

Richard Thau of New York, Ms. Sandra R. Turner of Florida, Mrs. Sunny Warren of Georgia, Mr. Albert Zapanta of Virginia, and Mr. Roger Zion of Indiana.

MEASURES REFERRED

The following bill was read the first and second times by unanimous consent and referred as indicated:

H.R. 217. An act to amend title IV of the Stewart B. McKinney Homeless Assistance Act to consolidate the Federal programs for housing assistance for the homeless into a block grant program that ensures that States and communities are provided sufficient flexibility to use assistance amounts effectively; to the Committee on Banking, Housing, and Urban Affairs.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-4119. A communication from the President of the United States, transmitting, pursuant to law, the report of 24 proposed rescissions of budgetary resources; referred jointly, pursuant to the order of January 30, 1975, as modified by the order of April 11, 1986, to the Committee on Appropriations, to the Committee on the Budget, to the Committee on Agriculture, Nutrition, and Forestry, to the Committee on Energy and Natural Resources, and to the Committee on Commerce, Science, and Transportation.

EC-4120. A communication from the Secretary of Defense, transmitting, pursuant to law, a report concerning the Cooperative Threat Reduction Program; to the Committee on Armed Services.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. BREAUX:

S. 1704. A bill for the relief of Renee Merhej and Wadih Merhej; to the Committee on the Judiciary.

By Ms. MOSELEY-BRAUN (for herself, Mr. MOYNIHAN, Mrs. MURRAY, Mr. KENNEDY, Mr. GRAHAM, Mr. DASCHLE, Mr. REID, Mr. GLENN, Mr. LAUTENBERG, Mr. LEVIN, Mr. KERRY, and Mr. REED):

S. 1705. A bill to amend the Internal Revenue Code of 1986 to expand the incentives for the construction and renovation of public schools; to the Committee on Finance.

By Mr. BINGAMAN:

S. 1706. A bill to amend title 23, United States Code, to encourage States to enact laws that ban the sale of alcohol through a drive-up or drive-through sales window; to the Committee on Environment and Public Works.

By Ms. MIKULSKI (for herself, Mr. KENNEDY, Mr. DURBIN, Mr. BUMPERS, and Mr. BYRD):

S. 1707. A bill to amend the Federal Food, Drug, and Cosmetic Act to provide for improved safety of imported foods; to the Committee on Labor and Human Resources.

By Mr. DASCHLE (for himself, Mrs. MURRAY, Ms. MOSELEY-BRAUN, Mr. KENNEDY, Mr. DODD, Mrs. BOXER, Mr. BREAUX, Mr. ROBB, Mr. LEVIN, Mr. LAUTENBERG, Mr. GLENN, Mr. KERRY, Mrs. FEINSTEIN, Mr. REID, Mr. REED, and Mr. BRYAN):

S. 1708. A bill to improve education; to the Committee on Labor and Human Resources.

By Mr. SPECTER:

S. 1709. A bill to authorize the Secretary of Labor to provide assistance to States for the implementation of enhanced pre-vocational training programs, in order to improve the likelihood of enabling welfare recipients to make transitions from public assistance to employment, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. COCHRAN (for himself, Mr. LEVIN, Mr. LEAHY, Mr. STEVENS, Mr. ROBB, Mr. WARNER, Mr. SARBANES, and Ms. MIKULSKI) (by request):

S. 1710. A bill to provide for the correction of retirement coverage errors under chapters 83 and 84 of title 5, United States Code; to the Committee on Governmental Affairs.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. CHAFEE (for Mr. LOTT):

S. Res. 191. A resolution making Majority party appointments for the Committee on Governmental Affairs for the 105th Congress; considered and agreed to.

By Mrs. FEINSTEIN (for herself, Mrs. BOXER, Mrs. HUTCHISON, Mr. DURBIN, and Mr. SANTORUM):

S. Con. Res. 79. A concurrent resolution to commend the bravery and honor of the citizens of Remy, France, for their actions with respect to Lieutenant Houston Braly and to recognize the efforts of the 364th Fighter Group to raise funds to restore the stained glass windows of a church in Remy; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Ms. MOSELEY-BRAUN (for herself, Mr. MOYNIHAN, Mrs. MURRAY, Mr. KENNEDY, Mr. GRAHAM, Mr. DASCHLE, Mr. REID, Mr. GLENN, Mr. LAUTENBERG, Mr. LEVIN, Mr. KERRY, and Mr. REED):

S. 1705. A bill to amend the Internal Revenue Code of 1986 to expand the incentives for the construction and renovation of public schools; to the Committee on Finance.

THE PUBLIC SCHOOL MODERNIZATION ACT OF 1998

Ms. MOSELEY-BRAUN. Mr. President, I send to the desk a bill and ask for its appropriate referral.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

Ms. MOSELEY-BRAUN. Mr. President, today I am pleased to introduce, along with a number of my colleagues, the Public School Modernization Act of 1998. This legislation addresses one of the most fundamental problems with public education in America, and that is that many of our elementary and secondary schools are literally falling down around our children.

The Public School Modernization Act of 1998 will help States and school districts finance their school improvement priorities. It will help them modernize classrooms so that no child misses out on the information age. It will help them ease overcrowding so that no child is forced to learn the principles of geometry in a gymnasium. It will help them patch leaky roofs, fix broken plumbing, and strengthen the facilities that provide the foundation for our children's education. Without this support, schools will continue to crumble under the weight of deferred maintenance and neglect, and our children's education, and their future, and our Nation's future, will suffer as a result.

Education in America correlates with opportunity for individuals, but also for our country as a whole. The rungs of the ladder of opportunity in America are crafted in the classroom. Consider that high school graduates earn 46 percent more each year than those who don't graduate from high school. College graduates earn 155 percent more every year than those who do not graduate from high school. Over the course of a lifetime, the most educated Americans will earn five times as much as the least educated Americans. So education is clearly related to individual prosperity and the ability of people to function in this new economy.

Education also correlates to almost all indicia of economic and social well-being. Educational attainment can directly be tied to income, to health, to the likelihood of being on welfare, to the likelihood of being incarcerated in a prison, and to the likelihood of voting and participating in our democracy.

However, education is more than a tool simply to lift people out of poverty or to provide a better standard of living for individuals. It is also the engine that will drive America's economy in the 21st century. In a Wall Street Journal survey last year of leading U.S. economists, 43 percent of them said that the single most important thing that we could do to increase our long-term economic growth would be to invest more in education and research and development. Nothing else came close to education in that survey. One economist said, "One of the few things that economists will agree upon is the fact that economic growth is very strongly dependent on our own abilities."

A recent study by the Manufacturing Institute concluded that increasing the education level of workers by 1 year raises the productivity level by 8.5 percent in manufacturing. Imagine, Mr. President, if you will, that in this global economy, the only way we will be able to hold on to our position as the country in the world with the highest standard of living is if we prepare our work force—as a whole, all of our workers—to compete at the highest level of competition and to produce at the highest level of productivity.

The Public School Modernization Act of 1998 represents the kind of investment that will result in better futures for our children and a better future for our country. The bill strengthens the fundamental tenet of American education—local control. By helping schools finance their capital improvement priorities, the Federal Government can free local resources for educational activities and can help give communities the kind of buildings that they need before they can implement the kinds of school reforms that parents and educators are demanding.

The Public School Modernization Act of 1998 creates a simple, effective, and easy-to-administer means of helping communities modernize their schools. The bill creates a new category of zero coupon bonds for States and school districts to issue to finance capital improvements. It allocates \$21.8 billion worth of bonding authority to States and large school districts over the next 2 years.

Over 5 years, the bill will cost our National Government only \$3.3 billion, but \$21.8 billion worth of new construction and modernization will be made available by that \$3.3 billion, which means for every Federal dollar that we invest over the next 5-year period, there will be an additional 6.6 in State and local dollars. That is a pretty good leverage capacity from this kind of investment.

Perhaps most important, though, Mr. President, is that this bill is bureaucracy-free, or as close to bureaucracy-free as we can manage. States and school districts need only to comply with two main requirements before issuing these new school modernization bonds. First, they must conduct a survey of their school facility needs, which you would think that every school district would have already, but the truth is they don't, yet. Second, they must describe how they intend to allocate the bonding authority to assure that schools with the greatest needs and the least resources benefit. That is it. Those are the only strings. There is no reapplying for funds, no continuous oversight, no getting individual projects approved by some Federal agency. The plan is simple. It will work. And it will strengthen local schools.

Mr. President, the magnitude of the school facilities problem is so great today that many districts cannot maintain the kind of educational environment necessary to teach all of our children the kinds of skills they will need to compete in the 21st century, global economy.

We commissioned a study by the GAO a couple years ago. What they concluded was that every day some 14 million children in this country—14 million children—attend schools in need of major renovations or outright replacement, 7 million children every day attend schools with life-threatening safety code violations, and it will cost \$112 billion to bring the schools up

to code. This is not bells and whistles, this is not equipping them with computers and fancy new cosmetics, but just to address the toll that decades of deferred maintenance have taken on our school facilities across this country.

In my State of Illinois, school modernization and construction needs top \$13 billion. Many of our school districts have a difficult time enough just buying textbooks, pencils, and teacher salaries, let alone financing capital improvements. This would free local resources for education by providing Federal support for bricks and mortar.

By the way, the national school repair price tag, as enormous as it sounds, does not include the cost of wiring our schools for modern technology. One of the greatest barriers to the incorporation of modern computers into classrooms is the physical condition of many school buildings. You can't very well use a computer if you don't have an electrical system working in the wall to plug it into. According to the GAO study, almost half of all schools—half of all schools—lack enough electrical power for the full-scale use of computers, 60 percent lack the conduits to connect classroom computers to a network, and more than 60 percent of the schools lack enough phone lines for instructional use.

Last year, principal Rita Melius from Waukegan, IL, came to Washington and told of her experience with computer technology at her school. She thought she was doing the right thing by equipping her schools with modern school technology, but when she deployed the computers around the schools, fires started in the building because the wiring was so old. Her experience is being replicated all over this country as communities try to bring their schools into the information age. This legislation will give Ms. Melius, and others like her, the resources to modernize their classrooms.

Mr. President, it will also give communities the power to relieve overcrowding. According to the U.S. Department of Education, just to keep up with growing enrollment, we will need to build some 6,000 new schools over the next 10 years.

I have visited schools in Illinois where study halls are being held in the hallways, literally, because there is no other space. I have seen stairway landings converted into computer labs. I have seen cardboard partitions used to turn one classroom into two. I point out, Mr. President, that particular school was in what could be called a basement. It wasn't exactly a basement, it was at ground level, but they had cardboard separating two classes from each other. There is a school, frankly, where the lunchroom has been converted into two classrooms, where students eat in the gymnasium. And instead of having gym, they have "adaptive physical education" while they stand next to their desks, because

the gyms are being used for lunchrooms. It is really shameful, Mr. President, and it is the situation that we find in almost a third of the schools in this country.

Again, I point out that this phenomenon is not just an inner-city problem. It exists in rural communities and suburban communities as well—just about one-third in each type of community across the United States.

Teachers and parents know full well that these conditions directly affect the ability of their children to learn, and research backs up that intuition. Two separate studies found a 10 to 11 percent achievement gap between those students in good buildings and those in shabby or poor buildings, after controlling for all other factors.

Other studies have found that when buildings are in poor condition, students are more likely to misbehave. Three leading researchers recently concluded, "...there's no doubt that building condition affects academic performance."

This morning, in a press conference in which a student from a local school talked about overcrowded conditions, he mentioned that they were having discipline problems from fights breaking out from what he called "hall rage," because the overcrowding situation in the school was so perverse and extreme that students were literally bumping into each other trying to move from class to class. So we have a situation here in which academic performance is affected.

I think it is time to mention something at this point. We just saw, this week, the grades come in on an international math and science test. The results were profoundly disturbing. American students scored close to the bottom, or at the bottom, on every math and physics test offered.

Now, here we are. A new study of high school seniors in 23 countries shows U.S. students scored significantly lower than students in other countries. This is in math, nations with scores above the international level: Netherlands, Sweden, Denmark, Switzerland, Iceland, and Norway. Nations with scores close to the international average: Italy, Russia, Lithuania, Czech Republic, and the United States. Nations lower than the international level: Cyprus and South Africa. We are in the category of nations with scores lower than the international level, which includes: France, Russia, Switzerland, Denmark, Cyprus, Lithuania, Australia, Greece, Sweden, Canada, Slovenia, Italy, Czech Republic, Germany, and the United States is next to last in advanced mathematics. In physics: Norway, Sweden, Russia, Denmark, Slovenia, Germany, Australia, Cyprus, Latvia, Greece, Switzerland, Canada, France, Czech Republic, Austria, and the United States. We are last. From the President down to the local township officials, this should be a clarion call that we have to work to improve the quality of our schools.

Our school facilities problems directly result, Mr. President, from our archaic school funding formula and system. The current system, the way we fund schools, was established a century ago when the Nation's wealth was measured in terms of property wealth, in terms of landholdings. Wealth is no longer accumulated just in land, and the funding mechanism that ties funding of our education to the local property tax is no longer appropriate, nor is it adequate.

Again, according to the GAO, poor and middle-class school districts try the hardest to raise revenue from the property tax, but the system works against them. In some 35 States, poor districts—that is, districts with smaller property tax bases—have higher tax rates than wealthy districts, but they raise less revenue because there is less property wealth to tax.

This local funding model, this model of depending on the local property tax to fund education, does not work for school infrastructure, just as it would not work for our highways or any other infrastructure.

It is ironic that we are here talking about the highway bill. Imagine what would happen if we based our system of roads on the same funding model we use for education. Imagine if every community was responsible for the construction and maintenance of the roads within its borders. In all likelihood, we would see smooth, good roads in the wealthy towns, a patchwork of mediocre roads in middle-income towns, and very few roads at all in poor communities. Transportation would be hostage to the vagaries of wealth and geography. Commerce and travel would be difficult, and navigation of such a system would not serve the best interests of our whole country. That hypothetical, unfortunately, precisely describes the way that we fund our public education system.

I believe we need a new approach. We need a partnership among all levels of government and the private sector that preserves local control in education but creates a financing balance that better serves local property taxpayers, children, schools, and indeed our entire country. This new act I am introducing today represents such a new partnership. It is a simple and effective means of leveraging limited Federal resources, strengthening local control of education, and improving the educational opportunity for every child.

I urge my colleagues to take a close look at the needs of the schools in their own States and decide what they stand for: higher property taxes and crumbling schools, or lower property taxes and a new partnership to improve our schools for the 21st century. I believe that we have some opportunities here.

Again, I have visited a lot of schools and I have seen what happens when we engage the resources sufficient to provide an environment and support needed for our children to learn. American

kids are no dumber than kids anywhere else in the world. There is no reason for us to be at the bottom of this international testing. It is not their fault. It is our fault for failing to engage appropriately, to give public education the kind of support that it needs to have.

Now, there is some good news I would like to call to your attention. A group of some 20 Illinois school districts, led by Superintendent Paul Kimmelman, banded together to form a group called the First in the World Consortium. Their goal was to score first in the world on the international math and science test. At the same time that these results came out, Mr. President, the results from the First in the World Consortium came out also. They succeeded. The students in that consortium placed first in the world when compared with other countries, which is far above the dismal performance of our country as a whole.

What does this consortium have that the schools in our country lack? It is not the makeup of students. The kids are as capable anywhere in the country, whether they come from rich families or poor families. We have some of the brightest students in the world, who need only the opportunity to learn. The difference, however, is what supports we, as a community, a national community, can provide for them—schools with first-rate facilities, small classes, modern technology, and supportive communities.

So I hope that we will all take a look at the importance of this legislation. This is a way that we can engage the support of the National Government, our national community, acting in our national interest to serve our most important resource, which is our children. If we don't invest in them and if we don't build up these schools, many of which were built—I am making an assumption about age, but when you and I were in grammar school, Mr. President, these schools were built almost a generation ago and, in many instances, more than a generation ago. That generation saw fit to provide facilities that were suitable for learning. That we have not, I believe, speaks volumes for us.

I think our generation has an absolute obligation and duty to provide for this generation, the next generation of Americans, no less an opportunity than we inherited from the last generation of Americans. We have a duty to see to it that they have the ability to get educated and to take their talent as far as those talents will take them, to maximize the ability of every person to rise to the absolute best level that he or she can, based on his or her natural talents.

Those natural talents, though, Mr. President, have to be nurtured in an environment and in facilities that are suitable for learning. This legislation will begin, hopefully, to create the kind of partnership that will allow the National, State, and local governments to stop the finger-pointing, stop the

blame game, stop pushing the buck, and say it is somebody else's duty, or responsibility, or fault, and allow us to come together on behalf of what is clearly in our interest as citizens not only of cities and States and local communities, but as citizens of this great country.

This is why we have to come together. This is why we have to put the old, tired arguments behind us. This is why I think we should take a variety of ideas and put them out so that we can reach a consensus on getting some results, getting results that will serve our children's interests.

The public certainly wants us to do it. According to a bipartisan poll released earlier this year, some 76 percent of registered voters would support a \$30 billion, 10-year Federal commitment to rebuild and modernize our schools. This legislation provides for that kind of a partnership. I certainly hope, Mr. President, that the Members of this body will review the GAO reports regarding their own States, because this is not just an Illinois problem, this is not just a North Carolina problem, or a Wyoming problem; this is a problem for America, and every State in this country has the same problem in the same ways. I urge them to examine the reports by the General Accounting Office regarding the condition of schools in their States, I ask them to examine the report of the General Accounting Office regarding the property tax dependence in their States, and I urge them to sign on and cosponsor this legislation.

Mr. President, I ask unanimous consent that the bill and a summary of the bill be printed in the RECORD.

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

S. 1705

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Public School Modernization Act of 1998".

SEC. 2. EXPANSION OF INCENTIVES FOR PUBLIC SCHOOLS.

(a) IN GENERAL.—Part IV of subchapter U of chapter 1 of the Internal Revenue Code of 1986 (relating to incentives for education zones) is amended to read as follows:

"PART IV—INCENTIVES FOR QUALIFIED PUBLIC SCHOOL MODERNIZATION BONDS

"Sec. 1397E. Credit to holders of qualified public school modernization bonds.

"Sec. 1397F. Qualified zone academy bonds.

"Sec. 1397G. Qualified school construction bonds.

"SEC. 1397E. CREDIT TO HOLDERS OF QUALIFIED PUBLIC SCHOOL MODERNIZATION BONDS.

"(a) ALLOWANCE OF CREDIT.—In the case of a taxpayer who holds a qualified public school modernization bond on the credit allowance date of such bond which occurs during the taxable year, there shall be allowed as a credit against the tax imposed by this chapter for such taxable year the amount determined under subsection (b).

"(b) AMOUNT OF CREDIT.—

"(1) IN GENERAL.—The amount of the credit determined under this subsection with respect to any qualified public school modernization bond is the amount equal to the product of—

"(A) the credit rate determined by the Secretary under paragraph (2) for the month in which such bond was issued, multiplied by

"(B) the face amount of the bond held by the taxpayer on the credit allowance date.

"(2) DETERMINATION.—During each calendar month, the Secretary shall determine a credit rate which shall apply to bonds issued during the following calendar month. The credit rate for any month is the percentage which the Secretary estimates will on average permit the issuance of qualified public school modernization bonds without discount and without interest cost to the issuer.

"(C) LIMITATION BASED ON AMOUNT OF TAX.—

"(1) IN GENERAL.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

"(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

"(B) the sum of the credits allowable under part IV of subchapter A (other than subpart C thereof, relating to refundable credits).

"(2) CARRYOVER OF UNUSED CREDIT.—If the credit allowable under subsection (a) exceeds the limitation imposed by paragraph (1) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year.

"(d) QUALIFIED PUBLIC SCHOOL MODERNIZATION BOND; CREDIT ALLOWANCE DATE.—For purposes of this section—

"(1) QUALIFIED PUBLIC SCHOOL MODERNIZATION BOND.—The term 'qualified public school modernization bond' means—

"(A) a qualified zone academy bond, and

"(B) a qualified school construction bond.

"(2) CREDIT ALLOWANCE DATE.—The term 'credit allowance date' means, with respect to any issue, the last day of the 1-year period beginning on the date of issuance of such issue and the last day of each successive 1-year period thereafter.

"(e) OTHER DEFINITIONS.—For purposes of this part—

"(1) LOCAL EDUCATIONAL AGENCY.—The term 'local educational agency' has the meaning given to such term by section 14101 of the Elementary and Secondary Education Act of 1965. Such term includes the local educational agency that serves the District of Columbia but does not include any other State agency.

"(2) BOND.—The term 'bond' includes any obligation.

"(3) STATE.—The term 'State' includes the District of Columbia and any possession of the United States.

"(4) PUBLIC SCHOOL FACILITY.—The term 'public school facility' shall not include any stadium or other facility primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public.

"(f) CREDIT INCLUDED IN GROSS INCOME.—Gross income includes the amount of the credit allowed to the taxpayer under this section and the amount so included shall be treated as interest income.

"(g) BONDS HELD BY REGULATED INVESTMENT COMPANIES.—If any qualified public school modernization bond is held by a regulated investment company, the credit determined under subsection (a) shall be allowed to shareholders of such company under procedures prescribed by the Secretary.

"SEC. 1397F. QUALIFIED ZONE ACADEMY BONDS.

"(a) QUALIFIED ZONE ACADEMY BOND.—For purposes of this part—

"(1) IN GENERAL.—The term 'qualified zone academy bond' means any bond issued as part of an issue if—

"(A) 95 percent or more of the proceeds of such issue are to be used for a qualified purpose with respect to a qualified zone academy established by a local educational agency,

"(B) the bond is issued by a State or local government within the jurisdiction of which such academy is located,

"(C) the issuer—

"(i) designates such bond for purposes of this section,

"(ii) certifies that it has written assurances that the private business contribution requirement of paragraph (2) will be met with respect to such academy, and

"(iii) certifies that it has the written approval of the local educational agency for such bond issuance, and

"(D) the term of each bond which is part of such issue does not exceed 15 years.

"(2) PRIVATE BUSINESS CONTRIBUTION REQUIREMENT.—

"(A) IN GENERAL.—For purposes of paragraph (1), the private business contribution requirement of this paragraph is met with respect to any issue if the local educational agency that established the qualified zone academy has written commitments from private entities to make qualified contributions having a present value (as of the date of issuance of the issue) of not less than 10 percent of the proceeds of the issue.

"(B) QUALIFIED CONTRIBUTIONS.—For purposes of subparagraph (A), the term 'qualified contribution' means any contribution (of a type and quality acceptable to the local educational agency) of—

"(i) equipment for use in the qualified zone academy (including state-of-the-art technology and vocational equipment),

"(ii) technical assistance in developing curriculum or in training teachers in order to promote appropriate market driven technology in the classroom,

"(iii) services of employees as volunteer mentors,

"(iv) internships, field trips, or other educational opportunities outside the academy for students, or

"(v) any other property or service specified by the local educational agency.

"(3) QUALIFIED ZONE ACADEMY.—The term 'qualified zone academy' means any public school (or academic program within a public school) which is established by and operated under the supervision of a local educational agency to provide education or training below the postsecondary level if—

"(A) such public school or program (as the case may be) is designed in cooperation with business to enhance the academic curriculum, increase graduation and employment rates, and better prepare students for the rigors of college and the increasingly complex workforce,

"(B) students in such public school or program (as the case may be) will be subject to the same academic standards and assessments as other students educated by the local educational agency,

"(D) the comprehensive education plan of such public school or program is approved by the local educational agency, and

"(E)(i) such public school is located in an empowerment zone or enterprise community (including any such zone or community designated after the date of the enactment of this section), or

"(ii) there is a reasonable expectation (as of the date of issuance of the bonds) that at least 35 percent of the students attending such school or participating in such program (as the case may be) will be eligible for free or reduced-cost lunches under the school

lunch program established under the National School Lunch Act.

"(4) QUALIFIED PURPOSE.—The term 'qualified purpose' means, with respect to any qualified zone academy—

"(A) constructing, rehabilitating, or repairing the public school facility in which the academy is established,

"(B) providing equipment for use at such academy,

"(C) developing course materials for education to be provided at such academy, and

"(D) training teachers and other school personnel in such academy.

"(5) TEMPORARY PERIOD EXCEPTION.—A bond shall not be treated as failing to meet the requirement of paragraph (1)(A) solely by reason of the fact that the proceeds of the issue of which such bond is a part are invested for a reasonable temporary period (but not more than 36 months) until such proceeds are needed for the purpose for which such issue was issued. Any earnings on such proceeds during such period shall be treated as proceeds of the issue for purposes of applying paragraph (1)(A).

"(b) LIMITATIONS ON AMOUNT OF BONDS DESIGNATED.—

"(1) IN GENERAL.—There is a national zone academy bond limitation for each calendar year. Such limitation is—

"(A) \$400,000,000 for 1998,

"(B) \$1,400,000,000 for 1999,

"(C) \$1,400,000,000 for 2000, and

"(D) except as provided in paragraph (3), zero after 2000.

"(2) ALLOCATION OF LIMITATION.—

"(A) ALLOCATION AMONG STATES.—

"(i) 1998 LIMITATION.—The national zone academy bond limitation for calendar year 1998 shall be allocated by the Secretary among the States on the basis of their respective populations of individuals below the poverty line (as defined by the Office of Management and Budget).

"(ii) LIMITATION AFTER 1998.—The national zone academy bond limitation for any calendar year after 1998 shall be allocated by the Secretary among the States in the manner prescribed by section 1397G(d); except that, in making the allocation under this clause, the Secretary shall take into account Basic Grants attributable to large local educational agencies (as defined in section 1397G(e)).

"(B) ALLOCATION TO LOCAL EDUCATIONAL AGENCIES.—The limitation amount allocated to a State under subparagraph (A) shall be allocated by the State education agency to qualified zone academies within such State.

"(C) DESIGNATION SUBJECT TO LIMITATION AMOUNT.—The maximum aggregate face amount of bonds issued during any calendar year which may be designated under subsection (a) with respect to any qualified zone academy shall not exceed the limitation amount allocated to such academy under subparagraph (B) for such calendar year.

"(3) CARRYOVER OF UNUSED LIMITATION.—If for any calendar year—

"(A) the limitation amount under this subsection for any State, exceeds

"(B) the amount of bonds issued during such year which are designated under subsection (a) with respect to qualified zone academies within such State,

the limitation amount under this subsection for such State for the following calendar year shall be increased by the amount of such excess. The preceding sentence shall not apply if such following calendar year is after 2002.

"SEC. 1397G. QUALIFIED SCHOOL CONSTRUCTION BONDS.

"(a) QUALIFIED SCHOOL CONSTRUCTION BOND.—For purposes of this part, the term 'qualified school construction bond' means any bond issued as part of an issue if—

"(1) 95 percent or more of the proceeds of such issue are to be used for the construction, rehabilitation, or repair of a public school facility,

"(2) the bond is issued by a State or local government within the jurisdiction of which such school is located,

"(3) the issuer designates such bond for purposes of this section, and

"(4) the term of each bond which is part of such issue does not exceed 15 years.

Rules similar to the rules of section 1397F(a)(5) shall apply for purposes of paragraph (1).

"(b) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—The maximum aggregate face amount of bonds issued during any calendar year which may be designated under subsection (a) by any issuer shall not exceed the sum of—

"(1) the limitation amount allocated under subsection (d) for such calendar year to such issuer, and

"(2) if such issuer is a large local educational agency (as defined in subsection (e)) or is issuing on behalf of such an agency, the limitation amount allocated under subsection (e) for such calendar year to such agency.

"(c) NATIONAL LIMITATION ON AMOUNT OF BONDS DESIGNATED.—There is a national qualified school construction bond limitation for each calendar year. Such limitation is—

"(1) \$9,700,000,000 for 1999,

"(2) \$9,700,000,000 for 2000, and

"(3) except as provided in subsection (f), zero after 2000.

"(d) HALF OF LIMITATION ALLOCATED AMONG STATES.—

"(1) IN GENERAL.—One-half of the limitation applicable under subsection (c) for any calendar year shall be allocated among the States under paragraph (2) by the Secretary. The limitation amount allocated to a State under the preceding sentence shall be allocated by the State education agency to issuers within such State and such allocations may be made only if there is an approved State application.

"(2) ALLOCATION FORMULA.—The amount to be allocated under paragraph (1) for any calendar year shall be allocated among the States in proportion to the respective amounts each such State received for Basic Grants under subpart 2 of part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6331 et seq.) for the most recent fiscal year ending before such calendar year. For purposes of the preceding sentence, Basic Grants attributable to large local educational agencies (as defined in subsection (e)) shall be disregarded.

"(3) MINIMUM ALLOCATIONS TO STATES.—

"(A) IN GENERAL.—The Secretary shall adjust the allocations under this subsection for any calendar year for each State to the extent necessary to ensure that the sum of—

"(i) the amount allocated to such State under this subsection for such year, and

"(ii) the aggregate amounts allocated under subsection (e) to large local educational agencies in such State for such year,

is not less than an amount equal to such State's minimum percentage of one-half of the national qualified school construction bond limitation under subsection (c) for the calendar year.

"(B) MINIMUM PERCENTAGE.—A State's minimum percentage for any calendar year is the minimum percentage described in section 1124(d) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6334(d)) for such State for the most recent fiscal year ending before such calendar year.

"(4) ALLOCATIONS TO CERTAIN POSSESSIONS.—The amount to be allocated under

paragraph (1) to any possession of the United States other than Puerto Rico shall be the amount which would have been allocated if all allocations under paragraph (1) were made on the basis of respective populations of individuals below the poverty line (as defined by the Office of Management and Budget). In making other allocations, the amount to be allocated under paragraph (1) shall be reduced by the aggregate amount allocated under this paragraph to possessions of the United States.

"(5) APPROVED STATE APPLICATION.—For purposes of paragraph (1), the term 'approved State application' means an application which is approved by the Secretary of Education and which includes—

"(A) the results of a recent publicly-available survey (undertaken by the State with the involvement of local education officials, members of the public, and experts in school construction and management) of such State's needs for public school facilities, including descriptions of—

"(i) health and safety problems at such facilities,

"(ii) the capacity of public schools in the State to house projected enrollments, and

"(iii) the extent to which the public schools in the State offer the physical infrastructure needed to provide a high-quality education to all students, and

"(B) a description of how the State will allocate to local educational agencies, or otherwise use, its allocation under this subsection to address the needs identified under subparagraph (A), including a description of how it will—

"(i) give highest priority to localities with the greatest needs, as demonstrated by inadequate school facilities coupled with a low level of resources to meet those needs,

"(ii) use its allocation under this subsection to assist localities that lack the fiscal capacity to issue bonds on their own, and

"(iii) ensure that its allocation under this subsection is used only to supplement, and not supplant, the amount of school construction, rehabilitation, and repair in the State that would have occurred in the absence of such allocation.

Any allocation under paragraph (1) by a State education agency shall be binding if such agency reasonably determined that the allocation was in accordance with the plan approved under this paragraph.

"(e) HALF OF LIMITATION ALLOCATED AMONG LARGEST SCHOOL DISTRICTS.—

"(1) IN GENERAL.—One-half of the limitation applicable under subsection (c) for any calendar year shall be allocated under paragraph (2) by the Secretary among local educational agencies which are large local educational agencies for such year. No qualified school construction bond may be issued by reason of an allocation to a large local educational agency under the preceding sentence unless such agency has an approved local application.

"(2) ALLOCATION FORMULA.—The amount to be allocated under paragraph (1) for any calendar year shall be allocated among large local educational agencies in proportion to the respective amounts each such agency received for Basic Grants under subpart 2 of part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6331 et seq.) for the most recent fiscal year ending before such calendar year.

"(3) LARGE LOCAL EDUCATIONAL AGENCY.—For purposes of this section, the term 'large local educational agency' means, with respect to a calendar year, any local educational agency if such agency is—

"(A) among the 100 local educational agencies with the largest numbers of children aged 5 through 17 from families living below

the poverty level, as determined by the Secretary using the most recent data available from the Department of Commerce that are satisfactory to the Secretary, or

"(B) 1 of not more than 25 local educational agencies (other than those described in clause (i)) that the Secretary of Education determines (based on the most recent data available satisfactory to the Secretary) are in particular need of assistance, based on a low level of resources for school construction, a high level of enrollment growth, or such other factors as the Secretary deems appropriate.

"(4) APPROVED LOCAL APPLICATION.—For purposes of paragraph (1), the term 'approved local application' means an application which is approved by the Secretary of Education and which includes—

"(A) the results of a recent publicly-available survey (undertaken by the local educational agency with the involvement of school officials, members of the public, and experts in school construction and management) of such agency's needs for public school facilities, including descriptions of—

"(i) the overall condition of the local educational agency's school facilities, including health and safety problems,

"(ii) the capacity of the agency's schools to house projected enrollments, and

"(iii) the extent to which the agency's schools offer the physical infrastructure needed to provide a high-quality education to all students,

"(B) a description of how the local educational agency will use its allocation under this subsection to address the needs identified under subparagraph (A), and

"(C) a description of how the local educational agency will ensure that its allocation under this subsection is used only to supplement, and not supplant, the amount of school construction, rehabilitation, or repair in the locality that would have occurred in the absence of such allocation.

A rule similar to the rule of the last sentence of subsection (d)(5) shall apply for purposes of this paragraph.

"(f) CARRYOVER OF UNUSED LIMITATION.—If for any calendar year—

"(1) the amount allocated under subsection (d) to any State, exceeds

"(2) the amount of bonds issued during such year which are designated under subsection (a) pursuant to such allocation,

the limitation amount under such subsection for such State for the following calendar year shall be increased by the amount of such excess. A similar rule shall apply to the amounts allocated under subsection (e). The subsection shall not apply if such following calendar year is after 2002."

(b) REPORTING.—Subsection (d) of section 6049 of such Code (relating to returns regarding payments of interest) is amended by adding at the end the following new paragraph:

"(8) REPORTING OF CREDIT ON QUALIFIED PUBLIC SCHOOL MODERNIZATION BONDS.—

"(A) IN GENERAL.—For purposes of subsection (a), the term 'interest' includes amounts includible in gross income under section 1397E(f) and such amounts shall be treated as paid on the credit allowance date (as defined in section 1397E(d)(2)).

"(B) REPORTING TO CORPORATIONS, ETC.—Except as otherwise provided in regulations, in the case of any interest described in subparagraph (A) of this paragraph, subsection (b)(4) of this section shall be applied without regard to subparagraphs (A), (H), (I), (J), (K), and (L)(i).

"(C) REGULATORY AUTHORITY.—The Secretary may prescribe such regulations as are necessary or appropriate to carry out the purposes of this paragraph, including regulations which require more frequent or more detailed reporting."

(c) CLERICAL AMENDMENTS.—

(1) The table of parts for subchapter U of chapter 1 of such Code is amended by striking the item relating to part IV and inserting the following new item:

“Part IV. Incentives for qualified public school modernization bonds.”.

(2) Part V of subchapter U of chapter 1 of such Code is amended by redesignating both section 1397F and the item relating thereto in the table of sections for such part as section 1397H.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to obligations issued after December 31, 1998.

(2) REPEAL OF RESTRICTION ON ZONE ACADEMY BOND HOLDERS.—The repeal of the limitation of section 1397E of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of this Act) to eligible taxpayers (as defined in subsection (d)(6) of such section) shall apply to obligations issued after December 31, 1997.

BILL SUMMARY

The Public School Modernization Act creates and expands tax incentives to help States and school districts meet their school modernization and construction priorities. The bill includes two major provisions.

QUALIFIED SCHOOL MODERNIZATION BONDS

The bill allows state and local governments to issue “qualified school modernization bonds” to fund the construction, modernization, and rehabilitation of public schools. Bondholders, instead of receiving interest, would receive annual Federal income tax credits. The maximum term of the bonds would be 15 years.

A total of \$9.7 billion of authority to issue qualified school modernization bonds would be allowed in each of 1999 and 2000, half to States and half to the 100 school districts with the largest numbers of poor children (The District of Columbia is considered a State.) The authority allocated to the 100 large districts would be based on the amounts of Federal assistance received under Title I, Basic Grants. In addition, the Secretary of Education would have the authority to designate 25 additional districts to receive bond authority directly from the Federal government. The authority allocated to States would also be based on the State’s share of Title I, Basic Grants, excluding the 100 large districts and any others designated by the Secretary to receive bond authority directly from the Federal government. A small portion of the total amount of bond authority would be set aside for each U.S. possession (other than Puerto Rico, which is considered a State) based on its share of the total U.S. poverty population. A State, possession, or eligible school district would be permitted to carry forward any unused portion of its allocation until September 30, 2003.

Under the proposal, a bond would be treated as a qualified school modernization bond if three requirements are met. First, the Department of Education must approve a school construction plan of the State, territory, or school district that: (1) demonstrates that a survey has been undertaken of the construction and renovation needs in the jurisdiction, (2) describes how the jurisdiction will assure that bond proceeds are used for the purposes of this proposal, and (3) explains how it will use its allocation to assist localities that lack the fiscal capacity to issue bonds on their own. Second, the issuing government must receive an allocation for the bond from the State, territory, or eligible district. Third, 95 percent or more of the

bond proceeds must be used to construct or rehabilitate public school facilities.

QUALIFIED ZONE ACADEMY BONDS

The bill makes three changes to the existing qualified zone academy bonds (created in the Taxpayer Relief Act of 1997). First, the bill increases the 1999 bond cap from \$400 million to \$1.4 billion and adds an additional \$1.4 billion of bond cap in 2000. Second, the bill expands the list of permissible uses of proceeds to include new school construction. Third, the bill sets the maximum term of qualified zone academy bonds at 15 years.

Qualified zone academy bonds can be used by school districts, starting this year, for school improvement purposes. The subsidy mechanism is the same as with the new school modernization bonds—Federal tax credits to bondholders in lieu of interest—but there are several requirements associated with zone academy bonds. First, schools must secure 10% of the funding for the school improvement project from the private sector before issuing the zone academy bonds. Second, the school must work with the private sector to enhance the curriculum and increase graduation rates and employment rates. Finally, in order to be eligible, the school must either have 35% of students eligible for the free- and reduced-price lunch program, or be located in an empowerment zone or enterprise community.

COST

The Joint Committee on Taxation estimates the total cost of this proposal is \$3.3 billion/5 years and \$9 billion/10 years. The Department of Treasury estimates the cost is \$5 billion/5 years.

The proposal is fully paid for within President Clinton’s balanced budget.

Mr. KENNEDY. Mr. President, I am honored to be a sponsor of the Public School Modernization Act of 1998, introduced today by Senator MOSELEY-BRAUN to help communities across the country in their struggle to modernize, repair, and rebuild their school facilities.

Schools across the nation face serious problems of overcrowding. Antiquated facilities are suffering from physical decay, and are not equipped to handle the needs of modern education.

Across the country, 14 million children in a third of the nation’s schools are learning in substandard buildings. Half the schools have at least one unsatisfactory environmental condition. It will take over \$100 billion just to repair existing facilities nationwide.

Massachusetts is no exception. 41% of our schools across the state report that at least one building needs extensive repair or should be replaced. Three-quarters report serious problems in buildings, such as plumbing or heating defects. 80% have at least one unsatisfactory environmental factor.

In Boston, many schools cannot keep their heating systems functioning properly. On a given day, 15 to 30 schools complain that their heat is not working.

The leaking roof at Revere High School is so serious that the new fire system is threatened. School Committee members estimate that fixing the roof will cost an additional \$1 million, and they don’t know where to get the money.

It is difficult enough to teach or learn in dilapidated classrooms. But

now, because of escalating enrollments, those classrooms are increasingly overcrowded. The nation will need 6,000 new schools in the next few years, just to maintain current class sizes.

State governments and local communities are working hard to meet these challenges. In Massachusetts, under the School Building Assistance Act, the state will pay 50–90% of the most severe needs. 124 schools now have approved projects, and are on a waiting list for funding. The state share should be \$91 million this year, but only \$35 million is available. More than 50 other projects are awaiting approval. With that kind of deficit at the state and local level, it is clear that the federal government has a responsibility to act.

I am pleased that President Clinton has made this issue one of his highest priorities. The legislation we are introducing will allow states and local governments to issue \$22 billion in bonds over the next five years for school repairs and construction. Half of the amount will go to state governments, and the other half will go to the 100 cities across the nation with the largest numbers of low-income children, including Boston and Springfield. The bonds will be interest-free for the states and cities—Uncle Sam will pay the interest.

Under this plan, the state government in Massachusetts can issue \$230 million in bonds for construction and renovation of school buildings. The City of Boston can issue an additional \$90 million, and the City of Springfield can issue an additional \$36 million, so that a total of \$356 million in bonds will be available to help Massachusetts schools under this legislation.

Good teaching and good schools are threatened if school buildings are unsafe and need repairs. President Clinton has made it a top priority to see that America has the best public schools in the world. And my Democratic colleagues and I intend to do all we can to see that we reach that goal.

Investing in schools is one of the best investments America can possibly make. For schools across America, help is truly on the way—and it can’t come a minute too soon.

By Mr. BINGAMAN:

S. 1706. A bill to amend title 23, United States Code, to encourage States to enact laws that ban the sale of alcohol through a drive-up or drive-through sales window; to the Committee on Environment and Public Works.

THE DRUNK DRIVING CASUALTY PREVENTION ACT OF 1998

Mr. BINGAMAN. Mr. President, I rise briefly to discuss a very important matter relating to the safety of our Nation’s streets and highways, DWI-related injuries and fatalities. This is a problem that in spite of many prevention efforts, remains a serious concern.

The statistics are compelling. For example, on Thanksgiving, Christmas, New Years Eve, and New Years Day

1996, there were 576 DWI-related fatalities on our Nation's highways. In that same year, nearly 1.1 million people were injured in alcohol-related crashes. Motor vehicle crashes are the leading cause of death for 15- to 20-year-olds. About 3 in 10 Americans will be involved in an alcohol-related crash at some time in their lives. Alcohol-related crashes cost society \$45 billion annually. To make matters worse, the loss of quality of life and pain and suffering costs total over \$134 billion annually.

My home state of New Mexico is not exempt. In fact, the National Traffic Safety Administration reports that New Mexico leads the country in DWI-related deaths per capita, a rate of 11.79 deaths per 100,000 people. This rate is 19 percent higher than the No. 2 state, Mississippi, and is more than twice the national rate of 5.05 deaths per 100,000.

Indeed, these statistics paint a very grim picture. What makes this picture even more tragic, Mr. President, is that DWI-related injuries and fatalities are preventable. It clearly is within our national interest to do everything we can to reverse this course. One obvious way to prevent further deaths on our highways is to ensure the sobriety of drivers. That is why I proudly am cosponsoring Senator LAUTENBERG's and Senator DEWINE's bill to establish a national blood-alcohol content standard of .08. Additionally, I am cosponsoring Senator DORGAN's bill to prohibit open containers of alcohol in automobiles. I urge my Senate colleagues to help pass these bills this year.

Another contributing factor to the problem that I believe would make a significant difference if eliminated is the practice of selling alcohol beverages through drive-up sales windows. This practice only makes it more easy for a drunk driver to purchase alcohol, and it contributes heavily to the DWI-fatality rate in New Mexico. Eliminating these drive-up liquor windows is essential to reducing these injuries and fatalities.

When I was in New Mexico 2 weeks ago, I held a series of seminars with high school students from throughout the state, and I listened to their concerns about the problems in the state and in the country. One young man, Simon Goldfine, who is a student at Del Norte High School in Albuquerque, agreed that the DWI rate in New Mexico is much too high, and one reason he explained is these drive-in liquor windows. Simon explained that if a drunk person has to walk into a liquor store, it will be easier to determine if he is drunk than if he simply sat in his vehicle. And Simon asked if something could be done to eliminate the windows. Today I would like to tell Simon that we will do something about it.

Today, at Simon's urging, I am introducing legislation, the Drunk Driving Casualty Prevention Act of 1998 to prohibit the sale of alcohol through drive-up sales windows.

Mr. President, I believe no one in America will disagree with Simon that this ban will make a difference. According to one study, there are 26 states that do not permit drive-up windows. In 1996, these states had a 15 percent lower average drunk driving fatality rate than the 24 states that permit these windows. In the states with the ban, the average rate was 4.6 per 100,000 people, as opposed to 5.46 in all other states. On a percentage basis, states with a ban had a 14.5 percent lower drunk driving fatality rate than states that permit sales windows.

In 1996, comparing 19 western states in particular, the nine states with a ban had a 31 percent lower average drunk driving fatality rate than the ten states that permit the windows.

In 1995, there were 231 drunk driving fatalities in New Mexico. Based on the 14-percent lower drunk driving fatality rate, it is estimated that closing drive-up liquor windows could save between 32 and 35 lives annually in New Mexico. Nowhere is it more true that if we can save one life by closing these windows, we should do it.

The differences can be explained because there are three main benefits to closing drive-up liquor windows: first, it is easier and more accurate to check IDs over the sales counter. Minors have testified that it is very easy to illegally purchase alcohol at a drive-up window where it is difficult to determine their age. Second, it is easier to visually observe a customer for clues that they are impaired by alcohol or other substance if they have to walk into a well-lit establishment to make their purchase. Moreover, in one municipal court in New Mexico, 33 percent of DWI offenders reported having purchased their liquor at drive up windows. Some members of Alcoholics Anonymous say they now realize they could have known each other years earlier if they had only looked in their rear view mirror while in line at a drive-up window. And third, it sends a clear message to the population that drinking and driving will not be tolerated.

The Behavior Health Research Center of the Southwest conducted a study, the purpose of which was to determine the characteristics and arrest circumstances of DWI offenders who bought alcohol at a drive-up liquor window compared to those who obtained alcohol elsewhere. Nearly 70 percent of offenders studied reported having purchased the alcohol they drank prior to arrest. Of those offenders, 42 percent bought package liquor, and of those offenders, the drive-up window was the preferred place of purchase. Additionally, the study showed that drive-up window users were 68 percent more likely to have a serious alcohol problem than other offenders. Drive-up window users also are 67 percent more likely to be drinking in their vehicle prior to arrest than other offenders. This study showed that drive-up windows facilitate alcohol misuse in vul-

nerable populations. The persons most affected are the high-risk problem drinkers, and when liquor availability is restricted, it is among those offenders that use, and consequently alcohol-related offenses, declines the most.

There are some that may contend that closing these windows is going to hurt small businesses. To the contrary. Closing these drive-up liquor windows will actually help increase profits, and it is very easy to explain. When a customer has to walk into an establishment, he or she is very likely to purchase more than the original item. The customer is likely to pick up, for example, potato chips, sodas, and magazines. This is not as likely to happen at the drive-up window simply because the customers cannot see the items from their vehicle. In McKinley County, New Mexico, which is the only county in New Mexico to ban these windows, businesses actually saw a jump in profits. Most importantly, because of its DWI prevention strategy, McKinley County's alcohol-related injury and fatality rate dropped from 272 per 100,000 in 1989 to 183 per 100,000 in 1997.

Mr. President, I believe we have a great opportunity here to reduce DWI injuries and fatalities. Therefore, I plan to offer this bill as an amendment to the ISTEAL legislation, and I urge my Senate colleagues to join me. I ask unanimous consent that the rest of the bill be printed in the RECORD.

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

S. 1706

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

SECTION 1. BAN ON SALE OF ALCOHOL THROUGH DRIVE-UP OR DRIVE-THROUGH SALES WINDOWS.

(a) IN GENERAL.—Chapter 1 of title 23, United States Code, is amended by inserting after section 153 the following:

"§ 154. Ban on sale of alcohol through drive-up or drive-through sales windows

"(a) WITHHOLDING OF APPORTIONMENTS FOR NONCOMPLIANCE.—

"(1) FISCAL YEAR 2000.—The Secretary shall withhold 5 percent of the amount required to be apportioned to any State under each of paragraphs (1)(A), (1)(C), and (3) of section 104(b) on October 1, 1999, if the State does not meet the requirements of paragraph (3) on that date.

"(2) SUBSEQUENT FISCAL YEARS.—The Secretary shall withhold 10 percent (including any amounts withheld under paragraph (1)) of the amount required to be apportioned to any State under each of paragraphs (1)(A), (1)(C), and (3) of section 104(b) on October 1, 2000, and on October 1 of each fiscal year thereafter, if the State does not meet the requirements of paragraph (3) on that date.

"(3) REQUIREMENTS.—A State meets the requirements of this paragraph if the State has enacted and is enforcing a law (including a regulation) that bans the sale of alcohol through a drive-up or drive-through sales window.

"(b) PERIOD OF AVAILABILITY; EFFECT OF COMPLIANCE AND NONCOMPLIANCE.—

"(1) PERIOD OF AVAILABILITY OF WITHHELD FUNDS.—

"(A) FUNDS WITHHELD ON OR BEFORE SEPTEMBER 30, 2002.—Any funds withheld under

subsection (a) from apportionment to any State on or before September 30, 2002, shall remain available until the end of the third fiscal year following the fiscal year for which the funds are authorized to be appropriated.

“(B) FUNDS WITHHELD AFTER SEPTEMBER 30, 2002.—No funds withheld under this section from apportionment to any State after September 30, 2002, shall be available for apportionment to the State.

“(2) APPORTIONMENT OF WITHHELD FUNDS AFTER COMPLIANCE.—If, before the last day of the period for which funds withheld under subsection (a) from apportionment are to remain available for apportionment to a State under paragraph (1)(A), the State meets the requirements of subsection (a)(3), the Secretary shall, on the first day on which the State meets the requirements, apportion to the State the funds withheld under subsection (a) that remain available for apportionment to the State.

“(3) PERIOD OF AVAILABILITY OF SUBSEQUENTLY APPORTIONED FUNDS.—

“(A) IN GENERAL.—Any funds apportioned under paragraph (2) shall remain available for expenditure until the end of the third fiscal year following the fiscal year in which the funds are so apportioned.

“(B) TREATMENT OF CERTAIN FUNDS.—Sums not obligated at the end of the period referred to in subparagraph (A) shall lapse.

“(4) EFFECT OF NONCOMPLIANCE.—If, at the end of the period for which funds withheld under subsection (a) from apportionment are available for apportionment to a State under paragraph (1), the State does not meet the requirements of subsection (a)(3), the funds shall lapse.”.

(b) CONFORMING AMENDMENT.—The analysis for chapter 1 of title 23, United States Code, is amended by inserting after the item relating to section 153 the following:

“154. Ban on sale of alcohol through drive-up or drive-through sales windows.”.

By Ms. MIKULSKI (for herself, Mr. KENNEDY, Mr. DURBIN, Mr. BUMPERS, and Mr. BYRD)

S. 1707. A bill to amend the Federal Food, Drug, and Cosmetic Act to provide for improved safety of imported foods; to the Committee on Labor and Human Resources.

THE SAFETY OF IMPORTED FOOD ACT OF 1998

Ms. MIKULSKI. Mr. President, I rise today to introduce the “Safety of Imported Food Act of 1998.” I am proud to be the sponsor of this important legislation to provide the American people with safer imported foods. This legislation is part of President Clinton’s food safety initiative. Its purpose is to provide for improved safety of imported food consistent with U.S. food safety requirements.

The bill expands FDA authority to ensure the safety of imported foods in two very important ways. It authorizes the Secretary to deny entry of imported food products if it is determined that the products do not meet the U.S. food safety requirements. It also authorizes the secretary to consider, in determining whether imported food products meet U.S. food safety requirements, a refusal to allow necessary inspections or testing.

Our nation’s food supply has gone global. Once our imported food consisted mainly of bulk staples. Now we

import growing quantities of fresh fruits and vegetables, seafood, and many other foods. Thirty-eight percent of all fruit and 12% of all vegetables consumed in the U.S. are imported. Imported food entries doubled in the last 7 years and a 30% increase is expected by 2002.

We have been put on alert by recent cases of food borne illness. Michigan school children were sickened by imported strawberries contaminated by Hepatitis A. There have been widespread reports of cyclospora from imported raspberries. Soft cheese from Europe has been found to be contaminated with listeria and salmonella. And radish seed sprouts from the Far East have been found infected with Ecoli 0157:H7.

The impact of unsafe food is staggering. As many as 33 million people become ill each year from contaminated meat, poultry and produce. Over \$3 billion are spent in hospitalization due to food related illness. Added to that are the losses in productivity.

Now that our food supply has gone global, our food safety measures must go global as well. Current authority requires FDA to rely on inspection and testing at the border to ensure that safety standards are met. With the ever increasing quantities of imported foods, it is impossible for FDA to inspect more than a small percentage of shipments. Additionally, such inspections are often impractical, given the perishable nature of many of the imported foods. The FDA may also place more general restrictions on imports, but only after a problem has surfaced, often after a major outbreak of illness has occurred. Both of these types of measures address the problem of unsafe food reactively.

The “Safety of Imported Food Act” places the emphasis on the underlying food system of control at the food source, a more preventive means of addressing food safety. It focuses on the conditions that cause problems rather than the problem once it has occurred. By allowing FDA to consider the food safety system in place, the bill provides the means by which FDA can use its limited resources more efficiently.

There are several things this bill does not do. It does not shut our borders or immediately deny entry of imported food upon enactment. It does not require inspections or access without consent. In fact, it does not create any new inspection authority, either foreign or domestic.

The bill is short, but what it will achieve is significant. It will provide FDA with authority to ensure that all imported foods meet the U.S. level of protection, consistent with rights and obligations under international trade agreements. It provides FDA with a more effective enforcement tool and the ability to use its resources more effectively. Under the bill, foreign producers may have an incentive to upgrade their food safety systems. Most importantly, the bill will provide the

American public with greater assurance that imported foods meet the same safety standards as do foods produced in the U.S.

I wish to commend President Clinton and Vice President GORE in making food safety a top priority. By strengthening the food supply both here and abroad, I believe we make the world a safer place to live. I look forward to the Senate’s support of this important legislation.

By Mr. DASCHLE (for himself, Mrs. MURRAY, Ms. MOSELEY-BRAUN, Mr. KENNEDY, Mr. DODD, Mrs. BOXER, Mr. BREAUX, Mr. ROBB, Mr. LEVIN, Mr. LAUTENBERG, Mr. GLENN, Mr. KERRY, Mrs. FEINSTEIN, Mr. REID, Mr. REED and Mr. BRYAN):

S. 1708. A bill to improve education; to the Committee on Labor and Human Resources.

THE REVITALIZE AND EMPOWER PUBLIC SCHOOL COMMUNITIES TO UPGRADE FOR LONG-TERM SUCCESS ACT

Mr. DASCHLE. Mr. President, today I am introducing on behalf of my colleagues, Senators MURRAY, MOSELEY-BRAUN, KENNEDY, DODD, BOXER, BREAUX, ROBB, LEVIN, LAUTENBERG, GLENN, KERRY, FEINSTEIN, REID, REED, BRYAN and myself, legislation that puts the spotlight directly on our efforts to strengthen and modernize our nation’s public schools.

We recognize that a strong public education system is the key to America’s future. Our economic prosperity, our position as a world leader, our system of law, and our very democracy require that all of our children have access to the best possible education.

We have heard a lot over the last 20 years about the things that are wrong with education in this country, and there’s no question that we need to do some things better. We just learned the other day, for example, that our 12th graders are behind the rest of the world in math and science achievement. That is unacceptable and must be corrected. But there are signs that we have been able to make some progress. Our fourth-graders are well above the average in mathematics and near the top in science. And there are innovative programs springing up around the country that are taking advantage of federal funds to make remarkable changes in the way public schools are run. The City of Chicago, for example, has taken dramatic steps including ending social promotions, raising their standards, and providing extra help to make sure that children can achieve those standards. Parents and community members are more involved, and, while it’s too early to see results in terms of test scores, there are dramatic improvements in attendance. Those who are involved are amazed at their progress.

Despite many local improvements, our schools still face many challenges. Student enrollments are at record high levels and are expected to increase over

the next decade. This growth, combined with aging buildings and the demand of technology, is straining many school facilities. Growing enrollments and teacher retirements also mean that more than 2 million new teachers will be needed over the next decade. The quality of those teachers will have a significant impact on student achievement levels. Recent advancements require better integration of technology in our public schools and better training for instructors in using technology effectively in the classroom. While many schools have implemented reforms and student performance is improving in some communities, too many children, particularly those from low-income families, are still not learning up to their potential.

The legislation we are introducing today—the RESULTS Act—will address these issues in 5 ways:

(1) We create a new tax credit to help communities offset the cost of school construction and modernization;

(2) We provide funds to help communities reduce class sizes in grades 1 through 3 by hiring and training 100,000 new teachers;

(3) We help communities establish additional after-school programs for school-aged children;

(4) We advance the federal commitment to integrate technology into the classroom and provide resources to train teachers to use that technology effectively; and

(5) We include the President's initiative to provide grants to high-poverty urban and rural school districts that are serious about carrying out standards-based reforms, such as those occurring in Chicago, to improve student achievement.

Mr. President, Democrats recognize that the federal government has an important role to play in encouraging all Americans—including parents, teachers, business and community leaders, and elected officials at all levels of government—to work in partnership to strengthen and revitalize our public schools. Our nation's commitment to a strong system of public education has made our country great. We renew that commitment today with this plan to prepare our students to lead this country into the 21st Century. I thank my colleagues who have worked with me to demonstrate our resolve to modernize and strengthen our public schools and invite our colleagues across the aisle to make the same commitment and join us to enact the important legislation.

I ask unanimous consent that a title-by-title explanation of the bill, be printed in the RECORD.

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

S. 1708—SUMMARY

TITLE I—HELPING COMMUNITIES RENOVATE AMERICA'S SCHOOLS

The General Accounting Office has found severe school disrepair in all areas of the United States. More than 14 million children attend schools in need of extensive repair or

replacement. The repair backlog totals at least \$112 billion, and this does not include expansions needed to accommodate enrollment increases, class size reductions, and integration of technology in the classroom. The problem transcends demographic and geographic boundaries. For 38 percent of urban schools, 30 percent of rural schools, and 29 percent of suburban schools, at least 1 building is in need of extensive repair or should be completely replaced.

The condition of school facilities has a direct effect on the safety of students and teachers, and on the ability of students to learn. Researchers at Georgetown University found the performance of students assigned to schools in poor condition falls 10.9 percentage points below those attending classes in buildings in excellent condition. Other studies have demonstrated up to a 20 percent improvement in test scores when students were moved from a dilapidated facility to a new facility.

This Title includes 2 initiatives to expand tax incentives to help states and school districts address the school construction backlog.

QUALIFIED SCHOOL MODERNIZATION BONDS

State and local governments will issue qualified school modernization bonds to fund the construction, modernization, and rehabilitation of public schools. Bondholders will receive annual Federal income tax credits in lieu of interest. The maximum term of the bonds will be 15 years.

A total of \$9.7 billion of authority to issue qualified school modernization bonds is allocated in 1999 and 2000—50 percent to states and 50 percent to the 100 largest school districts. The authority allocated to the 100 largest districts will be based on the amounts of Federal assistance received under Title I, Basic Grants. In addition, the Secretary of Education will have the authority to designate 25 additional districts to receive bond authority directly from the Federal government. The authority allocated to States will also be based on the State's share of Title I, Basic Grants, excluding the 100 large districts and any others designated by the Secretary to receive bond authority directly from the Federal government.

I should note that I would prefer to provide more funds to the states to make sure that rural areas, many of which are severely limited financially, have access to the funds they need to modernize their schools as well. However, this bill reflects a joint House and Senate Democrats and White House initiative, so I have not made that change in this bill.

To be treated as a qualified school modernization bond program, 3 requirements must be met. First, the Department of Education must approve a school construction plan of the state, territory, or school district that: (1) demonstrates a survey of the construction and renovation needs in the jurisdiction has been undertaken; (2) describes how the jurisdiction will assure that bond proceeds are used for the purposes of this proposal; and (3) explains how it will use its allocation to assist localities that lack the fiscal capacity to issue bonds on their own. Second, the issuing government must receive an allocation for the bond from the State, territory, or eligible district. Third, 95 percent or more of the bond proceeds must be used to construct or rehabilitate public school facilities.

QUALIFIED ZONE ACADEMY BONDS

The bill makes 3 changes to the existing qualified zone academy bonds (created in the Taxpayer Relief Act of 1997). First, the bill increases the 1999 bond cap from \$400 million to \$1.4 billion and adds an additional \$1.4 billion of bond cap in 2000. Second, the bill ex-

pands the list of permissible uses of proceeds to include new school construction. Third, the bill sets the maximum term of qualified zone academy bonds at 15 years. The subsidy mechanism is the same as with the new school modernization bonds—Federal tax credits to bondholders in lieu of interest—but there are several requirements associated with zone academy bonds. First, schools must secure 10 percent of the funding for the school improvement project from the private sector before issuing the zone academy bonds. Second, the school must work with the private sector to enhance the curriculum and increase graduation and employment rates. Finally, in order to be eligible, the school must either have 35 percent of students eligible for the free- and reduced-price lunch program, or be located in an Empowerment zone or enterprise community.

TITLE II—REDUCING CLASS-SIZE

Qualified teachers in small classes can provide students with more individualized attention, spend more time on instruction and less on other administrative tasks, cover more material more effectively, and work more closely with parents. Research has shown that students attending small classes in the early grades make better progress than students in larger classes, and that those achievement gains persist through at least the eighth grade. The benefits are greatest for low-achieving, minority, poor, and inner-city children. Smaller classes also allow teachers to identify and work earlier with students who have learning disabilities, potentially reducing those students' need for special education in later grades.

Efforts to reduce class sizes are likely to be successful only if well-qualified teachers are hired to fill additional classroom positions, and if teachers receive intensive, ongoing training in teaching effectively in smaller classroom settings. Currently, 1 in 4 high school teachers do not have a major or minor in the main subject they teach. This is true for more than 30 percent of math teachers. In schools with the highest minority enrollments, students have less than a 50 percent chance of getting a science or math teacher who holds a degree in that field.

Over the next decade, we will need to hire over 2 million teachers to meet increasing student enrollments and teacher retirements. Comprehensive improvements in teacher preparation and development are needed to ensure students' academic success. Too many teachers graduating today have insufficient experience in the classroom or are unprepared to integrate technology into their lessons. The federal government can assist in this effort by providing resources to help communities reduce class sizes and improve the quality of teacher training.

This program is designed to help states and local educational agencies recruit, train, and hire 100,000 additional qualified teachers in order to reduce class sizes nationally, in grades 1 to 3 to an average of 18 students per classroom. In addition, the program provides resources to improve small classroom teaching in the early grades so that all students can learn to read well and independently by the end of the third grade. Funding of \$1.1 billion will be appropriated in the first year and \$7.3 billion over 5 years.

I want to emphasize that our proposal is aimed at improving the quality of teaching, not just the quantity of teachers. This is critical if we expect to see improvements in student achievement.

TITLE III—EXPANDING AFTER-SCHOOL CARE

Many children spend more of their waking hours without supervision and constructive activity than they do in school. As many as 5 million children are home alone after school each week. Too many of these children are tempted during this time to try cigarettes, alcohol, marijuana and engage in other dangerous activities. The law enforcement community, which has been very active in their efforts to focus our attention on this problem, reports that most juvenile involvement in crime—either committing them or becoming victims themselves—occurs between 3 p.m. and 8 p.m. Children who attend quality after-school programs, on the other hand, tend to do better in school, get along better with their peers, and are less likely to engage in delinquent behaviors. Unfortunately, only one-third of the schools in low-income neighborhoods and half of the schools in affluent areas currently offer after-school programs. Expansion of both school-based and community-based after-school programs is key to providing safe, constructive environments for children and helping communities reduce the incidence of juvenile delinquency and crime.

This bill expands the 21st Century Learning Centers Act and provides \$200 million each fiscal year to help communities develop after-school care programs. Grantees will be required to offer expanded learning opportunities for children and youth in the community. Funds could be used to provide:

- (1) literacy programs;
- (2) integrated education, health, social service, recreational or cultural programs;
- (3) summer and weekend school programs;
- (4) nutrition and health programs;
- (5) expanded library services;
- (6) telecommunications and technology education programs;
- (7) services for individuals with disabilities;
- (8) job skills assistance;
- (9) mentoring;
- (10) academic assistance; and
- (11) drug, alcohol, and gang prevention activities.

While expanding after-school programs in public schools will help hundreds of thousands of children. It is important to note that many other community-based organizations, including YMCAs, and Campfire Boys and Girls, provide high quality programs for children as well. These programs also need and deserve federal assistance, since it is unlikely that schools will be able to meet the needs of all children. While school-based care is the focus of this legislation, many Democratic senators and I also strongly support providing additional resources for after-school care through other programs, and we would also like to see greater coordination among all federal, state, and local programs in order to maximize the effective use of public resources and encourage more collaborative efforts at the local level.

TITLE IV—PROMOTING EFFECTIVE USE OF TECHNOLOGY IN THE CLASSROOM

Americans agree that integrating technology effectively in the classroom must be a central component of preparing students for the 21st Century. Fully 74 percent of Americans believe that computers improve the quality of education and half believe their public schools offer too little access to adequate computers.

The importance of strengthening students' technology skills cannot be underestimated. Nearly one quarter of the jobs added to our economy in the past year were in technology-based occupations. By the year 2000, 60 percent of all jobs in the nation will require skills in computer and network use.

Just 22 percent of all workers have those skills today.

Incorporating technology effectively in the classroom has been proven to improve students' mastery of basic skills, test scores, writing, and engagement in school. With these gains comes a decrease in dropout rates, as well as fewer attendance and discipline problems.

We are making progress. While only 35 percent of schools had access to the internet in 1996, now 78 percent are on-line. The Schools and Libraries Universal Service Fund, or "E-rate," will provide up to \$2.25 billion annually in discounts to assure every American school and library access to telecommunications services, internal connection, and Internet access. More than 20,000 schools and libraries have already applied to participate in this program. The National Governors' Association has urged Congress to maintain the integrity of the E-rate, and provide adequate funding for this important program now.

Many states and localities are taking good advantage of other Federal programs such as the Technology Literacy Challenge Fund, Technology Innovation Challenge Grants, Star Schools and other programs to obtain equipment and wire schools. Additional resources are needed to continue this effort as well as help train teachers in the effective use of technology in the classroom.

This legislation states that it is in the Nation's interest to invest at least \$4 billion in funding for Department of Education technology programs between fiscal years 1999 and 2003.

We also require schools and libraries participating in the E-rate to establish policies to limit access to inappropriate material. Our bill also includes several measures to increase Federal resources to improve professional development and help teachers integrate technology into the classroom. Under our proposal, 30 percent of National Challenge Grant for Technology grants will be directed to partnerships that are focused on developing effective teaching strategies. To improve training and preparation of teaching candidates and new teachers, the Secretary will be authorized to award grants to partnerships that train candidates and education school faculty in the effective use and integration of technology in teaching academic subjects.

The bill establishes \$75 million in grants to be managed jointly by the Office of Education Research and Innovation and the National Science Foundation to support innovative research in education technology, development of research results in partnerships with the private sector, and evaluation that identifies the most effective approaches to implementing education technology.

TITLE V—EDUCATION OPPORTUNITY ZONES

Students in schools where a high proportion of children come from lower-income families begin school behind their peers academically and, too often, never catch up with their peers. Later on, they are less likely to go to college and more likely to experience unemployment. High levels of poverty and the lack of resources has resulted in watered down curricula, lowered expectations for their students, and fewer qualified teachers. These challenges are compounded in high-poverty rural schools because of their isolation and small size.

Some high-poverty schools have shown, however, that students can achieve more if the schools adopt high standards for students, teachers and administrators, provide extra help to students, adopt proven systemic reforms, and hold schools, staff, and students accountable for the results.

This program will provide \$200 million in FY1999 and \$1.5 billion over 5 years to high-poverty urban and rural school districts that are serious about carrying out standards-based reform plans to improve the academic achievement. Grants will be awarded to approximately 50 districts that:

- (1) agree to adopt high standards, test student achievement, and provide help to students, teachers and schools who need it;
- (2) ensure quality teaching, challenging curricula, and extended learning time; and
- (3) end social promotion and take steps to turn around failing schools.

Lessons learned from these districts will be shared with schools across the country. Schools will be encouraged to provide students and parents with school report cards and expanded choices with public education.

Awards will be made according to a competitive, peer review process. Consortia of large and small urban areas, and rural school districts will be selected to participate.

Schools run by the Bureau of Indian Affairs are also eligible.

Successful applicants will have broad-based partnerships to support their reforms, including parents, teachers, local government, business, civic groups, institutions of higher education and other members of the community.

Mr. KENNEDY. Mr. President, President Clinton and Democrats in Congress have made it a top priority to see that America has the best public schools in the world—and we intend to do all we can to see that we reach that goal.

The nation's students deserve modern schools with world-class teachers. But too many students in too many schools in too many communities across the country fail to achieve that standard. The latest international survey of math and science achievement confirms the urgent need to raise standards of performance for schools, teachers, and students alike. It is shameful that America's twelfth graders ranked among the lowest of the 22 nations participating in this international survey of math and science.

The challenge is clear. We must do all we can to improve teaching and learning for all students across the nation. That means:

We must continue to support efforts to raise academic standards.

We must test students early, so that we know where they need help in time to make that help effective.

We must provide better training for current and new teachers, so that they are well-prepared to teach to high standards.

We must reduce class size, to help students obtain the individual attention they need.

We must provide after-school programs to make constructive alternatives available to students and keep them off the streets, away from drugs, and out of trouble.

We must provide greater resources to modernize and expand the nation's school buildings to meet the urgent needs of schools for up-to-date facilities.

I will do all I can to see that the "RESULTS! Act"—"An Act to Revitalize and Empower Schools to Upgrade

for Long-Term Success"—is approved by Congress. The bill will help modernize and expand the nation's schools, reduce class size, expand after-school care, improve education technology in schools, and create education opportunity zones in communities across the country.

A necessary foundation for a successful school is a qualified teacher in every classroom to make sure young children receive the individual attention they need. That's why a pillar of the Democratic agenda is to help bring 100,000 new teachers to schools and reduce class size in the elementary grades.

Research has shown that students attending small classes in the early grades make more rapid progress than students in larger classes. The benefits are greatest for low-achieving, minority, and low-income children. Smaller classes also enable teachers to identify and work effectively with students who have learning disabilities, and reduce the need for special education in later grades.

Many states are also considering proposals to reduce class size—but you can't reduce class size without the ability to hire additional qualified teachers to fill the additional classrooms.

Too many schools are already understaffed. During the next decade, rising student enrollments and massive teacher retirements mean that the nation will need to hire 2 million new teachers. Between 1995 and 1997, student enrollment in Massachusetts rose by 28,000 students, causing a shortage of 1,600 teachers—without including teacher retirements.

The teacher shortage has forced many school districts to hire uncertified teachers, and ask certified teachers to teach outside their area of expertise. Each year, more than 50,000 under-prepared teachers enter the classroom. One in four new teachers does not fully meet state certification requirements. Twelve percent of new teachers have had no teacher training at all. Students in inner-city schools have only a 50% chance of being taught by a qualified science or math teacher. In Massachusetts, 30% of teachers in high-poverty schools do not even have a minor degree in their field.

Our proposal will reduce class size in grades K-3 to a nationwide average of 18 by hiring more teachers. Under our proposal, states and school districts will be able to recruit, train and hire 100,000 additional qualified teachers in order to reduce class size and improve teaching and learning in these early grades. In the first year, Massachusetts will receive \$22 million to support these efforts. We will also be working through the Higher Education Act to improve teacher training at colleges and universities.

Our proposal will also help schools meet their urgent needs for construction, modernization, and renovation. Schools across the nation face serious problems. Many are overcrowded. Many

others have antiquated facilities suffering from physical decay, with no ability to handle the needs of modern education. Across the country, 14 million children in a third of the nation's schools are learning in substandard buildings. Half the schools have at least one unsatisfactory environmental condition.

Massachusetts is no exception. 41% of our schools across the state report that at least one building needs extensive repair or should be replaced. Three-quarters report serious problems in buildings, such as plumbing or heating defects. Eighty percent have at least one unsatisfactory environmental factor.

It is difficult enough to teach or learn in dilapidated classrooms. But now, because of escalating enrollments, those classrooms are increasingly overcrowded. The nation will need 6,000 new schools in the next few years, just to maintain current class sizes.

It will take over \$100 billion just to repair existing facilities. Obviously, the federal government cannot do the whole job. But states and communities across the country are working hard to meet these needs, and the federal government should do more to help.

This year, Revere, Massachusetts passed a \$2.2 million bond issue to renovate the roofs on three of its seven schools. After these renovations were completed, a fourth school's roof started to leak. The leak is so serious that the school's new fire system is threatened. School Committee members estimate that fixing the roof will cost an additional \$1 million, and they don't know where to get the money.

Last year, half of Worcester's schools were not equipped with the wiring and infrastructure to handle modern technology.

Enrollment in Springfield schools has increased by over 1,500 students, or 6 percent, in the last two years, forcing teachers to hold classes in storage rooms, large closets, and in basements.

Our proposal will authorize states and local governments to issue \$22 billion in bonds for school repairs and construction. Part of the amount will go to state governments and part will go to the 100 cities across the nation with the largest numbers of low-income children, including Boston and Springfield. The bonds will be interest-free for the states and cities—Uncle Sam will pay the interest.

Our legislation also addresses the urgent need to provide effective activities for children of all ages during the many hours each week when they are not in school.

Each day, 5 million children, many as young as 8 or 9 years old, are left home alone after school. Juvenile delinquent crime peaks in the hours between 3 p.m. and 8 p.m. Children unsupervised are more likely to be involved in anti-social activities and destructive patterns of behavior.

Our goal in this legislation is to encourage communities to develop activi-

ties that will engage children and keep them out of trouble. Crime survivors, law enforcement representatives, prosecutors, and educators have all joined together in calling for a substantial federal investment in after-school programs.

Clearly, such financial assistance is needed in states across the country. Too often, parents cannot afford the thousands of dollars a year required to pay for after-school care, if it exists at all. In Massachusetts, 4,000 eligible children are on waiting lists for after-school care, and tens of thousands more have parents who have given up on getting help. Nationwide, half a million eligible children are on waiting lists for federal child care subsidies. The need for increased opportunities is obvious and this legislation attempts to meet it.

Our bill will provide \$1 billion over the next 5 years for after-school programs, to enable public school districts in partnership with community-based organizations to bring millions more children, including disabled children, into such programs, and make schools into community learning centers as well.

This proposal will help communities to increase the availability of after-school programs. It will support efforts in Boston to make after-school services available to as many children as possible. Boston's 2-to-6 Initiative will serve an additional 3,000 young people over the next four years, keep school buildings open for city programs and non-profit programs, and challenge private sector leaders to double the number of available after-school jobs to 1,000 over the next two years.

The proposed expansion of the 21st Century Community Learning Center program will enable schools and communities to create programs that meet their after-school needs—and obtain the extra resources required to make it happen.

Our bill also proposes to help failing schools implement the reforms that they know will turn them around. Too many schools now struggle with watered-down curricula, low expectations, fewer qualified teachers, and fewer resources than other schools.

Under the Education Opportunity Zones proposal, these school districts will get the extra resources they need in order to increase achievement, raise standards, end social promotion, upgrade teacher skills, and strengthen ties between the schools, the parents, and the community as a whole.

The bill also calls for continued investment in education technology, so that cutting-edge technology will be available to as many students as possible. That means we must continue to invest more in computers, software, and high-tech training for teachers, so that every child has the opportunity to use technology as an effective learning tool.

Investing in students and teachers and schools is one of the best investments America can make. For schools

across America, help can't come a minute too soon, and I urge Congress to enact this legislation as expeditiously as possible. The message to schools across the country today is clear—help is finally on the way.

Ms. MOSELEY-BRAUN. Mr. President, I want to commend the Democratic leader, Senator DASCHLE, for assembling this important legislation, and I want to thank President Clinton for articulating a vision for America that includes a significant federal commitment toward improving the quality and accessibility of education for all Americans. The RESULTS Act is designed to help fulfill that commitment, and represents the type of action this Congress should take to prepare America for the 21st century.

I visited a number of schools in Illinois over the past several months, and talked with parents, teachers, children, and school officials at the elementary, secondary, and postsecondary levels. I found that without exception, education is at the top of their minds. Illinoisans, like most Americans, support policies designed to help ensure that America remains preeminent in the intensely competitive, global economy of the 21st century.

Last year, this Congress took historic measures to improve the accessibility of quality higher education, with the enactment of President Clinton's HOPE Scholarship and Lifetime Learning tax credits. We also restored the student loan interest deduction, so that graduates now receive a Federal income tax deduction when they make interest payments on their student loans. I intend to work this year to broaden the deduction we created last year, so that more former students, struggling under a burden of debt that has grown enormously in recent years, can make ends meet.

Now, this Congress must act to improve the quality of elementary and secondary education available to our children. We must act to ensure that as we approach the 21st century, no child is left behind. We must act to ensure that no child is forced to try to learn in an overcrowded classroom or a crumbling school, and that every child has access to the kinds of technologies he or she will need to understand to compete in the next millennium.

The RESULTS Act will help States and school districts improve their schools for the 21st century, and includes a number of very important provisions, including a plan to create a new partnership between the Federal government and State and local governments to rebuild and modernize our school buildings. Under this new proposal, States and school districts would be able to issue new, zero-interest bonds to modernize and build schools. Bondholders would receive Federal income tax credits in lieu of interest payments. Using this mechanism, the Federal government can leverage almost \$22 billion worth of school improvements, at a cost of only \$3.3 billion

over the next five years, according to the Joint Committee on Taxation.

According to the U.S. General Accounting Office, it will cost \$112 billion to bring existing school buildings up to code—to patch the leaky roofs, replace the broken windows, fix the plumbing, and make other needed repairs. That price tag, as enormous as it sounds, does not include the cost of building new schools to accommodate the record numbers of children who are crowding our schools, nor the cost of upgrading classrooms for modern computers.

This problem has overwhelmed the fiscal capacities of state and local authorities. It is a problem affecting all areas of the country, because it is a direct result of the antiquated way we pay for public education in this country. The local property tax, which made sense as a funding mechanism when wealth was accumulated in the form of land, no longer works as a means of funding major capital investments. In urban, rural, and suburban schools all across the country, the magnitude of the crumbling schools problem has dwarfed local financing capabilities. It is a problem that directly affects the ability of students to learn, teachers to teach, and schools to implement the kinds of educational reform efforts that parents are demanding to improve the quality of education in this country.

According to academic data correlating building conditions and student achievement, children in these decrepit classrooms have less of a chance. Their education is at risk. They will be less able to compete in the 21st century job market. Ultimately, we will all come out on the losing end. America can't compete if its students can't learn, and our students can't learn if their schools are falling down.

The legislation being introduced today gives Congress a historic opportunity to jump start the process of rebuilding, renovating, modernizing, and constructing new schools to meet the needs of all our children into the 21st century. The RESULTS Act engages the federal government in the support of elementary and secondary education in a way that preserves local control of education. In the same way the federal government helps finance highways, but the state and local governments decide where the roads go, the federal government can help state and local authorities rebuild our schools. America has a \$112 billion infrastructure problem that makes it increasingly difficult for our students to learn the skills they will need to keep America competitive in the 21st century. Now is the time for Congress to act.

I want to congratulate the Democratic leader again for his work on this bill, as well as President Clinton and Secretary Riley, who helped shape many of its provisions. I hope the 105th Congress will approve this legislation quickly, and renew the promise embodied in the words of the 19th century

American poet James Russell Lowell, who wrote: ". . . [I]t was in making education not only common to all, but in some sense compulsory on all, that the destiny of the free republics of America was practically settled."

By Mr. SPECTER:

S. 1709. A bill to authorize the Secretary of Labor to provide assistance to States for the implementation of enhanced pre-vocational training programs, in order to improve the likelihood of enabling welfare recipients to make transitions from public assistance to employment, and for other purposes; to the Committee on Labor and Human Resources.

THE JOB PREPARATION AND RETENTION
TRAINING ACT OF 1998

Mr. SPECTER. Mr. President, I have sought recognition to introduce vocational training legislation, entitled the "Job Preparation and Retention Training Act of 1998," which is designed to respond to the need for pre-vocational training assistance to enable welfare recipients to make the transition from public assistance to work.

I believe that the historic 1996 welfare reform law will serve the American people well by ending systemic dependence and creating a program that emphasizes employment—gainful and permanent employment—by giving the States greater flexibility in administering their programs. We are already hearing about the rise in employment rates and the substantial drops in State welfare rolls.

While many Americans have effectively made the transition from welfare to work, a need exists for skills training to enable many of the individuals who have been long-term welfare recipients to make transitions into unsubsidized employment that provides career potential and enables the individuals to achieve economic self-sufficiency.

Mr. President, as Chairman of the Senate Labor, Health and Human Services and Education Appropriations Subcommittee, I believe that it would be worthwhile to recognize the need for pre-vocational training, a type of training that is not formally offered by the U.S. Department of Labor.

Current Federal law does not adequately address the tremendously negative effect of unfavorable environmental and cultural factors on the ability of such individuals to obtain and retain gainful employment.

I believe that a Federal commitment to the development of pre-vocational training programs should focus on: improving the job readiness of individuals who are welfare recipients and preparing the individual psychologically and attitudinally for employment.

The bill I am introducing today would authorize funding for States to enroll chronic welfare dependents into a training program which would provide the necessary skills to locate and maintain employment. The Secretary of Labor would award States grants on

a competitive basis for use in teaching individuals to fulfill workplace responsibilities such as punctuality, literacy, communication, and other survival skills. Once an adult has completed this short period of training, he or she would be prepared to get the most out of their job training and unsubsidized employment opportunities. The \$50 million authorization would be provided for each of the next two years. The sunset will provide a chance to determine the program's efficacy. Further, training funds would be limited to no more than \$1,200 per individual, which I am advised is a realistic cost of skills training and job placement programs.

Many community-based organizations across the country have already recognized this need and are providing pre-vocational training. In this limited context, we have found that prevocational trainees have fared much better in the economy. I am advised that one such community-based organization, the Opportunities Industrialization Centers of America, Inc., has found that the average hourly wage of trainees prior to pre-vocational training was \$3.70, not even a minimum wage. After receiving pre-vocational training, these same participants started earning an average of \$8.00 an hour. Further, pre-vocational training resulted in an 85% placement rate into better-paying jobs.

I encourage my colleagues to join me in sponsoring this legislation. This bill is intended to enhance welfare reform and it does not tamper with the positive changes in existing law, such as the five-year time limit. Simply, I am asking for continued federal involvement in ending generational welfare.

By Mr. COCHRAN (for himself, Mr. LEVIN, Mr. LEAHY, Mr. STEVENS, Mr. ROBB, Mr. WARNER, Mr. SARBANES, and Ms. MIKULSKI) (by request):

S. 1710. A bill to provide for the correction of retirement coverage errors under chapters 83 and 84 of title 5, United States Code; to the Committee on Governmental Affairs.

THE RETIREMENT COVERAGE ERROR CORRECTION ACT OF 1998

Mr. COCHRAN. Mr. President, today I am introducing, at the request of the Administration, a bill to provide for the correction of retirement coverage errors under chapters 83 and 84 of title 5, United States Code—specifically, current and former federal employees who should have been placed in the Federal Employee Retirement System (FERS), but were misclassified as Civil Service Retirement System (CSRS) or CSRS Offset.

The federal government's transition from CSRS to FERS began in 1984. As government agencies carried out the complex job of applying two sets of transition rules, mistakes were made, and thousands of employees were placed in the wrong retirement system—many learning that their pen-

sions would be less than expected. The Administration's proposal, "The Federal Retirement Coverage Corrections Act," would provide employees with a choice between corrected retirement coverage and the coverage the employee expected to receive, without disturbing Social Security coverage law.

I think this bill deserves the careful consideration of the Senate. As Chairman of the Governmental Affairs Subcommittee with jurisdiction over the subject, I will try to ensure a thorough review of all the options for dealing with this issue.

Among the provisions of the bill, are the following:

(1) Generally, errors of less than 3 years would not be eligible for corrective action.

(2) Social Security-covered employees who were erroneously CSRS covered or CSRS Offset covered, may elect to be retroactively under either CSRS Offset or Social Security-only coverage.

(3) CSRS covered, CSRS Offset covered or Social Security-only covered employees who were erroneously FERS covered will be deemed to have elected FERS coverage and will remain covered by FERS, unless the employee declines it.

(3) Generally, FERS covered employees, former employees, and annuitants who were erroneously CSRS covered or CSRS Offset covered, may elect retroactive coverage under either CSRS Offset or FERS coverage. However, this election may not be available or may be subject to adjustment under certain very limited circumstances.

(5) A Thrift Plan make-whole provision to provide the earnings that are now disallowed on the employee's make-up contributions.

(6) Provisions are included to deal with the retroactive application of Social Security upon the correction of a retirement coverage error in which an employee was erroneously covered by CSRS.

(7) The Director of OPM is given discretionary authority to waive time limits, reimburse necessary and reasonable expenses and compensate losses, and waive specified repayments; and finally

(8) Costs of the "Retirement Coverage Error Correction Act" would be paid from the Civil Service Retirement Fund, and OPM would be authorized to spend money from that Fund to administer the Act.

I invite Senators to join in this effort to address a serious problem affecting many federal employees.

I ask unanimous consent that a copy of the bill and a section by section analysis be printed in the RECORD.

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

S. 1710

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Retirement Coverage Error Correction Act of 1998".

SEC. 2. FINDINGS AND PURPOSE.

The Congress finds that a number of Government employees have been placed under erroneous retirement coverage during the transition from the Civil Service Retirement System to the Federal Employees Retirement System. When these errors are of significant duration, they adversely affect an employee's ability to plan for retirement. It is the purpose of this Act to provide a remedy that treats all such individuals fairly and reasonably, and demonstrates the Government's concern for its employees who have been disadvantaged by a Government error in their retirement coverage. Affected employees should have a choice between corrected retirement coverage and the benefit the employee would have received under the erroneous coverage, without disturbing Social Security coverage law.

SEC. 3. DEFINITIONS.

For the purposes of this Act—

(1) "Annuitant" means an individual described by section 8331(9) or 8401(2) of title 5, United States Code;

(2) "CSRS" means the Civil Service Retirement System established under subchapter III of chapter 83 of title 5, United States Code;

(3) "CSRS covered" means subject to the provisions of subchapter III of chapter 83 of title 5, United States Code, including full CSRS employee deductions;

(4) "CSRS Offset covered" means subject to the provisions of subchapter III of chapter 83 of title 5, United States Code, including reduced CSRS employee deductions;

(5) "Director" means the Director of Office of Personnel Management;

(6) "FERS" means the Federal Employees Retirement System established under chapter 84 of title 5, United States Code;

(7) "FERS covered" means subject to the provisions of chapter 84 of title 5, United States Code;

(8) "OASDI employee tax" means the Old Age, Survivors and Disability Insurance tax imposed on wages under section 3101(a) of the Internal Revenue Code of 1986;

(9) "OASDI employer tax" means the Old Age, Survivors and Disability Insurance tax imposed on wages under section 3111(a) of the Internal Revenue Code of 1986;

(10) "OASDI taxes" means the sum of the OASDI employee tax and OASDI employer tax;

(11) "former employee" means an individual who formerly was a Government employee, but who is not an annuitant;

(12) "Office" means the Office of Personnel Management;

(13) "Retirement coverage determination" means the determination by an agency whether employment is CSRS covered, CSRS Offset covered, FERS covered, or Social Security only covered;

(14) "Retirement coverage error" means an erroneous retirement coverage determination that was in effect for a minimum period of 3 years of service after December 31, 1986;

(15) "Service" means a period of civilian service that is creditable under section 8332 or 8411 of title 5, United States Code;

(16) "Social Security-only covered" means employment under section 3121(b) of the Internal Revenue Code of 1986, subject to OASDI taxes, but not CSRS covered, CSRS Offset covered, or FERS covered; and

(17) "Survivor" means an individual described by section 8331(10) or 8401(28) of title 5, United States Code.

SEC. 4. ERRORS OF LESS THAN 3 YEARS EXCLUDED.

Except as otherwise provided in this Act, an erroneous retirement coverage determination that was in effect for a period of less than 3 years of service after December 31, 1986, is not covered by this Act.

SEC. 5. SOCIAL SECURITY-ONLY COVERED EMPLOYEES WHO WERE ERRONEOUSLY CSRS COVERED OR CSRS OFFSET COVERED.

(a) This section applies in the case of a retirement coverage error in which a Social Security-only covered employee was erroneously CSRS covered or CSRS Offset covered.

(b)(1) This subsection applies if the retirement coverage error has not been corrected prior to the effective date of the regulations described in paragraph (3).

(2) In the case of an individual who is erroneously CSRS covered, as soon as practicable after discovery of the error, and subject to the right of an election under paragraph (3), such a individual shall be CSRS Offset covered, retroactive to the date of the retirement coverage error.

(3) Upon written notice of a retirement coverage error, an individual shall have 6 months to make an election, under regulations promulgated by the Office, to be CSRS Offset covered or Social Security-only covered, retroactive to the date of the retirement coverage error. If the individual does not make an election prior to the deadline, the individual shall remain CSRS Offset covered.

(c)(1) This subsection applies if the retirement coverage error was corrected prior to the effective date of the regulations described in subsection (b)(3).

(2) Within 6 months after the date of enactment of this Act, the Office shall promulgate regulations authorizing individuals to elect, during the 18-month period immediately following the effective date of the regulations, to be CSRS Offset covered or Social Security-only covered, retroactive to the date of the retirement coverage error.

(3) If an eligible individual does not make an election under paragraph (2) prior to the deadline, the corrective action previously taken shall remain in effect.

SEC. 6. SOCIAL SECURITY-ONLY COVERED EMPLOYEES NOT ELIGIBLE TO ELECT FERS WHO WERE ERRONEOUSLY FERS COVERED.

(a) This section applies in the case of a retirement coverage error in which a Social Security-only covered employee not eligible to elect FERS coverage under authority of section 8402(c) of title 5, United States Code, was erroneously FERS covered.

(b)(1) This subsection applies if the retirement coverage error has not been corrected prior to the effective date of the regulations described in paragraph (2).

(2) Upon written notice of a retirement coverage error, an individual shall have 6 months to make an election, under regulations promulgated by the Office, to be FERS covered or Social Security-only covered, retroactive to the date of the retirement coverage error. If the individual does not make an election prior to the deadline, the individual shall remain FERS covered, retroactive to the date of the retirement coverage error.

(c)(1) This subsection applies if the retirement coverage error was corrected prior to the effective date of the regulations described in subsection (b)(2).

(2) Within 6 months after the date of enactment of this Act, the Office shall promulgate regulations authorizing individuals to elect, during the 18-month period immediately following the effective date of the regulations, to be FERS covered or Social Security-only covered, retroactive to the date of the retirement coverage error.

(3) If an eligible individual does not make an election under paragraph (2) prior to the deadline, the corrective action previously taken shall remain in effect.

SEC. 7. CSRS COVERED, CSRS OFFSET COVERED, AND FERS-ELIGIBLE SOCIAL SECURITY-ONLY COVERED EMPLOYEES WHO WERE ERRONEOUSLY FERS COVERED WITHOUT AN ELECTION.

(a) If an individual was prevented from electing FERS because the individual was erroneously FERS covered during the period when the individual was eligible to elect FERS under title III of the Federal Employees Retirement System Act of 1986, the individual is deemed to have elected FERS coverage and will remain covered by FERS, unless the individual declines, under regulations promulgated by the Office, to be FERS covered, in which case the individual will be CSRS covered, CSRS Offset covered, or Social Security-only covered; as would apply in the absence of a FERS election, retroactive to the date of the erroneous retirement coverage determination.

(b) In the case of an individual to whom subsection (a) applies, who dies prior to discovery of the coverage error, or who dies during the election period prescribed in subsection (a) prior to making an election to correct the error, without having the right to decline FERS coverage, the individual's survivors shall have the right to make the election under regulations promulgated by the Office that provide for such election in a manner consistent with the election rights of the individual.

(c) This section shall be effective retroactive to January 1, 1987, except that this section shall not affect individuals who made or were deemed to have made elections similar to those provided in this section under regulations promulgated by the Office prior to the effective date of this Act.

SEC. 8. FERS COVERED CURRENT AND FORMER EMPLOYEES WHO WERE ERRONEOUSLY CSRS COVERED OR CSRS OFFSET COVERED.

(a) This section applies to a FERS covered employee or former employee who was erroneously CSRS covered or CSRS Offset covered as a result of a retirement coverage error.

(b)(1) This subsection applies if the retirement coverage error has not been corrected prior to the effective date of the regulations described in paragraph (2). As soon as practicable after discovery of the error, and subject to the right of an election under paragraph (2), if CSRS covered or CSRS Offset covered, such individual shall be treated as CSRS Offset covered, retroactive to the date of the retirement coverage error.

(2) Upon written notice of a retirement coverage error, an individual shall have 6 months to make an election, under regulations promulgated by the Office, to be CSRS Offset covered or FERS covered, retroactive to the date of the retirement coverage error. If the individual does not make an election by the deadline, a CSRS Offset covered individual shall remain CSRS Offset covered and a CSRS covered individual shall be treated as CSRS Offset covered.

(c)(1) This subsection applies if the retirement coverage error was corrected prior to the effective date of the regulations described in subsection (b)(2).

(2)(A) Within 6 months after the date of enactment of this Act, the Office shall promulgate regulations authorizing individuals to elect, during the 18-month period immediately following the effective date of the regulations, to be CSRS Offset covered, retroactive to the date of the retirement coverage error.

(B) An individual who previously received a payment ordered by a Court or provided as a settlement of claim for losses resulting from a retirement coverage error shall not be entitled to make an election under this subsection unless that amount is waived in

whole or in part under section 12, and any amount not waived is repaid.

(C) An individual who, subsequent to correction of the retirement coverage error, received a refund of retirement deductions under section 8424, or a distribution under section 8433, of title 5, United States Code, shall not be entitled to make an election under this subsection.

(3) If an individual is ineligible to make an election or does not make an election under paragraph (2) prior to the deadline, the corrective action previously taken shall remain in effect.

SEC. 9. ANNUITANTS AND SURVIVORS IN CASES WHERE FERS COVERED EMPLOYEES WERE ERRONEOUSLY CSRS COVERED OR CSRS OFFSET COVERED.

(a) This section applies to an individual who is an annuitant or a survivor of a FERS covered employee who was erroneously CSRS covered or CSRS Offset covered as a result of a retirement coverage error.

(b)(1) Within 6 months after the date of enactment of this Act, the Office shall promulgate regulations authorizing an individual described in subsection (a) to elect CSRS Offset coverage or FERS coverage, retroactive to the date of the retirement coverage error.

(2) An election under this subsection shall be made within 18 months after the effective date of the regulations.

(3) If the individual elects CSRS Offset coverage, the amount in the employee's Thrift Savings Plan account under subchapter III of chapter 84 of title 5, United States Code, at the time of retirement that represents the Government's contributions and earnings on those contributions (whether or not this amount was subsequently distributed from the Thrift Savings Plan) will form the basis for a reduction in the individual's annuity, under regulations promulgated by the Office. The reduced annuity to which the individual is entitled shall be equal to an amount which, when taken together with the amount referred to in the preceding sentence, would result in the present value of the total being actuarially equivalent to the present value of an unreduced CSRS Offset annuity that would have been provided the individual.

(4) If—

(A) a surviving spouse elects CSRS Offset benefits; and

(B) a FERS basic employee death benefit under section 8442(b) of title 5, United States Code, was previously paid;

then the survivor's CSRS Offset benefit shall be subject to a reduction, under regulations promulgated by the Office. The reduced annuity to which the individual is entitled shall be equal to an amount which, when taken together with the amount of the payment referred to subparagraph (B) would result in the present value of the total being actuarially equivalent to the present value of an unreduced CSRS Offset annuity that would have been provided the individual.

(5) An individual who previously received a payment ordered by a Court or provided as a settlement of claim for losses resulting from a retirement coverage error shall not be entitled to make an election under this subsection unless repayment of that amount is waived in whole or in part under section 12, and any amount not waived is repaid.

(c) If the individual does not make an election under subsection (b) prior to the deadline, the retirement coverage shall be subject to the following rules—

(1) If corrective action was previously taken, that corrective action shall remain in effect; and

(2) If corrective action was not previously taken, the employee shall be CSRS Offset covered, retroactive to the date of the retirement coverage error.

SEC. 10. PROVISIONS RELATED TO SOCIAL SECURITY COVERAGE OF MISCLASSIFIED EMPLOYEES.

(a) **REPORTS TO COMMISSIONER OF SOCIAL SECURITY.**—In order to carry out the Commissioner of Social Security's responsibilities under title II of the Social Security Act, the Commissioner may request the head of each agency that employs or employed an individual erroneously subject to CSRS coverage as a result of a retirement coverage error and retroactively converted to CSRS Offset coverage, FERS coverage, or Social Security-only coverage to report in coordination with the Office of Personnel Management, and in such form and within such time frame as the Commissioner may specify, any or all of the following—

(1) the total wages (as defined in section 3121(a) of the Internal Revenue Code of 1986) paid to such individual during each year of the entire period of the erroneous CSRS coverage;

(2) the excess CSRS deduction amount for the individual; and

(3) such additional information as the Commissioner may require for the purpose of carrying out the Commissioner's responsibilities under title II of the Social Security Act.

The head of an agency or the Office shall comply with such a request from the Commissioner. For purposes of section 201 of the Social Security Act, wages reported pursuant to this subsection shall be deemed to be wages reported to the Secretary of the Treasury or the Secretary's delegates pursuant to subtitle F of the Internal Revenue Code of 1954. For purposes of this section, the "excess CSRS deduction amount" for an individual shall be an amount equal to the difference between the CSRS deductions withheld and the CSRS Offset or FERS deductions, if any, due with respect to the individual during the entire period the individual was erroneously subject to CSRS coverage as a result of a retirement coverage error.

(b) **ADJUSTMENT TO TRANSFERS UNDER SECTION 201 OF THE SOCIAL SECURITY ACT.**—Any amount transferred from the General Fund to the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund under section 201 of the Social Security Act on the basis of reports under this section shall be adjusted by amounts previously transferred as a result of corrections made (including corrections made before the date of enactment of this Act), and shall be reduced by any excess CSRS deduction amounts determined by the Director of the Office of Personnel Management to be remaining to the credit of individuals in the Civil Service Retirement and Disability Fund or in accounts maintained by the employing agencies. Such amounts determined by the Director in the preceding sentence shall be transferred to the Federal Old Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund in the proportions indicated in sections 201 (a) and (b) of the Social Security Act.

(c) **APPLICATION OF OASDI TAX PROVISIONS OF THE INTERNAL REVENUE CODE OF 1986 TO AFFECTED INDIVIDUALS AND EMPLOYING AGENCIES.**—An individual described in subsection (a) and the individual's employing agency shall be deemed to have fully satisfied in a timely manner their responsibilities with respect to the taxes imposed by sections 3101(a), 3102(a), and 3111(a) of the Internal Revenue Code of 1986 on the wages paid by the employing agency to such individual during the entire period he or she was erroneously subject to CSRS coverage as a result of a retirement coverage error. No credit or refund of taxes on such wages shall be allowed as result of the operation of this subsection.

SEC. 11. FUTURE CSRS COVERAGE DETERMINATIONS.

No agency shall place an individual under CSRS coverage unless—

(1) the individual has been employed with CSRS coverage within the preceding 365 days; or

(2) the Office has agreed in writing that the agency's coverage determination is correct.

SEC. 12. DISCRETIONARY ACTIONS BY DIRECTOR.

(a) The Director is authorized to take any of the following actions—

(1) extend the deadlines for making elections under this Act in circumstances involving an individual's inability to make a timely election due to cause beyond the individual's control;

(2) provide for the reimbursement of necessary and reasonable expenses incurred by an individual with respect to settlement of a claim for losses resulting from a retirement coverage error, including attorney's fees, court costs, and other actual expenses;

(3) compensate an individual for monetary losses that are a direct and proximate result of a retirement coverage error, excluding claimed losses relating to forgone contributions and earnings under the Thrift Savings Plan under subchapter III of chapter 84 of title 5, United States Code, and all other investment opportunities; and

(4) waive repayments otherwise required under this Act.

(b) In exercising the authority under this section, the Director shall, to the extent practicable, provide for similar actions in situations involving similar circumstances.

(c) Actions taken under this section are final and conclusive, and are not subject to administrative or judicial review on any basis.

(d) The Office of Personnel Management shall prescribe regulations regarding the process and criteria used in exercising the authority under this section.

(e) The Office of Personnel Management shall, within six months after the date of enactment of this Act, and annually thereafter for each year in which the authority provided in this section is used, submit a report to each House of Congress on the operation of this section.

SEC. 13. THRIFT PLAN TREATMENT FOR CERTAIN INDIVIDUALS.

(a) This section applies to an individual who—

(1) is eligible to make an election of coverage under section 8 or section 9, and only if FERS coverage is elected (or remains in effect) for the employee involved; or

(2) is an employee (or former employee, annuitant, or survivor, subject to conditions similar to those in section 8 and 9) in the case of a retirement coverage error in which a FERS covered employee was erroneously Social Security-only covered and is corrected to FERS coverage.

(b)(1) With respect to an individual who whom this section applies, the Director shall pay to the Thrift Savings Fund under subchapter III of chapter 84 of title 5, United States Code, for credit to the account of the employee involved, an amount equal to the earnings which are disallowed under section 8432a of such title 5 on the employee's retroactive contributions to such Fund. Such amount shall represent earnings, on such retroactive contributions, during the period of the retirement coverage error and continuing up to the date on which the amount is paid by the Director (and based on distributions from the employee's Thrift Savings Plan account). Such earnings shall be computed in accordance with the procedures for computing lost earnings under such section 8432a. The amount paid by the Director shall be treated for all purposes as if that

amount had actually been earned on the basis of the employee's contributions.

(2) In cases in which the retirement coverage error was corrected prior to the effective date of the regulations under section 8(c) or section 9(b), the employee involved (including an employee described in subsection (a)(2)) shall have an additional opportunity to make retroactive contributions for the period of the retirement coverage error (subject to applicable limits), and such contributions shall be treated in accordance with the provisions of paragraph (1).

(c) The Office, in consultation with the Federal Retirement Thrift Investment Board, shall prescribe regulations appropriate to carry out this section.

SEC. 14. AUTHORIZATION AND APPROPRIATION.

All payments permitted or required by this Act to be paid from the Civil Service Retirement and Disability Fund, together with administrative expenses incurred by the Office in administering this Act, shall be deemed to have been authorized to be paid from that Fund, which is appropriated for the payment thereof.

SEC. 15. SERVICE CREDIT DEPOSITS.

(a) In the case of a retirement coverage error in which—

(1) a FERS covered employee was erroneously CSRS covered or CSRS Offset covered;

(2) the employee made a service credit deposit under the CSRS rules; and

(3) there is a subsequent retroactive change to FERS coverage;

the excess of the amount of the CSRS civilian or military service credit deposit over the FERS civilian or military service credit deposit, together with interest computed in accordance with paragraphs (2) and (3) of section 8334(e) of title 5, United States Code and regulations prescribed by the Office, shall be a paid to the annuitant or, in the case of a deceased employee, to the individual entitled to lump-sum benefits under section 8342(c) or 8424(d) of title 5, United States Code, as applicable.

(b)(1) This subsection applies in the case of an erroneous retirement coverage determination in which—

(A) the employee made a service credit deposit under the FERS rules; and

(B) there is a subsequent retroactive change to CSRS or CSRS Offset coverage.

(2) If at the time of commencement of an annuity there is remaining unpaid any excess of the CSRS civilian or military service credit deposit over the FERS civilian or military service credit deposit, the annuity shall be reduced based upon the amount unpaid together with interest computed in accordance with paragraphs (2) and (3) of section 8334(e) of title 5, United States Code and regulations prescribed by the Office. The reduced annuity to which the individual is entitled shall be equal to an amount that, when taken together with the amount referred to in the preceding sentence, would result in the present value of the total being actuarially equivalent to the present value of an unreduced CSRS Offset annuity that would have been provided the individual.

(3) If at the time of commencement of a survivor annuity, there is remaining unpaid any excess of the CSRS service credit deposit over the FERS service credit deposit, and there has been no actuarial reduction in an annuity under the preceding paragraph, the survivor annuity shall be reduced based upon the amount unpaid together with interest computed in accordance with paragraphs (2) and (3) of section 8334(e) of title 5, United States Code and regulations prescribed by the Office. The reduced survivor annuity to which the individual is entitled shall be equal to an amount that, when taken together with the amount referred to in the

preceding sentence, would result in the present value of the total being actuarially equivalent to the present value of an unreduced CSRS Offset survivor annuity that would have been provided the individual.

SEC. 16. REGULATIONS.

(a) In addition to the regulations specifically authorized in this Act, the Office may prescribe such other regulations as are necessary for the administration of this Act.

(b) The regulations issued under this Act shall provide for protection of the rights of a former spouse with entitlement to an apportionment of benefits or to survivor benefits based on the service of the employee.

SEC. 17. EFFECTIVE DATE.

Except as otherwise provided herein, this Act shall be effective on the date of enactment.

RETIREMENT COVERAGE ERROR CORRECTION ACT OF 1998—SECTION-BY-SECTION ANALYSIS

The first section provides a title for the bill, the "Retirement Coverage Error Correction Act of 1998".

Section 2 explains the Congressional findings and purpose of the Act.

Section 3 defines the terms used in the Act. Among the definitions, "retirement coverage error" means erroneous coverage that was in effect for at least 3 years of service after December 31, 1986.

Section 4 provides that, except as otherwise provided in this Act, errors of less than 3 years are excluded from eligibility for corrective action under the Act. The primary exception to the three-year rule is in Section 7, concerning FERS covered employees who should have been, but were not, given the opportunity to elect whether to be covered by FERS.

Section 5 deals with cases of retirement coverage errors in which a Social Security-only covered employee was erroneously CSRS covered or CSRS Offset covered. Under this provision, OPM will promulgate regulations giving such individuals the option to elect to be retroactively under either CSRS Offset or Social Security-only coverage. If erroneously under CSRS coverage, the employee will be placed under interim CSRS Offset coverage as soon as practicable, and will have the right to make the coverage election under the regulations.

There will be an 18-month election period applicable to cases where there was a correction of the coverage error prior to the effective date of the regulations. In such cases, if the individual does not make a timely election, then the corrective action previously taken shall remain in effect.

In cases where the coverage error was not corrected prior to the effective date of the regulations (other than interim conversion from CSRS to CSRS Offset), the individual will have 6 months after notification of the error in which to make an election. In such cases, if the individual does not make a timely election, then the individual will remain under CSRS Offset.

Section 6 deals with cases of retirement coverage errors in which a Social Security-only covered employee who was not entitled to elect FERS was erroneously FERS covered. Under this provision, OPM will promulgate regulations giving such individuals the option to elect to be retroactively under either FERS coverage or Social Security-only coverage.

There will be an 18-month election period applicable to cases where there was a correction of the coverage error prior to the effective date of the regulations. In such cases, if the individual does not make a timely election, then the corrective action previously taken shall remain in effect.

In cases where the coverage error was not corrected prior to the regulations, the indi-

vidual will have 6 months after notification of the error in which to make an election. In such cases, if the individual does not make a timely election, then the individual will remain under FERS coverage.

Section 7 provides that in the case of an erroneous retirement coverage determination in which a CSRS covered, CSRS Offset covered or FERS-eligible Social Security-only covered employee was erroneously FERS covered, the employee is deemed to have elected FERS coverage and will remain covered by FERS, unless the employee declines, under regulations promulgated by OPM, to be FERS covered. This form of corrective action is appropriate, regardless of whether the error lasted 3 years, when the individual was prevented from electing FERS during the statutory election period provided by title III of the FERS Act of 1986. Individuals who previously had the right to make such an election under OPM regulations will not be given an additional opportunity to make an election. This section ratifies OPM's authority to issue regulatory provisions to provide appropriate treatment in this situation, in accordance with court decisions. This section will be effective retroactive to January 1, 1987.

Section 8 applies to employees and former employees (but not annuitants) in cases in which a FERS covered employee was erroneously CSRS covered or CSRS Offset covered. Under this provision, OPM will promulgate regulations giving such individuals the option to elect to be retroactively under either CSRS Offset or FERS coverage. CSRS covered employees will be immediately and retroactively converted to CSRS Offset coverage, since Social Security coverage is automatic by action of law, with the right to make the coverage election under the regulations.

There will be an 18-month election period applicable to cases where there was a correction of the coverage error prior to the effective date of the regulations. In such cases, if the individual does not make a timely election, then the corrective action previously taken shall remain in effect.

In cases where the coverage error has not been corrected prior to the effective date of the regulations (other than interim conversion from CSRS to CSRS Offset), the individual will have 6 months after notification of the error in which to make an election. In such cases, if the individual does not make a timely election, then the individual will remain under CSRS Offset.

In two situation, individuals will not be permitted to make an election. When an individual elects to receive a refund of FERS employee contributions or a Thrift Savings Plan payout, the individual waives the right to benefits based on the service. Accordingly, if, subsequent to correction of the error and placement under FERS, the individual takes either of those actions, there is no justification to reinstate the rights to retirement benefits which were given up knowingly and voluntarily.

In addition, individuals who previously received a payment ordered by a Court or provided as a settlement of claim for losses resulting from a retirement coverage error will not be entitled to make an election unless repayment is made, or is waived by the Director of OPM.

Section 9 deals with the same types of errors as section 8, but in cases where the employee has retired or died. The basic provisions are essentially the same, but there are provisions for actuarial adjustments to prospective annuity payments when a retroactive election divests the right to payments which have already been made.

Section 10 deals with the retroactive application of Social Security upon the correction

of a retirement coverage error in which an employee was erroneously covered by CSRS. Subsection (a) provides discretionary authority for the Commissioner of Social Security to request wage and other relevant information directly from the employing agencies, in a form and manner prescribed by the Commissioner. Such information is necessary to correctly compute the employee's Social Security benefit as if the employee had not been erroneously classified. Exercise of this authority would provide for a more efficient provision of such information than current law and procedures, particularly for years prior to the 3-year limitation on assessment of taxes. Information for years prior to the 3-year period open to assessment of taxes would otherwise have to be provided by each individual employee or be provided at the discretion of the employing agency. The authority contained in this subsection would enable the Commissioner of Social Security to prescribe specific procedures, if those procedures are determined to be necessary, to receive directly the information for these employees to ensure that their wage records properly reflect their earnings history.

Subsection (b) provides that any amounts which may be transferred to the Social Security Trust Funds as a result of the reports which may be required under subsection (a) shall be reduced by certain amounts previously and erroneously deducted for CSRS, and that these amounts shall be transferred from the Civil Service Retirement and Disability Fund to the Social Security Trust Funds in order to correct the retirement and Social Security coverage error. Subsection (c) provides that the OASDI employee tax and OASDI employer tax are deemed to have been paid for the entire period of the erroneous CSRS coverage.

Section 11 requires agencies, before placing any employee in CSRS coverage, to obtain written agreement from OPM that CSRS coverage is correct, unless the individual has been employed with CSRS coverage within the preceding 365 days, the generally applicable statutory period for exclusion from Social Security. It is intended to prevent future coverage errors.

Section 12 gives the Director of OPM specific discretionary authority to waive time limits, reimburse necessary and reasonable expenses and compensate losses, and waive specified repayments. The authority to compensate an individual for losses does not extend to claims relating to forgone Thrift Savings Plan contributions and earnings or other investment opportunities. In view of the judgmental nature of such relief, the provision bars administrative or judicial review of these actions. The provisions requires OPM to report to Congress on the use of the authority under this section within six months after enactment, and annually thereafter, if the authority is used.

Section 13 provides for costs of the Act to be paid from the Civil Service Retirement Fund. It also authorizes OPM to spend money from that Fund to administer the Act.

Section 14 deals with service credit deposits which can be affected by actions under the Act. Subsection (a) provides for payment of interest on partial refunds of service credit deposits required as a result of corrective actions. Subsection (b) provides for collection by actuarial annuity reduction of certain additional service credit deposits required as a result of corrective actions.

Section 15 provides that the Office may prescribe regulations necessary for the administration of the Act. In addition, it requires that OPM's regulations protect the rights of a former spouse with entitlement to an apportionment of benefits or to survivor

benefits based on the service of the employee.

Section 16 provides that except as otherwise provided, the Act shall be effective upon enactment.

ADDITIONAL COSPONSORS

S. 1021

At the request of Mr. HAGEL, the name of the Senator from Virginia (Mr. WARNER) was added as a cosponsor of S. 1021, a bill to amend title 5, United States Code, to provide that consideration may not be denied to preference eligibles applying for certain positions in the competitive service, and for other purposes.

S. 1220

At the request of Mr. DODD, the name of the Senator from New Jersey (Mr. LAUTENBERG) was added as a cosponsor of S. 1220, a bill to provide a process for declassifying on an expedited basis certain documents relating to human rights abuses in Guatemala and Honduras.

S. 1260

At the request of Mr. GRAMM, the name of the Senator from Washington (Mr. GORTON) was added as a cosponsor of S. 1260, a bill to amend the Securities Act of 1933 and the Securities Exchange Act of 1934 to limit the conduct of securities class actions under State law, and for other purposes.

S. 1334

At the request of Mr. BOND, the name of the Senator from North Carolina (Mr. HELMS), the Senator from New York (Mr. D'AMATO), and the Senator from New Hampshire (Mr. GREGG) were added as cosponsors of S. 1334, a bill to amend title 10, United States Code, to establish a demonstration project to evaluate the feasibility of using the Federal Employees Health Benefits program to ensure the availability of adequate health care for Medicare-eligible beneficiaries under the military health care system.

S. 1365

At the request of Mr. MIKULSKI, the name of the Senator from Maine (Mr. SNOWE) was added as a cosponsor of S. 1365, a bill to amend title II of the Social Security Act to provide that the reductions in social security benefits which are required in the case of spouses and surviving spouses who are also receiving certain Government pensions shall be equal to the amount by which two-thirds of the total amount of the combined monthly benefit (before reduction) and monthly pension exceeds \$1,200, adjusted for inflation.

S. 1391

At the request of Mr. DODD, the name of the Senator from Oregon (Mr. WYDEN) was added as a cosponsor of S. 1391, a bill to authorize the President to permit the sale and export of food, medicines, and medical equipment to Cuba.

S. 1600

At the request of Mrs. BOXER, the name of the Senator from New York

(Mr. D'AMATO) was added as a cosponsor of S. 1600, a bill to amend the Internal Revenue Code of 1986 to waive in the case of multiemployer plans the section 415 limit on benefits to the participant's average compensation for his high 3 years.

S. 1605

At the request of Mr. CAMPBELL, the name of the Senator from South Dakota (Mr. DASCHLE) was added as a cosponsor of S. 1605, a bill to establish a matching grant program to help States, units of local government, and Indian tribes to purchase armor vests for use by law enforcement officers.

S. 1606

At the request of Mr. WELLSTONE, the name of the Senator from North Dakota (Mr. DORGAN) was added as a cosponsor of S. 1606, a bill to fully implement the Convention Against Torture and Other Cruel, Inhuman, or Degrading Treatment or Punishment and to provide a comprehensive program of support for victims of torture.

S. 1608

At the request of Mr. ALLARD, the name of the Senator from Oklahoma (Mr. INHOFE) was added as a cosponsor of S. 1608, a bill to provide for budgetary reform by requiring the reduction of the deficit, a balanced Federal budget, and the repayment of the national debt.

S. 1671

At the request of Ms. MOSELEY-BRAUN, her name was added as a cosponsor of S. 1671, a bill to address the Year 2000 computer problems with regard to financial institutions, to extend examination parity to the Director of the Office of Thrift Supervision and the National Credit Union Administration, and for other purposes.

S. 1673

At the request of Mr. HUTCHINSON, the name of the Senator from Kentucky (Mr. McCONNELL) was added as a cosponsor of S. 1673, a bill to terminate the Internal Revenue Code of 1986.

SENATE JOINT RESOLUTION 9

At the request of Mr. KYL, the names of the Senator from Tennessee (Mr. FRIST) and the Senator from Missouri (Mr. ASHCROFT) were added as cosponsors of Senate Joint Resolution 9, a joint resolution proposing an amendment to the Constitution of the United States to require two-thirds majorities for increasing taxes.

SENATE CONCURRENT RESOLUTION 65

At the request of Mr. SNOWE, the name of the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of Concurrent Resolution 65, a concurrent resolution calling for a United States effort to end restriction on the freedoms and human rights of the enclaved people in the occupied area of Cyprus.

SENATE CONCURRENT RESOLUTION 77

At the request of Mr. SESSIONS, the names of the Senator from Wyoming (Mr. ENZI), the Senator from North Carolina (Mr. FAIRCLOTH), the Senator

from North Carolina (Mr. HELMS), the Senator from Oklahoma (Mr. NICKLES), the Senator from Minnesota (Mr. GRAMS), the Senator from Kentucky (Mr. McCONNELL), the Senator from Kansas (Mr. BROWNBACK), the Senator from Oklahoma (Mr. INHOFE), the Senator from Idaho (Mr. CRAIG), the Senator from Arkansas (Mr. HUTCHINSON), the Senator from Tennessee (Mr. FRIST), the Senator from Georgia (Mr. COVERDELL), the Senator from Missouri (Mr. ASHCROFT), the Senator from Michigan (Mr. ABRAHAM), the Senator from Florida (Mr. MACK), the Senator from Ohio (Mr. DEWINE), and the Senator from Indiana (Mr. COATS) were added as cosponsors of Senate Concurrent Resolution 77, a concurrent resolution expressing the sense of the Congress that the Federal government should acknowledge the importance of at-home parents and should not discriminate against families who forego a second income in order for a mother or father to be at home with their children.

SENATE CONCURRENT RESOLUTION 78

At the request of Mr. DORGAN, his name was added as a cosponsor of Senate Concurrent Resolution 78, a concurrent resolution relating to the indictment and prosecution of Saddam Hussein for war crimes and other crimes against humanity.

SENATE RESOLUTION 155

At the request of Mr. LOTT, the name of the Senator from Hawaii (Mr. INOUE) was added as a cosponsor of Senate Resolution 155, a resolution designating April 6 of each year as "National Tartan Day" to recognize the outstanding achievements and contributions made by Scottish Americans to the United States.

At the request of Mrs. MURRAY, her name was added as a cosponsor of Senate Resolution 155, *supra*.

SENATE RESOLUTION 176

At the request of Mr. DOMENICI, the names of the Senator from Maryland (Mr. SARBANES), the Senator from Montana (Mr. BAUCUS), the Senator from California (Mrs. BOXER), and the Senator from North Carolina (Mr. FAIRCLOTH), were added as cosponsors of Senate Resolution 176, a resolution proclaiming the week of October 18 through October 24, 1998, as "National Character Counts Week."

AMENDMENT NO. 1682

At the request of Mr. LAUTENBERG, the name of the Senator from South Carolina (Mr. HOLLINGS) was added as a cosponsor of Amendment No. 1682 proposed to S. 1173, a bill to authorize funds for construction of highways, for highway safety programs, and for mass transit programs, and for other purposes.

At the request of Mr. THURMOND, his name was withdrawn as a cosponsor of amendment No. 1682 proposed to S. 1173, *supra*.