S. Con. Res. 75: A concurrent resolution honoring the sesquicentennial of Wisconsin statehood.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. HATCH, from the Committee on the Judiciary:

William P. Dimitrouleas, of Florida, to be United States District Judge for the Southern District of Florida.

Stephan P. Mickle, of Florida, to be United Sates District Judge for the Northern District of Florida.

Chester J. Straub, of New York, to be United States Circuit Judge for the Second Circuit.

(The above nominations were reported with the recommendation that they be confirmed.)

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. BAUCUS (for himself, Mr. GRAHAM, Mr. BREAUX, Mr. REID, Mr. GRASSLEY, Ms. MIKULSKI, and Mr. JOHNSON):

S. 2040. A bill to amend title XIX of the Social Security Act to extend the authority of State medicaid fraud control units to investigate and prosecute fraud in connection with Federal health care programs and abuse of residents of board and care facilities; to the Committee on Finance.

By Mr. SMITH of Oregon:

S. 2041. A bill to amend the Reclamation Wastewater and Groundwater Study and Facilities Act to authorize the Secretary of the Interior to participate in the design, planning, and construction of the Willow Lake Natural Treatment System Project for the reclamation and reuse of water, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. FAIRCLOTH:

S. 2042. A bill to provide for a program to improve commercial motor vehicle safety in the vicinity of the borders between the United States and Canada and the United States and Mexico; to the Committee on Commerce, Science, and Transportation.

By Mrs. BOXER (for herself, Mr. BUMPERS, and Mr. DURBIN):

S. 2043. A bill to repeal the limitation on use of appropriations to issue rules with respect to valuation of crude oil for royalty purposes; to the Committee on Energy and Natural Resources.

By Mr. KENNEDY (for himself, Mrs. MURRAY, Mr. LEVIN, Mr. INOUYE, Mr. DODD, Mr. KERRY, Mr. DASCHLE, Mr. BINGAMAN, and Mr. GLENN):

S. 2044. A bill to assist urban and rural local education agencies in raising the academic achievement of all of their students; to the Committee on Labor and Human Resources.

By Mr. FAIRCLOTH:

S. 2045. A bill to amend title 10, United States Code, to permit certain beneficiaries of the military health care system to enroll in Federal employees health benefits plans, and for other purposes; to the Committee on Armed Services.

By Mr. ASHCROFT:

S. 2046. A bill to ensure that Federal, State and local governments consider all nongovernmental organizations on an equal basis when choosing such organizations to provide assistance under certain government programs, without impairing the religious character of any of the organizations, and without diminishing the religious freedom of beneficiaries of assistance funded under such programs, and for other purposes; to the Committee on Governmental Affairs.

By Mr. HATCH (for himself and Mr. BENNETT):

S. 2047. A bill to suspend temporarily the duty on the personal effects of participants in, and certain other individuals associated with, the 1999 International Special Olympics, the 1999 Women's World Cup Soccer, the 2001 International Special Olympics, the 2002 Salt Lake City Winter Olympics, and the 2002 Winter Paralympic Games; to the Committee on Finance.

By Mr. SANTORUM:

S. 2048. A bill to provide for the elimination of duty on Ziram; to the Committee on Finance.

By Mr. KERREY (for himself, Mr. BOND, Mr. DURBIN, Mr. KENNEDY, Mr. DEWINE, and Mr. MOYNIHAN):

S. 2049. A bill to provide for payments to children's hospitals that operate graduate medical education programs; to the Committee on Finance.

By Mrs. FEINSTEIN:

S. 2050. A bill to amend title 10, United States Code, to prohibit members of the Armed Forces from entering into correctional facilities to present decorations to persons who commit certain crimes before being presented such decorations; to the Committee on Armed Services.

By Mr. WARNER:

S. 2051. A bill to establish a task force to assess activities in previous base closure rounds and to recommend improvements and alternatives to additional base closure rounds; to the Committee on Armed Services.

By Mr. SHELBY:

S. 2052. An original bill to authorize appropriations for fiscal year 1999 for intelligence and intelligence-related activities of the United States Government, the Community Management Account, and the Central Intelligence Retirement and Disability System, and for other purposes; from the Select Committee on Intelligence; to the Committee on Armed Services, pursuant to the order of section 3(b) of S. Res. 400 for a period not to exceed 30 days of session.

By Mr. WARNER:

S. 2053. A bill to require the Secretary of the Treasury to redesign the $1 bill so as to incorporate the preamble to the Constitution of the United States, the Bill of Rights, and a list of Articles of the Constitution on the reverse side of such currency; to the Committee on Banking, Housing, and Urban 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. FAIRCLOTH (for himself and Mr. HELMS):

S. Res. 225. A resolution expressing the sense of the Senate regarding the 35th anniversary of the founding of the North Carolina Community College System; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BAUCUS (for himself, Mr. GRAHAM, Mr. BREAUX, Mr. REID, Mr. GRASSLEY, Ms. MIKULSKI, and Mr. JOHNSON):

S. 2040. A bill to amend title XIX of the Social Security Act to extend the authority of State medicaid fraud control units to investigate and prosecute fraud in connection with Federal health care programs and abuse of residents of board and care facilities; to the Committee on Finance.

THE SENIOR CITIZEN PROTECTION ACT OF 1998

Mr. BAUCUS. Mr. President, today I rise to introduce the Senior Citizen Protection Act of 1998. The legislation aims to protect our nation's seniors from patient and elder abuse. The bill also protects our federal health care programs, most notably Medicare, from fraud.

In the past two years, we have made great strides against fraud and abuse by passing new initiatives. These initiatives include closing loopholes, improving coordination between Federal, State, and local law enforcement programs, and enhancing the powers of the Inspector General of the Department of Health and Human Services to combat fraud and recover lost money.

These measures are helping, but there is another vision which I think will help us stay ahead of those who endlessly scheme to defraud our health care programs. The Senior Citizen Protection Act deputizes Medicaid investigators and enables them to weed out fraud and abuse in our federal health program.

Currently, when a Medicaid Fraud Control Unit investigates a state Medicaid fraud case and finds a similar violation in Medicare, the Unit cannot investigate the Medicare infraction. Common sense will tell you that an unscrupulous actor defrauding Medicaid will likely do the same to federal health programs.

In Montana, for example, the Medicaid Fraud Control Unit routinely finds co-existing cases of Medicaid and Medicare fraud in patient records. While the Unit has the documents right in front of them, they can not pursue the Medicare abuses.

Federal authorities must conduct a new and separate investigation. Unfortunately, these violations may be too small to justify a federal investigation. The majority of health care fraud recoveries, 62%, are more than a million dollars. Even more striking, only 6% of federal fraud recoveries are in an amount lower than $100,000. Thus, the Federal Government is doing a good job of weeding out the big actors in the anti-fraud war, but the smaller actors—which still cost money—continue to ride scot-free.

That is where our legislation can help. If a fraud Unit is investigating a fraudulent doctor, for example, and finds some Medicare claims that look false, currently the investigator has to call the Inspector General's office and report their suspicions.

In many cases, however, they hear back from Washington that the claims may be fraudulent, but the fraud is not

widespread enough to justify the expense of a federal investigation. Under our legislation, the Units will now be able to wrap the Medicare case into their own investigation and the Federal Government will be able to continue spending their resources on larger fraud operations.

The Senior Citizen Protection Act allows state Fraud Control Units to investigate federal violations which come to their attention during an existing state Medicaid investigation. By giving the Units this discreet authority, we can take another step toward reducing fraud and abuse.

While most fraud cases are the result of overbilling, false billing, or a provider performing unnecessary services, almost 25% of health care fraud cases are due to poor quality of care or care not provided. And that is when these problems cross over from health care fraud to actual patient abuse and neglect. It alarms all of us when we hear stories of older individuals being harmed by unscrupulous persons. What upsets me so much about elderly abuse is how vulnerable these victims are, especially since they depend so much on their health care providers for actual daily activities.

Some Senators may have heard about the egregious case in Arizona where two defendants pled guilty to three counts of aggravated assault for sexually assaulting, intimidating and abusing patients. Their crimes included spitting at and kicking patients, and threatening to give a pill to a patient so he would never wake up. Some patients were so afraid they would not eat or drink. This is a modern tragedy.

Other stories include incidents of physical abuse, verbal ridicule and mockery, and neglect, such as depriving patients of food, water and the opportunity for communication.

Under current law, state Medicaid Fraud Control Units can only investigate and prosecute cases of elder abuse in state-funded facilities. However, more and more seniors are moving into assisted living and residential treatment settings that receive no state funds. Let me be clear: I support this trend, as it gives seniors more choices about the type of long-term care they receive. I am concerned, however, that assisted living facilities have little oversight to prevent patient neglect and abuse. Local authorities often lack the resources and skill to investigate health care cases.

In Montana, our state Medicaid Fraud Control Unit routinely receives calls from local law enforcement agencies, local public health departments, and even Adult Protective Services requesting assistance with elder abuse cases. However, the Fraud Unit's hands are tied; they lack the jurisdictional authority to offer help.

The Senior Citizen Protection Act will enable state Medicaid Fraud Control Units to investigate cases of patient abuse and neglect in residential facilities that do not receive state reimbursement. Medicaid investigators have the experience and expertise to assist local authorities with this job. Allowing the Medicaid Fraud Control Units to lend their expertise to cases in non-Medicaid facilities makes good sense and is right for our seniors.

Mr. REID. Mr. President, I rise in support of S. 2040 the Senior Citizens Protection Act introduced by Senator BAUCUS earlier this morning.

I am pleased to be an original cosponsor on this important legislation.

There are 47 federally certified Medicaid Fraud Control Units across the country. Since the program began in 1978, more than 8,000 cases have been prosecuted. They do an excellent job.

Millions of dollars have been returned as a result of their work.

The ''Senior Citizens Protection Act of 1998'' makes two very simple changes to Medicaid Fraud Control Unit authority.

First it gives MFCU's the authority to investigate violations in our federal health programs—primarily Medicare in addition to their current authority to investigate violations in Medicaid.

Secondly, the bill would enable MFCU's to investigate patient abuse and neglect in residential health care facilities that do not receive Medicaid reimbursement.

In short the bill has two goals: to stop health care fraud and to protect vulnerable seniors.

As the face of long-term care changes, local authorities need the resources to investigate claims of patient and elder abuse.

Rather than create new bureaucracies, this bill allows us to build upon the expertise of an existing entity—the state Medicaid Fraud Control Units.

During two Aging Committee field hearings that I held in Las Vegas and Reno in January 1998, I heard first hand from the Nevada Attorney General, Frankie Sue Del Papa, how important this legislation was.

She made it very clear to me that her Medicaid Fraud Control Unit has the expertise to investigate these cases. They simply need the authority.

The MFCU's have the know how and experience to protect seniors in residential health care facilities. They merely lack the authority to get involved in non-Medicaid cases.

This legislation will give them the needed authority. That is why this bill is endorsed by the National Association of Attorneys General, the Department of Justice, the American Association of Retired Persons and the Department of Health and Human Services Office of the Inspector General.

Simply put, it is the right thing to do.

It is unfortunate that when MFCU investigators involved in a case of Medicaid fraud discover evidence that this fraud may also be happening in the Medicare program, or other federally funded health care programs, they are restricted from taking action. This bill will change that.

Under current law, the MFCU can only investigate patient abuse in medical facilities which receive Medicaid funds.

In 1996 and 1997, the Nevada MFCU received 120 referrals but only opened 20 investigations due in part to limited jurisdiction.

Although many of these cases are referred to local law enforcement, they may never be criminally investigated or prosecuted due to lack of expertise or available resources.

State MFCUs are able to conduct these investigations and this bill will give them the needed authority.

In Nevada 47 nursing homes and 54 adult group homes receive Medicaid funding.

When abuse or neglect occurs in such facilities, the state MFCU can investigate.

However, we also have approximately 265 residential facilities for groups and 321 registered homes which could fall within the definition of ''board and care facilities'' set forth in this bill.

With the passage of this bill, seniors and other residents in these facilities would be protected regardless of whether the facility receives Medicaid funding or not.

This bill would give the state MFCU the authority to investigate allegations of abuse and neglect in these facilities.

As we collectively strive to reduce fraud and abuse in our Medicare and Medicaid programs, we cannot overlook any opportunity to make a difference.

This bill is a welcome weapon in our arsenal to fight abuse.

I commend Senators BAUCUS of Montana and GRAHAM of Florida for their sponsorship of this bill and Senators MIKULSKI, GRASSLEY, JOHNSON, and BREAUX for their original cosponsorship of this important legislation.

We need all the ammunition possible in the war against health care fraud and in assuring the protection of our nation's most vulnerable seniors in the spectrum of long-term care facilities.

The bill introduced by my colleagues today is a major step in the right direction.

I am pleased to join them in sponsoring this important legislation.

Ms. MIKULSKI. Mr. President, I am pleased to be an original cosponsor of the Senior Citizens Protection Act of 1998, introduced by Senator BAUCUS. I support this legislation for two reasons—it fights fraud and protects seniors.

Fraud and abuse pose a serious threat to Medicare and Medicaid. We cannot afford to tolerate any more abuse of the system. The job of Medicaid Fraud Control Units (MFCUs) is to investigate and prosecute Medicaid fraud in state programs. MFCUs have prosecuted thousands of cases and recovered hundreds of thousands of Medicaid dollars. Every dollar saved by MFCUs is another dollar we can use to provide quality service to those who need it.

This legislation expands the authority of Medicaid Fraud Control Units in two ways. It allows MFCUs to investigate federal fraud violations discovered during a state Medicaid investigation. Currently, MFCUs cannot investigate Medicare fraud or other federal fraud violations. Under the Senior Citizens Protection Act, MFCUs will be able to investigate federal fraud, and return recovered funds to the federal government.

I am firmly committed to protecting seniors from elder abuse. This legislation protects seniors by authorizing to MFCUs to investigate patient abuse in residential health care facilities that do not receive Medicaid reimbursement. The number of residential facilities is growing, but local authorities often lack the resources to investigate elder abuse. MFCUs are already investigating elder abuse in facilities that receive Medicaid funding. But under the Senior Citizens Protection Act, MFCUs will be able to protect all of our senior citizens living in residential facilities.

I want to let those who depend on Medicaid and Medicare know that we are fighting to stop fraud and waste. We have done an outstanding job in protecting Medicaid-covered seniors from fraud and abuse. It is now time to extend that protection to all of our senior citizens.

By Mr. SMITH of Oregon:

S. 2041. A bill to amend the Reclamation Wastewater and Groundwater Study and Facilities Act to authorize the Secretary of the Interior to participate in the design, planning, and construction of the Willow Lake Natural Treatment System Project for the reclamation and reuse of water, and for other purposes; to the Committee on Energy and Natural Resources.

THE WILLOW LAKE PROJECT ACT

Mr. SMITH of Oregon. Mr. President, today I am introducing legislation to authorize the Secretary of the Interior to participate in the design, planning and construction of the Willow Lake Natural Treatment System Project for the reclamation and reuse of water by the city of Salem, Oregon. This project is an innovative approach to an ongoing sewer overflow problem. It will not only provide environmental benefits for the city and the Willamette Valley, but could also provide irrigation water for the local farming community.

This natural treatment system is one component of the city's recently adopted Wastewater Master Plan. Currently, the city has a combined sanitary sewer system. Unfortunately, each winter season during the wet weather, sewer overflows spill into Salem-area creeks and streams, as well as the Willamette River.

The proposed natural treatment system, working in conjunction with the city's wastewater treatment plant, will provide Salem with the ability to meet regulatory requirements by storing and treating all wastewater from Salem's sewer system and significantly reducing wet weather sewer system overflows. The finished system will meet Oregon Department of Environmental Quality (DEQ) standards, and be fully operational by 2010. Although the specific site has not yet been selected, I am hopeful that any land needed for the project will be acquired on a willing buyer-willing seller basis.

The natural treatment system proposed includes both overland flow treatment and constructed wetlands treatment. The overland flow system will include grassy swales and poplar trees to provide a high level of wastewater treatment. The constructed wetlands will include shallow ponds with wetland-type vegetation, and provide both treatment and storage. This system will be capable of producing between 10 and 20 million gallons per day of high quality effluent during the summer months that could potentially be used as a source of irrigation water for the farming community in the area. A separate feasibility study will have to be conducted before a determination is made on whether to use this water for irrigation purposes. Any application of this water would have to be in accordance with state water quality standards and the requirements of the food processing industry.

This bill would authorize the Secretary to participate in this project under the Bureau of Reclamation's existing Title XVI water reuse program. This program requires a feasibility study for all projects authorized, and caps the federal cost-share of the construction costs. Under the Title XVI program, the city would have title to the project, and be responsible for all operation and maintenance costs.

This project will provide multiple benefits for the environment. It will naturally treat wastewater, provide habitat for fish and wildlife, improve water quality in Salem-area streams and the Willamette River, and reduce wintertime sewer system overflows. As water supplies tighten throughout the western United States, we need to look at innovative, cost-effective programs such as this to reuse water as efficiently as possible.

I urge my colleagues to support enactment of this legislation, and will ask for its timely consideration by the Committee on Energy and Natural Resources. Mr. President, I ask unanimous consent to have the bill printed in the RECORD.

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

S. 2041

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

SECTION. 1. WILLOW LAKE NATURAL TREATMENT SYSTEM PROJECT.

(a) IN GENERAL.—The Reclamation Wastewater and Groundwater Study and Facilities Act (43 U.S.C. 390h et seq.) is amended—

(1) by redesignating sections 1631, 1632, and 1633 as sections 1632, 1633, and 1634, respectively; and

(2) by inserting after section 1630 the following new section 1631:

''SEC. 1631. WILLOW LAKE NATURAL TREATMENT SYSTEM PROJECT.

''(a) AUTHORIZATION.—The Secretary, in cooperation with the City of Salem, Oregon, is authorized to participate in the design, planning, and construction of the Willow Lake Natural Treatment System Project to reclaim and reuse wastewater within and without the service area of the City of Salem.

''(b) COST SHARE.—The Federal share of the cost of a project described in subsection (a) shall not exceed 25 percent of the total cost.

''(c) LIMITATION.—The Secretary shall not provide funds for the operation and maintenance of a project described in subsection (a).''.

(b) CONFORMING AMENDMENTS.—That Act is further amended—

(1) in section 1632 (43 U.S.C. 390h–13) (as redesignated by subsection (a)(1)), by striking ''section 1630'' and inserting ''section 1631'';

(2) in section 1633(c) (43 U.S.C. 390h–14) (as so redesignated), by striking ''section 1633'' and inserting ''section 1634''; and

(3) in section 1634 (43 U.S.C. 390h–15) (as so redesignated), by striking ''section 1632'' and inserting ''section 1633''.

(c) CLERICAL AMENDMENT.—The table of contents in section 2 of the Reclamation Projects Authorization and Adjustment Act of 1992 is amended by striking the items relating to sections 1631 through 1633 and inserting the following:

''Sec. 1631. Willow Lake Natural Treatment System Project.
''Sec. 1632. Authorization of appropriations.
''Sec. 1633. Groundwater study.
''Sec. 1634. Authorization of appropriations.''.

By Mr. FAIRCLOTH:

S. 2042. A bill to provide for a program to improve commercial motor vehicle safety in the vicinity of the borders between the United States and Canada and the United States and Mexico; to the Committee on Commerce, Science, and Transportation.

THE SAFE HIGHWAYS ACT OF 1998

Mr. FAIRCLOTH.

Mr. President, I rise to introduce the Safe Highways Act.

This bill authorizes $20 million per year over the next five years for enforcement activities to prevent unsafe foreign trucks from rolling across our borders under NAFTA. This bill will fund inspections at our borders to keep these Mexican and Canadian trucks off our roads unless they meet our tough truck safety standards. Our standards are higher than in Mexico and Canada, and, certainly, I do not want these trucks rumbling down our roads and threatening the safety of our families.

Mexican trucks are already permitted to operate in limited areas in the United States and, in fact, they have been doing so for two decades. We can enforce these standards at the border, but it will take training and an increased effort to handle the additional traffic from NAFTA, so we need to step up and put this money aside. These foreign trucks will soon roam more of our roads under NAFTA. We need to be ready. This is literally a matter of life and death for American families who share the road with these trucks.

By Mrs. BOXER (for herself, Mr. BUMPERS, and Mr. DURBIN):

S. 2043. A bill to repeal the limitation on use of appropriations to issue rules with respect to valuation of crude oil for royalty purposes; to the Committee on Energy and Natural Resources.

TAX LEGISLATION

Mrs. BOXER. Mr. President, today Senator DURBIN and Senator BUMPERS join me in introducing legislation to repeal a special-interest rider attached to the emergency supplemental appropriations bill last week. Representatives CAROYLN MALONEY and GEORGE MILLER are introducing companion legislation in the House.

This rider is a taxpayer rip-off. It blocks the Interior Department from implementing a proposed rule to ensure that oil companies pay a fair royalty for oil drilled on public lands. These royalties are shared between the federal government and the state.

California law requires that all royalty payments be credited directly to the State Schools Fund. So every penny the oil companies fail to pay is stolen directly form our state's classrooms and our children's education.

If allowed to stand, this special interest rider will cost American taxpayers an estimated $5.5 million per month, approximately $25 million by the end of this fiscal year. California's share of this lost revenue could be used to hire new teachers, help rebuild crumbling schools, or put dozens of computers in our classrooms.

When oil companies drill on public lands, they pay a royalty to the federal government, which in turn sends a share of these royalties to the states. The royalty is calculated as a percentage of the value of the oil drilled.

Here is where the problem lies. The oil companies currently understate the value of the oil drilled, and as a result, they underpay their royalties. Now, and after years of study and Congressional prodding, the Department of the Interior has finally decided to do something about it.

The Department of the Interior has billed 12 major oil companies over $260 million for back royalty payments. It will have to sue to collect because the current system is so fraught with ambiguity.

To guarantee taxpayers a fair royalty payment in the future, the Interior Department proposed a simple and common sense solution: pay royalties based on actual market prices, not estimates the oil companies themselves make up. The rule was first proposed 2½ years ago. It has held 14 public workshops and published 5 separate requests for industry comments. And now it has been stopped cold in the dead of night.

This is one of the clearest examples of a special interest taxpayer rip-off I have ever seen. It saves the wealthiest oil companies in the world millions of dollars while shortchanging taxpayers and California schoolchildren. What does this say about our nation's priorities? This action must not stand, and my colleagues and I will fight it to the end.

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

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

S. 2043

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

SECTION 1. REPEAL OF LIMITATION ON ISSUANCE OF RULES REGARDING VALUATION OF CRUDE OIL FOR ROYALTY PURPOSES.

Section 3009 of the 1998 Supplemental Appropriations and Rescissions Act is repealed.

By Mr. KENNEDY (for himself, Mrs. MURRAY, Mr. LEVIN, Mr. INOUYE, Mr. DODD, and Mr. KERRY):

S. 2044. A bill to assist urban and rural local education agencies in raising the academic achievement of all of their students; to the Committee on Labor and Human Resources.

THE EDUCATIONAL OPPORTUNITY ZONES ACT OF 1998

Mr. KENNEDY. Mr. President, it is an honor to introduce President Clinton's Education Opportunity Zones bill to strengthen urban and rural public schools where the need is greatest. Congress needs to do more to improve teaching and learning for all students across the nation, and that means paying close attention to school districts and children with the greatest needs.

Too many schools now struggle with low expectations for students, high dropout rates, watered-down curricula, unqualified teachers, and inadequate resources. This legislation will lead to the designation of approximately 50 high-poverty urban and rural school districts as ''Education Opportunity Zones,'' and help them to implement the effective reforms needed to turn themselves around.

These school districts will become models of system-wide, standards-based reform for the nation. They must agree to specific benchmarks for improved student achievement, lower dropout rates, and other indicators of success. Schools in these districts will also be eligible for greater flexibility in the use of federal education funds.

Our goal is to increase achievement, raise standards, upgrade teacher skills, and strengthen ties between schools, parents, and the community as a whole. Under this proposal, schools can use effective reform measures such as ending social promotion, increasing accountability, improving teacher recruitment and training, and providing students and parents with school report cards.

We know that this approach can work. Last fall, I visited the Harriet Tubman Elementary School in New York City, where 95 percent of the pupils are from low-income families. Before 1996, it was one of the lowest achieving schools in the city. In September, 1996, the principal, the superintendent, teachers, and parents worked together to reorganize the school. They put extra resources into training teachers to teach reading. They upgraded the curriculum to reflect high standards. They created a parent resource center to increase family and community involvement. These and other reforms worked.

Each day, many parents are at the school too, helping maintain discipline and at the same time expanding their own education.

Each morning, teachers stop their regular classwork and teach reading to their students for 90 minutes. Since 1996, scores on statewide reading exams have risen by 20 percent.

In Boston, under the leadership of Superintendent Tom Payzant, schools are making significant progress by creating new curriculum standards, setting higher achievement standards, and expanding technology through public and private sector partnerships. They are focusing on literacy, after-school programs, and school-to-career opportunities.

These successes are not unusual. Public schools can improve even when facing the toughest odds. We need to do all we can to help such schools get the resources they need, so that they can implement the changes they know will work and help children learn more effectively.

Under the Education Opportunity Zone approach, urban and rural school districts can apply for funds to implement a wide range of reforms. School districts will apply to the Secretary of Education for three-year grants. The Secretary will ensure a fair distribution of grants among geographic regions, and among various sizes of urban and rural schools districts.

In determining the amount of each grant, the Secretary will consider factors such as the scope of activities in the application, the number of students from poor families in the school district, the number of low-performing schools in the district, and the number of low-achieving children in the district.

This legislation proposes funding of $200 million in fiscal year 1999 and $1.5 billion over the next 5 years to support these grants.

I commend President Clinton for developing this worthwhile initiative, and I look forward to its enactment. Investing in students, teachers, and schools is one of the best investments America can make. For schools across the nation, help can't come a minute too soon.

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

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

S. 2044

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

* * * * *

FINDINGS

SEC. 2. The Congress finds as follows:

(1) Students in schools that have high concentrations of poor children begin school academically behind their peers in other schools and are often unable to close the gap as they progress through school. In later years, these students are less likely than other students to attend a college or university and more likely to experience unemployment.

(2) Many children who attend these high-poverty schools lack access to the challenging curricula, well-prepared teachers, and high expectations that make better achievement possible. More specifically, they are often educated in over-crowded classrooms and by teachers who are assigned to teach in subject areas outside their areas of certification.

(3) Data from the National Assessment of Educational Progress consistently show large gaps between the achievement of students in high-poverty schools and those in other schools. High-poverty schools will face special challenges in preparing their students to reach high standards of performance on national and State assessments, such as voluntary national tests and the assessments States are developing under the Goals 2000 and ESEA, Title I programs.

(4) Recent reports have found that students in urban districts are more likely to attend high-poverty schools; more frequently taught by teachers possessing only an emergency or temporary license; and less likely to score above the basic level on achievement tests than are nonurban students.

(5) High-poverty rural schools, because of their isolation, small size, and low levels of resources, also face particular challenges. For example, teachers in rural districts are nearly twice as likely as other teachers to provide instruction in three or more subjects.

(6) Notwithstanding these general trends, some high-poverty school districts have shown that they can increase student achievement, if they adopt challenging standards for all children, focus on improving curriculum and instruction, expand educational choice among public schools for parents and students, adopt other components of systemic educational reform, and hold schools, staff, and students accountable for results.

(7) Districts that have already established the policies needed to attain widespread student achievement gains, and have attained those gains in some of their schools, can serve as models for other districts desiring to improve the academic achievement of their students. The Federal Government can spur more districts in this direction by providing targeted resources for urban and rural districts willing to carry out solid plans for improving the educational achievement of all their children.

PURPOSE

SEC. 3. The purpose of this Act is to assist urban and rural local educational agencies that: (1) have high concentrations of children from low-income families; (2) have a record of achieving high educational outcomes, in at least some of their schools; (3) are implementing standards-based systemic reform strategies; and (4) are keeping their schools safe and drug-free, to pursue further reforms and raise the academic achievement of all their students.

DEFINITIONS

SEC. 4. As used in this Act, the following terms have the following meanings:

(1) the term ''central city'' has the meaning given that term by the Office of Management and Budget.

(2) the term ''high-poverty local educational agency'' means a local educational agency in which the percentage of children, ages 5 through 17, from families with incomes below the poverty level is 20 percent or greater or the number of such children exceeds 10,000.

(3) The term ''local educational agency''—

(A) has the meaning given that term in section 14101(18)(A) and (B) of the Elementary and Secondary Education Act of 1965; and

(B) includes elementary and secondary schools operated or supported by the Bureau of Indian Affairs.

(4) the term ''metropolitan statistical area'' has the meaning given that term by the Office of Management and Budget.

(5) the term ''rural locality'' means a locality that is not within a metropolitan statistical area and has a population of less than 25,000.

(6) The term ''urban locality'' means a locality that is—

(A) a central city of a metropolitan statistical area; or

(B) any other locality within a metropolitan statistical area, if that area has a population of at least 400,000 or a population density of at least 6,000 persons per square mile.

ELIGIBILITY

SEC. 5. (a) ELIGIBLE LEAS.—(1) A local educational agency is eligible to receive a grant under this Act if it is—

(A) a high-poverty local educational agency; and

(B) located in, or serves, either an urban locality or a rural locality.

(2) Two or more local educational agencies described in paragraph (1) may apply for, and receive a grant under this Act as a consortium.

(b) DETERMINATION OF ELIGIBILITY.—The Secretary shall determine which local educational agencies meet the eligibility requirements of subsection (a) on the basis of the most recent data that are satisfactory to the Secretary.

APPLICATIONS

SEC. 6. (a) APPLICATIONS REQUIRED.—In order to receive a grant under this Act, an eligible local educational agency shall submit an application to the Secretary at such time, in such form, and containing such information as the Secretary may require.

(b) CONTENTS.—Each application shall include evidence that the local educational agency meets each of the following conditions:

(1) It has begun to raise student achievement, as measured by State assessments under title III of the Goals 2000: Educate America Act, title I of the Elementary and Secondary Education Act of 1965, or comparably rigorous State or local assessments; or it has shown significant progress on other measures of educational performance, including school attendance, high school competition, and school safety. Student achievement evidence shall include data disaggregated to show the achievement of students separately by race and by gender, as well as for students with disabilities, students with limited English proficiency, and students who are economically disadvantaged (compared to students who are not economically disadvantaged), throughout the district or, at a minimum, in schools that have implemented a comprehensive school improvement strategy.

(2) It expects all students to achieve to challenging State or local content standards, it has adopted or is developing or adopting assessments aligned with those standards, and it has implemented or is implementing comprehensive reform policies designed to assist all children to achieve to the standards.

(3) It has entered into a partnership that includes the active involvement of representatives of local organizations and agencies and other members of the community, including parents, and is designed to guide the implementation of the local educational agency's comprehensive reform strategy.

(4) It has put (or is putting) into place effective educational reform policies, including policies that—

(A) hold schools accountable for helping all students, including students with limited English proficiency and students with disabilities, reach high academic standards. The application shall describe how the agency will reward schools that succeed and intervene in schools that fail to make progress;

(B) require all students, including students with disabilities and students with limited English proficiency, to meet academic standards before being promoted to the next grade level at key transition points in their careers or graduating from high school. The application shall describe the local educational agency's strategy for providing students with a rich curriculum tied to high standards, and with well-prepared teachers and class sizes conducive to high student achievement;

(C) identify, during the early stages of their academic careers, students who have difficulty in achieving to high standards, and provide them with more effective educational interventions or additional learning opportunities such as after school programs, so that the students are able to meet the standards at key transition points in their academic careers;

(D) hold teachers, principals, and superintendents accountable for quality, including a description of the local educational agency's strategies for ensuring quality through, among other things—

(i) development of clearly articulated standards for teachers and school administrators, and development, in cooperation with teachers organizations, of procedures for identifying, working with, and, if necessary, quickly but fairly removing teachers and administrators who fail to perform at adequate levels, consistent with State law and locally negotiated agreements;

(ii) implementation of a comprehensive professional development plan for teachers and instructional leaders, such as a plan developed under title II of the Elementary and Secondary Education Act of 1965; and

(iii) encouraging excellent teaching, such as by providing incentives for teachers to obtain certification by the National Board for Professional Teaching Standards; and

(E) provide students and parents with expanded choice within public education.

(5) It is working effectively to keep its schools safe, disciplined, and drug-free.

(c) DESCRIPTION OF PROPOSED PROGRAM.—The application shall also include a description of how the local educational agency will use the grant made available under this Act, including descriptions of—

(1) how the district will use all available resources (Federal, State, local, and private) to carry out its reform strategy;

(2) the specific measures that the applicant proposes to use to provide evidence of future progress in improving student achievement, including the subject areas and grade levels in which it will measure that progress, and an assurance that the applicant will collect such student data in a manner that demonstrates the achievement of students separately by race and by gender, as well as for students with disabilities, students with limited English proficiency, and students who are economically disadvantaged (compared to students who are not economically disadvantaged); and

(3) how the applicant will continue the activities carried out under the grant after the grant has expired.

SELECTION OF APPLICATIONS

SEC. 7. (a) CRITERIA.—The Secretary shall, using a peer-review process, select applicants to receive funding based on—

(1) evidence that—

(A) the applicant has made progress in improving student achievement or the other measures of educational performance described in section 6(b)(1), in at least some of its schools that enroll concentrations of children from low-income families;

(B) the applicant has put (or is putting) into place effective reform policies as described in section 6(b)(4); and

(C) the applicant is working effectively to keep its schools safe, disciplined, and drug-free; and

(2) the quality of the applicant's plan for carrying out activities under the grant, as set forth in the application.

(b) EQUITABLE DISTRIBUTION.—In approving applications, the Secretary shall seek to ensure that there is an equitable distribution of grants among geographic regions of the country, to varying sizes of urban local educational agencies, and to rural local educational agencies, including rural local educational agencies serving concentrations of Indian children.

PRESIDENTIAL DESIGNATION; TECHNICAL ASSISTANCE

SEC. 8. (a) DESIGNATION AS EDUCATION OPPORTUNITY ZONE.—The President shall designate each local educational agency selected by the Secretary to receive a grant under this Act as an ''Education Opportunity Zone''.

(b) TECHNICAL ASSISTANCE.—The President may instruct Federal agencies to provide grant recipients with such technical and other assistance as those agencies can make available to enable the grantees to carry out their activities under the program.

AMOUNT AND DURATION OF GRANTS; CONTINUATION AWARDS

SEC. 9. (a) GRANT AMOUNTS.—In determining the amount of a grant, the Secretary shall consider such factors as—

(1) the scope of the activities proposed in the application;

(2) the number of students in the local educational agency who are from low-income families;

(3) the number of low-performing schools in the local educational agency; and

(4) the number of children in the local educational agency who are not reaching State or local standards.

(b) DURATION OF GRANTS.—(1) Each grant shall be for three years, but may be continued for up to two additional years if the Secretary determines that the grantee is achieving agreed-upon measures of progress by the third year of the grant.

(2) The Secretary may increase the amount of a grant in the second year, in order to permit full implementation of grant activities, except that—

(A) the amount of a second-year award shall be no more than 140 percent of the award for the first year;

(B) the amount of a third-year award shall be no more than 80 percent of the second-year award;

(C) the amount of a fourth-year award shall be no more than 70 percent of the second-year award; and

(D) the amount of a fifth-year award shall be no more than 50 percent of the second-year award.

(c) EXPECTED ACHIEVEMENT LEVELS AND CONTINUATION AWARDS.—(1) Before receiving its award, each grantee shall develop and adopt, with the approval of the Secretary, specific, ambitious levels of achievement that exceed typical achievement levels for comparable local educational agencies and that the local educational agency commits to attaining during the period of the grant.

(2) The agreed-upon levels shall—

(A) reflect progress in the areas of—

(i) student academic achievement;

(ii) dropout rates;

(iii) attendance; and

(iv) such other areas as may be proposed by the local educational agency or the Secretary; and

(B) provide for the disaggregation of data separately by race and by gender, as well as for students with disabilities, students with limited English proficiency, and students who are economically disadvantaged students (compared to students who are not economically disadvantaged).

USES OF FUNDS

SEC. 10. (a) IN GENERAL.—Each grantee shall use its award only for activities that support the comprehensive reform efforts described in its application or that are otherwise consistent with the purpose of this Act.

(b) AUTHORIZED ACTIVITIES.—Activities that may be carried out with funds under this Act include—

(1) implementing school-performance-information systems to measure the performance of schools in educating their students to high standards, maintaining a safe school environment, and achieving the anticipated school-attendance and graduation rates;

(2) implementing district accountability systems that reward schools that raise student achievement and provide assistance to, and ultimately result in intervention in, schools that fail to do so, including such intervention strategies as technical assistance on school management and leadership, intensive professional development for school staff, institution of new instructional programs that are based on reliable research, and the reconstitution of the school;

(3) providing students with expanded choice and increased curriculum options within public education, through such means as open-enrollment policies, schools within schools, magnet schools, charter schools, distance-learning programs, and opportunities for secondary school students to take post-secondary courses;

(4) implementing financial incentives for schools to make progress against the goals and benchmarks the district has established for the program;

(5) providing additional learning opportunities, such as after-school, weekend, and summer programs, to students who are failing, or are at risk of failing, to achieve to high standards;

(6) providing ongoing professional development opportunities to teachers, principals, and other school staff that are tailored to the needs of individual schools, and aligned with the State or local academic standards and with the objectives of the program carried out under the grant;

(7) implementing programs, designed in cooperation with teacher organizations, to provide recognition and rewards to teachers who demonstrate outstanding capability at educating students to high standards, including monetary rewards for teachers who earn certification from the National Board for Professional Teaching Standards;

(8) implementing procedures, developed in cooperation with teacher organizations, for identifying ineffective teachers and administrators, providing them with assistance to improve their skills and, if there is inadequate improvement, quickly but fairly removing them from the classroom or school, consistent with State law and locally negotiated agreements;

(9) establishing programs to improve the recruitment and retention of well-prepared teachers, including the use of incentives to encourage will-prepared individuals to teach in areas of the district with high needs;

(10) designing and implementing procedures for selecting and retaining principals who have the ability to provide the school leadership needed to raise student achievement;

(11) strengthening the management of the local educational agency so that all components of management are focused on improving student achievement;

(12) carrying out activities to build stronger partnerships between schools and parents, businesses, and communities; and

(13) assessing activities carried out under the grant, including the extent to which the grant is achieving its objectives.

FLEXIBILITY

SEC. 11. (a) ELIGIBILITY FOR SCHOOLWIDE PROGRAMS UNDER ESEA, TITLE I.—Each school operated by a local educational agency receiving funding under this authority that is selected by the agency to receive funds under section 1113(c) of the Elementary and Secondary Education Act of 1965 shall be considered as meeting the criteria for eligibility to implement a schoolwide program as described in section 1114 of that Act.

(b) CARRYING OUT SCHOOLWIDE PROGRAMS.—All schools in the local educational agency that qualify for eligibility for a schoolwide program based solely on the agency's receiving funding under this Act and that wish to carry out a schoolwide program shall—

(1) develop a plan that satisfies the requirements of section 1114(b)(2) of the Elementary and Secondary Education Act of 1965; and

(2) develop a program that includes the components of a schoolwide program described in section 1114(b)(1) of that Act.

PARTICIPATION OF PRIVATE SCHOOL STUDENTS AND TEACHERS

SEC. 12. (a) REQUIREMENTS.—(1)(A) If a local educational agency uses funds under this Act to provide for training of teachers or administrators, it shall provide for the participation of teachers or administrators from private nonprofit elementary or secondary schools, in proportion to the number of children enrolled in those schools who reside in attendance areas served by the local educational agency's program under this Act.

(B) A local educational agency may choose to comply with subparagraph (A) by providing services to teachers or administrators from private schools at the same time and location it provides those services to teachers and administrators from public schools.

(C) The local educational agency shall carry out subparagraph (A) after timely and meaningful consultation with appropriate private school officials.

(2) If the local educational agency uses funds under this Act to develop curricular materials, it shall make information about those materials available to private schools.

(b) WAIVER.—If, by reason of any provision of law, a local educational agency is prohibited from providing the training for private school teachers or administrators required by subsection (a)(1)(A), or if the Secretary determines that the agency is unable to do so, the Secretary shall waive the requirement of that subsection and shall use a portion of the agency's grant to arrange for the provision of the training.

EVALUATION

SEC. 13. The Secretary shall carry out an evaluation of the program supported under this Act, which shall address such issues as the extent to which—

(1) student achievement in local educational agencies receiving support increases;

(2) local educational agencies receiving support expand the choices for students and parents within public education; and

(3) local educational agencies receiving support develop and implement systems to hold schools, teachers, and principals accountable for student achievement.

NATIONAL ACTIVITIES

SEC. 14. The Secretary may reserve up to five percent of the amount appropriated under section 15 for any fiscal year for—

(1) peer review activities;

(2) evaluation of the program under section 13 and measurement of its effectiveness in accordance with the Government Performance and Results Act of 1993;

(3) dissemination of research findings, evaluation data, and the experiences of districts implementing comprehensive school reform; and

(4) technical assistance to grantees.

AUTHORIZATION OF APPROPRIATIONS

SEC. 15. For the purpose of carrying out this Act, there are authorized to be appropriated $200 million for fiscal year 1999, and such sums as may be necessary for each of the four succeeding fiscal years.

By Mr. FAIRCLOTH:

S. 2045. A bill to amend title 10, United States Code, to permit certain beneficiaries of the military health care system to enroll in Federal employees health benefits plans, and for other purposes; to the Committee on Armed Services.

THE IMPROVED MILITARY MEDICAL PLAN ACT

Mr. FAIRCLOTH. Mr. President, today I am introducing the Improved Military Medical Plan Act, IMMPACT for short, to ensure that military retirees and their families will continue to be given proper medical care. This past May 1, the Defense Department implemented its new health care program, known as TRICARE, in two more regions of the country, including in North Carolina. As the number of TRICARE enrollees increases and as the Military Health Services System is downsized, military retirees will have an even harder time finding space available at military facilities.

Effectively, those military retirees over 65 are left with no military medical benefit, since they are unlikely to get into military facilities.

Mr. President, this is a far cry from the promise that our government made to these retirees when they put in a full career in uniform risking their lives for our freedom. They were promised medical care for life, and everyone believed that it would be at base medical facilities. It just is not right to renege on that promise after all that these men and women have done for our country.

We can and must do better. IMMPACT will allow Medicare-eligible military retirees, their dependents, and their survivors to participate in the Federal Employees Health Benefits program. It will also provide a very strong incentive for the Department of Defense to ensure that TRICARE is offering active duty personnel and younger retirees and their families a medical benefit equivalent to the federal civilian program.

IMMPACT sets up a three-year demonstration. Ideally, the demonstration would be conducted on a nationwide basis, but I realize that such a broadly geographical demonstration could be difficult to manage. So the bill directs the Administration to have as expansive a demonstration as practicable, as long as at least six sites around the country are selected.

The IMMPACT demonstration is simple. Medicare-eligible retirees of the uniformed services as well as their dependents and survivors at the selected demonstration sites will be able to apply for enrollment in the health care plans of the Federal Employees Health Benefits program. Every year, the Administration will report to Congress on the value of this health care option, how many eligible beneficiaries want to enroll, how much the demonstration is costing, how it compares to other health care options available to the beneficiaries, to name just a few of the metrics.

The IMMPACT demonstration is only open to Medicare-eligible retirees. But, as I mentioned earlier, IMMPACT provides strong incentives for the Department of Defense to make TRICARE as comprehensive as FEHBP. The fine men and women now serving in the Armed Services and those who went before them deserve to be treated at least as well as civilian federal employee and retirees.

This is very important to me. We have all heard of, or even experienced, health care plans where ''cost'' is a more important factor than ''service.'' Two health care plans could appear equivalent on the surface—their premiums could be about the same, they could have many locations for treatment, etc. But, if one plan is more bureaucratic than another, or it delays payments to doctors, or it is too tight on the definition of what is a ''reasonable and customary charge,'' eventually, the best doctors are going to drop out. In the Federal Employees Health Benefits program, civilian employees and retirees can opt out of a bad plan because they have a choice of many plans. But, in TRICARE, there is no real choice. There are no competitive pressures to keep TRICARE equivalent to the better civilian plans.

IMMPACT will fix that. Within six months after the passage of IMMPACT, the Administration must submit a report to Congress that sets forth a plan to enhance TRICARE, if necessary, so that it is at least as comprehensive as the plans used by civilian federal employees and retirees.

IMMPACT is independent of other demonstration programs. Some may argue that IMMPACT is not needed because we are running a Medicare Subvention demonstration. But, there is no reason why IMMPACT should wait for that program to be completed and evaluated. In fact, I want IMMPACT to be offered to the same retirees that could chose the Medicare Subvention plan. In this manner, we will have some clear market signals about the value of each of these options within the same customer community.

At the end of the IMMPACT demonstration program, the Administration will advise the Congress of the need to extend the eligibility of participation in the Federal Employees Health Benefits program, first nationwide to all Medicare-eligible retirees, and then to all retirees or active duty personnel, if TRICARE proves to be inferior to the civilian health care benefit.

Mr. President, some may complain that this program will increase the Defense Department's cost of delivering medical benefits. Perhaps it will. But, I think our military men and women and their families deserve a better health care program than they are being offered now. Clearly, if we can find the money to fund our extravagances in the arts and entertainment, we can find funding for medical care for those who have been willing to risk their own lives in defense of our liberty and freedom.

Mr. President, I urge my colleagues to support IMMPACT.

By Mr. ASHCROFT:

S. 2046. A bill to ensure that Federal, State and local governments consider all nongovernmental organizations on an equal basis when choosing such organizations to provide assistance under certain government programs, without impairing the religious character of any of the organizations, and without diminishing the religious freedom of beneficiaries of assistance funded under such programs, and for other purposes; to the Committee on Governmental Affairs

THE CHARITABLE CHOICE EXPANSION ACT OF 1998

Mr. ASHCROFT. Mr. President, for years, America's charities and churches have been transforming shattered lives by addressing the deeper needs of people—by instilling hope and values which help change behavior and attitudes. By contrast, government social programs have failed miserably in moving recipients from dependency and despair to responsibility and independence.

Successful faith-based organizations now have a new opportunity to transform the character of our welfare system under the ''Charitable Choice'' provision contained in the 1996 welfare reform law. Charitable Choice allows—but does not require—states to contract with charitable, religious or private organizations, or to create voucher systems, to deliver welfare services within the states. The provision requires states to consider these organizations on an equal basis with other private groups once a state decides to use nongovernmental organizations.

The Charitable Choice legislation provides specific protections for religious organizations when they provide services. For example, the government cannot discriminate against an organization on the basis of its religious

character. A participating faith-based organization retains its independence from government, including control over the definition, development, practice, and expression of its religious beliefs.

Additionally, the government cannot require a religious organization to alter its form of internal governance or remove religious art, icons, or symbols to be eligible to participate. Finally, religious organizations may consider religious beliefs and practices in their employment decisions.

The Charitable Choice legislation also provides specific protections to beneficiaries of assistance. A religious organization can't discriminate against a beneficiary on account of religion. And if a beneficiary objects to receiving services from a religious organization, he or she has a right to an alternate provider.

Finally, there is a limitation on use of government funds. Federal contract dollars cannot be used for sectarian worship, instruction, or proselytization.

I would like to give a couple of examples of how the Charitable Choice provision of the welfare law is currently working.

Last fall, Payne Memorial Outreach Center, the non-profit community development arm of the 100-year-old Payne Memorial African Methodist Episcopal Church, in Baltimore, received a $1.5 million state contract to launch an innovative job training and placement program. In a matter of only five months, over 100 welfare recipients successfully obtained employment through their participation in Payne's program. A brochure from this dynamic faith-based institution describes why Payne is successful: ''The Intensive Job Service Program reaches out in love to Baltimore's most disenfranchised, helping them to identify and strengthen their God-given talents—releasing and developing their human possibilities.''

Another example of Charitable Choice at work is in Shreveport, Louisiana, where the ''Faith and Families'' program, under a contract with the state, is running a successful job placement program. Faith and Families offers job-readiness classes in northwestern Louisiana, helps set up job interviews, and opens doors into the workplace.

The program also links welfare families with faith communities. Churches are asked to adopt a family and provide assistance—possibly child care, transportation, work experience, tutoring, and encouragement—that will help them make the transition from welfare to work.

I spoke with the director of Faith and Families in Shreveport just last week, and he told me that his organization has helped 400 people get off welfare and find jobs.

These examples demonstrate that under the Charitable Choice provision of the welfare law, caring, faith-based organizations are providing effective services that help individuals move from dependency to independence, from despair to dignity.

With this in mind, today I am introducing ''The Charitable Choice Expansion Act of 1998,'' which expands the Charitable Choice concept to all federal laws which authorize the government to use non-governmental entities to provide services to beneficiaries with federal dollars.

The substance of the Charitable Choice Expansion Act is virtually identical to that of the original Charitable Choice provision of the welfare reform law. The only real difference between the two provisions is that the new bill covers many more federal programs than the original provision.

While the original Charitable Choice provision applies mainly to the new welfare reform block grant program, the Charitable Choice Expansion Act applies to all federal government programs in which the government is authorized to use nongovernmental organizations to provide federally funded services to beneficiaries. Some of the programs that will be covered include: housing, substance abuse prevention and treatment, juvenile services, seniors services, the Community Development Block Grant, the Community Services Block Grant, the Social Services Block Grant, abstinence education, and child welfare services.

The legislation does not cover elementary and secondary education programs—except it does cover GED programs—or higher education programs. Further, the bill does not affect the Head Start program or the Child Care Development Block Grant program, both of which already contain certain provisions regarding the use of religious organizations in delivering services under those programs.

We have taken measures to strengthen the bill by providing more protections to both beneficiaries and religious organizations. For example, the government must ensure that beneficiaries receive notice of their right under the bill to object to receiving services from a religious organization. Additionally, religious organizations must segregate their own private funds from government funding.

This proposal is necessary because while some areas of the law may not contain discriminatory language towards religious organizations, many government officials may assume wrongly that the Establishment Clause bars religious organizations from participating as private providers.

The Charitable Choice Expansion Act embodies existing case precedents to clarify to government officials and religious organizations alike that it is constitutionally allowable, and even constitutionally required, to consider religious organizations on an equal basis with other private providers. It is my hope that these protections in the law will encourage successful charitable and faith-based organizations to expand their services while assuring them that they will not have to extinguish their religious character when receiving government funds.

I am pleased to say that there is broad-based support for the Charitable Choice Expansion Act. Some of the organizations supporting the concept of this legislation include Agudath Israel, American Center for Law and Justice, Call to Renewal, Center for Public Justice, Christian Coalition, Christian Legal Society, the Coalition on Urban Renewal and Education, National Association of Evangelicals, the National Center for Neighborhood Enterprise, the Salvation Army, Teen Challenge International USA, and World Vision.

America's faith-based charities and nongovernmental organizations, from the Salvation Army to Catholic Charities, have moved people successfully from dependency and despair to the dignity of self-reliance. Government alone will never cure our societal ills. We need to find ways to help unleash the cultural remedy administered so effectively by charitable and religious organizations. Allowing a ''charitable choice'' will help transform the lives of those in need and unleash an effective response to today's challenges in our culture.

By Mr. KERREY (for himself, Mr. BOND, Mr. DURBIN, Mr. KENNEDY, Mr. DEWINE, and Mr. MOYNIHAN):

S. 2049. A bill to provide for payments to children's hospitals that operate graduate medical education programs; to the Committee on Finance.

THE CHILDREN'S HOSPITALS EDUCATION AND RESEARCH ACT OF 1998

Mr. KERREY. Mr. President, I am pleased to submit this proposal to provide critical support to teaching programs at free-standing children's hospitals. I am also honored to be joined by Senators BOND, DURBIN, KENNEDY, DEWINE and MOYNIHAN on this bill.

Children's hospitals play an important role in our nation's health care system. They combine high-quality clinical care, a vibrant teaching mission and leading pediatric biomedical research within their walls. They provide specialized regional services, including complex care to chronically ill children, and serve as safety-net providers to low-income children.

Teaching is an everyday component of these hospitals' operations. Pediatric hospitals train one-quarter of the nation's pediatricians, and the majority of America's pediatric specialists. Pediatric residents develop the skills they need to care for our nation's children at these institutions.

In addition, pediatric hospitals combine the joint missions of teaching and research. Scientific discovery depends on the strong academic focus of teaching hospitals. The teaching environment attracts academics devoted to research. It attracts the volume and spectrum of complex cases needed for clinical research. And the teaching

mission creates the intellectual environment necessary to test the conventional wisdom of day-to-day health care and foster the questioning that leads to breakthroughs in research. Because these hospitals combine research and teaching in a clinical setting, these breakthroughs can be rapidly translated into patient care.

Children's hospitals have contributed to advances in virtually every aspect of pediatric medicine. Thanks to research efforts at these hospitals, children can survive once-fatal diseases such as polio, grow and thrive with disabilities such as cerebral palsy, and overcome juvenile diabetes to become self-supporting adults.

Through patient care, teaching and research, these hospitals contribute to our communities in many ways. However, their training programs—and their ability to fulfill their critical role in America's health care system—are being gradually undermined by dwindling financial support. Maintaining a vibrant teaching and research program is more expensive than simply providing patient care. The nation's teaching hospitals have historically relied on higher payments—payments above the cost of clinical care itself—in order to finance their teaching programs. Today, competitive market pressures provide little incentive for private payers to contribute towards teaching costs. At the same time, the increased use of managed care plans within the Medicaid program has decreased the availability of teaching dollars through Medicaid. Therefore, Medicare's support for graduate medical education is more important than ever.

Independent children's hospitals, however, serve an extremely small number of Medicare patients. Therefore, they do not receive Medicare graduate medical education payments to support their teaching activities. In 1997, Medicare provided an average of $65,000 per resident to all teaching hospitals, compared to an average of $230 per resident in total Medicare GME payments at independent children's hospitals.

This proposal will address, for the short-term, this unintended consequence of current public policy. It will provide time-limited support to help children's hospitals train tomorrow's pediatricians, investigate new treatments and pursue pediatric biomedical research. It will establish a four-year fund, which will provide children's hospitals with a Federal teaching payment equal to the national average per resident payment through Medicare. Total spending over four years will be less than a billion dollars.

All American families have great dreams for their children. These hopes include healthy, active, happy childhoods, so they seek the best possible health care for their children. And when these dreams are threatened by a critical illness, they seek the expertise of highly-trained pediatricians and pediatric specialists, and rely on the research discoveries fostered by children's hospitals. All families deserve a chance at the American dream. Through this legislation, we will help children's hospitals—hospitals such as Children's Hospital in Omaha, Boys' Town, St. Louis Children's Hospital, Children's Memorial Hospital in Chicago, Children's Hospital in Boston and others—train the doctors and do the research necessary to fulfill this dream. Through this legislation, Congress will be doing its part to help American families work towards a successful future.

Mr. President, this legislation will address a short-term problem—actually a problem that is a short-term solution to a problem that we have with graduate medical education for pediatricians. Pediatric hospitals perform a very important part of the teaching and the training of our pediatricians. But because they see very few Medicare patients, which is obvious, they don't receive Medicare graduate education payments to support their teaching activities. What that means is there is a huge difference in Federal support across teaching hospitals—about $65,000 per resident in Medicare GME payments to all teaching hospitals, compared to an average of $230 per resident in total Medicare GME payments to independent children's hospitals.

It is a very big problem as we increasingly pay attention to the need for good pediatric health care for our children. We have to make sure that we solve this problem. This is a short-term solution.

I mentioned the short-term solution. The Presidential Commission on Medicare will be making its recommendation next year. One of its responsibilities is to deal with the question of graduate medical education—coming up with a solution of how we can fund it in an environment where more and more health care is going into managed care. That will be an especially difficult problem for us to solve.

But inside of that overall problem is an even more compelling problem, as I think Members will see when they look at the differential in reimbursement for teaching costs in pediatric hospitals versus all residents nationwide.

Thank you, Mr. President. I ask that the complete text of this legislation be printed in the RECORD.

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

S. 2049

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 ''Children's Hospitals Education and Research Act of 1998''.

SEC. 2. PROGRAM OF PAYMENTS TO CHILDREN'S HOSPITALS THAT OPERATE GRADUATE MEDICAL EDUCATION PROGRAMS.

(a) PAYMENTS.—

(1) IN GENERAL.—The Secretary shall make payment under this section to each children's hospital for each hospital cost reporting period beginning after fiscal year 1998 and before fiscal year 2003 for the direct and indirect expenses associated with operating approved medical residency training programs.

(2) CAPPED AMOUNT.—The payment to children's hospitals established in this subsection for cost reporting periods ending in a fiscal year is limited to the extent of funds appropriated under subsection (d) for that fiscal year.

(3) PRO RATA REDUCTIONS.—If the Secretary determines that the amount of funds appropriated under subsection (d) for cost reporting periods ending in a fiscal year is insufficient to provide the total amount of payments otherwise due for such periods, the Secretary shall reduce the amount payable under this section for such period on a pro rata basis to reflect such shortfall.

(b) AMOUNT OF PAYMENT.—

(1) IN GENERAL.—The amount payable under this section to a children's hospital for direct and indirect expenses relating to approved medical residency training programs for a cost reporting period is equal to the sum of—

(A) the product of—

(i) the per resident rate for direct medical education, as determined under paragraph (2), for the cost reporting period; and

(ii) the weighted average number of full-time equivalent residents in the hospital's approved medical residency training programs (as determined under section 1886(h)(4) of the Social Security Act) for the cost reporting period; and

(B) the product of—

(i) the per resident rate for indirect medical education, as determined under paragraph (3), for the cost reporting period; and

(ii) the number of full-time equivalent residents in the hospital's approved medical residency training programs for the cost reporting period.

(2) PER RESIDENT RATE FOR DIRECT MEDICAL EDUCATION.—

(A) IN GENERAL.—The per resident rate for direct medical education for a hospital for a cost reporting period ending in or after fiscal year 1999 is the updated rate determined under subparagraph (B), as adjusted for the hospital under subparagraph (C).

(B) COMPUTATION OF UPDATED RATE.—The Secretary shall—

(i) compute a base national DME average per resident rate equal to the average of the per resident rates computed under section 1886(h)(2) of the Social Security Act for cost reporting periods ending during fiscal year 1998; and

(ii) update such rate by the applicable percentage increase determined under section 1886(b)(3)(B)(i) of such Act for the fiscal year involved.

(C) ADJUSTMENT FOR VARIATIONS IN LABOR-RELATED COSTS.—The Secretary shall adjust for each hospital the portion of such updated rate that is related to labor and labor-related costs to account for variations in wage costs in the geographic area in which the hospital is located using the factor determined under section 1886(d)(3)(E) of the Social Security Act.

(3) PER RESIDENT RATE FOR INDIRECT MEDICAL EDUCATION.—

(A) IN GENERAL.—The per resident rate for indirect medical education for a hospital for a cost reporting period ending in or after fiscal year 1999 is the updated amount determined under subparagraph (B).

(B) COMPUTATION OF UPDATED AMOUNT.—The Secretary shall—

(i) determine, for each hospital with a graduate medical education program which is paid under section 1886(d) of the Social Security Act, the amount paid to that hospital pursuant to section 1886(d)(5)(B) of such Act

for the equivalent of a full twelve-month cost reporting period ending during the preceding fiscal year and divide such amount by the number of full-time equivalent residents participating in its approved residency programs and used to calculate the amount of payment under such section in that cost reporting period;

(ii) take the sum of the amounts determined under clause (i) for all the hospitals described in such clause and divide that sum by the number of hospitals so described; and

(iii) update the amount computed under clause (ii) for a hospital by the applicable percentage increase determined under section 1886(b)(3)(B)(i) of such Act for the fiscal year involved.

(c) MAKING OF PAYMENTS.—

(1) INTERIM PAYMENTS.—The Secretary shall estimate, before the beginning of each cost reporting period for a hospital for which a payment may be made under this section, the amount of payment to be made under this section to the hospital for such period and shall make payment of such amount, in 26 equal interim installments during such period.

(2) FINAL PAYMENT.—At the end of each such period, the hospital shall submit to the Secretary such information as the Secretary determines to be necessary to determine the final payment amount due under this section for the hospital for the period. Based on such determination, the Secretary shall recoup any overpayments made, or pay any balance due. The final amount so determined shall be considered a final intermediary determination for purposes of applying section 1878 of the Social Security Act and shall be subject to review under that section in the same manner as the amount of payment under section 1886(d) is subject to review under such section.

(d) LIMITATION ON EXPENDITURES.—

(1) IN GENERAL.—Subject to paragraph (2), there are hereby appropriated, out of any money in the Treasury not otherwise appropriated, for payments under this section for cost reporting periods beginning in—

(A) fiscal year 1999 $100,000,000;

(B) fiscal year 2000, $285,000,000;

(C) fiscal year 2001, $285,000,000; and

(D) fiscal year 2002, $285,000,000.

(2) CARRYOVER OF EXCESS.—If the amount of payments under this section for cost reporting periods ending in fiscal year 1999, 2000, or 2001 is less than the amount provided under this subsection for such payments for such periods, then the amount available under this subsection for cost reporting periods ending in the following fiscal year shall be increased by the amount of such difference.

(e) RELATION TO MEDICARE AND MEDICAID PAYMENTS.—Notwithstanding any other provision of law, payments under this section to a hospital for a cost reporting period—

(1) are in lieu of any amounts otherwise payable to the hospital under section 1886(h) or 1886(d)(5)(B) of the Social Security Act to the hospital for such cost reporting period, but

(2) shall not affect the amounts otherwise payable to such hospitals under a State medicaid plan under title XIX of such Act.

(f) DEFINITIONS.—In this section:

(1) APPROVED MEDICAL RESIDENCY TRAINING PROGRAM.—The term ''approved medical residency training program'' has the meaning given such term in section 1886(h)(5)(A) of the Social Security Act (42 U.S.C. 1395ww(h)(5)(A)).

(2) CHILDREN'S HOSPITAL.—The term ''children's hospital'' means a hospital described in section 1886(d)(1)(B)(iii) of the Social Security Act (42 U.S.C. 1395ww(d)(1)(B)(iii)).

(3) DIRECT GRADUATE MEDICAL EDUCATION COSTS.—The term ''direct graduate medical education costs'' has the meaning given such term in section 1886(h)(5)(C) of the Social Security Act (42 U.S.C. 1395ww(h)(5)(C)).

(4) SECRETARY.—The term ''Secretary'' means the Secretary of Health and Human Services.

Mr. BOND. Mr. President, I am pleased to rise today as an original cosponsor with Senator BOB KERREY of the ''Children's Hospitals Education and Research Act of 1998.'' This bill seeks to address an unintended inequity in federal support for graduate medical education. If not addressed, this inequity will jeopardize the future of the pediatric health care work force as well as the pediatric biomedical research enterprise for our nation's children.

Specifically, this bill will provide capped, time-limited, interim commensurate federal funding for the nearly 60 independent children's teaching hospitals, including the children's hospitals in Kansas City and St. Louis, which are so important to the training of the nation's physicians who serve children. They are equally important to the conduct of research to benefit children's health and health care.

Let me illustrate the magnitude of the inequity in federal investment in graduate medical attention (GME). In 1977, the federal Medicare program reimbursed teaching hospitals, on average, more than $76,000 for each resident trained. In contrast, Medicare reimbursed independent children's teaching hospitals—children's hospitals that do not share a Medicare provider number with a larger medical institution—less than $400 per resident, because children's hospitals care for children, not the elderly, and therefore do not serve Medicare patients, except for a small number of children with end stage renal disease.

Until recently, this inequity was not a problem as long as all payers of health care were willing to reimburse teaching hospitals enough for their patient care to cover the extra costs of GME. As the health care market has become increasingly competitive, it has become harder and harder for all teaching hospitals to generate patient care revenues to help cover their GME costs. But only independent children's teaching hospitals face these competitive pressures without the significant federal GME support, which the rest of the teaching hospital community relies upon.

This is more than a problem for the financial well-being of the education programs of a small number of children's hospitals—less than one percent of the nation's hospitals. It is a problem for our entire pediatric workforce and pediatric research enterprise, because these institutions play such a disproportionately large role in academic medicine for children. On average, their education programs are equal in size to the GME programs of all teaching hospitals, but they train twice as many residents per bed as do other teaching hospitals.

As a consequence, independent children's teaching hospitals train about 5 percent of all physicians, 25 percent of all pediatricians, and the majority of many pediatric subspecialists who care for children with the most complex conditions, such as children with cancer, cystic fibrosis, cerebral palsy, and more.

Recommendations to address the inequity in federal GME support for children's teaching hospitals are supported by the National Association of Children's Hospitals as well as the American Academy of Pediatrics and the Association of Medical School Pediatric Department Chairs. Last month, the American Academy of Pediatrics wrote to President Clinton, to express support for the establishment of interim federal support for the GME program of freestanding, independent children's hospitals. The AAP said, ''(w)e regard the education programs of independent children's hospitals as important to our pediatric workforce and therefore to the future health of all children, because they educate an important proportion of the nation's pediatricians.''

Last year, many members of the Senate, including myself, recommended that any comprehensive reform of graduate medical education financing should include commensurate federal GME support for children's teaching hospitals. Instead of enacting GME reform, Congress directed the Bipartisan Commission on the Future of Medicare and the Medicare Payment Assessment Commission to prepare recommendations for the future of GME financing, including for children's teaching hospitals.

Since it will be at least another year before Congress receives those recommendations and potentially several years before Congress is able to act on them, the ''Children's Hospitals Education and Research Act'' will provide interim funding for just four years. It will be commensurate to federal GME support for all teaching hospitals. Specifically, the bill provides, in a capped fund, $100 million in FY 1999 and $285 million in each of the three succeeding fiscal years, for eligible institutions. It will be financed by general revenues, not Medicare HI Trust Funds.

I know what a critical role children's hospitals play in the ability of families and communities to care for all children, including children with the most complex conditions and children on families with the most limited economic means. Through their education and research programs, they are also devoted to serving future generations of children, too. Certainly, the children of Missouri as well as Kansas and Southern Illinois, depend vitally on the services and research of independent children's teaching hospitals such as Children's Mercy in Kansas City, St. Louis Children's Hospital, and Cardinal Glennon Children's Hospital, and the care givers they educate.

Children's hospitals are places of daily miracles. Healing that we would

never have thought possible a few years ago for children who are burn victims, or trauma victims, or even cancer victims now occurs daily at these hospitals. And while I am sure divine intervention plays a role in this healing, it is also due to the very hard work of skilled doctors, nurses, and dedicated staff that is second to none. We must therefore ensure that these facilities have the resources to continue their noble mission of saving children from the clutches of death and disease.

I know trustees, and medical and executive leaders of these institutions. All are committed to controlling the cost of children's health to the best of their ability. But their future ability to sustain their education and research programs will also depend on commensurate federal GME support for them. I urge my colleagues to join me in supporting the enactment of the ''Children's Hospital Education and Research Act.''

Mr. KENNEDY. Mr. President, I am honored to join my colleagues Senator KERREY, Senator BOND, Senator DURBIN, and Senator DEWINE in sponsoring this legislation to assure adequate funding for resident training in independent children's teaching hospitals.

These hospitals, such as Children's Hospital in Boston, have 60 pediatric training programs. They represent less than 1 percent of the training programs across the country, yet these hospitals train 5 percent of all physicians, 25 percent of all pediatricians, and the majority of many pediatric subspecialist.

Too often today, these hospitals are hard-pressed for financial support. Medicare is the principal source of federal funds that contributes to the costs of graduate medical education for most hospitals, but independent children's hospitals have few Medicare patients, since Medicare coverage for children applies only to end-stage kidney disease. Medicaid support is declining, as the program moves more and more toward managed care.

No hospital in the current competitive marketplace can afford to shift these costs to other payers. As a result, many children's hospitals find it very difficult to make ends meet.

In 1997, all teaching hospitals relieved a $76,000 in Medicare graduate medical education support for each medical resident they trained, but the average independent children's teaching hospital received only $400.

Last year, Children's Hospital in Boston lost over $30 million on its patient operations. Two-thirds of this loss was directly attributable to the direct costs of graduate medical education. Will limited resources and increasing pressure to reduce patient costs, such losses cannot continue.

The academic mission of these hospitals is vital. Since its founding as a 20-bed hospital in 1869, Children's Hospital in Boston has become the largest pediatric medical center and research facility in the United States, and an international leader in children's health. It is also the primary teaching hospital for pediatrics for Harvard Medical School. For eight years in a row, it has been named the best pediatric hospital in the country in a nationwide physicians' survey conducted by U.S. News and World Report.

Clinicians and investigators work together at the hospital in an environment that fosters new discoveries in research and new treatments for patients. Scientific breakthroughs are rapidly translated into better patient care and enhanced medical education. We must assure that market pressures to not interfere with these advances.

Independent children's hospitals deserve the same strong support that other hospitals receive for graduate medical education. The current lack of federal support is jeopardizing the indispensable work of these institutions and jeopardizing the next generation of leaders in pediatrics.

Congress needed to do all it can to correct this inequity. This legislation we are introducing will provide stopgap support stabilize the situation while we develop a fair long-run solution to meet the overall needs of all aspects of graduate medical education. I look forward to early action by the Senate on this important measure.

Mr. MOYNIHAN. Mr. President, I am pleased to join Senators BOB KERREY, BOND, KENNEDY, DURBIN and DEWINE in introducing the ''Children's Hospital Education and Research Act of 1998.'' This legislation recognizes the value of supporting medical training. it establishes an interim source of funding for financing residency training expenses for free-standing children's hospitals until a permanent source of funding for all medical education is developed.

Medical education is one of America's most precious public resources. It is a public good—a good from which everyone benefits, but for which no one is willing to pay. As a public good, explicit and dedicated funding for residency training programs must be secured so that the United States will continue to lead the world in the quality of its health care system. This legislation provides for such dedicated funding for residency training programs in children's hospitals.

I have introduced legislation—S. 21—which creates a medical education trust fund to support all accredited medical schools and teaching hospitals. Additionally, I requested that specific language be inserted in the Balanced Budget Act of 1997 charging the National Bipartisan Commission on the Future of Medicare to:

> . . . make recommendations regarding the financing of graduate medical education (GME), including consideration of alternative broad-based sources of funding for such education and funding for institutions not currently eligible for such GME support that conduct approved graduate medical residency programs, such as children's hospitals.

Children's hospitals have a vitally important mission providing patient care, medical training and research in the face of an increasingly competitive health system. I am pleased to support Senator KERREY'S bill and look forward to working with him and other members of the National Bipartisan Commission on the Future of Medicare as we seek stable and sufficient funding for medical education.

By Mrs. FEINSTEIN:

S. 2050. A bill to amend title 10, United States Code, to prohibit members of the Armed Forces from entering into correctional facilities to present decorations to persons who commit certain crimes before being presented such decorations; to the Committee on Armed Services.

THE MILITARY HONORS PRESERVATION ACT

Mrs. FEINSTEIN. Mr. President, I rise today to introduce the Military Honors Preservation Act of 1998 which will ensure that those who have served this nation with distinction will not see their service medals devalued by the crimes of others.

This bill simply states that a member of the United States armed forces may not enter a federal, state, or local penitentiary for the purpose of presenting a medal to a person incarcerated for committing a serious violent felony. My hope is that this bill will be seen as it is intended: an attempt to secure the well deserved sense of honor of those who have served in our nation's armed forces. Service to our nation and the opportunity to receive recognition for that service is a duty and a privilege not to be taken lightly.

I decided that this legislation was necessary when I heard of the unbearable pain suffered by the family of Leah Schendel, a 78-year old woman who was attacked in her Sacramento, California home just before Christmas in 1980. Mrs. Schendel was brutally beaten and sexually assaulted. This vicious attack caused a massive heart attack that killed her. The man who perpetrated this horrific crime, Manuel Babbitt, was convicted and sentenced to die—he is currently sitting on death row in San Quentin Prison.

This past March, the suffering of Mrs. Schendel's family was renewed when they learned that the man who had so viciously brutalized their loved one was being honored by the United States Marine Corps, in San Quentin! In a ceremony at the prison, Mr. Babbitt was awarded a Purple Heart for injuries he suffered during the Vietnam War. For Mrs. Schendel's family, this medal ceremony was a slap in the face. It said to them that the government was more concerned with honoring a convicted criminal than respecting the feelings of his victims.

I believe that there is no higher calling for an American than to serve our nation. I have worked hard to make sure that California veterans, who have been overlooked or fallen through the