a barrier. Democrats worked very hard to secure additional funding for child care. I still worry that this final compromise might be short on funding, but I am relieved that we secured the additional funds for something that families literally can not go without. Let us remember that parents are put in jail for leaving children unattended. Government can not require parents to be at work if they do not have a way for their children to be cared for. When we talk about family values, child care belongs in how to turn our rhetoric into reality.

If we make the huge leap from an entitlement to a block grant program, one of my early goals has been to secure a contingency fund to provide additional help to States when poverty rises. Under the Democratic "Work First" alternative, we maintained the historic Federal-State shared responsibility for this population so there was no need for a contingency fund. But under a block grant approach, there is a need for some type of safeguard in times of high unemployment, natural disasters, or other unforeseen reasons that increase the number of very poor families in a State.

As a former Governor who led my State of West Virginia through a severe recession with double-digit unemployment rates, I am keenly aware of this problem. Families who always worked and never wanted welfare were temporarily forced to seek assistance because of harsh economic conditions in my State in the 1980s. Then, Federal assistance was there to help needy families through hard times even though our State revenues declined, and it would have been impossible for West Virginia to serve needy families without additional Federal help. Even with a contingency grant fund, I worry how a block grant approach will work when a State or several States face problems of high unemployment or a natural disaster. But after a hard battle, we managed to get a provision into this final legislation that will make the contingency fund a grant program, instead of loans, and which will offer real help when families and States hit difficult times.

As we think about the problems of unemployment, it brings to mind the worries of what happens to families who hit the time-limit in the midst of a deep recession? I know numerous personal stories, because I know families on welfare in West Virginia who would eagerly work, but the jobs just are not there. I submitted two specific amendments to this bill designed to give States the option of waiving the time limits for good reasons—such as high unemployment or if adults simply could not work because they were ill, incapacitated, or caring for a disabled

child. In my view, it would be best to spell out limited reasons for exceptions. While my criteria were not adopted, our success in winning an increase in the States' hardship waiver from 15 percent to 20 percent will achieve the same goal. I appreciate the strong support for my amendments that was voiced by the National Governors' Association, State Legislatures, and other officials who know the practicalities involved in real welfare reform.

I also want to note why it is so essential to maintain the Senate approach on child welfare, foster care and adoption assistance. In the Finance Committee, we specifically stated our intention to retain current law so that the Nation's basic commitment to abused and neglected child would continue. Child welfare is very different than general cash assistance for poor children. Child welfare serves children at risk of abuse and neglect in their own homes. We should not reduce or cap Federal aid to such vulnerable children. That means we must maintain the entitlement nature of foster care and adoption assistance. There is support from both sides of the aisle for this in the Senate, and I specifically want to commend Senator CHAFEE for his leadership on the important issue. The Senate approach on child welfare and foster care system must be preserved in the conference, and I am personally determined that we not retreat from the country's important guidelines and reliable support that abused and neglected children rely on.

Bold changes in child support enforcement are a real victory in this legislative package. Because this was one section developed in a bipartisan manner from an early point, it has not attracted much debate or public attention. But West Virginians and our fellow Americans certainly know the significance of child support and insisting on parental responsibility. There are billions of dollars owed to children by absent parents. I cosponsored the bipartisan legislation offered by Senator BRADLEY which provided a good framework for the tough provisions in this legislation that will help collect those dollars. Getting tough on child support is a priority.

In addition to changing the rules, we also need to change attitudes. It is pathetic that adults are more responsible about paying their car loan payments than their child support. This is unacceptable and must be turned around.

As Chairman of the bipartisan National Commission on Children, I have been working on the issue of welfare and families closely for years. I want to find creative, bipartisan ways to strengthen and stabilize families. Our Commission issued a unanimous report that called for a whole new approach on children and family policy at all levels—Federal, State, and in our communities. The legislation passed today reflect some of the direction recommended by the Children's Commission. I strongly support the idea that States and local communities must take a leadership role in helping all families, including those needy families on welfare.

And again, I repeat my hope that this country will maintain a nationwide, steadfast commitment to safeguarding children. Our country has a stake in every child, whether a child is born to a poor family in rural West Virginia or a family in an inner city. A child born to an unwed mother has the same basic needs and the same potential, as a child who is more fortunate and born into a stable, wealthy family. I honestly don't believe that the legitimate cry we hear for welfare reform is a demand to forget or abandon children.

As I said at the outset, I believe in welfare reform, and it is obvious that the American public demands it.

As someone who has fought for children and families for years, I hope that the States receiving so much new responsibility for the fate of their poor citizens will take it very, very seriously.

Children are two out of three people who depend on welfare today, and they should not be punished. Because of this deep concern, I was one of the members who pushed very hard to incorporate an evaluation amendment into this legislation. We should acknowledge that this legislation is a huge experiment. We are eliminating the Federal safety net that has assured minimum support for needy children and families for over 60 years, and this legislation will replace it with a new approach. While AFDC has serious flaws and must be changed, this approach is new and untested. I feel a strong moral obligation to thoroughly study and evaluate how this new approach serves children and families. Optimists and staunch supporters of the Work Opportunity Act predict this bill will reduce dependency and move families from welfare to work. Critics warn that children will end up on the streets.

I am willing to try, and I am willing to vote for this legislation. But I insist that we monitor it closely to evaluate carefully how children are affected. Because of our evaluation amendment, we now have this commitment and obligation.

I truly hope that this bill fulfills its bold promise to help move families from welfare to work and to end the cycle of dependency. When a conference is established to negotiate the final welfare reform bill to send to the President, I hope that the debate and revisions that have taken place here in the Senate will be taken extremely seriously. And if and when a welfare reform bill is signed into law, and if the warnings of the critics are true and children are abandoned, we must swiftly revise the law and try again.

My fundamental principle remains that children should be protected. From my work on the National Commission on Children, I believe in building consensus and trying creative approaches. For the sake of our children, and the future of our country, we need to chart a bipartisan course that emphasizes cooperation on behalf of children and families. Children should not become pawns in a partisan rhetoric and politics, and I hope that the conference on welfare reform will adopt such an approach so that common ground and reasonable compromises will be achieved.

I congratulate the numerous Senators, staff members, and experts who devoted untold hours and energy into preventing the original Dole bill from succeeding and working out important, vital improvements. West Virginia was better served through the process of these revisions, and will be better equipped to prod and help poor families avoid dependency. I worked hard to achieve the changes most important to my State, and I hope they will remain in the final welfare reform legislation that must be negotiated with the House.

Welfare reform must also work in the real world. We have seen in the recent months once again how attractive the words are to politicians and others who see advantage in dividing people, scoring cheap points, and pretending that the country's problems are easy to solve. That is an injustice to all Americans, to taxpayers frustrated with the welfare system and to the families who find themselves poor for whatever reason. We know that America feels best when we succeed in achieving ambitious goals by pulling together, living up to our Nation's principles, and making the effort required to get the job done. Welfare reform is a very ambitious goal, and the passage of this bill takes us one step further to accomplishing the real results and true change that Americans expect.

Mr. GORTON. Mr. President, 30 years ago President Johnson had a dream of a "Great Society" where the United States Government would undertake to lift the poor out of their wretchedness. Today, the intended nobility of his dream has been obliterated by the horrors of crime, drugs, illegitimacy and total family breakdown. Mr. President, I am not just saying that welfare does not work; I am saying that it is hurting those it purports to help.

Hundreds of thousands of Americans are suffering because the Federal Government insists on centralized control over a system that is not living up to its promises. Thirty years of welfare state have not eradicated poverty, not made a dent in poverty; if anything, poverty in America has become more wretched than ever before.

What we know now, Mr. President, is a Federal bureaucracy that has shown itself virtually incapable helping needy people. More Federal mandates are not the answer. Control over welfare must be relinquished to State and local governments. Federal control certainly does not work, and the only way we can determine what kind of public assistance program will work is if we let

States and local communities experiment.

Mr. President, I have heard from people in Washington State who have knowledge of and experience with the present system and who fervently believe in disassembling welfare as we know it.

This year, Washington State legislators tried to overhaul the State welfare system. Their frustration mounted as their innovative ideas were killed by overwhelming amounts of waivers, directors and general red tape from the Federal Government.

Social workers are often too busy keeping up with paperwork and complicated, sometimes conflicting, Federal regulations to help people get jobs and become self-sufficient.

I have listened to people who are on or have been on welfare. Their stories alone are enough to convince me that the system has to be charged. Welfare, you see, punishes people for trying to get out. One woman in Whatcom County was not allowed to participate in a job training program because she hadn't been receiving public assistance long enough.

Mr. President, the faults and iniquities of welfare run wide and deep. We must face the problem. We must stop pretending that by tinkering here or changing a bit there that everything will be better. What we must do is completely restructure public assistance in America. It is well past time for Washington, DC to relinquish control over welfare to States and local communities.

There are a lot of things the Federal Government is good at—handing out checks and creating bureaucracies are particular areas of expertise. But the Federal Government is not so good at setting people free from its control.

The current system pits people against government institutions. it prohibits innovation. When local communities try to implement new ways to combat poverty, unemployment and illegitimacy, the bureaucracy balks, throwing up barriers to new ideas and community involvement, and enforcing the same old mandates.

Frankly, Mr. President, bureaucracies do not care if people get off welfare or stay on it for the rest of their lives. But there are many of us who do care, who do want to relieve the plight of so many of our fellow Americans.

The liberals who have supported the Welfare State these many years are reacting with vehemence against proposals to let States and local communities have more of a say in public assistance programs. This reaction points to the distrust most liberals have toward people, as opposed to government institutions. Does it make sense to say that a bureaucrat in Washington, DC cares more about needy people in Spokane, WA, than do the actual citizens of that community? I do not believe so.

Mr. President, the only way to stop the dependency, the illegitimacy, the family breakdown, and the hopelessness of the current system is to truly change—not merely tinker with—the way it is run. If our goal is to improve people's lives, then we can't continue on the path we're on now.

We must allow people the opportunity to make their own lives, to provide for themselves and their families, to feel the pride of honest work, and to be the deciders of their fate—not to have the Federal Government as their master.

Mr. President, I support the majority leader's welfare reform bill because it provides the best means for giving responsibility back to local communities and ending the Federal Government's control over how money is spent and programs administered. This legislation, America's Work and Family Opportunities Act of 1995, does not fall into the trap of trying to manage the system from Washington, DC. State and local governments, instead of being told what to do by Federal bureaucrats, are allowed to experiment and come up with solutions that meet local needs.

The last thing we need is yet more Federal mandates to stifle local innovations and solutions. Mandates that sound wonderful in the Nation's Capital can wreak havoc when they are put into practice—in truth, we have no way of knowing if they will work. Giving States flexibility will produce programs both successful and unsuccessful; when we can distinguish one from the other, perhaps more Federal guidance will be in order.

Our only hope for ending welfare as we know it, Mr. President, is to end the bureaucracy, end the incentives for staying on the rolls and out of work, and end the institution which has bred social disintegration. Washington, DC is going to have to do something entirely foreign to its nature: give up some of its power and mind its own business.

Mr. President, it is no longer enough to say that we mean well, that we have the proverbial good intentions. Let's stop the arrogant, self-important assumption that we can single-handedly run things out of Washington, DC. In the case of welfare, that's what we've been doing for 30 years, and its been a disaster.

My goals is reforming welfare area straightforward: Do away with the current system, and replace it with one that encourages work, discourages illegitimacy, and stops the cycle of family destruction. I believe America's Work and Family Opportunities Act of 1995 will best accomplish these goals.

Mr. DODD. Mr. President, although I vote today in support of welfare reform, it is with strong reservations.

We all agree that our Nation's welfare system needs reform. Members on both sides of the aisle, most of our constituents, our Governors, everyone agrees that the current system does not work.

And while we all have agreed that the system needs change, there has not been agreement on the right approach. The original Dole welfare proposal was totally unacceptable. It failed to designate a dime for child care, would force parents to leave kids home alone, and did not focus on actually getting our current welfare recipients into real work.

Enough significant improvements have been made, however, to lead me to vote for this bill. It looks totally different from the House version and is no longer the bill introduced by the majority leader.

The bill now emphasizes work. Unlike its original version, it now measures work instead of participation rates. It recognizes that child care is essential to getting people with young children to work. The bill now includes a work bonus for States and includes other provisions that truly commit us to moving adults off the welfare rolls and onto payrolls.

The current version of the bill also includes many more protections for children. The original Dole bill designated no money for child care. We now have $8 billion over 5 years to help ensure that no child is left home alone. I initially pushed for $11 billion, the amount we have heard is necessary to make the work requirements effective, and came close to securing that amount.

In the original Dole bill, women with infants and toddlers, in effect, would have been told to leave their kids home alone or face penalties. The bill we vote on today says that mothers with children under 6 cannot be sanctioned if they cannot find child care. The modification also says that States can limit required work hours for parents with kids under age 6 from 35 hours to 20 hours per week.

Democrats made significant improvements in other areas too. The bill now includes a maintenance of effort requirement for States so that taking care of our Nation's poor children remains a joint responsibility between the Federal and State governments. And the bill provides a limited contingency fund for States to deal with downturns in the economy. It is not as much as I would like to see, but it recognizes that flat-funded block grants do not address sudden or prolonged changes in a State's economy.

The bill also, now, provides money for second chance homes—as a way to really try and get at the problem of teen pregnancy. The original Dole bill had no money for these homes. I also am pleased that punitive measures that would have required all States to impose the family cap and deny benefits to teen mothers have been defeated and excluded from the bill.

While I am pleased with the changes we were able to make in the bill, problems remain. It includes no protection for children whose parents meet the time limit. Republicans opposed even allowing States to decide whether or not they would provide vouchers for children whose parents met the time

limit. The absence of this provision—a safety net for kids—troubles me.

Also of concern, the contingency fund offers States only $1 billion where we sought $5 billion. I worry, ultimately, about the impact of these deficiencies on States that face economic downturns.

But ultimately, all of us must make a choice here today, and despite the measure's deficiencies—I intend to vote to move the process forward. But I want to make myself perfectly clear: if it returns from the House, looking less like the bill we have here today—if it destroys child protection programs, if it takes away school lunches, if its child care provisions do not reflect the significant progress that's been made in this body over the passed week—then this bill and welfare reform is in real trouble.

So I hope that a strong vote for the bill today will not be construed as an indication of support for whatever comes back from conference. This is simply not the case. A serious retreat from what we adopt here today will lead me to stand up and oppose the legislation.

As I have said all the way along, I believe that going from welfare to work is something that ought to be supported. This vehicle gives us the opportunity to do that with the improvements that have been made in it. So, with reluctance, I will support this legislation and await the outcome of the conference.

Mr. KERRY. Mr. President, making significant alterations in a governmental service or program that affects many people almost always will be controversial. The Senate will act today on a bill that falls into that category. The welfare reform legislation addresses a vexing set of social problems, a portion of our population that indisputably has great need, and our society's hopes and desires that people, especially children, be treated humanely but that all adults able to do so contribute to the Nation in which they live and achieve self-sufficiency to the extent of their potential.

There are some component issues about which there is widespread agreement. The existing welfare structure fails in far too many cases to provide a sufficient incentive to adults—and the various kinds of temporary assistance they need—to move toward self-sufficiency. The abuses of the existing system—while they very likely are statistically infrequent—are sufficiently frequent and sufficiently provocative that the system has lost the support of the American people. The commendable benevolence of the American people toward those who truly have experienced misfortune due to no fault of their own and need some help in getting back on their feet, has been sorely tested.

Indeed, my patience with the existing welfare system has been exhausted. It is my judgment that our welfare system badly needs overhaul. It is failing to contribute sufficiently to the self-sufficiency of those it is intended to help. Instead, all too often it perpetuates dependency.

Welfare reform was a prominent objective of those whose party won the elections last fall, and who gained control of both Houses of the Congress. They produced legislation to dramatically alter the existing welfare structure and system. Earlier this year, the House of Representatives passed a far-reaching bill. That bill basically takes the welfare problem and dumps it in the lap of State governments. It announces in effect, "Henceforth, the wellbeing of impoverished adults and their children will not be a Federal problem." That bill takes the Federal funding now being spent on welfare, and, after cutting the amount, simply hands it to the States and says "Go solve this problem. Good luck." While that is admittedly a dramatic oversimplification of the bill, it is a bill I could not support.

The majority leader, Senator DOLE, brought a welfare reform bill to the Senate floor in August—a significantly modified version of legislation reported earlier by the Senate Finance Committee. Mr. President, that bill was not satisfactory to me. It was excessively punitive—it appeared to penalize the poor harshly for conditions not infrequently beyond their control. It, like its House counterpart, appeared to be a headlong rush to dump the problem of welfare on State governments, with little concern for the impact on the impoverished or the States or the social fabric of our Nation.

But I'm pleased and relieved to say that, to a considerable extent, the legislative process our Founding Fathers established worked as it was designed. A number of colleagues on this side of the aisle, some on the other side, and I offered a series of amendments designed to transform the bill into a bill worthy of the term "reform."

The results of this process confront us today, Mr. President. It is not a perfect bill, not by a long shot. It differs in a number of ways from the bill I would design were I in a position to decree the complexion of our Nation's welfare system.

But in the face of great need to shore up the way in which our Nation deals with its impoverished population, a widespread demand by the public to make major changes in our welfare system, and the social imperative to focus our available resources on moving poor adults into self-sufficiency and provide a path from poverty for poor children, I believe this is a bill that meets the threshold test for acceptability. It turns the corner from a street going the wrong direction onto a street pointing toward our objective.

One has only to look at the alterations made in the bill while it was being considered on the floor.

While the ultimate responsibility for poor people is shifted to the States, the States are required, for the next 5 years, to continue to spend a minimum of 80 percent of the amounts they spent for welfare in past years and 100 percent of the amounts they have spent for child care. The original Dole bill contained no such maintenance of effort requirements.

The original Senate bill contained no funding whatsoever for child care for children of adults required by the bill to seek work. The bill on which we will vote today authorizes $8 billion for this purpose.

The original bill measured its success in moving persons from welfare to work on the basis of participation rates. The bill on which we will vote today will measure actual work.

The original Dole bill raided existing job training funds to include them in the welfare block grants to the States. The bill before us today drops the job training titles, and the Senate will return to address those separately at a later date.

The Dole bill required all adults on welfare to seek work and accept jobs when offered. The bill on which we will vote today exempts mothers of infants less than 1 year old.

The Dole bill made no distinction between women with very young children and women with school-age children. The bill we consider today permits the States to comply with the work requirement if mothers of children under age 6 work a minimum of 20 hours a week.

Mr. President, I am confident this bill will pass the Senate today. I intend to support it. Should this bill, or one substantially like it, become law, it will establish the national laboratory desired by the Governors and legislators of many of our States. The attention will now shift to the States—to see if they can, as they have fervently maintained, achieve economics never realized by the Federal Government, and, in particular, to see if they can move adult welfare recipients into work. I am very hopeful that the advocates—both at the State level and here in Washington—knew what they were talking about and will show themselves to have merited our trust and confidence on these very important matters.

This course is not without risk, but the imperative for reasonable action demands that we take some risk. That is the only way we can leave behind a psychology of dependency and instill a psychology of self-help with temporary, transitional government assistance. It is the only way we can redefine welfare so that, for the able bodied adult population, it means assistance in preparing for, finding, and holding gainful employment. I support these changes in direction; consequently I will vote to pass this bill.

In conclusion, Mr. President, I want to emphasize two key considerations. First, the conference action on this bill will be critical. The safeguards and moderations added to the bill on the Senate floor are vital to my support and that of a number of my colleagues.

I am very hopeful that the conferees, particularly those of the majority party, will keep this in mind, and that they want to enact a bill that has the support from both parties that will be necessary to secure enactment.

Second, if this bill passes today—even if this bill becomes law—no one should prepare to relax. Some of the vexing problems confronting our society are addressed in this bill. But by and large this bill deals with persons who already have been left behind by our society. Its provisions are remedial. The bill does nothing to reach out to this Nation's greatest resource—our children—and provide to them the educational opportunities and the opportunities for participation in positive activities ranging from Boy and Girl Scouts to athletics that will weave them into the fabric of our culture, prepare them to take their place as self-sufficient and psychologically stable adults, and give them an alternative to falling into the activities of the street that can spell alienation, lives of crime, or even untimely death. We have much, much more to do, Mr. President, and this is only the opening chapter.

I commend those who struggled to make this bill more realistic, more humane, and more likely to live up to the grand promises it pronounces. I share the hope of those who vote for the bill that it will, indeed, change the course of public assistance for the benefit of the children and adults directly affected, our communities, our taxpayers, and our Nation as a whole.

Mr. ROTH. Mr. President, the American people are united by the fundamental issues of welfare reform which have divided us throughout much of this debate. It is clear that they have demanded a dramatic change to a system which they view as ineffective and indeed as an impediment to the progress of both the individual and society as a whole. The $387 billion welfare system has sapped the spirit of many, most especially of our young people, and our national economic strength.

It has now been 60 years since the Social Security Act was passed which created the aid to families with dependent children program. According to the act itself, the purpose of title IV of the Social Security Act, is in part, to help maintain and strengthen family life and to help such parents or relatives to attain or retain capability for the maximum self-support and personal independence.

For too many, this is no longer a system which helps to maintain and strengthen family life in America. Many, in fact, believe the welfare system has the opposite effect on families. The theories which supported public policy in the past have been dispelled by the last 30 years of experience. The misplaced hope that Washington could somehow correctly calculate the formula to solve the problems of poverty is simply wrong. What happens in the home, in the neighborhood, in schools and churches is far more powerful than the Federal Government. We have known this all along.

But knowing is different than doing. Today is the day we do something about what we know.

We know that work is necessary to attain self-support and personal independence, Today, we elevate the value of work to its proper level of esteem in public assistance programs. We know that if welfare is to be only a temporary means of support, the key to personal independence is work. We know this basic fact of life is true for all families, at all levels of income. It is true for past generations. It is true for this generation and all future generations. Work is not only necessary as the means for obtaining our daily bread, it is part of our social fabric. Whether in the neighborhood or in the world, work brings order to chaos. Many other freedoms flow from the freedom to work.

We know the current welfare system is designed for failure. Under the heavy hand of the ponderous and paralizing bureaucracy of the Potomac, non one is accountable for results.

Today, we will provide the States with the responsibility and authority they need to break down the barriers and false promises of the present system. Properly understood, welfare reform is about reforming how Government works. The American people will greatly benefit from the rejuvenation of the States' role in our system of federalism. The lines of accountability have been blurred for far too long.

Mr. President, today is the day to leave the past behind. To sum up what this debate is truly about, let me quote from a letter sent last week by Governor Allen of Virginia:

> What the debate really boils down to is who does the U.S. Senate trust to make these policy decisions—the Federal bureaucracy or the elected representatives of the people at the State level. This is a basic philosophical question. The choices you make will determine whether the bold innovations that are occurring in Virginia and other States can move forward, or whether Federal bureaucrats will continue to micromanage and second guess the decisions of the people of the States and their duly elected representatives. I respectfully urge you to place your trust in the States, which are leading the way.

Mr. President, I urge my colleagues to put our confidence and faith in the sovereign States. Let us break from the past and free the States and the families who need a temporary hand-up from the system which has failed us all.

Mr. President, there are a number of Members and staff who deserve our recognition and appreciation for moving this legislation forward. Above all, the majority leader has done a masterful job in delivering on the promise of welfare reform. At several points over the past few months, it looked as though a comprehensive bill would slip through our fingers. Once again, he has demonstrated his skills as a true leader.

I congratulate Senator MOYNIHAN on his tireless efforts on this legislation. His knowledge of these issues cannot be matched.

Let me also thank those Senators who did remarkable jobs managing this legislation under very demanding and trying circumstances, especially Senators NICKLES, SANTORUM, GRASSLEY, CHAFEE, HATCH, and SIMPSON.

Few people will understand or appreciate the enormous job done by the staff in helping to get this legislation passed. The bill itself was nearly 800 pages long at the beginning of consideration. We added more than 200 amendments into the process. The staffs from Finance, Agriculture, and Labor Committees as well as from the leadership offices, the Congressional Budget Office, and legislative counsel accomplished a rather remarkable feat. In particular, let me thank and commend Sheila Burke in the leader's office, and Lindy Paull, Kathy Tobin, Rick Grafmeyer and Joe Zummo from Finance for their great efforts and dedication. Other staff members who deserve our thanks are Dave Johnson, Peg Brown, Susan Hattan, and Shannon Royce. From the Democratic side, Margaret Malone, John Secrest, Joe Gale, and Mark Patterson made special contributions to this legislation.

There is still much work ahead of us as some of the details differ between this legislation and welfare reform as passed by the House last March. But the most important test, the strength of our will to break the cycle of poverty, has been met. I look forward to completing our work and to sending real welfare reform to the President.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. Mr. President, I thank the distinguished managers and the Senator from Wisconsin for permitting me to speak for 5 minutes at this point on the welfare reform package. I have been engaged for the past several weeks, almost continuously, with the Ruby Ridge hearings, but I did want to make a few comments and have them printed in the RECORD before the vote.

Mr. President, I think we have passed a reasonable welfare reform package today with overwhelming, bipartisan support. The issue of welfare reform has been one that I have been very much concerned about for many years, having introduced welfare reform legislation going back to the 99th Congress, with Senate bills S.2578 and S.2579, and then in the 100th Congress, with Senate bills S.280 and S.281.

I especially compliment my colleague, Senator SANTORUM, for his outstanding contribution on this bill and all the Senators for working on a bill which has broad bipartisan support—a virtual consensus—of 87 votes in favor of this bill.

I am very much worried, frankly, about the admonition of our distinguished colleague from New York, Senator MOYNIHAN, who has issued the concern, the warning, that we may find

children sleeping on grates. As we have structured this 5-year reform package, we have to be vigilant on that. Certainly, we have seen the development of a homeless class in America as a result of the release of people from mental institutions in the late 1970's without appropriate community support.

I am pleased to see that there have been significant improvements on this bill, characterized by the Congressional Quarterly this week at page 2805, September 16, 1995, commenting about how centrist Republicans have been able to achieve significant results with what you might characterize as the balance of power, coming in with a very strong stand on important matters like child care and maintenance of effort provisions for the States.

The bill did contain a provision, on which I worked from the outset of the welfare reform debate, that would not sanction the benefits of a single, custodial parent with a child under 5 who demonstrated an unmet need for child care.

There were a couple of important provisions where, frankly, I casted a couple of votes I was not happy about but did so in order to set the stage for compromises. One of them was an amendment to fund child care offered by Senator DODD, which was defeated narrowly, 50 to 48. My principal concern for opposing the amendment was a lack of an offset for six of the eleven billion it proposed. But that negative vote was cast in anticipation of a compromise which was later reached, providing for some $3 billion over 5 years exclusively for child care.

The second issue was the maintenance of effort provision, where Senator BREAUX offered an amendment requiring States to maintain 90 percent of their 1994 match on welfare spending for 5 years—the duration of the bill. I opposed the Breaux amendment with the assurance from the managers and the distinguished majority leader, Senator DOLE, that a 80 percent provision on maintenance of effort for the States would be inserted and would be fought for in conference as opposed to the 90 percent provision which would not be retained in conference. As usual, the better is the enemy of the good. I supported the majority leader's position, voted to defeat the Breaux amendment, and we have eight-tenths of the loaf with an 80 percent maintenance of effort.

Senator DOMENICI led a very important battle on the vote to strike the family cap, which was agreed to by a very substantial number, 66 to 34.

So that as we have come to the end of the debate on welfare reform, I think we have a reasonably good bill. Of course, we will all be watching it very, very closely to see what the outcome is from the conference. Beyond the conference report, we will have to maintain a very close vigil over this very important subject to make sure that the prediction and concerns expressed by Senator MOYNIHAN do not eventuate, where we do not find the situation where children are sleeping on grates.

Mr. DOLE. I yield 1 minute to the Senator from Michigan, Senator ABRAHAM.

Mr. ABRAHAM. Thank you, Mr. President.

For 30 years we have tried to fight the war against poverty and after 30 years, poverty is winning that war. We talk about helping children, yet today more people are below the poverty line than when we began the war on poverty—most of them children.

It is hard to argue that the programs that have been in effect are the ones that help children when you see the results of those programs up close, as we do in my State of Michigan. The last few years, through waivers, we had more flexibility in our State and we have been able to address many of the welfare problems much more effectively than any other State in the country.

This bill gives all States the kind of flexibility to deal with these problems the way we are dealing with them in Michigan. I believe it will succeed in moving more people to work and helping more children than the present system possibly could allow.

Mr. President, this bill also addresses, I think for the first time, the illegitimacy problem in this country. It may not go as far as some would like but takes an important first step in that direction. And, above all, I think by requiring tough work sanctions, it finally places the welfare debate, I think, where most persons would like to see it, where people who are the beneficiaries of Federal support and State support perform some type of community service or work in order to make a contribution to the process.

As a result, I think the majority leader deserves great credit for what he has done in 9 short months here. We have really ended business as usual. When we pass this bill today, we will be saying business as usual in welfare is over.

Thank you, Mr. President,

Mr. DOLE. I yield 2 minutes to the Senator from New Mexico, Senator DOMENICI, chairman of the Budget Committee.

Mr. DOMENICI. Mr. President, fellow Senators, first I want to join in complimenting Senator DOLE on putting together a bipartisan bill.

I have been sitting here listening to those who oppose this bill and it seems to me they are talking about a program, talking as if we have a welfare program that works. The problem is, we have a welfare program that does not work. We are not the only ones saying it does not work. About 90 percent of Americans say it does not work.

Why would we keep something that does not work? It would seem to me that we ought to try something new and different.

My second point is a very simple one. We are talking here as if the only one that knows how to take care of poor people is the U.S. Government. As a matter of fact, Mr. President, and fellow Senators, there is no welfare in America unless the States put up money. If the States have decided they do not care about children and they do not care about need, there would be no welfare program in the sovereign States of America.

All we are saying, since they put up the money, at least part of it—half of it or more—let them try to run the program. Some would have us think that that money they will get for 5 years from us they can spend on highways. They have to spend it on those people that are needy in their State.

We are giving them some flexibility to try to do it better. What is wrong with that? Essentially, we are saying to our States, "You have been paying for a program. We have been telling you how to run it. Now we would like you to run it yourselves." And the only way that the ominous predictions of those on the other side who have opposed this would be anywhere close to true is if the States in America, the Governors and the legislators, decide that they are going to purposely ruin the program. And even at that, they cannot spend the money on anything else.

I believe we are going to have better welfare programs, more responsive programs, that people are going to go to work if they are able-bodied—and I stress able-bodied—and I do not think there is anything wrong with that experiment.

It is as noble as the experiment that has failed.

I yield the floor.

The PRESIDING OFFICER. Who yields time? The Senator from Louisiana.

Mr. BREAUX. Mr. President, I yield myself 2 minutes of the Democratic leader's time.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BREAUX. Mr. President, my colleagues in the Chamber today should vote for this bill, not because it is a perfect bill, because it is not, but because it is a good start. Some have said this bill is a block grant and for the first time Washington, DC, gets out of the way. My concern is that, being a block grant, it does nothing to solve the problems of welfare reform. It just puts all the problems in a box and mails it off to the States and hopes the State do a good job.

Someone said "Today, Washington, DC, gets out of the way." The original Republican proposal said and allowed for the Federal Government to, perhaps, pay for 100 percent of the costs of welfare reform. That is hardly saying that Washington would get out of the way, but rather that Washington would get stuck with the entire bill for welfare reform.

This bill really does address work. For the first time it says people should go to work within 6 months. Welfare

reform is not about programs, it is about creating good jobs for people on welfare. This bill is a step in the right direction.

Reform should be about taking care of children, and while this bill is not perfect, it provides $8 billion for child care because of the efforts of many of us—my colleague from Connecticut on this side included. When it left the Finance Committee it had zero money for child care. This bill puts $8 billion in it for child care.

In addition, it says the State should do something. That is reform. The Finance Committee bill said the States had to do nothing whatsoever, and that was going to be reform. This bill says the States have to maintain at least 80 percent of what they were doing.

Mr. President, we should pass this bill. It can become a better bill. That is our hope.

The PRESIDING OFFICER. The time of the Senator has expired. The majority leader.

Mr. DOLE. Mr. President, I yield 3 minutes to the Senator from Pennsylvania, Senator Santorum.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. I thank the leader for yielding. Mr. President, I want to say, we have come a long way. Having worked on the House task force, 2 years ago, on welfare reform, and having introduced a bill and worked on it diligently since then, I do not think anyone, in as short a time as 2 years ago, would have expected us to pass a bill as dramatic, as progressive, and as focused in trying to create a dynamic system to try to help people out of poverty as we created in the Senate today, and I am proud of the accomplishment.

I want to recognize several people who turned this ship around when it did not look like it was going to sail. First, I thank Senator PACKWOOD from the Finance Committee. He put together the shell of this bill and really did work diligently with Senator Ashcroft and Senator GREGG, two former Governors, in putting together this shell that we then filled in as the process of negotiations off the floor and on the floor continued.

I also thank Senator HUTCHISON. I think, if we had not figured out the financing mechanism, the formulas, this bill would just simply not have been able to sail. She just did yeoman's work in putting that together, and really deserves a lot of credit for moving this bill forward.

For what happened all throughout the process, but particularly at the end, I thank the leader. He really had faith in the process to continue to move it forward, to bring it up when many thought it could not be done. He continued to push forward, finding common ground between the moderates and conservatives, bringing people together, constantly bringing people together to keep moving. Because I think he recognizes, as all of us do, the importance of solving this serious problem for millions of Americans. He deserves a lot of credit for this bill.

This bill is dramatic. You are going to hear reported it does not go as far as the House bill, and this is a minor reform, and they are going to downplay this. All they are going to talk about in the press is how we differ from the House. But I tell you, this bill goes so much father than anyone could have anticipated just a short time ago. It ends the entitlement to welfare. It requires work. It puts a time limit on welfare benefits, which again is a dramatic change in the current system.

I have heard people say we have eliminated the safety net. I do not know what safety net they are looking at, but I tell you, when you see millions of people trapped in poverty for their whole lives, generation after generation, that is not a safety net, it is a fisherman's net. You are trapping people in a fisherman's net, and what we are trying to do is cut back the net so people can climb out, not so people fall through.

That is the difference between what has been proposed in the past and what we are proposing today, and it is dramatic. It is significant. And I can tell you, the difference between the House and the Senate, while it will be played up in the press, is not that significant. What we have are the frameworks of two bills that are very similar. We are going to move in the same direction. I believe, when we get to conference, we will be able to get a bill and I do not think it is going to take as long as people think.

We have a lot of common ground here. We understand it is important to get this bill in for reconciliation and I believe we will do it. I, again, just want to tip my hat to the leader for his tremendous work on this bill. If it was not for him, we would not be here today.

The PRESIDING OFFICER. The time of the Senator has expired. Who yields time?

The Senator from Connecticut.

Mr. DODD. Mr. President, I ask consent to speak for 2 minutes under the leader's time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DODD. Mr. President, I will be very brief. First of all, let me commend those who have been involved in this debate. We talked about a number of Members here today. Let me point out, as I have on numerous occasions, the distinguished senior Senator from New York, who has forgotten more about this issue than most people ever remember. I commend him and thank him for the enlightenment which he has shed on this particular issue.

Having said that, I am going to vote for this bill. I do so with a high degree of reluctance, as my colleagues know. I think this is a narrow call, but in my view, the product we vote on now is a substantial improvement over what was originally proposed. I say that with all due respect to my friend and colleague from Kansas, the majority leader. There are improvements here. And, it is substantial in its difference over what was passed in the House of Representatives. Of course, there are fundamental differences which may never be resolved over issues such as the entitlement.

But, because of the 20 or so improvements that were made to this bill by amendments offered from people on both sides of the aisle, principally on this side, this is a bill which I think can be supported today. It goes much further than the original proposal, certainly, in the area of child care. There was zero money designated for child care in this legislation at first. My colleagues know that I would have done more in the child care area. I would have liked to have seen as much as $11 billion over 5 years. We ended up with $8 billion over 5 years—still, a substantial improvement.

Let me say to those who will be responsible for moving this product forward, if this bill comes back from the House with any kind of serious retreat from what we have adopted here, then I will stand up and vehemently oppose the legislation and recommend that the President veto the legislation.

This is a bill that, in my view, can be supported. It steps in a direction, and no one can say with absolute certainty where it will take us. I appreciate that. But, clearly, the system does need changing and this proposal offers us that opportunity.

As I have said all the way along, I believe that going from welfare to work is something that ought to be supported. This vehicle gives us the opportunity to do that with the improvements that have been made in it. So, with reluctance, I will support this legislation and await the outcome of the conference.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. DOLE. Mr. President, I yield 2 minutes to the Senator from Wyoming, Senator SIMPSON, a member of the Finance Committee.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. SIMPSON. Mr. President, I never dreamed, when I came on the Finance Committee, we would be involved with so many vigorous activities. Of course, this was the principal beginning, and now, within these next hours, our committee will meet to decide how to trim some $470 billion from Medicare and Medicaid. And that is a must or else that program will go broke in the year 2002.

Welfare reform is long overdue. We have had 2 weeks of debate on all of the issues. It is time to pass this in a bipartisan way, give these programs over to the States. What we have done before has failed. So change is difficult, but something is very, very wrong with welfare. We know it. The Democrats know it. The Republicans know it. The President knows it. Now is the chance—to have a chance for the States to run these programs with

much less Federal regulation, much more flexibility. They have recognized the needs of so many of us in this body.

I want to commend leader DOLE, BOB DOLE, Senator DOLE, on listening to our concerns, paying careful attention to our needs at every level, every State receiving necessary attention to the things that concern us and, because of his efforts, this is now a bipartisan effort with most Senators voting to support this legislation. He has accommodated many of the Democratic concerns, including much needed child care, State maintenance of effort, and a contingency fund for the States.

I thank him for his efforts. We will wait for the conference report but, hopefully, those of us who have been involved in this one so long know it is better to get a crumb when you cannot get a loaf, in this type of work.

Thank you very much.

Mr. MOYNIHAN. Mr. President, I yield myself the remaining 3 minutes in opposition.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, the word reform means to restore to an earlier good state. Sir, there was no earlier good state of our present welfare system. It began as a widow's pension, a societal transformation program.

In 1988, with the Family Support Act we began to say that welfare cannot be a permanent way of life; it has to be a transition. It has to be an exchange of effort between the society, and the individual caring for children.

A year and a quarter ago on this floor, I introduced S. 2224, the Work and Responsibility Act of 1994. This was the administration's welfare reform measure. I introduced it on behalf of myself and Mr. Mitchell, the majority leader at that time, Mr. BREAUX, Mr. DASCHLE, Mr. DODD, Mr. KENNEDY, and Mr. ROCKEFELLER. It had taken a year and a half to get to it, but it was welcomed, and it was in the tradition that we have upheld for a good 20 years now.

The table of contents sets the tone. Title I, JOBS—job opportunities and basic skills; title II, work; title III, child care; title IV, provisions with multi-program applicability; title V, prevention of dependency; title VI, child support enforcement; title VII, improving Government assistance and preventing fraud; and title VIII, self-employment and microenterprise demonstrations. That was the track we were on. The Family Support Act of 1988, to which this was to be a successor, came out of this Senate floor 96 to 1.

I fear we have lost that tradition. We are ripping out a portion of the Social Security Act today. I fear we may be now commencing the end of the Social Security system.

The one thing not wrong with welfare was the commitment of the Federal Government to help with the provision of aid to dependent children. We are abandoning that commitment today.

Mr. President, I thank the Chair. I thank all concerned.

I yield the floor.

Mr. DASCHLE addressed the Chair.

The PRESIDING OFFICER. The minority leader.

Mr. DASCHLE. Mr. President, I ask unanimous consent that both the majority leader and I have each have 10 minutes remaining in the final moments of this debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DASCHLE. Mr. President, first let me begin by thanking Senators MIKULSKI, BREAUX, DODD, and MOYNIHAN for the great effort they have put forth to bring us to this point. Were it not for their leadership and their participation, we would not be here today.

I also want to thank the majority leader for his willingness to work with us and address many of the concerns that we have raised during the course of the last several months.

Most of us began this debate with the realization that the current welfare system needs repair. It does not enable people to become self-sufficient. It does not contain the resources to put people to work. It is not flexible enough for many States. It sends the wrong messages to welfare recipients—that work does not pay and that welfare can become a trap.

As a result, most people agree that reform—or whatever term we may want to use to address those problems—be addressed legislatively. We recognize that there is no perfect solution. There is no easy solution. As Senator MOYNIHAN has said, in spite of our best efforts, we have not found one today.

The disagreement really has been about the solution. In the view of most Democrats, the original Republican bill was extreme and misguided. It boxed up all of the current system and shipped it off to the States, saying, "You do it." It was our view that that was not reform.

The bill we have before us today is a better bill. The bill before us today requires that the States provide at least an 80 percent maintenance of effort, and 100 percent maintenance of effort for child care. There is a $1 billion contingency grant fund, and there are no mandates from the extreme right wing.

In our view, the original bill was not about work. In fact, the Finance Committee bill did not even require work. It did not measure work. It only measured what we call participation in the welfare system. No work was required for two years, and in our view that was not reform.

We have a better bill now, a bill reached in agreement over the last several days that measures real work and provides a work bonus when States exceed the goals that we lay out in this legislation. It sets out $8 billion in child care funds, dollars that can only be used for child care and nothing else. It requires 80 percent maintenance of effort from states. It deletes the job training titles that ought to be outside the realm of welfare itself, and provides for them to be addressed in other legislation later on.

It establishes a personal responsibility contract very similar to the parent empowerment contract that was required in the Work First bill. It allows a work exemption for mothers with children under 1, and requires work after 3 months.

Mr. President, we have made very significant improvements in many areas of the legislation that I believe warrant our support today. The original bill hurt children. It included no funds for child care. In fact, many of us originally called it the "home alone bill" simply because of our concern for what it meant for children whose mothers and fathers would have to go out and find jobs.

It sanctioned mothers who could not find or afford child care. It allowed 30 percent of the funding under the child care development block grant to be transferred. It included no safety net for children and only a 10-percent exemption to the time limit. And that, in our view, was not reform at all. That is aiming at the mother and hitting the child.

But we have a better bill now, reached in agreement over the last several days—$8 billion in child care: $5 billion as part of the block grant, and $3 billion in additional funding to address the very needs that we have talked about for the last several weeks. One hundred percent maintenance of effort is required on child care. Transfer of funds from the child care development block grant is prohibited. Mothers with children under 6 will not be sanctioned if they cannot find or afford day care.

We gave States the option to allow mothers with children under 6 to work no more than 20 hours per week in lieu of the 35 hours per week that was originally required. We increased the time-limit exemption from 15 to 20 percent. We require teen mothers to stay at home or live in an adult-supervised environment, just as required in the Work First bill. We provide $150 million for second chance homes, and we do not have any mandates that deny aid to teen mothers or impose family caps.

This is a better bill. The original bill was an unfunded mandate of enormous proportion. It provided no funds for child care, even though child care is the linchpin between welfare and work. Although work rates increased from 20 to 50 percent, the CBO originally projected that 44 States would have failed to meet them. There was no contingency grant fund for uncontrollable circumstances.

That is not reform. That is shifting the welfare problem to the States. That is telling local taxpayers that they have to pick up the tab.

But Mr. President, it is a better bill now. Through agreements reached over the last several days, we provide the $3

billion in additional child care money, and $1 billion in contingency grant funds. We passed an amendment offered by the distinguished Senator from Minnesota, Senator WELLSTONE, to revert the Food Stamp Program back to an entitlement if the number of hungry children increases.

It is a better bill now. It is not perfect. It is not the bill I would have drafted alone. It is not the bill that would have passed 5 years ago or perhaps even last year. It does reflect, in my view, the political reality of today. It is the best bill that we are going to get under the circumstances that exist in the caucus, in the Senate, in the Congress, and in the country.

I have a number of reservations about this bill. There were provisions in the Work First bill that I regret were not adopted. I regret, for example, that the bill does not have the vouchers we proposed to address the needs of children after the time limit.

I regret that the bill ends the Federal-State matching responsibility for all those who qualify based on State-set criteria.

I regret the bill does not exempt families from time limits based upon specific criteria like high unemployment or serious disability.

I regret that there is no increased funding, beyond child care, for States to really put people to work.

I regret that the contingency fund is probably underfunded and we will likely have to revisit that issue again in the future.

I regret that the food stamp block grant option was not eliminated. Many food stamp recipients are working poor trying to stay off welfare; similarly, many food stamp recipients are elderly, and their problems will only be exacerbated. I remain concerned about the food stamp block grant choice.

So, as other Senators have indicated, we will be watching what the conference does. We were successful in enacting more than 20 major changes in this legislation, and those changes, Mr. President, are absolutely critical to retaining our support in the future. If the conference bill is not very close to the Senate bill, I will oppose it and I will recommend the President veto that bill when it reaches his desk.

The American people want a welfare system that is truly reformed. The American people want changes, not through rhetoric, but through reality. They want able-bodied adults to work. But they also want children to be protected. Children left home alone is no good for anybody. Arbitrary time limits alone will mean local taxpayers pick up the tab.

We have to ensure that we maintain the broad bipartisan support that final passage in just a few moments will represent. We will be watching the conference closely.

This is the beginning, Mr. President. If we can, indeed, come back from the conference with what we have accomplished in the Senate intact, then I believe it is the beginning of a series of changes over the course of the next several years that can move us to a welfare system that truly will work as we want it to. This cannot be the final word on what happens on welfare this decade. I support this legislation with reservations. I will watch closely as work continues in the conference committee.

I yield the floor.

Mr. DOLE. Mr. President, I thank the distinguished Democratic leader. I thank him for his support and his cooperation in getting us this far. I think we are going to have a display that we have not had recently of bipartisan support for major legislation, which I believe the American people will appreciate.

The Senate began debating welfare reform on August 7, and I predicted in my opening statement we were going to have a lot of contentious votes, a lot of debate, tough votes, and I also said that throughout all the debate we could not lose sight of two overriding facts. No. 1 was that our current welfare system had failed and, No. 2, it was our duty to fix it—talking about the Senate, not Republicans or Democrats.

So we have had about 100 hours of debate since that time, and some of it contentious, and we have now had I think 40 votes; 41 will be the final vote.

My colleagues remember the first week in August we thought we might be able to take up and finish welfare reform. But it appeared we had reached a roadblock after a couple days, and I recall some of the headlines. The media was quick to report that the Senate Republicans had failed and that welfare reform was on its last legs. The media got the story wrong because what is on its last leg in this Congress is the status quo.

Today, I am proud to say that the Senate has kept its promise—no more business as usual, no more tinkering around the edges with a system that has cost American taxpayers $5.4 trillion—that is with a "T"—in Federal and State spending over the past 35 years. Instead, we are fulfilling our duty. We are not only fixing welfare, we are revolutionizing it. We are writing truly historic landmark legislation, legislation that ends—ends—a 60-year entitlement program. And in the process we are closing the books on a 6-decade-long story of a system that may have been well-intentioned but a system that failed the American taxpayer and failed those who it was designed to serve.

So today we begin to write a new story, a story about Americans who earn a paycheck rather than drawing a welfare check, a story about an America where welfare is no longer a way of life and where people no longer will be able to receive endless Federal cash benefits just because they choose not to work, a story about an America where power is actually transferred away from Federal bureaucrats in Washington and given back to our 50 State capitals and our Governors, Democrats and Republicans, and our State legislatures, Democratic or Republican, a story about an America that recognizes that the family is the most important unit in our society.

Mr. President, there are some in this Chamber, including Senator MOYNIHAN from New York, for whom I have the greatest respect, who believe the story we write today may turn out to be a harsh one. I disagree. I believe nothing could be more harsh on American men and women and children in need than to continue with the system that has failed them year after year after year. And rather than being harsh, I believe the vast majority of Americans agree that the system we create today is fair, it does help those in need and, above all, it is based on common sense.

It is common sense to require welfare recipients who are actually able to work to do just that. It is common sense to put a 5-year lifetime limit on welfare benefits so it does not become a way of life. It is common sense to give our States the flexibility to devise programs that meet the specific needs of their citizens.

I remember what Governor Thompson of Wisconsin told a group of us in my office, speaking to the Governors, that we were talking about mandating Governors, strings, conservative strings in this case, and Governor Thompson said, "Who do you think we are? We are elected by the same people you are. Do you think I am going to allow somebody to go without medical treatment or without food in the State of Wisconsin?"

It is common sense. It is putting our faith in elected officials who are closer to the people. It is common sense to put a cap on spending because no program with an unlimited budget will ever be made to work effectively and efficiently. It is common sense to require that teenage mothers who have children out of wedlock stay in school and live under adult supervision in order to receive benefits. Otherwise, they have no chance to move off welfare. It is common sense to grant our States the ability to try to reduce our alarming illegitimacy rate.

Mr. President, the American people should know that this legislation is not perfect. It is not going to magically solve all the problems, regardless of how we vote today, whatever the conference vote may be when it comes back. But the Work Opportunity Act does put an end to a failed system. It does offer hope and opportunity to millions of Americans. It is a revolutionary step in the right direction, and it is further proof of the commitment this Congress has made to the American people.

At the risk of forgetting someone, Mr. President, I wish to thank a number of my colleagues on both sides of the aisle who helped make today's victory for the American people possible.

There have been references to my colleagues, Senator BREAUX and Senator DODD and certainly the Democratic leader and others on that side of the aisle. All members of the Senate Finance Committee, including Senator PACKWOOD, who was our chairman when we started this revolution, certainly deserve credit. Senator PACKWOOD put the original bill together, brought it to the floor and we have made changes. Senator HUTCHISON was instrumental in reaching agreement on the formula which kept the bill alive. Senator FAIRCLOTH led the fight for important amendments regarding abstinence education.

I wish to say a special word of thanks to our remarkable freshman class. They sunk their teeth into this issue from day one and never let go. Senators Abraham and Snowe and Ashcroft authored important amendments, and particularly Senator Santorum, who was in the Chamber every day, almost every minute, making certain the debate was moving forward. And he understands the program because he worked on it on the House side. I think he did an excellent job. And I know there are others I may have forgotten. But I thank also America's Governors, Republicans and Democrats—particularly Republicans because I work closely with the Republican Governors, whether it is Governor Voinovich of Ohio, Governor Engler of Michigan, or Governor Edgar of Illinois or Governor Thompson of Wisconsin, Governor Pataki of New York. They worked very closely with us throughout the process and so did State legislators and local governments because they are going to have the authority.

We are going to follow the 10th amendment. We are going to return power to the people, power to the States that the 10th amendment and Bill of Rights say we should.

So we are going to cast our votes in a few moments. It is not the end of the process; as the Democratic leader has indicated, we have to go to conference. We will have to reconcile our differences.

In the Senate-passed bill, I think we save between $65 billion and $70 billion. The House has more savings. About $40 billion of our savings, I think, are under the jurisdiction of the Finance Committee. I think we will iron out the differences we have, and then we will send a historic bill to the President of the United States, who has indicated, at least preliminarily, he will sign the bill.

I hope he will join with this Congress and the American people in writing a new chapter in the history of this great Nation.

As I listened to the debate and I listened to the Senator from Illinois and the Senator from Minnesota, I regret that they believe we are going to punish America's children. I disagree with that, because I believe we are creating a better opportunity for our children in this legislation, a future of more hope and more opportunity.

All of us come from different places in our lifetime. We have different backgrounds. Many come from hard-scrabble backgrounds and some not so hard scrabble. I can recall a long time ago in my family, in the small town of Russell, KS, when every member of the family worked. There were four children. Both my mother and father worked.

I can remember a time, even in those days, because of the Dust Bowl and a lot of other things that were happening, we could not make ends meet. We moved into the basement, six of us, and rented out the upstairs so we could make ends meet.

I think all of us can go back into our lives and say we had it tough. I remember coming to the Congress and working with Senator George McGovern from South Dakota on the Food Stamp Program, the WIC Program, and a lot of other programs that I believe protect children, contrary to what the Senator from Minnesota may have indicated.

I also can think back to the days when I was a county attorney in my small county of Russell County. One of the responsibilities of the county attorney in those days in my State was to sign every welfare check that left the office. In a small county, you know everybody who received those checks. In fact, it was old age assistance at the time. I knew two of them, my grandparents, who were caught up in the Dust Bowl days, in the dust storms and who had no other recourse but to seek help.

So I think when we vote on this bill, we should understand that, obviously, some are going to be in need and they are going to be taken care of and they are going to be young and old. But it is our hope that what we have demonstrated here, based on a lot of hearings and a lot of debate, is that we want to help people move out of this cycle of welfare, generation after generation, back in the mainstream, working, regaining their dignity and their self-esteem. That would be the goal of any welfare reform plan that I can think of.

So I know how tough it is for some people to accept assistance, and I have always had the view that people want to work. If given the opportunity, they will work. We call our bill the Work Opportunity Act of 1995. It is not going to be perfect but, in my view, it is a big, big step in the right direction.

I urge my colleagues on both sides of the aisle to vote for this bill. It is a big, big step in the right direction. The American people, by a vote of 88 percent, said this is the way they want to go, and I hope we will follow their lead.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that Senators vote from their desks and that their vote be announced.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The bill having been read the third time, the question is, Shall the bill pass, as amended?

Mr. DOLE. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Oregon [Mr. HATFIELD] is absent due to illness.

I further announce that, if present and voting, the Senator from Oregon [Mr. HATFIELD] would vote "yea."

The PRESIDING OFFICER (Mr. THOMPSON). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 87, nays 12, as follows:

[Rollcall Vote No. 443 Leg.]

YEAS—87

Abraham	Exon	Lott
Ashcroft	Feingold	Lugar
Baucus	Feinstein	Mack
Bennett	Ford	McCain
Biden	Frist	McConnell
Bingaman	Glenn	Mikulski
Bond	Gorton	Murkowski
Boxer	Graham	Murray
Breaux	Gramm	Nickles
Brown	Grams	Nunn
Bryan	Grassley	Packwood
Bumpers	Gregg	Pell
Burns	Harkin	Pressler
Byrd	Hatch	Pryor
Campbell	Heflin	Reid
Chafee	Helms	Robb
Coats	Hollings	Rockefeller
Cochran	Hutchison	Roth
Cohen	Inhofe	Santorum
Conrad	Inouye	Shelby
Coverdell	Jeffords	Simpson
Craig	Johnston	Smith
D'Amato	Kassebaum	Snowe
Daschle	Kempthorne	Specter
DeWine	Kerry	Stevens
Dodd	Kohl	Thomas
Dole	Kyl	Thompson
Domenici	Levin	Thurmond
Dorgan	Lieberman	Warner

NAYS—12

Akaka	Kerrey	Moynihan
Bradley	Lautenberg	Sarbanes
Faircloth	Leahy	Simon
Kennedy	Moseley-Braun	Wellstone

NOT VOTING—1

Hatfield

So the bill (H.R. 4), as amended, was passed.

Amend the title so as to read: "An Act to enhance support and work opportunities for families with children, reduce welfare dependence, and control welfare spending.".

Mr. DOLE. I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate insist on its amendments and request a conference with the House, and the Chair be authorized to appoint conferees.

The PRESIDING OFFICER. Without objection, it is so ordered.

• Mr. PACKWOOD. Mr. President, I would like to take this opportunity to praise the magnificent work of the people on the Senate Finance Committee, majority office, and in my personnel office who were at the core of my welfare reform team and who helped develop and reach a consensus on much of the historic welfare reform legislation that has passed the Senate today.

These individuals have been working tirelessly and at length this entire year with me and with other Senators, crafting policy that ends the broken welfare system as we currently know it. The reforms will help our Nation's poor develop self-respect, train them for jobs, lessen the burdens on the hard working taxpayers of this country, give our Governors the greater flexibility they have been asking for, and leave the safety nets of aid and nutrition in place for families, for the elderly and for the disabled. Well deserved praise and my thanks to Lindy Paull, Rick Grafmeyer, Kathy Tobin, Joe Zummo, and Rob Epplin of the Finance Committee, and Marcia Ohlemiller and Ginny Worrest on my personal staff.•

Mr. LAUTENBERG. Mr. President, I would like to take a few minutes to tell my colleagues why I voted against the Dole welfare reform bill.

Mr. President, we live in the greatest Nation on earth. We are the wealthiest country in the world. But it is clear that some in our society do not share in this wealth. They are poor. They are jobless and in some cases homeless. And they must rely on public assistance to survive. In America, this is unacceptable. And we should be committed to improving their lives.

Mr. President, there is no question that the current welfare system needs reform. But the central goal for any welfare reform bill should be to move welfare recipients into productive work.

This will only happen if we provide welfare recipients with education and job training to prepare them for employment. It will only happen if we provide families with affordable child care. It will only happen if we can place them into jobs, preferably in the private sector or—as a last resort—in community service.

But the Dole bill is not designed to help welfare recipients get on their feet and go to work. It's only designed to cut programs—pure and simple.

It's designed to provide funds so that Republicans can provide huge tax cuts for the rich. That's what's really going on here.

Unfortunately, Mr. President, the radical experiment proposed in this legislation will harm our society while producing defenseless victims.

Those victims are not represented in the Senate offices. They're not here lobbying against this bill. They don't even know they're at risk.

The victims will be America's children. and there will be millions of them.

Mr. President, the AFDC Program provides a safety net for 9 million children. These young people are innocent. They did not ask to be born into poverty. And they don't deserve to be punished.

These children are African-American, Hispanic, Asian, and white. They live in urban areas and rural areas. But, most importantly, they are American children. And we as a nation have a responsibility to provide them with a safety net.

The children we're talking about are desperately poor, Mr. President. They're not living high off the hog. These kids live in poverty.

Mr. President, it's hard for many of us to appreciate what life is like for the 9 million children who live in poverty and who benefit from AFDC.

I grew up to a working class family in Paterson, NJ, in the heart of the Depression. Times were tough. And I learned all too well what it meant to struggle economically.

But as bad as things were for my own family, they still weren't as bad as for millions of today's children.

These are children who are not always sure whether they'll get their next meal. Not always sure that they'll have a roof over their heads. Not always sure they'll get the health care they need.

Mr. President, these children are vulnerable. They're living on the edge of homelessness and hunger. And they didn't do anything to deserve this fate.

Mr. President, if we're serious about reforming a program that keeps these children afloat, we won't adopt a radical proposal like the Dole bill. We won't put millions of American children at risk. And we won't simply give a blank check to States and throw up our hands.

Mr. President, this Republican bill isn't primarily a policy document. It's a budget document.

Mr. President, if the Republicans were serious about improving opportunities for those on welfare, they would be talking about increasing our commitment to education and job training. In fact, only last year, the House Republican welfare reform bill, authored in part by Senator SANTORUM, would have increased spending on education and training by $10 billion.

This year, by contrast, the bill before us would cut education and training dramatically, with the bill's total cuts exceeding $65 billion.

So what's changed? The answer is simple. This year, the Republicans need money for their tax cuts for the rich.

Mr. President, shifting our welfare system to 50 State bureaucracies may give Congress more money to provide tax cuts. But it's not going to solve the serious problems facing our welfare system, or the people it serves.

To really reform welfare, Mr. President, we first must emphasize a very basic American value: The value of work.

We should expect recipients to work. In fact, we should demand that they work, if they can.

Of course, Mr. President, that kind of emphasis on work is important. But it's not enough. We also have to help people get the skills they need to get a job in the private sector. I'm not talking about handouts.

I'm talking about teaching people to read. Teaching people how to run a cash register or a computer. Teaching people what it takes to be self-sufficient in today's economy.

We also have to provide child care.

Mr. President, how is a woman with several young children supposed to find a job if she can't find someone to take care of her kids? It's simply impossible. There's just no point in pretending otherwise.

Unfortunately, the Dole bill doesn't address these kind of needs. It doesn't even try to promote work. It doesn't even try to give people job training. It does little to provide child care.

All it does is throw up its hands and ship the program to the States. That's it.

Mr. President, that's not real welfare reform. It's simply passing the buck to save a buck. And who's going to get the buck that's saved? The people the Republicans really care about: Those who are well off.

Mr. President, the Senate did adopt the leadership amendment that made some improvements in the Dole bill. This amendment increases funding for child care, limits State cuts in welfare to 20 percent, and includes a $1 billion contingency fund.

Mr. President, I commend the Senators who crafted these improvements. But they do not change the basic design of the bill, which remains deeply flawed.

This bill would take away the safety net we established for poor children 60 years ago. It does far little to move recipients from welfare to work. And, when you get right down to it, it's main effect will be to take from the poor so that Congress can give a huge tax cut for the rich.

This was a historic vote, Mr. President. And I fear we are making a bad situation even worse. I only hope I am proved wrong.

I yield the floor.

Mrs. MURRAY. Mr. President, the Senate voted to approve welfare reform legislation by a vote of 87-12 this afternoon. I have spent weeks thinking about my vote on this issue, and today, after listening to people on all sides of this issue, including my family and my colleagues, I reluctantly cast my vote in favor of the Dole bill, as amended. In my brief tenure here in the U.S. Senate, this was one of the most difficult votes I have cast. Mr. President, I would like to explain why.

From the beginning of the welfare reform debate, my No. 1 concern has been about finding a way to rebuild American families. I have always believed we can only do that by emphasizing

real personal responsibility, providing adequate child care for both working poor and welfare families, and ensuring our children can count on help from adults.

It has been my hope that we could achieve some positive changes to the current system. If there is one thing everyone can agree on, it's that the current system is flawed. It needs fixing, and I vowed to support reform. My challenge has been to influence that reform in the most constructive direction possible.

As someone who came to the Senate during the 1992 election year, I know we cannot continue to do things the way we always have. We must take a hard look at the sum total of our Government programs, and rework them to accurately reflect society's strengths, weaknesses, and needs.

We entered the debate with two bills, the Dole version and the Daschle Work-First bill. I cosponsored and voted in favor of the Daschle bill. I supported it because I felt it was the right place to start. It reflected a genuine commitment to helping poor families move up and into the work force.

Unfortunately from my perspective, a majority in the Senate rejected the Daschle bill. But I didn't give up there. I and others began devoting our energies to improving the Dole bill.

First, we offered an amendment to require full funding, and full protection for child care and children's programs. It would have provided the full $11 billion estimated by the Department of Health and Human Services to be necessary to meet child-care needs. Again, this amendment was narrowly defeated, 50-48.

Given the closeness of this vote, Senators DOLE and DASCHLE were able to reach a compromise that strengthened the Dole bill, but fell short of our original amendment. It includes provisions which: require States to maintain their welfare spending at a minimum of 80 percent of current levels; strike the job training title—which had no business in a welfare bill to begin with, establish a contingency grant fund to take care of States in times of economic downturns, and provide a total of $8 billion for childcare services nationwide. I support this compromise, though I feel ultimately we will have to do more.

Following the child-care debate, I cosponsored an amendment to establish greater protection for victims of domestic violence. I believe domestic violence to be the single, most destructive force against families in America today. No one, not the Senate, the President, or anyone else, can place a value on the price paid by mothers and their children attempting to survive an abusive household. This time the Senate agreed, and my amendment was adopted unanimously.

Having worked hard to improve the Dole bill, I found myself faced with a very difficult decision. I could either vote against the Dole bill based on its shortcomings for children, or I could vote to affirm the improvements we made to it.

I believe the Dole bill to be deeply flawed. I believe it draws into question the welfare of poor children throughout the Nation. But I also believe we have to start somewhere. The current system needs to be changed, and the Dole bill changes it fundamentally. Therefore, I voted yes.

Mr. President, change of any kind always involves risk. We will never know how great that risk is until we try something different. What we do know, however, is that change brings new responsibility.

We do not know whether this bill will make it into law. If it is enacted, we don't know if it will work. It may prove a fabulous success, or it may only prove to make problems worse for the poor.

But today, we have created a grave new responsibility for this Senate: to be watchdogs for our children. More than ever before, all Senators have an obligation to make the law work in favor of poor children, All Senators have a responsibility in the future to consider the successes and failures they have created this day, and to be prepared to make changes later if things don't work out.

The most unfortunate part of this debate, in my opinion, is that people don't think of children when they think of welfare. People think of dependency, complacency, poverty, and all the worst stereotypes. This troubles me because it is children who face the most difficult struggles. It is children who are most deserving of our care.

The outcome of this debate does not change one iota this basic fact: we need a national commitment to children in this country. I believe this to the very core of my being.

Children are under assault every single day in this country. In their homes, in school, on the streets, and yes, in this Congress. We see it in cuts to education and dismantling of crime prevention. We see it in Medicaid cuts, defunding of AmeriCorps, and elimination of student loans.

Today, I voted for change, to try something new. But I also took responsibility to live with that change, ad to work even harder promoting a broad, national commitment to our children. Mr. President, I urge my colleagues to accept that responsibility with equal sobriety, and with equal vigor.

The outcome today was not in doubt. Nor is this the end of the debate. There will be a conference committee. We may even debate a conference report. More likely, we will see this bill again in the budget reconciliation yet to come.

I think we can change welfare for the better, and move more people into the work force. I look forward to working with you, Mr. President and all my colleagues, to this end; but also to build a stronger commitment to children. We must do this in welfare reform, and across the whole spectrum of issues we consider this session. The future is simply too important. And unlike before, it is our new responsibility.

Thank you, Mr. President. I yield the floor.

CHANGE OF VOTE

Mr. ROCKEFELLER. Mr. President, on rollcall 440 I voted aye; my intention was to vote no. I did not know it was a tabling amendment.

I ask unanimous consent that I be permitted to change my vote, which in no way will change the outcome of the vote.

The PRESIDING OFFICER. Without objection, it is so ordered.

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1996

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A bill (H.R. 1976) making appropriations for Agriculture, rural development, Food and Drug Administration, and related agencies for the fiscal year ending September 30, 1996, and for other purposes.

The Senate continued with the consideration of the bill.

Mr. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. COCHRAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXCEPTED COMMITTEE AMENDMENT ON PAGE 83, LINE 4, THROUGH PAGE 84, LINE 2

Mr. COCHRAN. Mr. President, what is the pending business, I inquire of the Chair?

The PRESIDING OFFICER. The pending question is the committee amendment on page 83 of the bill.

Mr. COCHRAN. Mr. President, 4 minutes remains to be debated on the amendment before we conclude debate on this subject?

The PRESIDING OFFICER. The Senator is correct.

Mr. PRYOR. Mr. President, there is not order in the Senate.

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Mississippi.

Mr. COCHRAN. Mr. President, for the information of Senators, 4 minutes remain in debate time on this amendment. We have agreed Senator BOXER will use the first minute and the managers 2 minutes and then Senator BOXER will close the debate for the remaining 1 minute.

The PRESIDING OFFICER. The Senator from California.

Mrs. BOXER. Mr. President, I hope my colleagues will listen to this because it is such a common sense issue.

[Mr. WARNER], the Senator from Kentucky [Mr. FORD], the Senator from Idaho [Mr. KEMPTHORNE], the Senator from Virginia [Mr. ROBB], the Senator from South Dakota [Mr. PRESSLER], and the Senator from Oklahoma [Mr. NICKLES] were added as cosponsors of S. 773, a bill to amend the Federal Food, Drug, and Cosmetic Act to provide for improvements in the process of approving and using animal drugs, and for other purposes.

S. 881

At the request of Mr. PRYOR, the name of the Senator from Alaska [Mr. STEVENS] was added as a cosponsor of S. 881, a bill to amend the Internal Revenue Code of 1986 to clarify provisions relating to church pension benefit plans, to modify certain provisions relating to participants in such plans, to reduce the complexity of and to bring workable consistency to the applicable rules, to promote retirement savings and benefits, and for other purposes.

S. 949

At the request of Mr. GRAHAM, the name of the Senator from Oklahoma [Mr. NICKLES] was added as a cosponsor of S. 949, a bill to require the Secretary of the Treasury to mint coins in commemoration of the 200th anniversary of the death of George Washington.

S. 959

At the request of Mr. HATCH, the name of the Senator from Virginia [Mr. WARNER] was added as a cosponsor of S. 959, a bill to amend the Internal Revenue Code of 1986 to encourage capital formation through reductions in taxes on capital gains, and for other purposes.

S. 1181

At the request of Mr. STEVENS, the names of the Senator from Indiana [Mr. LUGAR] and the Senator from Texas [Mrs. HUTCHISON] were added as cosponsors of S. 1181, a bill to provide cost savings in the medicare program through cost-effective coverage of positron emission tomography (PET).

S. 1245

At the request of Mr. ASHCROFT, the name of the Senator from Mississippi [Mr. LOTT] was added as a cosponsor of S. 1245, a bill to amend the Juvenile Justice and Delinquency Prevention Act of 1974 to identify violent and hardcore juvenile offenders and treat them as adults, and for other purposes.

SENATE RESOLUTION 173—TO PROCLAIM NATIONAL DOG WEEK

Mr. D'AMATO submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 173

Whereas, dogs play an integral role in our lives, communities and nation, in good and bad times; and their present and future well-being in society requires education about responsible dog ownership;

Whereas, many assistance dogs provide valuable service as seeing eye dogs: hearing dogs; disabled assistance dogs; drug, bomb and arson detection dogs; and for tracking and locating missing persons and fugitives;

Whereas, as the public good is advanced when we foster the ideas of canine good citizens by promoting the positive interaction between dogs and society;

Whereas, raising a canine good citizen, is first and foremost, an obligation of the owner;

Whereas, dog owners must make conscientious efforts to develop the essential traits and characteristics that comprise responsible dog ownership:

Whereas, the decision to become a dog owner is an emotional and monetary long-term commitment which carries a tremendous responsibility;

Whereas, dog owners bear a special responsibility to their canine companions to provide proper care and humane treatment at all times;

Whereas, this proper care and treatment includes an adequate and nutritious diet, clean water, clean and comfortable living conditions, regular veterinary care, kind and responsive human companionship and training in appropriate behavior;

Whereas, dog ownership requires honesty about an owner's readiness and ability to be responsible for their canine companion;

Whereas, this requires personal questioning about one's time commitments, desire for a dog and family situations;

Whereas, the next component of choosing a canine companion involves educating oneself about obtaining a dog or puppy from a responsible source;

Whereas, a responsible source will provide a prospective dog owner with appropriate information about the breed of dog, training, feeding and care;

Whereas, the Senate encourages people to be responsible dog owners and encourages people to recognize the positive ramifications on society of promoting Canine Good Citizens.

Whereas, the Senate encourages people to recognize the contributions that our canine companions make to all of us throughout the year:

Now therefore be it

Resolved, That the Senate proclaims the week of September 24-30, as National Dog Week.

• Mr. D'AMATO. Mr. President, I submit a resolution commemorating September 24 through September 30, 1995, as National Dog Week. Dogs have always been a source of comfort and companionship to men, women and children of all ages. They play an important role in the lives of many and provide valuable services such as seeing eye dogs, drug detection dogs and dogs that locate missing persons. Dog ownership requires a serious commitment by the owner, but the rewards are great. I urge my colleagues to support this resolution.•

SENATE RESOLUTION 174—RELATIVE TO VIETNAM

Mr. GRAMS (for himself, Mr. DOLE, Mr. HELMS, and Mr. THOMAS) submitted the following resolution; which was considered and agreed to:

S. RES. 174

Whereas there are many outstanding issues between the United States and Vietnam including a full accounting of MIAs/POWs; pursuant of democratic freedoms in Vietnam, including freedom of expression and association; and resolution of human rights violations;

Whereas the Government of Vietnam continues to imprison political and religious leaders to suppress the nonviolent pursuit of freedom and human rights;

Whereas the Government of Vietnam has not honored its commitments under the Universal Declaration of Human Rights and the International Covenant of Civil and Political Rights:

Whereas two American citizens, Mr. Nguyen Tan Tri and Mr. Tran Quang Liem, are among those recently sentenced to prison terms of 7 and 4 years, respectively, for their efforts to organize a conference, after 2 years of detention without charge; and

Whereas these two Americans are in poor health and are not receiving proper treatment: Now, therefore, be it

Resolved, That the Senate hereby—

(1) urges the Secretary of State to pursue the release of the American prisoners as well as all political and religious prisoners in Vietnam as a matter of the highest priority;

(2) requests that the Secretary of State submit regular reports to the Committee on Foreign Relations of the Senate regarding the status of the imprisonment and wellbeing of the two American prisoners; and

(3) requests that the President meet with relatives of the two Americans at his earliest convenience.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the President and the Secretary of State.

AMENDMENTS SUBMITTED

THE WORK OPPORTUNITY ACT OF 1995

DOLE AMENDMENT NO. 2692

Mr. DOMENICI (for Mr. DOLE) proposed an amendment to the amendment No. 2280 proposed by Mr. DOLE to the bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence; as follows:

On page 12, between lines 22 and 23, in the matter inserted by amendment No. 2486 as modified—

(1) in subparagraph (G), strike "3 years" and insert "2 years"; and

(2) in subparagraph (G), strike "6 months" and insert "3 months".

On page 69, line 18, in the matter inserted by amendment No. 2479, as modified—

(1) in section 413(a), strike "country" and insert "county"; and

(2) in section 413(b)(5), strike "eligible countries are defined as:" and insert "ELIGIBLE COUNTY.—A county may participate in a demonstration project under this subsection if the county is—".

On page 50, line 6, in the matter inserted by amendment No. 2528—

(1) in subsection (d)(3)(A), strike "1998" and insert "1996";

(2) in subsection (d)(3)(C), strike "1998, 1999, and 2000" and insert "1996, 1997, 1998, 1999, 2000, 2001, and 2002"; and

(3) in subsection (d)(3)(C), strike "as may be necessary" and insert "specified in subparagraph (B)(ii)".

On page 77, between lines 21 and 22, insert the following new section:

"SEC. 420. ELIGIBILITY FOR CHILD CARE ASSISTANCE.

Notwithstanding section 658T of the Child Care and Development Block Grant Act of 1990, the State agency specified in section 402(a)(6) shall determine eligibility for child

care assistance provided under this part in accordance with criteria determined by the State.".

On page 303, line 15, add "and" after the semicolon.

On page 304, line 22, strike "and" after the semicolon.

On page 305, line 16, insert ", not including direct service costs." after "administrative costs".

On page 305, line 18, strike the second period and insert "; and".

On page 305, between lines 18 and 19, insert the following:

"(C) by adding at the end thereof the following new paragraph:

"'(6) SERVICES FOR THE WORKING POOR.—The State plan shall describe the manner in which services will be provided to the working poor.'".

Beginning on page 305, strike line 19, and all that follows through line 6, on page 306, and insert the following:

(d) CLARIFICATION OF ELIGIBLE CHILD.—Section 658P(4)(B) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n(4)(B)) is amended by striking "75 percent" and inserting "100 percent".

On page 738, line 10, strike "on" and insert "for".

On page 753, line 8, strike "subsections (c) and (d)" and insert "subsection (c)".

On page 753, lines 20 and 21, strike "or serious physical, sexual, or emotional harm, or" and insert ", serious physical or emotional harm, sexual abuse or exploitation, or an act or failure to act which".

On page 776, line 1, strike "other" the second time such term appears.

On page 786, line 7, strike ", through 2000" and insert "and 1997".

On page 22, line 12, strike "$16,795,323,000" and insert "$16,803,769,000".

On page 99, line 20, strike "$92,250,000" and insert "$100,039,000".

On page 100, line 9, strike "$3,150,000" and insert "$3,489,000".

On page 100, line 22, strike "$4,275,000" and insert "$4,593,000".

On page 99, strike lines 4 and 5 and insert the following:

(I) by inserting "(or paid, in the case of part A of title IV)" after "certified"; and

On page 27, strike lines 17 through 22, and insert the following:

"(B) RATE OF INTEREST.—The Secretary shall charge and collect interest on any loan made under subparagraph (A) at a rate equal to the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the period to maturity of the loan.

On page 54, line 25, add after "amount." the following: "The Secretary may not forgive any outstanding loan amount nor interest owed thereon."

On page 293, lines 8 and 9, strike "any benefit described in clause (I)(A)(ii) of subsection (d)" and insert "any benefit under a program described in subsection (d)(2)".

On page 293, line 19, strike "subsection (d)(2)" and insert "subsection (d)(4)".

On page 293, line 21, insert "the" before "enactment".

On page 294, line 20, insert "under a program" after "benefit".

On page 297, line 11, strike "Federal".

On page 297, line 20, strike "and".

Beginning on page 297, line 21, strike all through page 298, line 3, and insert the following:

(2) the term "poverty line" has the same meaning given such term in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

On page 298, line 3, strike "involved." and insert "involved; and".

Line to be added at the appropriate place in Title XII of Dole's Amendment to HR. 4:

"In making reductions in full-time equivalent positions, the Secretary is encouraged to reduce personnel in the Washington, DC area office (agency headquarters) before reducing field personnel."

(1) In Section 501(b)(1), strike "(IV), or (V)" and insert in lieu thereof "or (IV)".

(2) In Section 502(f)(1), strike "(IV), or (V)" and insert in lieu thereof "or (IV)".

AGRICULTURE APPROPRIATIONS FOR FISCAL YEAR 1996

BINGAMAN AMENDMENT NO. 2693

Mr. BUMPERS (for Mr. BINGAMAN) proposed an amendment to the bill (H.R. 1976) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and related agencies programs for the fiscal year ending September 30, 1996, and for other purposes; as follows:

At the appropriate place, insert the following:

SEC. . ENERGY SAVINGS AT FEDERAL FACILITIES.

(a) REDUCTION IN FACILITIES ENERGY COSTS.—The head of each agency for which funds are made available under this Act shall take all actions necessary to achieve during fiscal year 1996 a 5 percent reduction, from the average previous three fiscal year levels, in the energy costs of the facilities used by the agency.

(b) USE OF COST SAVINGS.—An amount equal to the amount of cost savings realized by an agency under subsection (a) shall remain available for obligation through the end of fiscal year 1997, without further authorization or appropriation, as follows:

(1) CONSERVATION MEASURES.—Fifty percent of the amount shall remain available for the implementation of additional energy conservation measures and for water conservation measures at such facilities used by the agency as are designated by the head of the agency.

(2) OTHER PURPOSES.—Fifty percent of the amount shall remain available for use by the agency for such purposes as are designated by the head of the agency, consistent with applicable law.

(c) REPORT.—

(1) IN GENERAL.—Not later than December 31, 1996, the Secretary of Agriculture (a) shall submit a report to Congress specifying the results of the actions taken under subsection (a) and providing any recommendations concerning how to further reduce energy costs and energy consumption in the future.

(2) CONTENTS.—Each report shall—

(A) specify the total energy costs of the facilities used by the agency;

(B) identify the reductions achieved; and

(C) specify the actions that resulted in the reductions.

McCAIN (AND OTHERS) AMENDMENT NO. 2694

Mr. McCAIN (for himself, Mr. DOMENICI, Mr. INOUYE, Mr. BINGAMAN, Mr. CONRAD, and Mr. DORGAN) proposed an amendment to the bill H.R. 1976, supra; as follows:

On page 25, line 14, strike "$568,685,000" and insert in lieu thereof "$564,685,000".

On page 15, line 13, after the semi-colon insert "$1,450,000 for payments to the 1994 institutions pursuant to Sec. 534(a)(1) of P.L. 103-382;".

On page 15, line 17, strike "$418,172,000" and insert in lieu thereof "$419,622,000".

On page 18, line 2, after the semi-colon, insert "$2,550,000 for payments to the 1994 institutions pursuant to Sec. 534(b)(3) of P.L. 103-382;".

On page 18, line 11, strike "$437,131,000" and insert "$439,681,000".

KERRY (AND OTHERS) AMENDMENT NO. 2695

Mr. KERRY (for himself, Mr. BRYAN, Mr. SMITH, Mr. LIEBERMAN, and Mr. DORGAN) proposed an amendment to the bill H.R. 1976, supra; as follows:

At the appropriate place, insert the following:

SEC. . MINK INDUSTRY.

(a) FINDINGS.—Congress finds that—

(1) since 1989, the Federal government, through the Department of Agriculture Market Promotion Program, has provided more than $13,000,000 to the Mink Export Development Council for the overseas promotion of mink coats and products; and

(2) the Department of Commerce has estimated that since 1989 the value of United States exports of mink products has declined by more than 33 percent and total United States mink production has been halved.

(b) FUNDING.—None of the funds made available in this Act may be used to carry out, or to pay the salaries of personnel who carry out, the market promotion program established under section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623), in a manner that provides assistance to the United States Mink Export Development Council or any mink industry trade association.

STEVENS AMENDMENT NO. 2696

Mr. STEVENS proposed an amendment to the bill H.R. 1976, supra; as follows:

On page 32 of the bill, strike lines 7 through 11 and insert in lieu thereof the following:

SEC. . For necessary salaries and expenses of the Office of the Under Secretary for Natural Resources and Environment to administer the laws enacted by Congress for the Natural Resources Conservation Service, $677,000: *Provided*, That none of these funds shall be available to administer laws enacted by Congress for the Forest Service: *Provided further*, That $350,000 shall be made available to the Secretary of Agriculture to administer the laws enacted by Congress for the Forest Service: *Provided further*, That notwithstanding Section 245(c) of Public Law 103-354 (7 U.S.C. 6961(c)), the Secretary of Agriculture may not delegate any authority to administer laws enacted by Congress, or funds provided by this Act, for the Forest Service to the Under Secretary for Natural Resources and Environment.

FEINGOLD (AND McCAIN) AMENDMENT NO. 2697

Mr. FEINGOLD (for himself and Mr. McCAIN) proposed an amendment to the bill H.R. 1976, supra; as follows:

At the appropriate place, insert the following:

SEC. . SPECIAL RESEARCH GRANTS PROGRAM.

(a) IN GENERAL.—None of the funds made available under this Act for the program established under section 2(c) of Public Law 89-106 (7 U.S.C. 450i(c)) may be used for a grant that is not subject to a competitive process