By Mr. HARKIN:

S. 2183. A bill to amend the Head Start Act to increase the reservation of funds for programs for low-income families with very young children, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. KERREY (for himself, Mr. MOYNIHAN, Mr. BREAUX, and Mr. LIEBERMAN):

S. 2184. A bill to amend the Social Security Act to provide each American child with a KidSave Account; to the Committee on Finance.

By Mr. KENNEDY (for himself, Mrs. BOXER, Mr. DURBIN, Mr. DODD, and Mr. REED):

S. 2185. A bill to protect children from firearms violence; to the Committee on the Judiciary.

By Mr. DORGAN (for himself and Mr. BUMPERS):

S. 2186. A bill to terminate all United States assistance to the National Endowment for Democracy, and for other purposes; to the Committee on Foreign Relations.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

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

By Mr. CHAFEE:

S. Res. 250. A resolution expressing the sense of the Senate that the third Saturday in June of each year should be designated as ''National Rivers Day''; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. AKAKA:

S. 2181. A bill to amend section 3702 of title 38, United Code, to make permanent the eligibility of former members of the Selected Reserve for veterans housing loans; to the Committee on Veterans' Affairs.

Mr. AKAKA. Mr. President, I rise today to introduce legislation that would permanently authorize the Department of Veterans Affairs Home Loan Guaranty Program for members of the Selected Reserve.

The eligibility of National Guard and Reserve members for VA-guaranteed home loans will expire in October 1999. I believe that Section 3702 of Title 38, which allows Guard and Reserve members who complete 6 years of service to participate in the loan program, should be made permanent.

The law extending eligibility for the VA Home Loan Guaranty Program to these service members was enacted in 1992 with bipartisan support in the Senate and in the House. As the sponsor of the original bill, I am pleased with the participation of Guard and Reserve members in the program, and am committed to ensuring that their eligibility for this program continues beyond the sunset date.

With the downsizing of our active duty military forces, Guard and Reserve units are becoming an increasingly vital element of the total force. However, there are very few incentives to get qualified individuals to serve our country in the Selected Reserve. The VA Home Loan Guaranty Program for National Guard and Reserve members is an excellent incentive to join and remain in the Selected Reserve.

Since the VA Home Loan Guaranty Program for Guard and Reserve members began in October 1992, the VA has guaranteed more than 33,000 loans through fiscal year 1996. In 1996 alone, approximately 11,000 loans totalling over $1 billion were made. According to the VA, only 93 out of all loans made to Reservists have been foreclosed upon, for a minimal default rate of about 0.4 percent. By comparison, the foreclosure rate for loans made to other veterans was two and one-half times higher than the rate for Reservists. Furthermore, 67 percent of loans to Reservists guaranteed by the VA in fiscal year 1996 were to first time home buyers, compared to 56 percent of loans to other veterans.

As the statistics on VA-guaranteed home loans indicate, the inclusion of Guard and Reserve members actually stabilizes the financial viability of he program since this group is likely to have a lower default rate than other veterans. Reservists are generally an older, more mature, and stable group with established civilian jobs and ties to local communities.

Mr. President, it is clear that the VA Home Loan Guaranty Program is not only good for members of the Selected Reserve, it is also beneficial for the VA Home Guaranty Program. Furthermore, the local economies where the homes are purchased also benefit from this program. So, therefore, I urge my colleagues to join me in supporting this legislation. Passage of this measure will ensure that the program continues to be made available to National Guard and Reserve members who have served our country.

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

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

S. 2181

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

SECTION 1. PERMANENT ELIGIBILITY OF FORMER MEMBERS OF SELECTED RESERVE FOR VETERANS HOUSING LOANS.

Section 3702(a)(2)(E) of title 38, United States Code, is amended by striking out ''For the period beginning on October 28, 1992, and ending on October 27, 1999, each veteran'' and inserting in lieu thereof ''Each veteran''.

By Mr. GORTON (for himself, Mr. KERREY, Mr. JEFFORDS, Mr. BUMPERS, and Mrs. MURRAY):

S. 2182. A bill to amend the Internal Revenue Code of 1986 to provide tax-exempt bond financing of certain electric facilities; to the Committee on Finance.

PRIVATE USE COMPETITION REFORM ACT OF 1998

● Mr. GORTON. Mr. President today I join with Senators KERREY, JEFFORDS, and BUMPERS, to introduce the Private Use Competition Reform Act of 1998. This legislation provides a fair balance among public financing concerns, principles of fair competition and customer choice in the electric utility industry. At the same time, it strikes an equitable balance between publicly-owned utilities and investor-owned utilities. Most importantly, it advances the interest of consumers.

The challenge in developing this legislation was to determine the middle ground. Some publicly-owned utilities would like to change the Tax Reform Act of 1986 so that all existing and all future tax-exempt debt would be protected without restrictions. Some investor-owned utilities favor elimination of tax-exempt options for municipal electric utilities, including much of their existing debt. However, this approach would threaten the existence of publicly owned utilities, and raise rates for more than 40 million consumers.

This bill will accomplish two objectives. First, it clarifies how the existing private-use requirements—the rules that limit the ability of publicly-owned utilities to sell or transport electricity to private parties from facilities financed by tax-exempt bonds—will work in a new competitive marketplace. Secondly, it provides options, with significant tradeoffs, for those utilities that need flexibility and encourages municipalities to open their transmission systems and provide retail choice to consumers.

There are three categories of debt addressed in this legislation.

The first consists of existing debt that has been issued for all segments of a public utility's system: generating plants, transmission lines, and local distribution systems. This debt was issued under the assumption that our existing system would not change, and electric utilities would remain closed and not be subject to retail competition.

The second category of debt pertains to bonds issued after the effective date of the enacted bill and used to finance new generating facilities. There is a compelling argument that this type of debt should not be tax-exempt because power generation, unlike transmission and distribution, is emerging as a competitive market.

The third category of future debt involves those areas of a utility's system that will not face competition: transmission and local distribution. Since these areas would remain *de facto* monopolies regulated by FERC or local governments and would be increasingly open to access by all market participants on a non-discriminatory basis, it is appropriate that they should continue to have access to tax-exempt financing.

This bill addresses each area differently. To enable public power systems to one up their transmission and distribution systems, it provides limited relief to existing tax-exempt debt.

But there is a significant tradeoff for this relief: eliminating publicly-owned utilities' ability to issue tax-exempt debt for facilities that will be used in a competitive marketplace.

THE CURRENT PROBLEM

The Energy Policy Act of 1992 and the subsequent FERC Order 888 mandating open transmission access, coupled with state restructuring efforts, have created a significant tax problem for public systems.

To gain access to competitive wholesale markets, a publicly-owned utility must provide comparable access; some public power systems own vital transmission links within a geographical area. Also, customers of public systems—who are also their owners—will want access to other power suppliers.

If publicly-owned systems open their transmission lines they can run afoul of the current ''private-use test'' in the tax code and force their bonds to become retroactively taxable.

In sum, the current private use restrictions were written before anyone could anticipate a competitive electricity industry; consequently this places publicly-owned utilities in a complex bind. Allowing private entities to use their transmission facilities could trigger the private use tests, resulting in an expensive and chaotic defeasance of these bonds. Public systems also face penalties under private use regulations if they sell power to existing customers on a non-tariff basis or resell power that becomes excess when retail customers switch suppliers.

The Department of Treasury released temporary regulations in January of 1998, (twelve years after the Tax Reform Act of 1986), but these temporary regulations still fail to provide the flexibility needed for public power systems as the electric utility industry transitions to retail competition.

This legislation is needed to address these concerns, and to promote fair competition in the electricity industry. This bill will help ensure that all Americans can enjoy the benefits of competition—lower rates, new and innovative products, and better service.

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

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

S. 2182

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

SECTION 1. TAX-EXEMPT BOND FINANCING OF CERTAIN ELECTRIC FACILITIES.

(a) PERMITTED OPEN ACCESS TRANSACTIONS NOT A PRIVATE BUSINESS USE.—Section 141(b)(6) of the Internal Revenue Code of 1986 (defining private business use) is amended by adding at the end the following:

''(C) PERMITTED OPEN ACCESS TRANSACTIONS NOT A PRIVATE BUSINESS USE.—

''(i) IN GENERAL.—For purposes of this subsection, the term 'private business use' shall not include a permitted open access transaction.

''(ii) PERMITTED OPEN ACCESS TRANSACTION DEFINED.—For purposes of clause (i), the term 'permitted open access transaction' means any of the following transactions or activities with respect to an electric output facility (as defined in subsection (f)(5)(A)) owned or leased by a governmental unit or in which a governmental unit has capacity rights:

''(I) Providing open access transmission services and ancillary services that meet the reciprocity requirements of Federal Energy Regulatory Commission Order No. 888, or that are ordered by the Federal Energy Regulatory Commission, or that are provided in accordance with a transmission tariff of an independent system operator approved by such Commission, or are consistent with state administered laws, rules or orders providing for open transmission access.

''(II) Participation in an independent system operator agreement, regional transmission group, or power exchange agreement approved by such Commission.

''(III) Delivery on an open access basis of electric energy sold by other entities to end-users served by such governmental unit's distribution facilities.

''(IV) If open access service is provided under subclause (I) or (III), the sale of electric output of electric output facilities on terms other than those available to the general public if such sale is (1) to an on-system purchaser, (2) an existing off-system sale, or (3) a qualifying load loss sale.

''(V) Such other transmissions or activities as may be provided in regulations prescribed by the Secretary.

''(iii) QUALIFYING LOAD LOSS SALE.—For purposes of clause (ii)(IV), a sale of eclectic energy by a governmental unit is a qualifying load loss sale in any calendar year after 1997, if it is a new off-system sale, and the aggregate of new off-system sales in such year does not exceed lost load, and if the term of the sale does not exceed three years, and such governmental unit has elected under subsection (f)(2) to suspend issuance of certain tax-exempt bonds for not less than the term of the sale (or for any period equal to the term of the sale that includes the first year of the sale).

''(iv) OTHER DEFINITIONS; SPECIAL RULES.—For purposes of this subparagraph—

''(I) ON-SYSTEM PURCHASER.—The term 'on-system purchaser' means a person who purchases electric energy from a governmental unit and who is directly connected with transmission or distribution facilities that are owned or leased by such governmental unit or in which such governmental unit has capacity rights that are treated under FERC tariffs or existing contracts as equivalent to ownership.

''(II) OFF-SYSTEM PURCHASER.—The term 'off-system purchaser' means a purchaser of electric energy from a governmental unit other than an on-system purchaser.

''(III) EXISTING OFF-SYSTEM SALE.—The term 'existing off-system sale' means a sale of electric energy to a person that was an off-system purchaser of electric energy in the base year, but not in excess of the KWH purchased by such person in such year.

''(IV) NEW OFF-SYSTEM SALE.—The term 'new off-system sale' means an off-system sale other than an existing off-system sale.

''(V) LOST LOAD.—The term 'lost load' for the purposes of determining qualifying load loss sales for any year, means the amount (if any) by which (1) the sum of on-system sales of electric energy and existing off-system sales of electric energy in such year is less than (2) the sum of such sales of electric energy in the base year.

''(VI) BASE YEAR.—The term 'base year' means 1997 (or, at the election of such unit, in 1995 or 1996).

''(VII) JOINT ACTION AGENCIES.—A member of a joint action agency that is entitled to make a qualifying load loss sale in a year may transfer that entitlement to the joint action agency in accordance with rules of the Secretary.''

(b) ELECTION TO TERMINATE TAX EXEMPT FINANCING.—Section 141 of the Internal Revenue Code of 1986 (relating to private activity bond; qualified bond) is amended by adding at the end the following:

''(f) ELECTION TO TERMINATE OR SUSPEND TAX-EXEMPT BOND FINANCING FOR CERTAIN ELECTRIC OUTPUT FACILITIES.—

''(1) TERMINATION ELECTION.—An issuer may make an irrevocable election under this paragraph to terminate certain tax-exempt financing for electric output facilities. If the issuer makes such election, then—

''(A) except as provided in paragraph (3), no bond the interest on which is exempt from tax under section 103 may be issued on or after the date of such election with respect to an electric output facility; and

''(B) notwithstanding paragraph (1) or (2) of subsection (a) or paragraph (5) of subsection (b), with respect to an electric output facility no bond that was issued before the date of enactment of this subsection, the interest on which was exempt from tax on such date, shall be treated as a private activity bond, for so long as such facility continues to be owned by a governmental unit.

''(2) SUSPENSION ELECTION.—For purpose of subsection (b)(6)(C)(iii), an issuer may elect to suspend certain tax-exempt financing for electric output facilities for a calendar year. If the issuer makes such election, then (except as provided in paragraph (3)) no bond, the interest on which is exempt from tax under section 103, may be issued in such calendar year with respect to an electric output facility.

''(3) EXCEPTIONS.—An election under paragraph (1) or (2) does not apply to—

''(A) any qualified bond (as defined in subsection (e)),

''(B) any eligible refunding bond, or

''(C) any bond issued to finance a qualifying T&D facility, or

''(D) any bond issued to finance repairs or pollution control equipment for electric output facilities. Repairs cannot increase by more than a de minimus degree the capacity of the facility beyond its original design.

''(4) FORM AND EFFECT OF ELECTIONS.—An election under paragraph (1) or (2) shall be made in such a manner as the Secretary prescribes and shall be binding on any successor in interest to the issuer.

''(5) DEFINITIONS.—For purposes of this subsection—

''(A) ELECTRIC OUTPUT FACILITY.—The term 'electric output facility' means an output facility that is an electric generation, transmission, or distribution facility.

''(B) ELIGIBLE REFUNDING BOND.—The term 'eligible refunding bond' means state or local bonds issued after an election described in paragraph (1) or (2) that directly or indirectly refund state or local bonds issued before such election, if the weighted average maturity of the refunding bonds do not exceed the remaining weighted average maturity of the bonds issued before the election.

''(C) QUALIFYING T&D FACILITY.—The term 'qualifying T&D facility' means—

''(i) transmission facilities over which services described in subsection (b)(6)(C)(ii)(I) are provided, or

''(ii) distribution facilities over which services described in subsection (b)(6)(C)(ii)(III) are provided.''

(c) EFFECTIVE DATE, APPLICABILITY, AND TRANSITION RULES.—

(1) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act, except that a governmental unit may elect to apply section

141(b)(6)(C) of the Internal Revenue Code of 1986, as added by subsection (a), with respect to permitted open access transactions on or after July 9, 1996.

(2) APPLICABILITY.—References in the Act to sections of the Internal Revenue Code of 1986, as amended, shall be deemed to include references to comparable sections of the Internal Revenue Code of 1954, as amended.

(3) TRANSITION RULES.—

(A) PRIVATE BUSINESS USE.—Any activity that was not a private business use prior to the effective date of the amendment made by subsection (a) shall not be deemed to be a private business use by reason of the enactment of such amendment.

(B) ELECTION.—An issuer making the election under section 141(f) of the Internal Revenue Code of 1986, as added by subsection (b), shall not be liable under any contract in effect on the date of enactment of this Act for any claim under section 141(f) of such Code arising from having made the election.

(d) SHORT TITLE.—This Act may be cited as the ''Private Use Competition Reform Act of 1998''.

EXPLANATION OF S. 2182

BACKGROUND

Interest on bonds issued by state and local governments is generally exempt from Federal income taxes. One exception to this general rule relates to bonds that finance output facilities used in a private business. In the case of such facilities, if the contractual arrangements for sale of the output transfer the benefits and burdens of ownership of the facility to private parties, the use is treated as a private business use and the bonds issued to finance the facility may not be tax-exempt. If at the time of issuance the issuer reasonably expected that the private business use rules would be violated or the issuer thereafter took deliberate action that resulted in a violation, interest on the bonds is retroactively taxable to date of issuance.

There has been significant uncertainty as to how these private business use rules apply to public power systems in the emerging competitive wholesale and retail electricity markets. In particular, questions have been raised as to whether such systems may (1) provide open access transmission services, (2) contractually commit their transmission systems to an Independent System Operator (ISO), (3) open their distribution facilities to retail competition, or (4) lower prices to particular customers to meet competition.

PROPOSED AMENDMENTS

S. 2182 would amend the Internal Revenue code of 1986 to make two modifications to the private business use rules as they apply to electric facilities: (1) to clarify the application of the existing private business use rules in the new competitive environment, and (2) to make the private business use rules inapplicable to existing tax-exempt debt issued by any public power system that elects not to issue new tax-exempt debt for electric generation and certain other facilities.

1. *Clarification of Existing Private Business Use Rules*. Subsection (a) of section 1 of the bill amends section 141(b)(6) of the Code to make it clear that the following activities (referred to as ''permitted open access transactions'') do not result in a private business use and will not make otherwise tax-exempt bonds taxable:

(a) Providing open access transmission service consistent with Federal Energy Regulatory Commission (FERC) Order No. 888 or with State open transmission access rules.

(b) Joining a FERC approved ISO, regional transmission group (RTG), power exchange, or providing service in accordance with an ISO, RTG, or power exchange tariff.

(c) Providing open access distribution services to competing retail sellers of electricity.

(d) If open access transmission or distribution services are offered, contracting for sale of power at non-tariff rates—

(i) with on-system purchasers or existing off-system purchasers, or

(ii) with new off-system purchasers for up to three years to offset lost load, but only if the issuer elects to temporarily suspend use of certain tax-exempt financing. A sale qualifies under this provision if aggregate new off-system sales do not exceed lost load, and if the public power system has elected to suspend issuance of certain tax-exempt bonds for a period at least as long as the term of the sale. ''Lost load'' means the amount by which on-system sales and existing off-system sales in a year are reduced from such sales in a 1995, 1996, or 1997 base year. A special rule permits a member of a joint action agency that is entitled to make a qualifying load loss sale in a year to transfer that entitlement to the joint action agency.

Treasury by regulation could add to the list of permitted open access transactions.

2. *Election to Terminate or Suspend Issuing Future Tax-Exempt Debt*. Subsection (b) of section 1 amends section 141 of the Code to permit a public power system to elect to terminate or suspend issuing new tax-exempt bonds.

(a) *Termination Election*.—Under new Code section 141(f)(1), if a public power system elects to terminate issuance of new tax-exempt bonds, it may then undertake transactions that are not otherwise permissible under the private business use rules (as amended above) without endangering the tax-exempt status of its existing bonds. Specifically, if the issuer makes an irrevocable termination election under this provision, then (subject to the exceptions discussed below) no tax-exempt bond may be issued on or after the date of such election with respect to an electric output facility, and no tax-exempt bond that was issued before the date of enactment will be treated as a private activity bond. This treatment continues for so long as such facility continues to be owned by a governmental unit.

Essentially, making this termination election will eliminate the possibility of a private business use challenge to existing tax-exempt debt. If a utility does not make the election, its existing tax-exempt debt for electric generation facilities would continue to be subject to applicable private business use rules and the marketing constraints thereunder.

(b) *Suspension Election*. New section 141(f)(2) provides an alternative to the election to permanently terminate issuing tax-exempt bonds described above. Under the alternative, an issuer may elect to suspend certain tax-exempt financing for electric output facilities in return for temporary relief from certain of the private business use rules, so as to permit the issuer to make sales to offset lost load, as described in 1(d) above.

(c) *Exceptions to Termination or Suspension*. Under section 141(f)(4) even if a public power system made the suspension or termination election, it could continue to issue tax-exempt bonds for the following purposes: for transmission and distribution facilities used to provide open access transmission and distribution services; for ''qualified bonds'' as defined in section 141(e) of the Code (which are not currently subject to private business use restrictions); for eligible refunding bonds (bonds that refinance existing bonds but do not extend their average maturity); and for bonds issued to finance repairs of, or pollution control equipment for, electrical output facilities, so long as the capacity of the facility is not increased over a de minimis amount.

3. *Effective Dates*. Subsection (c) makes the provisions of the bill effective on date of enactment, but an issuer may elect to make the private business use rules as clarified by the bill applicable retroactively to 1996 (when FERC issued its Order No. 888). Paragraph (2) of subsection (c) makes it clear that the provisions of the bill apply to bonds issued under the Internal Revenue Code of 1954 as well as the Internal Revenue Code of 1986. This subsection also makes clear that any activity that was not a private business use prior to the enactment of the bill will not be deemed to be a private business use by reason of the bill's enactment. in addition, an issuer making the election under the bill will not be liable under any contract in effect on the date of enactment of the bill for any contract claim arising from having made the election.●

● Mr. KERREY. Mr. President, consumers in Nebraska currently pay some of the lowest rates in the nation for their electric service. They receive power from 171 entities—more individual electric systems than any other state. Nebraska is also the only state in the nation which relies entirely on public power for its electric service.

This structure has served Nebraskans well, and the legislation that Senators GORTON, BUMPERS, JEFFORDS, and I are introducing today will ensure that consumers in my state continue to receive superior electric service as efforts to deregulate the electric industry move forward.

Mr. President, the legislation we are introducing accomplishes three important goals:

First, this bill enables public power systems to open their transmission lines to other power producers and to transfer control of their transmission facilities to an Independent System Operator without jeopardizing the status of their tax-exempt bonds. This will enable consumers throughout the country to receive electricity from their power producer of choice in an open access marketplace.

Secondly, this bill enables public power systems to make non-tariff sales of lost ''load'' resulting from retail competition, without jeopardizing the ability of the utility to issue tax-exempt debt in the future. This will allow public utilities to continue to provide quality service to current customers and attract new customers in a deregulated environment.

Finally, Mr. President, this legislation gives public power systems the option of terminating issuance of new tax-exempt debt for generation facilities, while grandfathering all existing debt. This provision will give public power systems the flexibility necessary to make business decisions about the future based on their financial status and the electricity demands in their individual service areas.

Mr. President, I commend Senator GORTON for the time and energy that he has devoted to this issue. It is critical that Congress alleviate the burden which current private-use regulations place on the ability of public power

systems to function in a deregulated environment.

While Congress moves toward electricity deregulation, I will continue to fight for the consumers of my state to ensure that their best interests are not compromised. The legislation my colleagues and I are introducing today is a realistic and workable solution to the private-use dilemma, and I encourage my colleagues to give it their full support.●

By Mr. HARKIN:

S. 2183. A bill to amend the Head Start Act to increase the reservation of funds for programs for low-income families with very young children, and for other purposes; to the Committee on Labor and Human Resources.

HEAD START LEGISLATION

● Mr. HARKIN. Mr. President, most Americans are very familiar with Head Start. This popular preschool program was created in 1965 to provide health, nutrition and educational assistance to low-income four and five year old children. Head Start enjoys strong bipartisan support and is widely recognized as a success.

In response to the growing body of research about the critical development which occurs during the first three years of a child's life, Head Start has been expanded in recent years to also serve infants and toddlers. The Early Head Start Program provides comprehensive child development and family support services to families with infants and toddlers from birth through age three and currently receives 5% of Head Start funding. An estimated 39,000 children currently receive services nationwide. In Iowa, 533 children are served by Early Head Start.

However, these children and families represent only a fraction of those that need and could benefit from these activities. As a result, today I am introducing legislation that would increase the set-aside to 10% in 2002—to double the number of participants.

There were many exciting developments last year with respect to the education of young children. Science confirmed what many of us have believed for years—that the first three years of a child's life are the most important. We discovered that young children have unlimited potential to learn many things during this critical time. We learned how important it is for parents to read to their young children, talk with them and stimulate learning through play. We also learned that children who do not have enriched learning experiences during these important years can be stunted for life.

Last year, the Labor, Health and Human Services and Education appropriations subcommittee, of which I am the ranking Democrat, held a hearing focused on the importance of early intervention activities. We heard compelling testimony on the benefits of providing support for early education and development activities. The President and First Lady also convened historic conferences to discuss early childhood education and child care and a public campaign was launched to spread the word to parents.

Throughout the year, the message was always the same—we must make investments in early intervention programs a national priority. This is the right thing to do for the young children of our nation, but it is also the most cost-effective thing for us to do. Every dollar invested in quality preschool programs saves $7 in future costs for special education, welfare or corrections.

In 1991, the Committee for Economic Development called on the nation to rethink how we view education. This group of business leaders urged federal policy makers to view education as a process that begins at birth, with preparations beginning before birth. I strongly support this objective and have always been a strong advocate in early intervention activities such as Head Start, the WIC nutrition program and early intervention programs for infants and toddlers with disabilities.

We must dedicate ourselves to making the CED vision a reality and build a strong foundation for education in this country. That begins with ensuring that all children get off to a good, strong start and enter school ready to learn.

Last year, the Labor, Health and Human Services and Education appropriations subcommittee made investments in early intervention a priority at my request. The FY 1998 appropriations bill invested an additional $64 million in Early Head Start, an increase of 75%, and provided an 11% increase in the early intervention program for infants and toddlers with disabilities.

The legislation I am introducing today takes another step toward building this foundation by doubling the set-aside for the Early Head Start Program for children ages 0–3 by the year 2002. This action will continue to improve access to education and development services for our youngest children to provide a good start in life. I urge my colleagues to support this legislation.●

By Mr. KERREY (for himself, Mr. MOYNIHAN, Mr. BREAUX, and Mr. LIEBERMAN):

S. 2184. A bill to amend the Social Security Act to provide each American child with a KidSave Account; to the Committee on Finance.

SOCIAL SECURITY KIDSAVE ACCOUNTS ACT

● Mr. KERREY. Mr. President, many of the things we do in the Senate require hypothetical analysis, shaky forecasts and hazy predictions. Indeed at times it could be said that we don't know what we're doing. Today Senator MOYNIHAN and I are introducing a bill based on a mathematical certainty. Our bill would make every baby born in America wealthy. Guaranteed.

This proposal, called KidSave, supplements S. 1792, the Social Security Solvency Act of 1998, which the Senator from New York introduced earlier this year and of which I am an original cosponsor. It would cut the payroll tax by $800 billion—the largest tax cut in American history, and the one most targeted to middle class families—so individuals can harness the power of compounding interest rates to build wealth for retirement. One of the discoveries I have made in researching this idea is that the most important variable in compounding interest rates is time. The earlier you start, the more wealth you build.

KidSave is based on that observation. It would use part of the savings created by S. 1792 to open a $1,000 account for every child at birth and contribute $500 a year to that account for the first five years. These KidSave accounts would be invested in broad funds administered by the Social Security Administration, and be similar to the Thrift Savings Plan available to federal employees and to members of this body.

As I said, Mr. President, this is a mathematical proposition. Even at modest rates of return, the long stretch of time over which this investment would be compounded means every baby born in America would have a shot at the American dream. At just 5.4 percent return, less than the historical rates of return for the market, these birth accounts alone would allow every American to supplement his or her retirement income by $235 a month in 1998 dollars, and still leave more than $100,000 behind to his or her heirs.

These accounts would supplement those opened by the payroll tax cut proposed in S. 1792. This approach to retirement security is two-pronged. First, we shore up the solvency of Social Security so it continues to provide a reliable monthly check. But we also realize that check isn't enough to live on. The average Social Security check in Nebraska is $733 a month. Nationwide, sixteen percent of beneficiaries have no other source of income. Another 14 percent rely on Social Security for more than 90 percent of their income, and nearly two-thirds overall derive more than half their income from that small check. For many of them, it's not enough. Our proposal is based on the idea that retirees need both income and wealth, and experience bears that idea out. Today retirees with asset income have more than double the retirement income of those who don't.

But this is about much more than money. Not only is this a guaranteed route to retirement security, it's also a mathematically certain solution to one of the toughest problems we face: The rich are getting richer and the poor are getting poorer. To understand this problem, we must understand the difference between income and wealth. Income, Mr. President, consists of the paychecks we use to pay our bills. Wealth is what an individual owns in assets like a home, mutual fund or pension. We've heard a lot recently about

the gap between rich and poor in terms of income. The gap in wealth is even worse and, I would argue, more important. As our economy becomes more global and technology-intensive, it is disproportionately distributing its rewards to those who own a piece of our economy.

Despite the growing importance of wealth, a stark gap has opened between those who have it and those who don't. The bottom 90 percent of Americans earn 60 percent of all income, but own less than 30 percent of net worth and less than 20 percent of financial assets. These Americans are being left behind as the economy apportions more and more of its rewards to owners of wealth. Social Security can be a vehicle for solving that problem.

We believe wealth can transform Americans' attitudes about their future. Wealth enables higher living standards, but it also enables generosity and the optimism that comes with feeling secure about the future. Wealth can make every American an Oseola McCarty, the remarkable woman in Hattiesburg, Mississippi, who after more than seven decades of low-wage work as a washer woman donated $150,000 to the University of Southern Mississippi—wealth she had built by saving a little bit of money over a long period of time. Wealth can make every American like Al, a man who works as a printer for the U.S. Senate. His Thrift Savings Plan has boomed so much he is thinking of opening a savings account for his two-year-old boy. Wealth can give every American the opportunity to be like another man I recently met, whose firm was bought out but who became wealthier because he owned a piece of it. When I spoke with him, he didn't talk about his income. He said he had told his wife: ''Whatever else happens to us in life, we know the kids can go to college.''

Each of these Americans has something in common, Mr. President. They own a piece of their country. When the economy grows, they grow. They have a stake in low inflation. They want trade barriers lowered. They are on the front lines of a transformation from an ''us-vs.-them'' economy to one in which the attitude is: ''We're all in this together.''

And, Mr. President, that's an opportunity we can open today to every baby born in America. Guaranteed. I urge my colleagues to support this legislation.●

● Mr. MOYNIHAN. Mr. President, Senator KERREY and I, along with Senators BREAUX and LIEBERMAN, are pleased to introduce the Social Security KidSave Accounts Act, which nicely complements the Social Security Solvency Act of 1998 introduced by Senator KERREY and me in March. In that proposal we reduced payroll taxes by $800 billion over 10 years. The reduction in the payroll tax rate from 12.4 percent to 10.4 allows the funding of personal savings accounts with the 2 percentage point reduction in the payroll tax.

A worker with average earnings depositing 2 percent of wages—one percent from the worker and one percent from the employer can—over 45 years—accumulate almost one half of a million dollars. Add in the wealth generated over a lifetime of 70 years from the interest on the KidSave accounts of $3,500—$1,000 at birth and $500 for each of the next five years—and you have created a new class of millionaires. Workers will have estates which they can pass on to their heirs.

Combined, these two bills create wealth without spending the budget surplus. The Congressional Budget Office estimates that for the ten year period 1999–2008, our bill, which saves Social Security indefinitely, increases the budget surplus by $170 billion. This KidSave bill spends only about $100–$120 billion of that increase. In short, we create private savings without reducing public savings.

Together these bills provide for a more comprehensive approach to retirement savings. The foundation of this approach remains Social Security, the financial future of which is secured for 75 years and beyond. If this legislation is enacted, as I hope it will be, significant new private savings would be added to this foundation.●

By Mr. KENNEDY (for himself, Mrs. BOXER, Mr. DURBIN, Mr. DODD, and Mr. REED):

S. 2185. A bill to protect children from firearms violence; to the Committee on the Judiciary.

CHILDREN'S GUN VIOLENCE PREVENTION ACT

Mr. KENNEDY. Mr. President, I rise to introduce the Children's Gun Violence Prevention Act, together with Senator BOXER, Senator DURBIN, Senator DODD and Senator REED.

The continuing epidemic of gun violence involving children demands action by Congress.

The wave of school shootings in communities across the country is a wake-up call for the nation. We need to do more—and we can do more—to protect children from guns.

Every day in the United States, 14 children are killed by a gun; 24 percent of children say they have access to a gun at home; 10 percent have recently carried a gun to school.

We need to deal more effectively with all aspects of the culture of violence that is killing our children. The legislation we propose today is a concrete step to do more to keep children safe from gun violence.

I know that some in Congress are reluctant to challenge the National Rifle Association, but there are common sense steps that we can take and should take to protect children from guns. Our bill says that gun owners must take responsibility for securing their guns so that children can't use them. It says that gun dealers must be more vigilant in not selling guns and ammunition to children. It says we must develop child-proof safety locks and other child safety features for guns. We do more today to regulate the safety of toy guns than real guns, and that's a national disgrace.

The legislation we are introducing today is the least we can do to stop more schoolyard tragedies and to deal more responsibly with the festering crisis of gun violence involving children.

In a press conference earlier today, we heard what gun violence has done to Susan Wilson of Jonesboro with the loss of her daughter Brittheny, and what it has done to the families in Oregon, and the thousands of other families who lose children to gun violence every year, and we know that action is needed.

I want to commend Sarah Brady and Handgun Control for their leadership on this legislation, and for bringing us to this point today.

Practical steps can clearly be taken to protect children more effectively from guns, and to promote greater responsibility by parents, gun manufacturers, and gun dealers alike. This legislation calls for such steps and it deserves to be enacted this year by this Congress.

Mr. President, I ask that the full text and a description of the bill be included in the RECORD.

There being no objection, the items were ordered to be printed in the RECORD, as follows:

S. 2185

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Children's Gun Violence Prevention Act of 1998''.

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

TITLE I—THE CHILDREN'S FIREARM SAFETY ACT OF 1998

SEC. 101. PROHIBITION ON MANUFACTURE OR IMPORTATION OF UNSAFE HANDGUNS.

Section 922 of title 18, United States Code, is amended by inserting after subsection (x) the following:

''(y)(1) Beginning on the date that is 18 months after the date of enactment of this subsection it shall be unlawful for any person to manufacture or import an unsafe handgun.

''(2) The term 'unsafe handgun' means—

''(A) any handgun which the Secretary determines, when new, fires in any of 5 successive trials in which the handgun (loaded with an empty case with a primer installed and having built-in manual handgun safety devices deactivated so that the handgun is ready to fire) is dropped onto a solid slab of concrete from a height of one meter from each of the following positions:

''(i) normal firing position;

''(ii) upside down;

''(iii) on grip;

''(iv) on the muzzle;

''(v) on either side;

''(vi) on the exposed hammer or striker;

''(vii) if there is no hammer or striker, the rearmost part of the firearm; and

''(viii) any other position which the Secretary determines is necessary to determine whether the handgun is subject to accidental discharge;

''(B) any handgun without a child resistant trigger mechanism reasonably designed to prevent a child who has not attained 5 years of age from operating the weapon when it is ready to fire. Such mechanism may include:

''(i) any handgun without a trigger resistant to a ten pound pull; or

''(ii) any handgun, under rules determined by the Secretary, which is designed so that the hand of an average child who has not attained 5 years of age is unable to grip the trigger;

''(C) any semiautomatic pistol which does not have a magazine safety disconnect that prevents the pistol from being fired once the magazine or clip is removed from the weapon.

''(D) a handgun sold without a mechanism reasonable designed, under rules determined by the Secretary, to prevent the discharge of the weapon by unauthorized users, including but not limited to the following devices:

''(i) a detachable, key activated or combination lock which prevents the trigger form being pulled or the hammer form striking the primer; or

''(ii) a solenoid use-limitation device which prevents, by use of a magnetically activated relay, the firing of the weapon unless a magnet of the appropriate strength is placed in proximity to the handle of the gun.

''(3) Paragraph (1) shall not apply to—

''(A) the manufacture or importation of a handgun, by a licensed manufacturer or licensed importer, for use by the United States or a department or agency of the United States or a State or a department, agency, or political subdivision of a State; or

''(B) the manufacture or importation by a licensed manufacturer or licensed importer for the purposes of testing or experimentation authorized by the Secretary.

''(4) This subsection shall not be construed to preempt or limit in any way any causes of action available under the law of any State against a manufacturer of a firearm.''.

SEC. 102. CONSUMER PRODUCT SAFETY COMMISSION STUDY.

(a) STUDY.—Notwithstanding any other provision of law, the Consumer Product Safety Commission, in consultation with the Bureau of Alcohol, Tobacco and Firearms, shall conduct a study to determine how the safety of handguns can be improved so as to prevent their unauthorized use or discharge by children who have not attained 18 years of age. The study shall include the testing and evaluation of—

(1) locking devices that, while installed on a handgun, prevent the handgun from being discharged, and that can be removed or deactivated by means of a key or a mechanically, electronically, or electro-mechanically operated combination lock;

(2) locking devices that are incorporated into the design of a handgun, that, when activated, prevent a handgun from being discharged, and that can be deactivated by means of a key or a mechanically, electronically, or electro-mechanically operated combination lock;

(3) storage boxes, cases, or safes equipped with a mechanically, electronically, or electro-mechanically operated lock that, when activated, prevents access to a firearm located in the storage box, case, or safe.

(b) REPORT TO THE CONGRESS.—Within 1 year after the date of the enactment of this Act, the Consumer Product Safety Commission shall submit to the Congress a report that details the results of the study required by subsection (a) and that includes recommendations on how handgun safety can be improved and how changes in handgun design can reduce unauthorized access to guns by children who have not attained 18 years of age.

(c) LIMITATION ON AUTHORIZATION OF APPROPRIATIONS.—To carry out this section, there are authorized to be appropriated to the Director of the Consumer Product Safety Commission $1,500,000 for fiscal year 1999.

TITLE II—THE CHILDREN'S FIREARMS AGE LIMIT ACT OF 1998

SEC. 201. EXTENSION OF JUVENILE HANDGUN BAN TO SEMIAUTOMATIC ASSAULT WEAPONS.

Section 922(x) of title 18, United States Code, is amended in each of paragraphs (1) and (2)—

(1) by striking ''or'' at the end of subparagraph (A);

(2) by striking the period at the end of subparagraph (B) and inserting ''; or''; and

(3) by adding at the end the following:

''(C) a semiautomatic assault weapon.''.

SEC. 202. INCREASED PENALTY FOR TRANSFERRING HANDGUN OR SEMIAUTOMATIC ASSAULT WEAPON TO JUVENILE FOR USE IN A CRIME OF VIOLENCE.

Section 924(a)(6)(B)(ii) of title 18, United States Code, is amended by striking ''10'' and inserting ''20''.

TITLE III—THE CHILDREN'S FIREARM DEALER'S RESPONSIBILITY ACT OF 1998

SEC. 301. AUTOMATIC REVOCATION OF LICENSE OF FIREARMS DEALER WHO WILLFULLY SELLS FIREARM TO A MINOR.

Section 923(e) of title 18, United States Code, is amended by inserting after the 3rd sentence the following: ''The Secretary, after notice and opportunity for hearing, shall revoke the license of a dealer who willfully sells a firearm to an individual who has not attained 18 years of age.''.

SEC. 302. 2 FORMS OF IDENTIFICATION REQUIRED FROM FIREARMS PURCHASERS UNDER AGE 24.

Section 922(t)(1)(C) of title 18, United States Code, is amended by inserting ''(or, if the licensee knows or has reasonable case to believe that the transferee has not attained 24 years of age, 2)'' before ''valid''.

SEC. 303. MINIMUM SAFETY AND SECURITY STANDARDS FOR GUN SHOPS.

(a) IN GENERAL.—Section 923 of title 18, United States Code, is amended by adding at the end the following:

''(m) SAFETY AND SECURITY STANDARDS FOR GUN SHOPS.—

''(1) IN GENERAL.—Not later than 1 year after the date of enactment of this subsection, the Secretary of the Treasury, acting through the Director of the Bureau of Alcohol, Tobacco, and Firearms, shall issue final regulations that establish minimum firearm safety and security standards that shall apply to dealers who are issued a license under this section.

''(2) MINIMUM STANDARDS.—The regulations issued under this subsection shall include minimum safety and security standards for—

''(A) a place of business in which a dealer covered by the regulations conducts business or stores firearms;

''(B) windows, the front door, storage rooms, containers, alarms, and other items of a place of business referred to in subparagraph (A) that the Secretary of the Treasury, acting through the Director of the Bureau of Alcohol, Tobacco and Firearms, determines to be appropriate; and

''(C) the storage and handling of the firearms contained in a place of business referred to in subparagraph (A).''.

(b) INSPECTIONS.—Section 923(g)(1) of title 18, United States Code, is amended—

(1) in subparagraph (A)—

(A) in clause (i), by striking '', and'' and inserting a semicolon;

(B) in clause (ii), by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following:

''(iii) with respect the place of business of a licensed dealer, the safety and security measures taken by the dealer to ensure compliance with the regulations issued under subsection (m).''; and

(2) in subparagraph (B)—

(A) in the matter preceding clause (i), by inserting ''and the place of business of a licensed dealer'' after ''licensed dealer'';

(B) in clause (ii), by striking ''or'' at the end;

(C) in clause (iii), by striking the period at the end and inserting ''; or''; and

(D) by adding at the end the following:

''(iv) not more than once during any 12-month period, for ensuring compliance by a licensed dealer with the regulations issued under subsection (m).''.

(c) PENALTIES.—Section 924(a)(1) of title 18, United States Code, is amended—

(1) in subparagraph (C), by striking ''or'' at the end;

(2) by redesignating subparagraph (D) as subparagraph (E); and

(3) by inserting after subparagraph (C) the following:

''(D) being a licensed dealer, knowingly fails to comply with any applicable regulation issued under section 923(m); and''.

TITLE IV—THE CHILDREN'S FIREARM ACCESS PREVENTION ACT OF 1998

SEC. 401. SHORT TITLE.

This title may be cited as the ''Children's Firearm Access Prevention Act of 1998''.

SEC. 402. CHILDREN AND FIREARMS SAFETY.

(a) SECURE GUN STORAGE OR SAFETY DEVICE.—Section 921(a) of title 18, United States Code, is amended by adding at the end the following:

''(34) The term 'secure gun storage or safety device' means—

''(A) a device that, when installed on a firearm, is designed to prevent the firearm from being operated without first deactivating or removing the device;

''(B) a device incorporated into the design of the firearm that is designed to prevent the operation of the firearm by anyone not having access to the device; or

''(C) a safe, gun safe, gun case, lock box, or other device that is designed to be or can be used to store a firearm and that is designed to be unlocked only by means of a key, a combination, or other similar means.''.

(b) PROHIBITION AND PENALTIES.—Section 922 of such title is further amended by adding at the end the following:

''(z)(1) In this subsection, the term 'juvenile' means an individual who has not attained 18 years of age.

''(2) Except as provided in paragraph (3), any person who—

''(A) keeps a loaded firearm, or an unloaded firearm and ammunition for the firearm, any of which has been shipped or transported in interstate or foreign commerce or otherwise substantially affects interstate or foreign commerce, on premises under the custody or control of the person; and

''(B) knows, or reasonably should know, that a juvenile is capable of gaining access to the firearm without the permission of a parent or legal guardian of the juvenile;

shall, if a juvenile obtains access to the firearm and thereby causes death or bodily injury to the juvenile or any other person, or exhibits the firearm in a public place or in violation of subsection (q), be imprisoned not more than 1 year, fined not more than $10,000, or both.

''(3) Paragraph (2) shall not apply if—

''(A) the person uses a secure gun storage or safety device for the firearm;

''(B) the person is a peace officer, a member of the Armed Forces, or a member of the National Guard, and the juvenile obtains the firearm during, or incidental to, the performance of the official duties of the person in that capacity;

''(C) the juvenile obtains, or obtains and discharges, the firearm in a lawful act of self-defense or defense of 1 or more other persons; or

''(D) the person has no reasonable expectation, based on objective facts and circumstances, that a juvenile is likely to be present on the premises on which the firearm is kept.

''(4) This subsection shall not be construed to preempt any provision of the law of any State, the purpose of which is to prevent children from injuring themselves or others with firearms, or to preempt or limit in any way any causes of action available under the law of any State against a manufacturer of a firearm.''.

(c) ROLE OF LICENSED FIREARMS DEALERS.—Section 926 of such title is amended by adding at the end the following:

''(d) The Secretary shall ensure that a copy of section 922(z) appears on the form required to be obtained by a licensed dealer from a prospective transferee of a firearm.''.

TITLE V—THE CHILDREN'S FIREARM INJURY SURVEILLANCE ACT OF 1998

SEC. 501. SHORT TITLE.

This title may be cited as the ''Children's Firearm Injury Surveillance Act of 1998''.

SEC. 502. SURVEILLANCE PROGRAM REGARDING INJURIES TO CHILDREN RESULTING FROM FIREARMS.

(a) IN GENERAL.—

(1) PROGRAM OF GRANTS.—The Secretary of Health and Human Services may make grants to State and local departments of health and State and local law enforcement agencies for purposes of establishing and maintaining children's firearm-related injury surveillance systems.

(2) ADMINISTRATION OF PROGRAM.—The Secretary of Health and Human Services shall carry out this section acting through the Director of the Centers for Disease Control and Prevention. Such Director shall carry out this section through the Director of the National Center for Injury Prevention and Control (in this section referred to as the ''Director of the Center'').

(b) CERTAIN USES OF GRANT.—The Director of the Center shall ensure that grants under subsection (a) are used to establish systems for gathering information regarding fatal and nonfatal firearm injuries involving children who have not attained 21 years of age, including information with respect to—

(1) mortality;

(2) morbidity;

(3) disability;

(4) the type and characteristic of the firearm used in the shooting;

(5) the relationship of the victim to the perpetrator; and

(6) the time and circumstances of the shooting.

(c) PRIORITY FOR CERTAIN STATES.—In making grants under this section, the Director of the Center shall give priority to States and communities in which firearm-related injuries for children are a significant public health problem.

(d) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out this section, there is authorized to be appropriated $5,000,000 for each of the fiscal years 1999 through 2003.

TITLE VI—THE CHILDREN'S FIREARM EDUCATION ACT OF 1998

SEC. 601. SHORT TITLE; PURPOSES.

(a) SHORT TITLE.—This title may be cited as the ''Children's Firearm Education Act of 1998''.

(b) PURPOSES.—The purposes of this title are—

(1) to award grants to assist local educational agencies, in consultation with community groups and law enforcement agencies, to educate children about and preventing violence; and

(2) to assist communities in developing partnerships between public schools, community organizations, law enforcement, and parents in educating children about preventing gun violence.

SEC. 602. COMPETITIVE GRANTS FOR CHILDREN'S FIREARM EDUCATION.

(a) ALLOCATION OF COMPETITIVE GRANTS.—

(1) GRANTS BY THE SECRETARY.—For any fiscal year in which the amount appropriated to carry out this title does not equal or exceed $50,000,000, the Secretary is authorized to award competitive grants described under subsection (b).

(2) GRANTS BY THE STATES.—For any fiscal year in which the amount appropriated to carry out this title exceeds $50,000,000, the Secretary shall make allotments to State educational agencies pursuant to subsection (a)(3) to award competitive grants described in subsection (b).

(3) FORMULA.—Except as provided in paragraph (4), funds appropriated to carry out this title shall be allocated among the States as follows:

(A) 75 percent of such amount shall be allocated proportionately based upon the population that is less than 18 years of age in the State;

(B) 25 percent of such amount shall be allocated proportionately based upon the population that is less than 18 years of age in the State that is incarcerated.

(4) MINIMUM ALLOTMENT.—If the amount appropriated to carry out this title exceeds $50,000,000, each State shall receive a minimum grant award each fiscal year of not less than $500,000.

(b) AUTHORIZATION OF COMPETITIVE GRANTS.—The Secretary or the State educational agency, as the case may be, is authorized to award grants to eligible local educational agencies for the purposes of educating children about preventing gun violence.

(1) ASSURANCES.—

(A) The Secretary or the State educational agency, as the case may be, shall ensure that not less than 90 percent of the funds allotted under this title are distributed to local educational agencies.

(B) In awarding the grants, the Secretary or the State educational agency, as the case may be, shall ensure, to the maximum extent practicable—

(i) an equitable geographic distribution of grant awards;

(ii) an equitable distribution of grant awards among programs that serve public elementary school students, public secondary school students, and a combination of both; and

(iii) that urban, rural and suburban areas are represented within the grants that are awarded.

(2) PRIORITY.—In awarding grants under this subsection, the Secretary or the State educational agency, as the case may be, shall give priority to a local educational agency that—

(A) coordinates with other Federal, State, and local programs that educate children about personal health, safety, and responsibility, including programs carried out under the Safe and Drug-Free Schools and Communities Act of 1994 (20 U.S.C. 7101 et seq.);

(B) serves a population with a high incidence of students found in possession of a weapon on school property or students suspended or expelled for bringing a weapon onto school grounds or engaging in violent behavior on school grounds;

(C) forms a partnership that includes not less than 1 local educational agency working in consultation with not less than 1 public or private nonprofit agency or organization with experience in violence prevention or 1 local law enforcement agency.

(3) PEER REVIEW; CONSULTATION.—

(A)(i) Before grants are awarded, the Secretary shall submit grant applications to a peer review panel for evaluation.

(ii) Such panel shall be composed of not less than 1 representative from a local educational agency, State educational agency, a local law enforcement agency, and a public or private nonprofit organization with experience in violence prevention.

(B) The Secretary shall submit grant applications to the Attorney General for consultation.

(c) ELIGIBLE GRANT RECIPIENTS.—

(1) IN GENERAL.—Except as provided in paragraph (2), an eligible grant recipient is a local educational agency that may work in partnership with 1 or more of the following:

(A) A public or private nonprofit agency or organization with experience in violence prevention.

(B) A local law enforcement agency.

(C) An institution of higher education.

(2) EXCEPTION.—A State educational agency may, with the approval of a local educational agency, submit an application on behalf of such local educational agency or a consortium of such agencies.

(d) LOCAL APPLICATIONS; REPORTS.—

(1) APPLICATIONS.—Each local educational agency that wishes to receive a grant under this title shall submit an application to the Secretary and the State educational agency that includes—

(A) a description of the proposed activities to be funded by the grant and how each activity will further the goal of educating children about preventing gun violence;

(B) how the program will be coordinated with other programs that educate children about personal health, safety, and responsibility, including programs carried out under the Safe and Drug-Free Schools and Communities Act of 1994 (20 U.S.C. 7101 et seq.); and

(C) the age and number of children that the programs will serve.

(2) REPORTS.—Each local educational agency that receives a grant under this title shall submit a report to the Secretary and to the State educational agency not later than 18 months and 36 months after the grant is awarded. Each report shall include information regarding—

(A) the activities conducted to educate children about gun violence;

(B) how the program will continue to educate children about gun violence in the future; and

(C) how the grant is being coordinated with other Federal, State, and local programs that educate children about personal health, safety, and responsibility, including programs carried out under the Safe and Drug-Free Schools and Communities Act of 1994 (20 U.S.C. 7101 et seq.).

(e) AUTHORIZED ACTIVITIES.—

(1) REQUIRED ACTIVITIES.—Grants authorized under subsection (b) shall be used for the following activities:

(A) Supporting existing programs that educate children about personal health, safety, and responsibility, including programs carried out under the Safe and Drug-Free Schools and Communities Act of 1994 (20 U.S.C. 7101 et seq).

(B) Educating children about the effects of gun violence.

(C) Educating children to identify dangerous situations in which guns are involved and how to avoid and prevent such situations.

(D) Educating children how to identify threats and other indications that their peers are in possession of a gun and may use a gun, and what steps they can take in such situations.

(E) Developing programs to give children access to adults to whom they can report in a confidential manner about problems relating to guns.

(2) PERMISSIBLE ACTIVITIES.—Grants authorized under subsection (b) may be used for the following:

(A) Encouraging schoolwide programs and partnerships that involve teachers, students, parents, administrators, other staff, and members of the community in reducing gun incidents in public elementary and secondary schools.

(B) Establishing programs that assist parents in helping educate their children about firearm safety and the prevention of gun violence.

(C) Providing ongoing professional development for public school staff and administrators to identify the causes and effects of gun violence and risk factors and student behavior that may result in gun violence, including training sessions to review and update school crisis response plans and school policies for preventing the presence of guns on school grounds and facilities;

(D) Providing technical assistance for school psychologists and counselors to provide timely counseling and evaluations, in accordance with State and local laws, of students who possess a weapon on school grounds.

(E) Improving security on public elementary and secondary school campuses to prevent outside persons from entering school grounds with firearms.

(F) Assisting public schools and communities in developing crisis response plans when firearms are found on school campuses and when gun-related incidents occur.

(f) STATE APPLICATIONS; ACTIVITIES AND REPORTS.—

(1) STATE APPLICATIONS.—

(A) Each State desiring to receive funds under this title shall, through its State educational agency, submit an application to the Secretary of Education at such time and in such manner as the Secretary shall require. Such application shall describe—

(i) the manner in which funds under this title for State activities and competitive grants will be used to fulfill the purposes of this title;

(ii) the manner in which the activities and projects supported by this title will be coordinated with other State and Federal education, law enforcement, and juvenile justice programs, including the Safe and Drug-Free Schools and Communities Act of 1994;

(iii) the manner in which States will ensure an equitable geographic distribution of grant awards; and

(iv) the criteria which will be used to determine the impact and effectiveness of the funds used pursuant to this title.

(B) A State educational agency may submit an application to receive a grant under this title under paragraph (1) or as an amendment to the application it submits under the Safe and Drug-Free Schools and Communities Act of 1994.

(3) STATE ACTIVITIES.—Of appropriated amounts allocated to the States under subsection (a)(2), the State educational agency may reserve not more than 10 percent for activities to further the goals of this title, including—

(A) providing technical assistance to eligible grant recipients in the State;

(B) performing ongoing research into the causes of gun violence among children and methods to prevent gun violence among children; and

(C) providing ongoing professional development for public school staff and administrators to identify the causes and indications of gun violence.

(4) STATE REPORTS.—Each State receiving an allotment under this title shall submit a report to the Secretary and to the Committees on Education and the Workforce and Judiciary of the House of Representatives, and the Committees on Labor and Human Resources and Judiciary of the Senate, not later than 12 months and 36 months after receipt of the grant award. Each report shall include information regarding—

(A) the progress of local educational agencies that received a grant award under this title in the State in educating children about firearms;

(B) the progress of State activities under paragraph (1) to advance the goals of this title; and

(C) how the State is coordinating funds allocated under this title with other State and Federal education, law enforcement, and juvenile justice programs, including the Safe and Drug-Free Schools and Communities Act of 1994 (20 U.C.S.C. 7101 et seq.).

(g) SUPPLEMENT NOT SUPPLANT.—A State or local educational agency shall use funds received under this title only to supplement the amount of funds that would, in the absence of such Federal funds, be made available from non-Federal sources for reducing gun violence among children and educating children about firearms, and not to supplant such funds.

(h) DISPLACEMENT.—A local educational agency that receives a grant award under this title shall ensure that persons hired to carry out the activities under this title do not displace persons already employed.

(i) HOME SCHOOLS.—Nothing in this title shall be construed to affect home schools.

(j) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for this section $60,000,000 for each of fiscal years 1999, 2000, and 2001.

SEC. 603. DISSEMINATION OF BEST PRACTICES.

(a) MODEL DISSEMINATION.— The Secretary shall include on the Internet site of the Department of Education a description of programs that receive grants under section 602.

(b) GRANT PROGRAM NOTIFICATION.—The Secretary shall publicize the competitive grant program through its Internet site, publications, and public service announcements.

SEC. 604. DEFINITIONS.

For purposes of this title—

(1) the term ''local educational agency'' has the same meaning given such term in section 14101(18) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8701).

(2) the term ''Secretary'' means the Secretary of Education; and

(3) the term ''State'' means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the United States Virgin Islands.

SEC. 605. AMENDMENT TO SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES ACT OF 1994.

Section 4116(a)(1) of the Safe and Drug-Free Schools and Communities Act of 1994 (20 U.S.C. 7116) is amended—

(1) by redesignating subparagraph (C) as subparagraph (D); and by inserting after subparagraph (B) the following:

''(C) to the extent practicable, provide timely counseling (without requiring the hiring of additional staff)—

''(i) and evaluations of any student, in accordance with State and local law, who possesses a weapon on school grounds or who threatens to bring or use a weapon on school grounds; and

''(ii) and advice to public school students, staff, and administrators after an incident of gun-related violence on school grounds;''.

TITLE VII—THE CHILDREN'S FIREARM TRACKING ACT OF 1998

SEC. 701. YOUTH CRIME GUN INTERDICTION INITIATIVE.

(a)(1) The Secretary of the Treasury shall endeavor to expand the number of cities and counties directly participating in the Youth Crime Gun Interdiction Initiative (in this section referred to as the ''YCGII'') to 75 cities or counties by October 1, 2000, to 150 cities or counties by October 1, 2002, and to 250 cities or counties by October 1, 2003.

(2) Cities and counties selected for participation in the YCGII shall be selected by the Secretary of the Treasury and in consultation with Federal, State and local law enforcement officials.

(b)(1) The Secretary of the Treasury shall, utilizing the information provided by the YCGII, facilitate the identification and prosecution of individuals illegally trafficking firearms to individuals who have not attained 24 years of age.

(2) The Secretary of the Treasury shall share information derived from the YCGII with State and local law enforcement agencies through on-line computer access, as soon as such capability is available.

(c)(1) The Secretary of the Treasury shall award grants (in the form of funds or equipment) to States, cities, and counties for purposes of assisting such entities in the tracing of firearms and participation in the YCGII.

(2) Grants made under this part shall be used—

(A) to hire or assign additional personnel for the gathering, submission and analysis of

tracing data submitted to the Bureau of Alcohol, Tobacco and Firearms under the YCGII;

(B) to hire additional law enforcement personnel for the purpose of identifying and arresting individuals illegally trafficking firearms; and

(C) to purchase additional equipment, including automatic data processing equipment and computer software and hardware, for the timely submission and analysis of tracing data.

THE CHILDREN'S GUN VIOLENCE PREVENTION ACT OF 1998

TITLE I—THE CHILDREN'S FIREARM SAFETY ACT OF 1998

Imposes, after 18 months, new safety standards on the manufacture and importation of handguns requiring: a child resistant trigger standard; a child resistant safety lock, a magazine disconnect safety for pistols; a manual safety and practice of a drop test.

Authorizes the Consumer Product Safety Commission to study, test and evaluate various technologies and means of making guns more child-resistant and reporting back to Congress within 12 months on its findings.

TITLE II—THE CHILDREN'S FIREARM AGE LIMIT ACT OF 1998

Extends the current ban on juvenile handguns transfers and possession to semi-automatic assault rifles and assault shotguns.

TITLE III—THE CHILDRENS FIREARM DEALER'S RESPONSIBILITY ACT OF 1998

Requires two forms of ID for purchases under the age of 24.

TITLE IV—THE CHILDREN'S FIREARM ACCESS PREVENTION ACT OF 1998

Imposes fines on a gun owner of up to $10,000 if a child gains access to a loaded firearm and criminal penalties and imprisonment if the gun is used in a act of violence.

TITLE V—THE CHILDREN'S FIREARM INJURY SURVEILLANCE ACT OF 1998

Authorizes $10 million to CDC's National Injury Prevention and Control Center over three for grants to state and local governments for development of children's firearm injury surveillance systems.

TITLE VI—THE CHILDREN'S FIREARM VIOLENCE EDUCATION ACT OF 1998

Authorizes $50 million a year for competitive Department of Education grants to state and local education agencies for children's firearm education programs.

TITLE VII—THE CHILDREN'S FIREARM TRACKING ACT OF 1998

Authorizes $10 million over five years for expansion of the Youth Crime Gun Interdiction Initiative.

By Mr. DORGAN (for himself and Mr. BUMPERS):

S. 2186. A bill to terminate all United States assistance to the National Endowment for Democracy, and for other purposes; to the Committee on Foreign Relations.

END FUNDING FOR THE NATIONAL ENDOWMENT FOR DEMOCRACY

● Mr. DORGAN. Mr. President, today I introduce a bill that would end federal funding for the National Endowment for Democracy, known as NED.

Last year the Administration asked for $30 million in NED funding, and after a Senate debate on the program, the Congress met that request. This year the Administration has requested $31 million for NED for fiscal year 1999.

In my view, the time has long since come for Congress to end our subsidy of NED. Let me take a brief moment to explain why.

NED began back in the early 1980s, during the darkest days of the Cold War, when Solidarity was on the ropes in Poland and a former KGB chief ruled the Soviet Union. As we all know, Solidarity has given birth to political parties that have governed Poland, and Lech Walesa, the Solidarity union leader, was elected Poland's president. The Soviet Union and the KGB are no more, and Russia has a multi-party political system. There is no Warsaw Pact. In fact, the Senate has just decided to admit into NATO some of the countries that NED used to help.

The historic fall of the Berlin Wall, the breakup of the Soviet Union, and the successes of democracy worldwide in the past 15 years should make us wonder whether NED is as necessary now as it was at the height of the Cold War. Democracy is on the march worldwide, most recently perhaps even in Indonesia. Yet the American taxpayer is still coughing up $30 million a year to foot the bill for NED.

It's also worth noting that when NED started, back during the Cold War, it was supposed to be a public-private partnership. Federal money was supposed to ''prime the pump'' of private contributions. Private corporations, foundations and philanthropists were supposed to foot much of the bill. But it didn't happen.

Since 1984 the American taxpayer has spent over $360 million on NED. And according to NED's most recent annual report, in 1996 NED's total revenue was $30.9 million, but its revenue from non-federal sources was only $585,000. In that year, it took 53 taxpayer dollars to leverage one private dollar contributed to NED.

These statistics show that NED is a very poor investment for the Federal Government. There is no public-private partnership funding NED. It's the public, the Federal Government, all the way.

Of course, the Federal Government has some private partners when it comes to spending NED funds. Year after year, NED distributes taxpayer dollars to the same ''core grantees.'' This is despite the fact that everything we know about good government says that there should be competitive contracting for government work.

NED isn't one sole-source contract. It isn't just one set-aside. It's four.

Four private institutions got just over $4 million each in 1996 and 1997. These private groups are: the National Democratic Institute, also known as the Democratic Party; the International Republican Institute, better known as the Republican Party; the Free Trade Union Institute, which is really the AFL–CIO; and the Center for International Private Enterprise, which we all know as the Chamber of Commerce.

Mr. President, these four ''core grantees'' get the lion's share of NED funding, year after year. As our former colleague Senator Hank Brown of Colorado said four years ago, ''How long does it take for people to realize that what we are doing is not promoting democracy, but promoting these four organizations?''

What do these four groups do with this money? They use it to send well-connected Democrats and Republicans, and business and labor leaders, around the world. These folks visit various countries and try to promote democracy.

It sounds fine until you consider that this activity duplicates work done by the United States Information Agency, the Agency for International Development, and the Departments of State, Justice and Defense. In 1996 alone, AID spent $390 million, USIA spent $355 million, and the Defense Department spent $38 million, all to promote democracy.

There's no reason for another Federal program to achieve this same goal. The American people know that the time is past when we could spend money we didn't have on programs we don't need.

Last year, I thought that my hope of ending federal funding for the National Endowment for Democracy had come true. The Commerce-State-Justice appropriations bill actually zeroed out this program. Let me quote from the Appropriations Committee's report language on this issue:

> The Committee does not recommend funding for fiscal year 1998 for the National Endowment for Democracy. . . . The NED was originally established in 1984 during the days of the cold war as a public-private partnership to promote democratic movements behind the Iron Curtain. Limited U.S. Government funds were viewed as a way to help leverage private contributions and were never envisioned as NED's sole or major source of continuing funds. Since the cold war is over, the Committee believes that the time has come to eliminate Federal funding for this program.

Unfortunately, the full Senate approved a floor amendment that restored the requested $30 million for the NED.

So I am here today to call on Senators to accept the dictates of common sense this year, and to accept the recommendation of the Appropriations Committee. We are having great difficulty allocating funding among the different discretionary programs. The Senate is having to make difficult choices about federal spending. We need to determine what is a priority.

I strongly believe that NED no longer deserves the Senate's support. The Cold War is over, and we have other, more effective ways to promote democracy abroad. I hope that the Senate will act favorably on the bill that I am introducing today, and that we will save the American taxpayer $30 million a year.●

ADDITIONAL COSPONSORS

S. 367

At the request of Mr. WELLSTONE, the name of the Senator from South Dakota [Mr. JOHNSON] was added as a cosponsor of S. 367, a bill to amend the